

Unaudited interim group results

for the period ended 31 December 2015

Consolidated condensed statement of financial position

(R'000)	Unaudited as at 31 December		Audited as at 30 June
	2015	2014	2015
ASSETS			
Non-current assets	546 596	515 426	514 158
Investments in joint ventures	269 041	315 863	279 371
Investment property	268 628	153 850	200 389
Deferred taxation	2 404	2 306	2 404
Investments	–	37 769	28 844
Other non-current assets	6 523	5 638	3 150
Current assets	131 770	82 203	154 892
Cash and cash equivalents	93 025	53 786	70 161
Trade receivables and other	38 745	28 417	84 731
Assets of a disposal group	–	–	29 155
Total assets	678 366	597 629	698 205
EQUITY AND LIABILITIES			
Reserves	571 825	499 847	567 731
Non-current liabilities	82 528	75 267	87 642
Interest-bearing borrowings	57 774	46 445	57 929
Deferred taxation	24 754	28 822	29 713
Current liabilities	24 013	22 515	12 615
Interest-bearing borrowings	11 397	3 519	3 859
Bank overdraft	–	4 548	–
Other current liabilities	12 616	14 448	8 756
Liabilities of a disposal group	–	–	30 217
Total equity and liabilities	678 366	597 629	698 205
Weighted average number of ordinary shares in issue net of treasury shares ('000)	8 146	8 146	8 146
Net asset value per ordinary share (cents)	7 020	6 136	6 969

Reconciliation of net profit for the period to headline earnings

(R'000)	Unaudited Six months ended 31 December		Audited Year ended 30 June
	2015	2014	2015
Net profit attributable to equity shareholders of Sable	4 995	17 154	81 743
Adjustments through subsidiaries:			
Profit on disposal of investment property	–	(448)	(449)
Net fair value gains on investment property	–	–	(26 733)
Tax effects of adjustments	–	84	5 069
Adjustments through joint ventures:			
Profit on disposal of investment property	(1 147)	(8 158)	(7 901)
Net fair value impairments/(gains) on investment property	1 517	628	(41 998)
Tax effects of adjustments	(68)	1 406	9 306
Headline earnings for the period	5 297	10 665	19 037
Headline earnings per ordinary share (cents)	65,0	130,9	233,7

Consolidated condensed statement of changes in equity

(R'000)	Stated capital	Non-distributable reserves	Retained earnings	Non-controlling interests	Total reserves
Balance at 1 July 2014	45 661	189 981	267 041	36	502 719
Total comprehensive income for the year	–	–	81 402	(8)	81 394
Correction of share buy-back	(44)	–	56	–	12
Sale of investment in joint venture	–	(17 176)	17 176	–	–
Share of profit from joint ventures	–	49 686	(49 686)	–	–
Dividends paid	–	–	(19 960)	–	(19 960)
Realisation of non-distributable reserves – dividends	–	(21 625)	21 625	–	–
Correction of prior period misstatement	–	3 566	–	–	3 566
Balance at 1 July 2015	45 617	204 432	317 654	28	567 731
Total comprehensive income for the period	–	–	4 995	(7)	4 988
Change in shareholding of investments in joint ventures	–	4 914	–	–	4 914
Sale of investment in joint venture	–	(146)	18	–	(128)
Share of profit from joint ventures	–	2 663	(2 663)	–	–
At acquisition reserves	–	–	(993)	–	(993)
Realisation of non-distributable reserves – dividends	–	(2 715)	2 715	–	–
Sale of investment in subsidiaries	–	–	(4 687)	–	(4 687)
Balance at 31 December 2015	45 617	209 148	317 039	21	571 825

Consolidated condensed statement of comprehensive income

(R'000)	Unaudited Six months ended 31 December		Audited Year ended 30 June
	2015	2014	2015
Revenue	15 583	17 937	26 000
Profit from operations	2 677	3 463	1 954
(Loss)/profit on disposal of investments and investment property	(1 323)	460	8 432
(Loss)/profit on disposal of investments	(1 323)	12	7 856
Profit on disposal of investment property	–	448	449
Profit on disposal of investments in joint ventures	–	–	69
Profit on disposal of property, plant and equipment	–	–	36
Liquidation of investment in joint venture	–	–	22
Net fair value (impairments)/gains on investments, investment property investments in joint ventures	(795)	5 857	35 615
Net fair value gains on investment property	–	5 857	26 733
Fair value gains on investments	–	–	8 882
Fair value impairment on investments in joint ventures	(795)	–	–
Profit before net finance costs and taxation	559	9 780	46 001
Finance income	4 078	2 136	4 661
Finance costs	(3 351)	(2 864)	(9 011)
Share of profit from joint ventures	2 663	11 698	49 686
Profit before taxation	3 949	20 750	91 337
Taxation	1 039	(3 603)	(9 602)
Net profit for the period	4 988	17 147	81 735
Other comprehensive income	–	–	–
Total comprehensive income for the period	4 988	17 147	81 735
Total comprehensive income attributable to:			
Equity shareholders of Sable Holdings Limited	4 995	17 154	81 743
Non-controlling interest	(7)	(7)	(8)
Total comprehensive loss for the period – discontinued	–	–	(341)
Total comprehensive income for the period – continuing and discontinued	4 988	17 147	81 394
Earnings per ordinary share (cents)	61,3	210,6	1 003,5
Headline earnings per ordinary share (cents)	65,0	130,9	233,7

Consolidated condensed statement of cash flows

(R'000)	Unaudited Six months ended 31 December		Audited Year ended 30 June
	2015	2014	2015
Cash inflow/(outflow) from operating activities	34 422	(7 941)	14 144
Cash (outflow)/inflow from investing activities	(20 990)	31 043	47 452
Cash inflow/(outflow) from financing activities	9 432	(24 367)	(41 938)
Net increase/(decrease) in cash and cash equivalents	22 864	(1 265)	19 658
Cash and cash equivalents at the beginning of the period	70 161	50 503	50 503
Cash and cash equivalents at the end of the period	93 025	49 238	70 161
Cash and cash equivalents at the end of the period comprise:			
Cash and cash equivalents	93 025	53 786	70 161
Bank overdraft	–	(4 548)	–
	93 025	49 238	70 161

Basis of preparation and accounting policies

The group and company annual financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and the AC 500-series as issued by the Accounting Practices Board and in the manner required by the Companies Act. The accounting policies are consistent with those used in the annual financial statements for the financial year ended 30 June 2015.

The unaudited interim consolidated condensed financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property and financial instruments that are held at fair value through profit and loss.

Sable Holdings Limited (the "company") is a company domiciled in South Africa. The unaudited interim consolidated condensed financial statements of the company for the period ended 31 December 2015 comprise the company, its subsidiaries and its joint ventures (together referred to as the "group"). The unaudited interim consolidated condensed financial statements were authorised for issue by the directors on 5 March 2016.

Directors' commentary on results

Salient features

- The group recorded a profit of R5,0 million (2014: profit of R17,1 million) for the period ended 31 December 2015.
- Profit per share decreased from 210,6 cents per share to 61,3 cents per share, representing a 70,9% decrease.
- Headline earnings decreased from 130,9 cents per share to 65,0 cents per share, representing a 50,3% decrease.
- Net asset value increased from 6 136 cents per share to 7 020 cents per share, representing a 14,4% increase.
- Shares in issue at 31 December 2015: 8 146 919 (31 December 2014: 8 146 919).
- Cash flow from operating activities increased from an outflow of R7,9 million to an inflow of R34,4 million, representing a 535,4% increase.

Unaudited interim consolidated condensed statement of comprehensive income

Comparative analysis between 31 December 2014 and 31 December 2015

Revenue rental for the period under review decreased from R17,9 million to R15,6 million primarily due to the sale of several rental-earning investment properties in the 2015 financial year.

(Loss)/profit on disposal of investments and investment property decreased from a profit of R0,5 million to a loss of R1,3 million. This loss relates solely to the disposal of 1 340 000 Pivotal shares which were revalued as at 30 June 2015 to R21,50 per share. They were sold at an average of R20,42 per share.

Net fair value (impairments)/gains on investments and investment property decreased from a gain of R5,9 million to an impairment of R0,8 million. This material decrease is due to the fact that no revaluations were done for the period under review. This amount relates solely to the impairment of a loan extended to a joint venture.

Finance costs, net of investment and finance income, remained largely unchanged at R0,7 million.

Share of profit from joint ventures decreased from a profit of R11,7 million to a profit of R2,7 million. Profit was substantially lower in the current period due to the revaluation of Pivotal shares, held by a joint venture, from R21,50 per share to R16,89 per share as at 31 December 2015.

Taxation provisions decreased from an expense of R3,6 million to an income of R1,0 million. This decrease can be attributed to the reversal of deferred tax previously raised on the Pivotal shares that have now been sold.

Unaudited interim consolidated condensed statement of financial position as at 31 December 2015

Comparative analysis between 30 June 2015 and 31 December 2015

Investments in joint ventures decreased from R279,4 million to R269,0 million. This movement can be attributed to the transfer of Acacia Industrial Park from investments in joint ventures to investments in subsidiaries.

Investment property

(R'000)	31 December 2015	30 June 2015
Analysis of investment property		
Carrying value at the beginning of the period	219 865[^]	207 511 [*]
Additions	78 260	59 416
Disposals and transfers	(29 497)	(74 244)
Profit on disposal of investment property	-	449
Net fair value gains	-	26 733
Carrying value at the end of the period	268 628	219 865 [*]

*These balances are inclusive of non-current assets held for sale of R19,5 million (*2014: R51,8 million)*

Investment property increased from R219,9 million to R268,6 million. This can be attributed to:

- the acquisition from minorities of the remaining 50% in Acacia Industrial Park from minorities, reclassifying it from a joint venture to a wholly owned subsidiary and therefore including the Acacia investment property above; and
- the building costs incurred at Hertford Office Park as well as Monte Circle Office Park.

Investments decreased from R28,8 million to Rnil. This can be attributed to the sale of all of the Pivotal shares held by Sable Holdings Limited and its subsidiaries.

Trade receivables and other has decreased from R84,7 million to R38,7 million. This decrease can be attributed to a decrease in the Amrich 58 Properties debtor of R30,0 million which was received during the period under review. The interest-bearing loan extended to Acacia of R19,6 million was also converted into an equity loan.

Interest-bearing borrowings have increased from R61,8 million to R69,2 million. This increase can mainly be attributed to additional draws on the Hertford Office Park borrowings for ongoing construction on further office buildings.

Significant current developments and prospects

Subsidiaries

Hertford Office Park

Shareholding: 33,3% on an undivided share basis.

Located: Midrand, Johannesburg.

Type: Commercial office park.

Sable, along with co-owners Abland and Pivotal, completed building D, totalling 3 550 m², during July 2015, adding to the existing structures. Building E, totalling 4 236 m², is expected to be completed in January 2016 and will be tenanted by an international pharmaceutical concern in February 2016. In addition to this, Building F, totalling 5 496 m², is under development and is to be completed by October 2016. A lease agreement has been secured for Building F with an A-grade tenant, Cosmopolitan Projects. Total developed bulk to date equates to 9 751 m² of the current available bulk of 54 343 m².

Monte Circle

Shareholding: 12,7% on an undivided share basis.

Located: Montecasino, Fourways, Johannesburg.

Type: Commercial office park.

Sable, along with co-owners Pivotal, HCI (Hoskins Consolidated Investments), Tsogo Sun, Corob and Abbeydale Building & Civils (Abbeydale), completed the construction of the first commercial building, namely Building A, measuring 5 253 m², in October 2015. This building is 80% let as at reporting date. The construction of Building B commenced during September 2015 and is expected to be completed by September 2016. Building B will measure 4 539 m² once completed. The total available bulk to be developed equates to 56 946 m² of which the remainder will be developed in accordance with market demand.



Joint ventures

The Pivotal Fund

Shareholding: 1,4 million shares.

Type: Diversified listed property fund.

Sable owns 1,4 million shares indirectly in The Pivotal Fund. These shares, which were valued at year end at R21,50 per share, represent R31,1 million in total value. The fund listed on 15 December 2014, and as at 31 December 2015, the shares were trading at R16,89 per share.



Gosforth Park

Shareholding: 50,0%.

Located: Gosforth Park, Germiston, Johannesburg.

Type: Industrial multi warehouse park.

Sable, along with its joint venture partner Abbeydale, completed the construction of 12 056 m² industrial maxi and mini-units during September 2015. One of these mini-units has subsequently been sold, and the park is currently 90% let, including A-grade tenants such as Lodestone. The remaining bulk of 22 555 m² is to be developed in accordance with tenant demand.



Longpoint Office Park

Shareholding: 36,6%.

Located: Montecasino, Fourways, Johannesburg.

Type: Commercial building, commercial land lease, developable residential land.

The asset classes in this joint venture with co-owners of the Currie family and Abbeydale consist of an A-grade commercial building known as Longpoint Office Park with a GLA of 5 279 m², as well as a land lease with City Lodge Hotel Group and undeveloped residential land bulk of approximately 20 000 m².



Hobart Grove Shopping Centre

Shareholding: 50,0%.

Located: Bryanston, Johannesburg.

Type: Retail shopping centre.

On completion of the development, the total bulk of the centre will be 11 791 m² with an approximate value of R260,0 million. Sable, along with its joint venture partner Abbeydale, has made significant progress with the construction of Phase 2 of the retail centre and concluded lease agreements for substantial areas within the new Phase 2 development. The development has a proposed capital cost of R97,7 million which will increase the GLA of the centre to a total of 11 791 m². Main construction is to be completed by May 2016 with the remainder of the re-development to be completed in September 2016. The improved centre will include a new sub-anchor tenant, TrenDIY of 2 448 m², a refurbished Total service station inclusive of a Mugg & Bean and Thrupps, and a further increase of 327 m² within the anchor tenant, Spar. An additional 1 118 m² will also be added in terms of new office and/or commercial suites.



The Retreat

Shareholding: 34,0%.

Located: Hazeldean, Pretoria East.

Type: Development of retirement housing, assisted-living apartments and a frailcare facility.

The retirement housing development scheme known as Hazeldean Retreat continues to sell well. Phases 1 to 5 of 15 are sold out, with Phase 6 sales progressing well. A 52 unit frailcare facility was also completed and opened during 2015. Development on Phase 7, comprising a total of 26 units, together with Phase 2 of the assisted-living apartments, comprising a total of 18 units, is due to commence in the second quarter of 2016.



Thorn Tree Place

Shareholding: 32,0%.

Located: Broadacres, Fourways, Johannesburg.

Type: Residential development.

The development of Phase 1 continued in 2015 as sales progressed with a total of 54 units of the 73 units already sold and 27 transferred. Phase 2, which comprises 24 units, was launched during 2015 with only six units unsold at 31 December 2015. A further 516 units, to be known as Waterberry, are to be developed in a phased approach with approximately 100 units per phase, commencing mid-2016.



Acacia Industrial Park

Shareholding: 100,0%.

Located: Strijdom Park, Randburg, Johannesburg.

Type: Residential warehouse park.

Sable, along with its joint venture partners, completed this industrial park development with a GLA totalling 8 947 m². Sable acquired the remaining shareholding from minorities during the period under review, integrating this investment as a wholly owned subsidiary. Currently no vacancies exist. The gross development cost of the industrial park totalled R43,7 million and was funded by way of cash reserves.



Litigation

On 17 November 2011, Sable received notification of an application made to the High Court against a group company seeking to claim compensation for alleged dealings conducted prior to 2001. The matter is being defended and the directors' and group's legal advisors consider the likelihood of action against the group company being successful, as remote. Except for the above, the directors are not aware of any other legal or arbitration proceedings active, pending or threatened against or being brought by the company, which may have a material effect on the group's financial position.

Directorate

On 26 February 2016, GBJ Bowes, CC Froneman and IA Chambers were re-appointed as non-executive directors. PC Nash resigned from the board of directors and was not re-appointed. PH Nash was appointed as executive chairman.

Dividends

The board of directors resolved not to declare dividends for the period and surplus funds will be held for new investment opportunities.

Events after reporting period

Sable's board of directors are not aware of any reportable material events that have occurred between the end of the financial period and the date of this report other than the subsequent appointment of JP Nash as an executive director to the board.

Going concern

The financial statements have been prepared on the going concern basis as the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

For and behalf of the board

PH Nash (Chairman)

5 March 2016