

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	28 February 2011	28 February 2010	28 February 2009	28 February 2008
ASSETS				
Non-current assets	3 830 602	3 327 808	2 844 085	3 533 075
Investment properties	3 005 380	3 005 380	2 573 846	3 533 075
Property, plant and equipment	36 812	36 812	29 619	24 889
Operating lease assets	24 883	24 883	25 791	24 883
Investment in associate	261 233	261 233	214 827	247 755
Current assets	432 552	26 667	23 425	432 552
Total assets	4 263 154	3 354 475	2 867 510	4 263 154
EQUITY AND LIABILITIES				
Share capital and reserves	1 650 294	1 502 737	1 283 791	1 650 294
Share capital and premium	4 472	2 507	2 507	4 472
Non-distributable reserve	1 600 915	1 469 126	1 253 513	1 600 915
Retained earnings	44 907	31 104	27 771	44 907
Non-current liabilities	2 247 851	1 329 270	1 284 289	2 247 851
Debentures and premium	767 766	398 069	407 680	767 766
Interest bearing borrowings	1 257 495	728 733	697 203	1 257 495
Deferred taxation	222 590	202 468	179 406	222 590
Current liabilities	365 009	522 468	299 430	365 009
Interest bearing	182 602	371 474	157 213	182 602
Non-interest bearing	91 619	73 971	78 074	91 619
Linked unitholders for distribution	90 788	77 023	64 143	90 788
Total equity and liabilities	4 263 154	3 354 475	2 867 510	4 263 154
LIABILITIES				
Net asset value per linked unit (cents) – before providing for deferred tax	1 684	1 617	1 438	1 684
Net asset value per linked unit (cents) – before providing for deferred tax (Loan to investment value ratio (%)	1 542	1 461	1 300	1 542
Linked units in issue (’000)	156 773	130 106	130 106	156 773
Total equity and liabilities	4 263 154	3 354 475	2 867 510	4 263 154

CONSOLIDATED STATEMENT OF CASH FLOWS

	28 February 2011	28 February 2010	28 February 2009	28 February 2008
CASH FLOW FROM OPERATING ACTIVITIES				
Net rental income from properties	248 439	221 889	197 563	248 439
Adjustment for: Depreciation	2 215	2 050	1 631	2 215
Fair value of financial instruments	6 805	–	–	6 805
Working capital changes	(89 219)	8 672	(5 664)	(89 219)
Cash generated from operations	168 240	232 611	193 530	168 240
Investment income	8 290	11 123	16 465	8 290
Finance costs	(110 374)	(96 188)	(89 706)	(110 374)
Distribution to linked unit holders paid	(137 662)	(131 668)	(116 836)	(137 662)
Net cash (outflow)/inflow from operating activities	(70 506)	15 878	3 453	(70 506)
CASH FLOW FROM INVESTING ACTIVITIES				
Investing activities	(383 337)	(245 651)	(89 969)	(383 337)
Disposal of investment property	32 700	–	–	32 700
Net cash outflow used in investing activities	(350 637)	(245 651)	(89 969)	(350 637)
CASH FLOW FROM FINANCING ACTIVITIES				
Issue of new units	381 273	–	–	381 273
Increase in interest bearing borrowings	354 202	230 422	88 474	354 202
Net cash generated from financing activities	735 475	230 422	88 474	735 475
NET INCREASE IN CASH AND CASH EQUIVALENTS	314 332	649	1 958	314 332
Cash and cash equivalents at beginning of year	(15 253)	(15 902)	(17 860)	(15 253)
Cash and cash equivalents at end of year	298 079	(15 253)	(15 902)	298 079

R’000

Balance at 1 March 2008

	28 February 2011	28 February 2010	28 February 2009	28 February 2008
Balance at 1 March 2008	2 507	2 507	2 507	2 507
Restated balance at 1 March 2008	26 149	1 030 578	26 149	26 149
Prior year adjustments	1 333 762	28 312	1 333 762	1 333 762
Total	2 507	2 507	2 507	2 507
Balance at 28 February 2009 (restated)	2 507	36 435	2 507	2 507
Total comprehensive income for the year	196 857	196 857	196 857	196 857
Transfer to capital – deemed debt	–	–	–	–
Dividends paid	(10 286)	10 286	–	–
Transfer to fair value reserves	(612)	(612)	–	–
Balance at 28 February 2010 (restated)	2 507	36 435	2 507	2 507
Total comprehensive income for the year	145 970	145 970	145 970	145 970
Issue of new units	1 965	1 965	1 965	1 965
Transfer to capital – deemed debt	–	–	–	–
Dividends paid	(378)	(378)	–	–
Transfer to fair value reserves	(378)	(378)	–	–
Balance at 28 February 2011	1 650 294	1 650 294	1 650 294	1 650 294

NOTES TO THE FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared and presented in accordance with International Financial Reporting Standards IAS34, the Listings Requirements of the JSE Limited and the requirements of the Companies Act 61 of 1973, as amended. The accounting policies adopted are consistent with those applied at 28 February 2010 except for the recognition of deferred tax. Premium has early-adopted the amendment to IAS12 relating to income tax and which requires entities to apply the Capital Gains Tax (“CGT”) rate at which deferred tax is recognised specifically on the fair value movements on investment property. Previously a blended tax rate was used with the land component attracting the CGT rate of 14% and buildings attracting the income tax rate of 28%. The effect of this change in the accounting policy is as follows:

	2010	2009
Decrease in deferred tax liabilities	170 342	144 730
Increase in reserves	(170 342)	(144 730)
Net asset value – previously reported	1 313	1 176
Net asset value – restated	1 461	1 300

Related party: City Property Administration (Proprietary) Limited is responsible for the property and asset management of the Group.

Contingent liability: Premium has issued guarantees of R1,6 million in favour of City of Tshwane Metropolitan Municipality for the provision of services to its subsidiaries. Premium has provided a suretyship to Nedbank Property Finance, which at 28 February 2011 amounted to R224,2 million, in favour of its associate company, IPS Investments (Proprietary) Limited (“IP S”).

Premium’s gearing at 28 February 2011 was 37,6% of the total value of the portfolio against 33,1% at 28 February 2010. The proceeds of the rights issue were received after year end and are reflected in the balance sheet under current assets. Subsequent to year end these proceeds were temporarily applied to repay debt, reducing the gearing to a relatively low level of 27,2%. Premium has entered into various swap interest rate agreements as set out below. As a result the interest rates on 45,3% of debt have been fixed (after taking the rights issue proceeds into account – 62,8%) for periods of between two years and seven years. As at 28 February 2011, the annual weighted cost of debt was 9,0%.

Gearing

R’000	Nominal amount	Interest rate %
Fixed rate borrowings expiry	142 118	12,80
May 2013	160 000	12,15
May 2018	–	–

Revaluation of the property portfolio

It is the Group’s policy to perform directors’ valuations of all the properties on a six monthly basis and the increase in the directors’ valuation of the portfolio by R119,4 million to R3,58 billion represents an increase of 3,5%.

This valuation includes a revaluation of R14,8 million on leasehold property which is stated as investment property. It was previously classified as Property, plant and equipment.

The upgrading of the Group’s properties will continue to be the major driver for the Group and this should provide investors with improved distribution growth in the medium to longer term.

It is anticipated that the growth in the economy will remain subdued in the short term. Notwithstanding its environment, and barring unforeseen events, Premium anticipates that the distributable income of the current year should be maintained in the forthcoming year.

Unitholders are advised that the above mentioned information has not been reviewed nor reported on by the company’s auditors.

Independent review by external auditors:

These condensed consolidated financial statements have been reviewed by our auditors Grant Thornton, whose unmodified review report is available for inspection at the company’s registered office.

DECLARATION OF DIVIDEND 34 AND INTEREST PAYMENT (“the distribution”)

Notice is hereby given that dividend number 34 of 0,29 cents (2010: 0,29 cents) per ordinary share together with interest of 57,91 cents per debenture (2010: 58,91 cents) has been declared for the period 1 September 2010 to 28 February 2011, payable to linked unitholders recorded in the register on Friday, 20 May 2011. The last date to trade *cum* distribution is Thursday, 12 May 2011. The units will commence trading *ex* distribution on Friday, 13 May 2011. The payment date will be Monday, 23 May 2011.

No dematerialisation or rematerialisation of linked unit certificates may take place between Friday, 13 May 2011 and Friday, 20 May 2011, both days inclusive.

By order of the Board

A Wapnick
(Chairman)

21 April 2011

JP Wapnick
(Managing Director)

Addressing the Future

CITY PROPERTY

PROPERTY LOAN STOCK ASSOCIATION

Share code: PMM ISIN: ZAEC00009254

(Registration number 1994/003601/06)

(Incorporated in the Republic of South Africa)

PREMIUM PROPERTIES LIMITED and its subsidiaries

Directors

A Wapnick (Chairman), JP Wapnick (Managing Director), Ak Steyn (Financial Director), MJ Holmes, MZ Pollack, S Wapnick, DP Cohen

Executive Director * Independent Non-executive Director † Non-executive Director

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