



ANNUAL REPORT 2009

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1 Mark Wagenheim (53)

B. Com, B. Com (Hons), CTA, CA(SA)

Executive – Chief Financial Officer, Company secretary

Mark was a Partner at Grant Thornton (Chartered Accountants) for 12 years before moving into commerce in the retail, manufacturing and financial services industries. As the group financial director of a private financial services group, he was involved in listing it on the JSE. He has been the Financial Director of Ingenuity since its restructure and subsequent listing.

2 Alan Groll (54)

Non-executive

Allan is an independent investor with a wide range of business and property interests. He was recently a non-executive director of the Spearhead Property Group Ltd, a past director of other listed companies including Wescape Ltd and Furnco Ltd. Allan currently serves on the boards of Trematon Capital Investments Ltd, Wooltru Ltd and Mazor Group Ltd in both executive and non-executive functions.

3 Abu Varachhia (51)

Registered Quantity Surveyor B. Sc Non-executive

Abu is a partner and founding director of LDM, one of South Africa's leading firms of quantity surveyors. He has a number of professional registrations including being a Member of the Association of South African Quantity Surveyors (MAQS) and a Member of the South African Black Technical and Allied Careers Organisation (SABTACO). He has held many prestigious positions within the industry.

4 John Bielich (52)

B. Eng (Civil), B. Eng Hons (Project Management), MBA (UCT)

Executive

John has many years' experience in the property industry, involved in viability studies and the marketing of commercial property development and execution of projects. His responsibilities as part of the asset management team are for property performance, portfolio upgrades and redevelopments as well as any new property development initiatives.

5 Arnold Maresky (42)

B. Com, PGDA, CA(SA)

Executive – Chief Executive Officer

With over 16 years' experience in the property, construction and financial services industries, Arnold brings to the Board a great depth of executive management and property experience. He has served on the board and sub-committees of Paramount Property Fund Ltd. He initiated and managed some of Paramount's major property development projects and played a vital role in formulating and driving the fund's strategy and management. He is the primary driver of the restructure and growth of Ingenuity.

6 Monty Kaplan (80)

CA(SA)

Non-executive: Chairman

Monty is a director of companies with many years of property experience. He currently chairs the boards of JSE-listed Trematon Capital Investments Ltd, Wooltru Ltd and Mazor Group Ltd. He was formerly the CEO of the Cape of Good Hope Bank Ltd. He is currently the Chairman of Ingenuity.

7 Arnold Shapiro (47)

B. Bus. Sci.

Non-executive

Arnold is the Chief Executive Officer of Trematon Capital Investments Ltd. He has over 20 years' experience in a variety of roles in the investment industry including a senior role at Old Mutual Asset Managers and as CEO of Capital Alliance Asset Managers.

8 Dennis Barry Fabian (60)

Pr. Arch, B. Arch (UCT), MIArch, CIA

Non-executive

Dennis is the principal and founding partner of Dennis Fabian & Berman Architects (est. 1975) who have been responsible for many significant property developments in Cape Town. He was a non-executive director of the JSE-listed Spearhead Property Group Ltd (until sold to Redefine). He is also a director of numerous private property development and investment companies.

9 Leon Howard Cohen (54)

National Diploma: Construction Supervisors Non-executive

Leon is the Managing Director and co-founder of the Rabie Property Group, one of South Africa's most successful independent property development companies at the forefront of development in South Africa since 1978, and which has pioneered many new concepts for South Africa including plot and plan housing and public private sector partnerships. It has won both national and international recognition for many of its award-winning projects and is currently, among other things, developing the multi-billion rand Century City development in Cape Town.

10 Raymond Selwyn Schur (71)

CA(SA)

Non-executive: Chairman of Audit & Risk committee

Ray is a chartered accountant and has served in executive positions with some of South Africa's leading retail groups including the JD Group and Woolworths Holdings Ltd. He served on the Woolworths Holdings audit committee until June 2005, was chairman of the Paramount Property Fund's audit committee until February 2007, and was a member of the audit committee of the City of Cape Town. He is currently the financial director of a major national hospitality group and is the Chairman of Ingenuity's audit & risk committee.

Directorate and Administration

BOARD STRUCTURE

Executive Directors

A A Maresky (Chief Executive Officer)
M Wagenheim (Chief Financial Officer)
J Bielich

Non-executive Directors

M Kaplan (Chairman)
L H Cohen
D B Fabian
A Groll
R S Schur
A J Shapiro
A Varachhia

SUB-COMMITTEE STRUCTURES

Audit and Risk Committee

R S Schur (Chairman)
M Kaplan
A J Shapiro
Representative of Mazars Moores Rowland
attends by invitation

Investments and Acquisition Committee

M Kaplan (Chairman)
A A Maresky
J Bielich
L H Cohen
D B Fabian
A Groll
A Varachhia
Representative of Absa and Nedbank
attends by invitation

Remuneration Committee

M Kaplan (Chairman)
L H Cohen
A Groll
R S Schur

Corporate Information

COMPANY NAME

INGENUITY PROPERTY INVESTMENTS LIMITED
(formerly SA Reit Ltd)
(REG NO 2000/018084/06)

COMPANY SECRETARY

M WAGENHEIM

CONTACT DETAILS

Tel 021 674 5170; Fax 021 674 5135
www.ingenuityproperty.com

REGISTERED OFFICE

SUITE 102, 1st FLOOR, INTABA
25 PROTEA ROAD, CLAREMONT
CAPE TOWN, 7708

JSE CODE

ING

ISIN

ZAE000127411

TRANSFER SECRETARIES

COMPUTERSHARE INVESTOR SERVICES (PTY) LTD
70 MARSHALL STREET, JOHANNESBURG, 2001

AUDITORS

MAZARS MOORES ROWLAND

ATTORNEYS

EDWARD NATHAN SONNENBERGS INC.

SPONSOR

NEDBANK CAPITAL

COMMERCIAL BANKERS

ABSA BANK LTD AND NEDBANK LTD

COMPANY PROFILE

INGENUITY PROPERTY INVESTMENTS LIMITED (“Ingenuity” or “the Company”) is a property investment company with its core strategic focus to acquire and develop properties within the Western Cape region. The Company is run by the executives who are directly employed by the Company. The day-to-day property management is outsourced to Rabie Property Administrators.

BOARD REVIEW

KEY FINANCIAL INDICATORS	2009	2008
	R'000	R'000
Total contractual rental income	48 384	28 662
Core investment property portfolio value	446 534	369 610
Investment property held for sale	128 238	-
Development property	95 141	84 229
Borrowings	314 274	125 923
Loan to value ratio	44%	27.5%
Market capitalisation at year-end	270 005	289 762
Share trading profits	-	13 816
Headline earnings per share	1.9 cents	1.5 cents
Basic earnings per share	4.6 cents	7.5 cents
Net asset value per share	56 cents	53 cents

GENERAL REVIEW OF OPERATIONS

During the year under review Ingenuity was able to maintain its strategic focus and deliver results in line with its targeted performance. A global market dominated by financial uncertainty and a worldwide credit crunch has had the negative effect of slower growth prospects but against this management has maintained its vision to grow a solid business to enhance shareholder wealth.

South African fundamentals for property remain fairly robust. However, there are pressures from increased overhead costs such as electricity whilst gross revenues remain under squeeze in what is very much a tenant-driven market. Vacancies across the listed sector have increased to just over 6% from 4.9% a year ago and this trend is likely to continue as businesses remain under operational pressure and lower profitability. New developments similarly remain challenging on the back of fallen demand.

Overall, income is still expected to grow going forward creating underpin for value. Inflation is expected to fall within the targeted inflation range of 3-6% in 2010 and economists expect a recovery as the economy moves back into positive growth territory. Management accordingly remains focused and continues to seek opportunities to grow Ingenuity.

The year ended 31 August 2009 is the second financial year of operations of the restructured Company. Since the previous financial year-end, some significant changes have taken place. Gross rental income has increased by 69% whilst total investment properties, after taking into account properties sold and to be transferred post year-end, has increased by 80% to R446.5 million. Borrowings have been well controlled and the loan to value

reduces substantially after the properties sold have been transferred. NAV has been further enhanced through strategic focus on extraction of asset value.

Ingenuity has strength in its key strategic relationships with Trematon Capital Investments Limited, the Rabie Property Group, Nedbank and Absa. These all contribute to the success of the Company. The skills base of these parties, through active participation with management, provides the Company with a uniquely skilled knowledge base and network to deliver opportunities.

The portfolio and business is sound and well poised for future growth.

BORROWINGS

The Company achieved an average borrowing cost of 10.04% for the current year. Total borrowings at year-end amounted to R314.2 million of which R200 million is fixed at an all-inclusive rate of 10.65% until the end of November 2013. The balance remains floating at rates currently at 9%. The increase in borrowings for the current year came about as a result of the acquisition of the Santam Head Office for R180 million which was funded by borrowings. The net effect of the acquisition on the basic earnings per share and headline earnings per share is insignificant.

Total cash on hand at year-end amounted to R21.2 million.

The Company's gearing ratio was 44% at year-end. This is low considering the relatively high value of development assets in the portfolio.

Post-year-end, as disclosed under disposals, the proceeds on the sales of the 22 Long Street, 33 Waterkant Street and Midas Goodwood buildings will result in borrowings decreasing by R124 million and the gearing ratio of the Company decreasing to 33%. This puts the Company in a favourable position to take advantage of new investments and to fund developments.

PROPERTY PORTFOLIO ACTIVITIES

INVESTMENT PROPERTIES

REEDS, 31 AND 33 MARTIN HAMMERSCHLAG WAY

This significant grouping of three properties situated in the heart of Culemborg in the Cape Town Foreshore region has in total 29 000 sqm of additional bulk available for future development. Certain portions of the existing buildings are currently being upgraded to enhance lettings and improve the precinct. Total anticipated capital expenditure of the upgrades is R5.4 million and will be completed by December 2009.

These properties are strategically situated and have opportunity to develop going forward. Various investigations have been made to explore this.

VIRGIN ACTIVE

The lease with Virgin Active which expires at the end of May 2010 has been extended for a further five years to the end of May 2015. Management is exploring further development of the site. The building is one of the only low rise buildings left in a zone adjacent to the Cape Town International Convention Centre (CTICC). Formal applications have been made to the City of Cape Town to grant the additional bulk rights to a portion of the site that is held by Ingenuity in terms of a leasehold right.

DEVELOPMENT PROPERTIES

1 DOCK ROAD (formerly known as the Curry and CMH buildings)

Formal permission has now been granted to proceed with the development of this site. The delay in development of this site came about as the result of objection to the scheme by an adjacent neighbour. As reported last year, 50% of this scheme was sold to the Redefine Income Fund Ltd during that year. This was done in order to reduce the risk profile and furthermore to attract the skills base of a strong joint venture party. Marketing of the scheme is imminent and it remains a core focus of management to commence construction of the building during 2010. In total 22 000 sqm of premium grade offices and 1 500 sqm of retail are to be built. The anticipated total value of the development is R700 million which is to be funded equally by Redefine and Ingenuity.

The site is situated in the heart of the CBD and CTICC zone which is set to become Cape Town's hottest new address.

ERF 38746 TYGERVALLEY

During the current year application was made to the City Council to amend the zoning and bulk factor applicable to the site. This was done in order to convert the dual commercial and part residential bulk to a larger office development as opposed to residential apartments. This application has been approved by Council and we are ready to commence with the marketing of the site and the development thereof. The scheme will comprise 11 000 sqm of premium grade offices and is estimated to cost just over R200 million.

ACQUISITIONS

During the year under review one major acquisition was made, growing the portfolio by R180 million. Details of the property are:

SANTAM HEAD OFFICE – TYGERVALLEY

This landmark property which was acquired on 31 October 2008 for R180 million is the head office of South Africa's largest short-term insurance company, Santam, and is wholly let to them under a long lease. The buildings are set in a park-like environment and offer a total of 17 200 sqm of premium grade office space. A further key advantage to this building is the site size of 27 000 sqm which represents an opportunity to create further development. Management has commenced initiatives to develop a further 14 000 sqm of offices on the site.

DISPOSALS

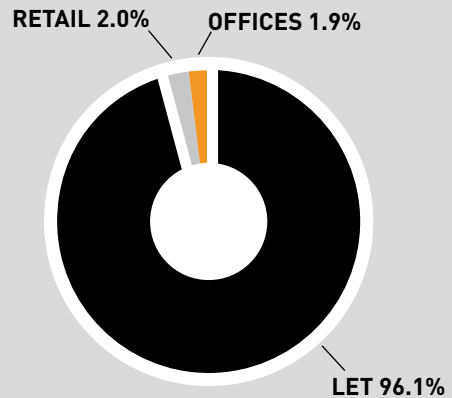
During the year under review sale agreements totalling a gross value of R124.45 million were concluded. The properties sold are 22 Long Street (R104.5 million), 33 Waterkant Street (R9.2 million) and Midas Goodwood (R10.75 million). At the time of reporting these results, all conditions precedent have been fulfilled except for final approval by Ingenuity shareholders of the sale of 22 Long Street. This is still subject to a resolution to be passed at a shareholders' meeting to be held early in December 2009. A circular in this regard was posted to shareholders on 19 November 2009.

PORTFOLIO INFORMATION

VACANCIES

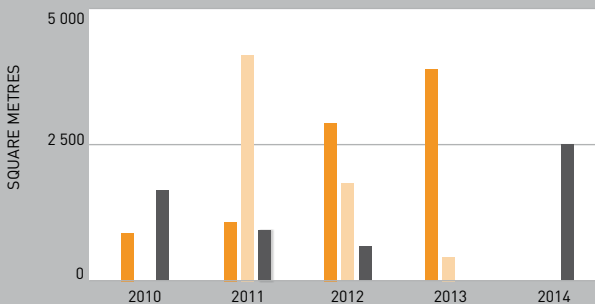
Vacancies amount to 3.9% of the total GLA of the portfolio. This is primarily due to the redevelopment of both the 31 & the 33 Martin Hammerschlag Way properties. We have increased the accommodation in 31 Martin Hammerschlag Way by 525 sqm, and by 983 sqm in 33 Martin Hammerschlag Way and a further 33 covered parking bays have also been added to the building. No significant vacancies are anticipated in the forthcoming financial year and management remains confident of letting the vacant space.

Vacancy profile by sector by rentable area
(Total GLA – 63 452 m²)

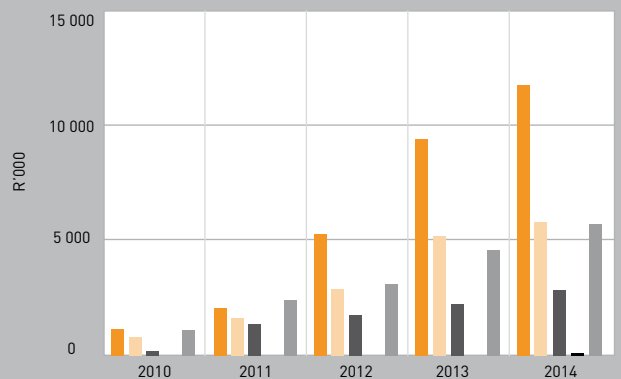


LEASE EXPIRY PROFILE

The lease expiries in the year subsequent to 31 August 2009 equates to 5.5% of the total GLA of the portfolio, and is predominantly within the industrial sector at 3.6% of GLA, followed by the office sector at 1.9%. The industrial lease expiry relates to one tenant who has already indicated that they will renew on expiry of their lease.



LEASE EXPIRY PROFILE BY RENTABLE AREA PER SECTOR



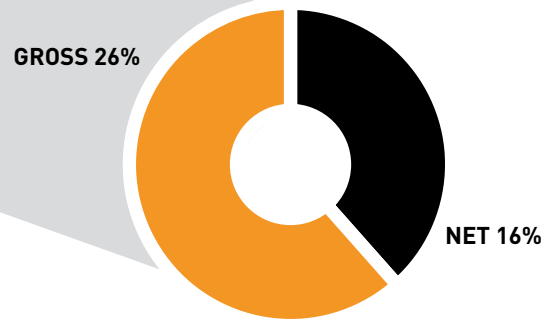
LEASE EXPIRY PROFILE BY REVENUE PER SECTOR

The graph above depicts a scenario of cumulative vacancies as the result of lease expiries as the years move forward and makes no assumption for letting of vacant space. This is unlikely and in most instances vacancies are taken up or leases renewed.

COST-TO-INCOME RATIOS

Gross expenses are reflected as a percentage of gross income including recoveries. The net cost to revenue ratio of 16% is what the Company carries as a landlord. These ratios are within acceptable norms for the industry.

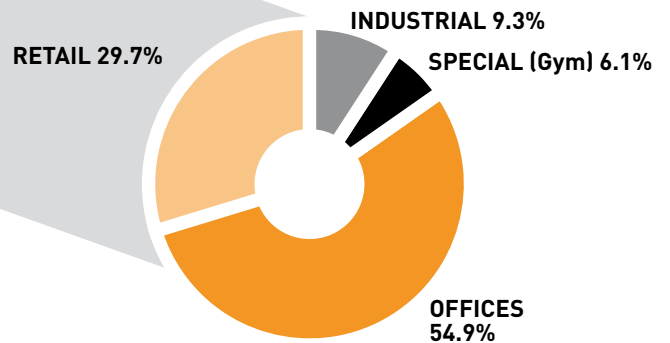
GROSS AND NET COST-TO-REVENUE RATIO



SECTORAL SPREAD OF THE PORTFOLIO

The graph on the right depicts the concentration of the portfolio in the office and retail sectors. These sectors are seen to be where superior growth opportunities are expected in the future.

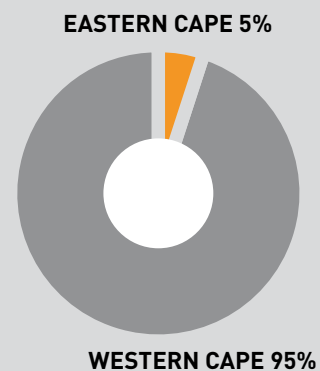
SECTORAL PROFILE BY RENTABLE AREA
[TOTAL GLA – 63 452 m²]



GEOGRAPHICAL SPREAD OF THE PORTFOLIO

This graph shows the concentration of the portfolio in the Western Cape region. This is in line with the Company's strategy to remain focused within this region.

GEOGRAPHIC PROFILE BY RENTABLE AREA



DIRECTORS' ATTENDANCE AT MEETINGS

The table below sets out the attendance of directors at board and sub-committee meetings held during the year. Attendance is high at 96% and indicates an active and committed board. At year-end, 7 of the 10 directors were independent non-executives, in compliance with the King II Code.

DIRECTOR	STATUS	SUB-COMMITTEES	BOARD	AUDIT & RISK COMMITTEE	INVESTMENT AND ACQUISITION COMMITTEE	REMUNERATION COMMITTEE	MEETINGS ATTENDED	MEETINGS ELIGIBLE	% ATTENDANCE
NUMBER OF MEETINGS			4	4	2	1			
Monty Kaplan (Chairman)	NE - I	ARC; IAC & RC (chairman)	4	4	1	1	10	11	91%
John Bielich	E	IAC	4		2		6	6	100%
Leon Cohen	NE - I	IAC; RC	4		2	1	7	7	100%
Dennis Fabian	NE - I	IAC	3		2		5	6	83%
Allan Groll	NE	IAC; RC	4		2	0	6	7	86%
Arnold Maresky	E	IAC; ARC	4	4	2		10	10	100%
Ray Schur	NE - I	ARC (chairman); RC	4	4		1	9	9	100%
Arnold Shapiro	NE - I	ARC	3	4			7	8	88%
Abu Varachhia	NE - I	IAC	4		2		6	6	100%
Mark Wagenheim	E		4				4	4	100%
Overall attendance			38	16	13	3	70		
Maximum attendance			40	16	14	4		74	
			95%	100%	93%	75%			96%

I Independent E Executive IAC Investment & Acquisition Committee
 NE Non-executive ARC Audit & Risk Committee RC Remuneration Committee

PROSPECTS

The Company's management are focused on creating a leading Cape-based development and investment property company. They are of the view that economic recovery will be slow for the year ahead but with prudent management, a strong financial base and additional available capacity, remain confident that they will continue to enhance shareholder wealth through increases in earnings and net asset growth.

The directors of the Company are committed to the principles of sound corporate governance as contained in the King II Code on Corporate Practices and Conduct for South African business and other public entities. The directors endorse and accept responsibility for the application of the principles of King II in both letter and spirit.

Directors are required to observe the highest ethical standards ensuring that business practices are conducted professionally and beyond reproach.

BOARD COMPOSITION, STRUCTURE AND RESPONSIBILITIES

The board of directors consists of three executive directors and seven non-executive directors. The composition of the board ensures the necessary skills and experience to objectively judge matters of a strategic nature and to guide the Company in its business effectively in order to achieve the correct balance between conforming to governance constraints and performing in an entrepreneurial way.

The board is responsible for the proper management and ultimate control of the Company and for monitoring the performance, risk areas and performance indicators of the business.

The board charter fully embraces the principles of purpose and values, leadership of the highest standard, formulating strategy, balancing performance and conformance, adopts a unitary behaviour board and acts at all times in the interest of all stakeholders.

ACQUISITION COMMITTEE

The committee is responsible for determining and recommending to the board the overall investment strategy of the Company. It reviews investment proposals as presented by the executive directors and is tasked to implement these within the mandates prescribed by the board. The committee's authority level is currently R100 million. Expenditure and investments above this level require full ratification by the board. Capital expenditure up to R10 million may be undertaken by the executive directors.

The minimum number of members is five and the committee is chaired by a person appointed by the board. Meetings are held regularly as this committee plays a vital role in the growth and strategic direction of the Company.

AUDIT AND RISK COMMITTEE

The audit committee's primary objective is to assist the board in fulfilling its responsibilities relating to the safeguarding of assets, operation of adequate systems and control processes and the preparation of accurate financial reporting and statements in compliance with all statutory requirements, accounting standards and the requirements of the King II Report. This includes setting the principles for recommending the use of external auditors and other professionals for non-audit services.

The audit committee comprises at least three non-executive members with the appropriate necessary financial skills. The chairman is appointed by the board and is an independent non-executive director. Appointment is for a period of three years subject to the reappointment of one-third of the committee each year.

The committee meets quarterly prior to the quarterly board meetings. Additional meetings are held on an ad hoc basis when required.

REMUNERATION AND NOMINATION COMMITTEE

This committee advises the board on the structure and development of the Company's general policy on executive directors including advising on policy regarding and recommending non-executive directors' remuneration. They also establish and recommend criteria to the board to measure performance of executive directors in discharging their functions and responsibilities.

The committee comprises four non-executive directors and meets annually and when otherwise necessary.

COMPANY SECRETARY

The designated company secretary performs the company secretarial function. Where necessary, external experts are consulted to ensure compliance with relevant legislation and rules pertaining to business operations.

INTERNAL CONTROL

The Company strives to maintain internal controls of a standard aimed at ensuring that the systems of financial reporting contain complete, accurate and reliable information and safeguard the company's assets. The external auditors report to the audit committee and have access to all committees and directors. Due to the size of the executive management structure it is not considered necessary to have an internal audit function.

Internal controls are regularly reviewed by the audit committee and management.

RISK MANAGEMENT

The Company has taken all necessary steps to minimise the risk of any external event occurring which would have a significant impact on the continuation of its operations. Adequate disaster recovery processes are in place and all insurable risks have been adequately covered.

COMMUNICATIONS WITH SHAREHOLDERS

The Company is committed to timeously and effectively communicating to shareholders. All matters are communicated in a transparent fashion.

SHARE DEALINGS BY DIRECTORS

All dealings are regulated and monitored as required by the Listing Requirements of the JSE Limited. Details of directors' shareholdings are set out in this annual report.

ANALYSIS OF SHAREHOLDERS AT YEAR-END AND SHAREHOLDERS' DIARY

ANALYSIS OF SHAREHOLDERS AT YEAR-END

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES OWNED	% OF TOTAL ISSUED SHARES
50 000 001 and over	2	185 000 000	28.09%
10 000 001 – 50 000 000	13	335 243 587	50.91%
5 000 001 – 10 000 000	4	32 770 000	4.98%
1 000 001 – 5 000 000	29	70 919 706	10.77%
100 001 – 1 000 000	85	29 285 576	4.45%
10 001 – 100 000	108	4 716 060	0.72%
5 001 – 10 000	54	461 401	0.07%
2 501 – 5 000	20	85 600	0.01%
1 – 2 500	421	68 070	0.01%
	736	658 550 000	100.00%

SHAREHOLDERS OWNING 5% OR MORE OF THE SHARE CAPITAL OF THE COMPANY	NUMBER OF SHARES OWNED	% OF TOTAL ISSUED SHARES
Tremgrowth (Pty) Ltd	111 000 000	16.86%
Schlep Property Investments (Pty) Ltd	74 000 000	11.24%
Nedbank Property Investments	50 000 000	7.59%
Absa Commercial Property Finance	50 000 000	7.59%
Nafco Trust No. 2 a/c	38 758 499	5.89%
The Johnrab Family Trust	35 000 000	5.31%
	358 758 499	54.48%

PUBLIC/NON-PUBLIC SHAREHOLDERS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES OWNED	%
Directors	10	1.4	144 134 994	21.89
Employee Share Trust	1	0.1	17 000 000	2.58
Subsidiary Holdings	1	0.1	10 145 741	1.54
Strategic Holdings	1	0.1	111 000 000	16.86
Public Shareholders	723	98.3	376 269 265	57.13
	736	100.0	658 550 000	100.00

SHAREHOLDERS' DIARY

Financial year-end	31 August 2009
Publication of final results	3 November 2009
Annual report posted to shareholders	30 November 2009
Annual general meeting	28 January 2010
Interim reporting date	28 February 2010
Publication of interim report	30 April 2010
Financial year-end	31 August 2010
Publication of final results	29 October 2010

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2009

The company's directors are responsible for the preparation and fair presentation of the group annual financial statements and separate parent annual financial statements, comprising the balance sheets at 31 August 2009, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE GROUP ANNUAL FINANCIAL STATEMENTS AND SEPARATE PARENT ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and separate parent annual financial statements of INGENUITY PROPERTY INVESTMENTS LIMITED were approved by the board of directors on 27 November 2009 and are signed on its behalf by



AA Maresky
Director



M Wagenheim
Director

DECLARATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 31 August 2009, the company has lodged with the Registrar of Companies 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.



M Wagenheim
Company Secretary
27 November 2009

TO THE MEMBERS OF INGENUITY PROPERTY INVESTMENTS LIMITED

REPORT ON FINANCIAL STATEMENTS

We have audited the group annual financial statements and separate parent annual financial statements of INGENUITY PROPERTY INVESTMENTS LIMITED, which comprise the balance sheets at 31 August 2009, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 13 to 50.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these 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 auditor's 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 auditor considers internal control 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 control. 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 financial statements present fairly, in all material respects, the consolidated and separate financial position of INGENUITY PROPERTY INVESTMENTS LIMITED at 31 August 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



Mazars Moores Rowland

Registered Auditor
Partner: Duncan Dollman
Registered Auditor
27 November 2009
Cape Town

NATURE OF BUSINESS

INGENUITY PROPERTY INVESTMENTS LIMITED is a property investment company with its core strategic focus to acquire and develop properties predominantly within the Western Cape Region.

GENERAL REVIEW OF OPERATIONS

Total gross rental income inclusive of straight-lining rental adjustments of R55.9 million is 75% greater than the prior year figure of R31.9 million. This is largely attributable to the acquisition made during the course of the year of the Santam property, favourable lease renewals of expiries and letting of vacant space. The Santam property contributed R16 million towards net rental income for the 10 months it was owned. Going forward this asset will remain a core contributor of income.

All assets have been tightly managed and bad debts were kept below 1% of income whilst vacancies of 3.9% are well below general industry norms. In the year ahead management expects no material vacancies.

At year-end the investment portfolio was revalued to R446.5 million whilst the properties for development were reflected at a carrying cost of R95.1 million. The total portfolio has grown by R204 million (after adjusting for properties held for sale), an increase of 80% compared to the previous financial year. The net asset value per share is 56 cents (2008: 53 cents).

The results and financial position of the Company are set out in the accompanying annual financial statements and notes.

BORROWINGS

Total borrowings amounted to R314.2 million (2008: R125.9 million). The Company achieved an average borrowing cost of 10.14% for the year under review. At year-end 63% of the borrowings were fixed with interest rate swap contracts until November 2013 at an all-inclusive rate of 10.65%, whilst the balance is floating at rates linked to prime.

Gearing of the portfolio is low at 44%, which drops further to 33% post the transfer of the sales reflected in investment property held for sale of R128.2 million. These ratios are considered favourable even after taking into account the land held for development and provide further capacity for acquiring assets and unlocking development.

SHARE CAPITAL

The Company's issued share capital consists of 658 550 000 (2008: 658 550 000) shares of R0.01 each.

During the year under review the Company bought back 308 322 shares at an average price of 41 cents per share. Shares not cancelled are held as treasury shares in a wholly-owned subsidiary. At year-end 10.146 million shares were held as treasury shares. The average purchase price of these shares was 44 cents, which represents a 23% discount to the current NAV per share. The collective effect of these buy-backs resulted in an enhancement of the net asset value per share.

The Company will continue, as and when it is opportune, to buy back shares in the open market.

The authorised share capital of the Company consists of 2 000 000 000 ordinary shares of R0.01 (2008: 2 000 000 000) each.

DISTRIBUTIONS

No distributions were made during the year under review (2008: R nil). The Board will continue to review this policy in the forthcoming years and as the core investment portfolio grows. At this stage surplus funds are better applied in growing the asset base of the company.

COMPANY NAME CHANGE

In a detailed circular posted to shareholders dated 8 October 2008 a special resolution proposing that the company name be changed to Ingenuity Property Investments Limited, together with the reasons therefor, were tabled. The resolution was passed at the meeting of shareholders held on 30 October 2008.

CHANGE OF AUDITORS

During the year under review, the appointment of KPMG Inc. was terminated and Mazars Moores Rowland was appointed.

Mazars Moores Rowland will continue in office in accordance with section 270(2) of the Companies Act.

DIRECTORS

As at the date of this report the following directors held office:

Non-executive: L H Cohen, D B Fabian, A Groll, M Kaplan,
R S Schur, A J Shapiro, A Varachhia

Executive: J Bielich, A A Maresky, M Wagenheim

In terms of the articles of association the following directors retire at the forthcoming annual general meeting and are eligible for re-election: A Groll, A Varachhia.

SECRETARY

The company secretary is M Wagenheim.

Business address and postal address: Suite 102, 1st Floor, Intaba,
25 Protea Road, Claremont, 7708.

CORPORATE GOVERNANCE

The Company's position with regard to corporate governance and internal controls is set out in a separate statement in this annual report.

DIRECTORS' SHAREHOLDINGS

As at the reporting date the following shares were held by directors of the Company:

	BENEFICIAL		TOTAL	% HELD
	DIRECT	INDIRECT		
A A Maresky	15 040 000	305 600	15 345 600	2.33
M Wagenheim	3 680 895	–	3 680 895	0.56
J Bielich	6 000 000	–	6 000 000	0.91
L H Cohen	–	38 758 499	38 758 499	5.89
D B Fabian	–	10 000 000	10 000 000	1.52
A Groll	–	48 350 000	48 350 000	7.34
M Kaplan	–	1 600 000	1 600 000	0.24
R S Schur	400 000	–	400 000	0.06
A Varachhia	–	20 000 000	20 000 000	3.04
Total	25 120 895	119 014 099	144 134 994	21.89

The high percentage of shares held by the directors is evidence of their confidence in and their commitment to the Company.

NON-CURRENT ASSETS

There were no major changes in the nature of the non-current assets of the Company during the year, other than the reclassification of investment properties held for sale.

DIRECTORS' INTERESTS IN CONTRACTS

The Company has contracted with Rabie Property Administrators (Proprietary) Limited to attend to the property portfolio management. Mr L H Cohen is also a director of that company.

SUBSEQUENT EVENTS

Subsequent to the year-end, the exercise date of the put option referred to in note 17, was renegotiated to 8 April 2010.

There are no material subsequent events which have occurred since the end of the financial year being reported on and the date of this report.

	Note	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
Assets					
Non-current assets		559 625	464 007	572 631	476 885
Investment properties	2	446 534	369 610	446 534	369 610
Straight-line lease accrual	2	9 937	3 243	9 937	3 243
Investment properties under development	3	95 141	84 229	95 141	84 229
Equipment	4	68	116	68	116
Interest in subsidiary	5.2	–	–	–	–
Loans receivable	6	7 945	6 809	20 951	19 687
Current assets		150 493	24 993	150 493	24 993
Trade and other receivables	7	1 030	3 220	1 030	3 220
Investment property held for sale	2	128 238	–	128 238	–
Cash and cash equivalents	9	21 225	21 773	21 225	21 773
Total assets		710 118	489 000	723 124	501 878
Equity and liabilities					
Shareholders' interest		356 166	335 364	369 172	348 242
Share capital	10	6 585	6 585	6 585	6 585
Share premium		271 204	271 204	271 204	271 204
Non-distributable reserve		20 788	23 071	20 788	23 071
Treasury shares	11	(13 006)	(12 878)	–	–
Share option reserve	26	863	863	863	863
Retained earnings		62 617	39 800	62 617	39 800
Total equity attributable to equity holders of the parent		349 051	328 645	362 057	341 523
Minority interest		7 115	6 719	7 115	6 719
Non-current liabilities		335 207	133 810	335 207	133 810
Financial liabilities	12	314 274	125 923	314 274	125 923
Financial instruments	23.3	8 542	–	8 542	–
Deferred tax	13	12 391	7 887	12 391	7 887
Current liabilities		18 745	19 826	18 745	19 826
Trade and other payables	8	3 130	4 059	3 130	4 059
Prepaid rent received		3 172	531	3 172	531
Financial liability	15	12 000	10 620	12 000	10 620
Taxation		443	4 616	443	4 616
Total equity and liabilities		710 118	489 000	723 124	501 878
Net asset value per share (based on shares in issue at end of year net of treasury shares)		56 cents	53 cents	56 cents	53 cents

		Group and Company	
		2009	2008
		R'000	R'000
Note			
	Revenue		
	– Contractual	1.8 55 881	31 905
	– Straight lining	48 384	28 662
		7 497	3 243
	Profit on disposal of investments	25 –	13 816
	Other income	237	86
	Net operating expenses	(17 775)	(15 326)
	Profit before fair value adjustments	14 38 343	30 481
	Fair value adjustments to investment properties	18 670	30 086
	Profit before interest and taxation	57 013	60 567
	Interest received	16 2 488	2 308
	Interest paid	18 (23 859)	(5 143)
	Profit before taxation	35 642	57 732
	Taxation	19 (6 223)	(12 739)
	Profit for the year	29 419	44 993
	Attributable to:		
	Equity holders of the parent	29 076	44 455
	Minority interest	343	538
		29 419	44 993
		Cents	Cents
	Basic earnings per share	20.1 4.6	7.5
	Diluted earnings per share	20.2 4.5	7.5

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 August 2009

Group	Share capital R'000	Share premium R'000	Share option reserve R'000	Non-distributable reserve R'000	Treasury shares R'000	Fair value reserve R'000	Retained earnings R'000	Minority interest R'000	Total equity R'000
Balance at 1 September 2007	721	559	-	-	-	10 104	18 416	-	29 800
Issue of 643 000 000 shares	5 709	279 734	-	-	-	-	-	-	285 443
Share issue costs written off	-	(6 126)	-	-	-	-	-	-	(6 126)
Repurchase of 1 450 000 shares	(15)	(673)	-	-	-	-	-	-	(688)
Issue of 17 000 000 shares	170	8 330	-	-	(8 500)	-	-	-	-
Transfer of fair value reserve to the income statement	-	-	-	-	-	(10 104)	-	-	(10 104)
Cost and subsequent expenditure on Virgin Active building	-	-	-	-	-	-	-	6 181	6 181
Profit for the year	-	-	-	-	-	-	44 455	538	44 993
Share option expense	-	-	863	-	-	-	-	-	863
Purchase of 9 837 419 treasury shares	-	-	-	-	(4 378)	-	-	-	(4 378)
Transfer to financial liability	-	(10 620)	-	-	-	-	-	-	(10 620)
Transfer to non-distributable reserve	-	-	-	23 071	-	-	(23 071)	-	-
Balance at 31 August 2008	6 585	271 204	863	23 071	(12 878)	-	39 800	6 719	335 364
Balance at 1 September 2008	6 585	271 204	863	23 071	(12 878)	-	39 800	6 719	335 364
Increase in minority interest	-	-	-	-	-	-	-	53	53
Profit for the year	-	-	-	-	-	-	29 076	343	29 419
Transfer to financial instrument	-	-	-	(8 542)	-	-	-	-	(8 542)
Purchase of treasury shares	-	-	-	-	(128)	-	-	-	(128)
Transfer to non-distributable reserve	-	-	-	6 259	-	-	(6 259)	-	-
Balance at 31 August 2009	6 585	271 204	863	20 788	(13 006)	-	62 617	7 115	356 166
Comprising:				20 788					
Fair value reserve				29 330					
Hedging reserve				(8 542)					

STATEMENTS OF CHANGES IN EQUITY for the year ended 31 August 2009

	Share capital R'000	Share premium R'000	Share option reserve R'000	Non-distributable reserve R'000	Fair value reserve R'000	Retained earnings R'000	Minority interest R'000	Total equity R'000
Company								
Balance at 1 September 2007	721	559	-	-	10 104	18 416	-	29 800
Issue of 643 000 000 shares	5 709	279 734	-	-	-	-	-	285 443
Share issue costs written off	-	(6 126)	-	-	-	-	-	(6 126)
Repurchase of 1 450 000 shares	(15)	(673)	-	-	-	-	-	(688)
Issue of 17 000 000 shares	170	8 330	-	-	-	-	-	8 500
Transfer of fair value reserve to the income statement	-	-	-	-	(10 104)	-	-	(10 104)
Cost and subsequent expenditure on Virgin Active building	-	-	-	-	-	-	6 181	6 181
Profit for the year	-	-	-	-	-	44 455	538	44 993
Share option expense	-	-	863	-	-	-	-	863
Transfer to financial liability	-	(10 620)	-	-	-	-	-	(10 620)
Transfer to non-distributable reserve	-	-	-	23 071	-	(23 071)	-	-
Balance at 31 August 2008	6 585	271 204	863	23 071	-	39 800	6 719	348 242
Balance at 1 September 2008	6 585	271 204	863	23 071	-	39 800	6 719	348 242
Increase in minority interest	-	-	-	-	-	-	53	53
Profit for the year	-	-	-	-	-	29 076	343	29 419
Transfer to financial instrument	-	-	-	(8 542)	-	-	-	(8 542)
Transfer to non-distributable reserve	-	-	-	6 259	-	(6 259)	-	-
Balance at 31 August 2009	6 585	271 204	863	20 788	-	62 617	7 115	369 172
Comprising:				20 788				
Fair value reserve				29 330				
Hedging reserve				(8 542)				

	Note	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
Cash flows from operating activities					
Cash generated from operations	21.1	36 092	23 515	36 092	23 515
Interest received	21.2	1 405	1 680	1 405	1 680
Interest paid	21.3	(22 720)	(3 797)	(22 720)	(3 797)
Taxation paid	21.4	(5 891)	(1 960)	(5 891)	(1 960)
Net cash inflow from operating activities		8 886	19 438	8 886	19 438
Cash flows from investing activities					
Additions to equipment		-	(63)	-	(63)
Acquisitions/additions to investment properties		(186 986)	(339 703)	(186 986)	(339 703)
Acquisitions/additions to investment properties under development		(1 828)	(124 683)	(1 828)	(124 683)
Proceeds on disposal of investments		-	22 511	-	22 511
Proceeds on sale of investment property for development		-	53 663	-	53 663
Increase in financial assets		-	(6 181)	(128)	(19 059)
Net cash (outflow) from investing activities		(188 814)	(394 456)	(188 942)	(407 334)
Cash flows from financing activities					
Proceeds from the issue of shares		-	279 317	-	287 817
Treasury shares purchased		(128)	(4 378)	-	-
Share repurchase		-	(688)	-	(688)
Interest capitalised to investment properties		(9 084)	(13 209)	(9 084)	(13 209)
Financial liabilities raised		188 592	123 068	188 592	123 068
Net cash inflow from financing activities		179 380	384 110	179 508	396 988
Net (decrease)/increase in cash and cash equivalents		(548)	9 092	(548)	9 092
Cash and cash equivalents at beginning of year		21 773	12 681	21 773	12 681
Cash and cash equivalents at end of year		21 225	21 773	21 225	21 773

1 Accounting policies

INGENUITY PROPERTY INVESTMENTS LIMITED (formerly known as SA Reit Limited), (the "Company") is a company domiciled in South Africa. The consolidated financial statements of the Company as at and for the year ended 31 August 2009 comprise the Company and its subsidiary (together referred to as the "Group").

The financial statements are prepared on the going concern basis and the accounting policies set out below have been applied consistently to all periods presented.

1.1 Basis of preparation

(i) Statement of compliance

The consolidated financial statements and separate parent financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB) and the requirements of the South African Companies Act.

The consolidated financial statements and separate financial statements were approved by the Board of Directors on 29 October 2009.

(ii) Basis of measurement

The financial statements are prepared on the historical cost basis, except for investment properties and certain financial instruments which are measured at fair value.

(iii) Functional and presentation currency

These financial statements are presented in South African Rand, which is the group's functional currency. All information presented in South African Rand has been rounded to the nearest thousand.

(iv) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of

material adjustment in the next year are discussed in the financial statement notes below.

1.2 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

In the Company's separate financial statements, interests in subsidiaries are stated at cost less accumulated impairment losses.

1.3 Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise loans receivable, investments in equity securities, trade receivables, cash and cash equivalents, loans and borrowings, trade and other payables and other financial liabilities.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Available-for-sale financial assets

The group's investment in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised directly in equity in the "fair value reserve". When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

The fair value reserve comprises the cumulative change, net of deferred tax, in the fair value of available-for-sale investments until the investment is derecognised.

Other non-derivative financial instruments

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(ii) Derivative financial instruments

The Group utilises derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. Where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

(iii) Financial assets

Loans receivable, trade and other receivables and cash and cash equivalents are classified as loans and receivables and are carried at amortised cost.

(iv) Financial liabilities

Financial liabilities and trade and other payables are carried at amortised cost. Financial instruments comprising derivatives are classified as held for trading.

1.4 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

1.5 Dividends

Dividends are recognised as a liability in the period in which they are declared.

1.6 Equipment

(i) Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognised net within "other income" in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the current estimated useful lives of each part of an item of equipment.

The estimated useful lives for the current and comparative periods are as follows:

Computer equipment	3 years
Furniture and fittings	3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

1.7 Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments

of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of the other assets or group of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Revenue

Revenue comprises rental income, excluding VAT. Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Revenue from the sale of investment and development property is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and return of goods can be estimated reliably, there is no continuing management involved with the goods, and the amount of revenue can be measured reliably. Transfer of risks and rewards depends on the terms of the contract of sale.

1.9 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

1.10 Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings. Borrowing costs are recognised in profit or loss using the effective interest method, net of borrowing costs capitalised.

1.11 Borrowing costs capitalised

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as the aggregate of actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset (less any temporary investment of those borrowings) and the weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when expenditures for the asset have occurred, when borrowing costs have been incurred, and the activities that are necessary to prepare the asset for its intended use or sale are in progress.

The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted and the capitalisation of borrowing costs finally ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs arising on the borrowing of funds are recognised as an expense in the income statement, in the finance costs line item, in the period in which they are incurred.

1.12 Income tax

Taxation expense comprises current and deferred tax. Taxation expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or

substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are off-set if there is a legally enforceable right to off-set current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

1.13 Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

1.14 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on methods detailed below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Financial assets carried at amortised cost

The fair value of financial assets carried at amortised cost is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(iii) Derivative financial liabilities

The fair value of derivative financial liabilities is based on broker quotes.

(iv) Investment property

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values one third of the group's investment property portfolio annually whilst the remaining balance are valued by the directors. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting

vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

1.15 Property assets

Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value (see note 1.14 (iv)) with any change therein recognised in profit or loss. Subsequently, unrealised gains, net of deferred tax, are transferred to a non-distributable reserve in the statement of changes in equity. Unrealised losses, net of deferred tax, are transferred against a non-distributable reserve to the extent that the decrease does not exceed the amount held in the non-distributable reserve.

Investment property under development

Property that is being constructed or developed for future use as an investment property is classified as investment property under development and is measured at cost, less impairment losses, until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. At the date of reclassification, the difference between fair value and cost is recorded in profit or loss for the period and subsequently transferred to a non-distributable reserve.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised. If the resulting carrying amount of the asset exceeds its recoverable amount, impairment is recognised.

Investment property held for sale

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

Assets are only classified as non-current assets held for sale when the assets are available for immediate sale in their present condition, the company is committed to a plan to sell the assets, an active program has been launched to locate a buyer and complete the sale, the asset is being actively marketed at a sale price that is reasonable in relation to the assets' current fair value and the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell, except for investment property and financial assets that are carried at fair value in accordance with the firm's accounting policy for investment property and financial instruments.

Non-current assets are not depreciated while they are classified as held for sale or while it is part of a disposal group classified as held for sale.

Impairment losses to write down the carrying amount of any assets or group of assets classified as non-current assets held for sale are recognised in the income statement.

1.16 New standards and interpretations not yet adopted

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 September 2009 or later periods:

IFRS 8: Operating Segments introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the group's 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the group's chief operating decision-maker in order to assess each segment's performance and to allocate resources to them.

2009 Improvements Project: Amendment to IFRS 8, Operating Segments

The Board aims to eliminate a difference with the US standards on the presentation of segment disclosures. Currently, the assets of each segment must be systematically presented while the liabilities are disclosed

only when the amount is monitored on a regular basis by the chief operating decision-maker. The change introduced in April requires the same disclosures for both assets and liabilities.

The effective date of the amendment is for years beginning on or after 1 January 2010.

The Group expects to adopt the amendment for the first time in the 2010 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the Group, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 3 (Revised) Business Combinations

The revisions to IFRS 3 Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included, at fair value, in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.
- The requirements have been clarified for how the acquirer accounts for some of the assets and liabilities acquired in a business combination such as replacing the acquiree's share-based payment awards, being

indemnified by the seller, embedded derivatives, cash flow hedges and operating leases.

- Business combinations involving only mutual entities and business combinations achieved by contract alone are now within the scope of IFRS 3.
- Requirements have been added regarding reacquired rights. Where the acquirer and acquiree were parties to a pre-existing relationship (eg. the acquirer had granted the acquiree a right to use its intellectual property where the terms of any contract are not market terms), a gain or loss is recognised and the purchase consideration adjusted to reflect a payment or receipt for the non-market terms, and an intangible asset (being the rights reacquired) is recognised at fair value and amortised over the contract term.

The effective date of the standard is for years beginning on or after 1 July 2009.

The Group expects to adopt the standard for the first time in the 2010 annual financial statements.

It is unlikely that the standard will have a material impact on the Group's annual financial statements.

IAS 1, as revised, will be adopted by the Group for the first time for its financial reporting period ending 31 August 2010. The Group will present all non-owner changes in equity in a single statement of comprehensive income (which will include the current income statement) and owner changes in equity in the statement of changes in equity. Reclassification adjustments and income tax relating to each component of other comprehensive income will be disclosed on the face of the statement of comprehensive income. Currently the available-for-sale fair value gains/losses and cash flow hedging reserves are the only components.

IAS 40 as revised will be adopted by the Group for the first time for its financial reporting period ending 31 August 2010. IAS 40 is to be amended to include property under construction or development for future use as investment property in its definition of "investment property". The Group will therefore be required to measure property under development and property development inventory at their fair values. The Group currently measures investment property under development at cost, less impairment losses, until construction or development is complete.

1.17 Financial risk management

(i) Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board has delegated the responsibility for developing and monitoring the Group's risk management policies to the executive directors. The executive directors report to the board of directors on their activities.

The Group audit committee oversees how the executive directors monitor compliance with the Group's risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the Group.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. Risk exposure and management policies and procedures are consistent with those of the prior year.

(ii) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and other entities and cash and bank balances.

Trade and other receivables

Trade and other receivables relate mainly to the group's tenants and deposits with municipalities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The Group's widespread tenant base reduces credit risk.

Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before the Group's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the Group's review includes external ratings.

In monitoring tenant credit risk, tenants are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry, size of business and existence of previous financial difficulties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The main component of this allowance is a specific loss component that relates to individually significant exposures.

Cash and cash equivalents

Cash and cash equivalents are only invested with reputable financial institutions and where applicable held in trust as governed in terms of section 32(4) of The Estate Agency Affairs Act 1976.

(iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow requirements taking account of rentals receivable on a monthly basis. Surplus funds are utilised to reduce borrowings. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains a line of credit of a R5 million overdraft facility that is unsecured. Interest would be payable at the prime bank overdraft rate. The facility is reviewed on an annual basis.

(iv) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the

Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group's exposure to interest rate risk relates to loan and trade receivables, bank balances, loans payable and financial liabilities and trade and other payables which are subject to variable market-related interest rates. In order to manage the exposure to changes in interest rates on borrowings, the Group has entered into interest rate swaps to fix interest rates. All such transactions are carried out within the guidelines set by the executive directors.

Currency risk

The Group has no exposure to currency risk.

(v) Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

There were no changes in the Group's approach to capital management during the year.

1.18 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted.

The expected cost of accrued leave is recognised as an expense as the employee renders service that increases his or her entitlement or, in the case of non-accumulating leave, when the absence occurs. Accrued leave is measured as the amount that the company expects to pay as a result of unused entitlement that has accumulated to the employee at the balance sheet date.

The expected cost of 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.

Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding

increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

1.19 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related revenue, loans and financial liabilities and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

2 Investment properties and related receivables

	Group and Company	
	2009 R'000	2008 R'000
Cost	395 644	320 500
Subsequent expenditure	11 677	16 743
Fair value adjustment	39 154	30 086
Deferred lease incentive expense	59	2 281
Investment properties	446 534	369 610
Straight lining of leases		
– Long-term receivable	9 937	3 243
– Short-term receivable	–	–
Fair value	456 471	372 853
Movement in investment properties and related receivables		
Carrying value at beginning of year	372 853	–
Additions	177 500	320 500
Subsequent expenditure	8 052	16 743
Fair value adjustment	18 670	30 086
Straight lining receivable recognised	7 497	3 243
Deferred lease incentive expense	137	2 281
	584 709	372 853
Transfer to investment property held for sale	(128 238)	–
Fair value at end of year	456 471	372 853
Operating lease receivables		
Non-cancellable operating rentals are receivable as follows:		
Less than one year	49 880	25 102
Between one and five years	129 380	50 971
More than five years	104 288	32 708
	283 548	108 781
Less straight-line portion	(272 808)	(105 538)
Receivable raised	10 740	3 243

These investment properties are encumbered as per note 12.

A register of investment properties is available for inspection at the Group's registered office.

Investment property held for sale consists of properties which have been sold in terms of signed agreements of sale concluded during the financial year and where the effective dates of transfer only occur subsequent to the financial year-end. During the year under review sale agreements totalling a gross value of R124.45 million were concluded. The properties sold were 22 Long Street (R104.5 million), 33 Waterkant Street (R9.2 million) and Midas Goodwood (R10.75 million).

One-third in number of the investment properties were independently valued at 31 August 2009 on the open market basis by MRB Gibbons of Mills Fitchet Magnus Penny (Proprietary) Limited, a professional valuer who is registered with the South African Institute of Valuers.

The properties have been valued using the discounted cash flow approach, which values the contracted income and then reverts to market-related rentals. The reversion to market, in all cases, has been next day after the expiry of the last lease, all of which are discounted at the appropriate discount rate.

3 Investment properties under development

	Group and Company	
	2009 R'000	2008 R'000
Cost	78 663	117 750
Subsequent expenditure*	16 478	20 142
Disposal of 50% share in erf 173153, at capitalised cost	-	(53 663)
Carrying value	95 141	84 229
Movement in investment properties under development		
Carrying value at beginning of year	84 229	-
Additions	-	117 750
Subsequent expenditure	10 912	20 142
Disposal of 50% share in erf 173153, at capitalised cost	-	(53 663)
Carrying value at end of year	95 141	84 229

* includes interest capitalised of R12.018 million (2008: R13.209 million). Investment properties are encumbered as per note 12.

4 Equipment

Cost		
Computer equipment	121	121
Furniture and fittings	33	33
	154	154
Accumulated depreciation		
Computer equipment	77	36
Furniture and fittings	9	2
	86	38
Carrying value		
Computer equipment	44	85
Furniture and fittings	24	31
	68	116
Schedule of movement		
Opening carrying value	116	91
Additions	-	63
Depreciation	(48)	(38)
Closing carrying value	68	116

5 Investments

5.1 Investments

Available-for-sale financial assets at fair value

Units in ApexHi Properties Limited

2008:0 (2007: 644 043) "A" linked units

2008:0 (2007: 644 043) "B" linked units

Opening balance at beginning of year

Disposals

Fair value adjustment

Closing balance at end of year

Group and Company

2009
R'000

2008
R'000

	-	-
	-	-
	-	-
	-	20 513
	-	(20 513)
	-	-
	-	-

5.2 Interest in subsidiary

Withmore Investments 3 (Proprietary) Limited

Issued
share
capital
2009

Issued
share
capital
2008

Percentage
holding
2009

Percentage
holding
2008

	1 000	1 000	100%	100%
--	-------	-------	------	------

The subsidiary was acquired during 2008 to hold treasury shares in the company. The shares are ordinary shares of R 0.01 each.

6 Loans receivable

Group

Company

2009
R'000

2008
R'000

2009
R'000

2008
R'000

Melrose Trust

SA Reit Employee Share Trust

Withmore Investments 3 (Proprietary) Limited

	7 945	6 809	7 945	6 809
	-	-	8 500	8 500
	-	-	4 506	4 378
	7 945	6 809	20 951	19 687

6.1 An agreement was entered into with the Melrose Trust whereby they would be entitled to a 20% share of any profits/losses earned in respect of the Virgin Active building. A loan account of the Trust was also created whereby they will be liable for 20% of the initial cost as well as of all additional expenditure incurred by the Company in respect of the building. Set-off of the minority interest due to the Melrose Trust and the loan receivable is allowed on termination of the agreement, thereby reducing the recoverability risk to the company.

The loan is repayable upon the earlier of the termination of the agreement or a decision by the Company to dispose of the property.

Interest is charged on the outstanding amount at the prevailing prime rate.

6.2 The loans to the SA REIT Employee Share Trust and Withmore Investments 3 (Proprietary) Limited bear no interest and the repayment terms have as yet not been determined. The intention is that these loans will be repaid on realisation of the underlying assets.

6.3 The loans receivable are carried at amortised cost, with the fair value being approximated by such carrying value.

7 Trade and other receivables

Group and Company

	2009 R'000	2008 R'000
Trade receivables	201	-
Prepayments	28	25
Deposits	54	32
VAT	-	904
Other receivables	747	2 259
	1 030	3 220

Trade and other receivables pledged as security

Trade receivables are encumbered as per note 12.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired is evaluated by management on an ongoing basis.

Fair value of trade and other receivables

Trade receivables are carried at amortised cost, with the fair value being approximated by such carrying value.

8 Trade and other payables

Trade payables	612	2 667
Tenant deposits	1 235	1 057
VAT	445	-
Other payables	838	335
	3 130	4 059

Fair value of trade and other payables

Trade and other payables are carried at amortised cost, with the fair value being approximated by such carrying value.

9 Cash and cash equivalents

	Group and Company	
	2009	2008
	R'000	R'000
Current account	1 776	1 888
Cash on call	16 435	1 524
Peregrine securities	-	2
Deposits	781	524
Funds in trust	2 233	17 835
	21 225	21 773

10 Share capital

Authorised

2 000 000 000 (2008: 2 000 000 000) ordinary shares of R0.01 (2008: R0.01) each

20 000 20 000

Issued

658 550 000 (2008: 658 550 000) ordinary shares of R0.01 (2008: R0.01) each

6 585 6 585

1 341 450 000 (2008: 1 341 450 000) unissued shares are under the unrestricted control of the directors until the next annual general meeting.

11 Treasury shares

There were two entities created in 2008 that are controlled by the Company. Both of these entities have shareholdings in the Company.

SA Reit Employee Share Trust

17 000 000 ordinary shares were issued on 3 March 2008 at R0.50 per share, which were all acquired by this trust. This trust is considered to be controlled by the Company, and therefore the shares purchased have been accounted for in the Company financial statements. The shares were purchased for a consideration of R8 500 000 funded by an interest-free loan made by the Company to the trust.

Withmore Investments 3 (Proprietary) Limited

This company is a 100% held subsidiary of Ingenuity Property Investments Limited. The company purchased 308 322 (2008: 9 837 419) shares in the Company during the current year. The shares were purchased at the closing rate prevailing on the date of each acquisition for a total consideration of R47 539. The shares repurchased were funded by an interest-free loan made by the Company to the subsidiary.

12 Financial liabilities

Comprises the following:

Non-current (SPV loans & Nedbank loan)

Current

	Group and Company	
	2009 R'000	2008 R'000
	314 274	125 923
	-	-
	314 274	125 923
	149 668	56 457
	1 125	-
	150 277	56 103
	301 070	112 560

12.1 SPV Loans

Absa – Prime less 2%

Capital

Accrued interest

Nedbank – Prime less 1.5%

Capital

The terms are as follows:

- The Absa loan has a facility of R150 million whilst the Nedbank loan has a facility of R156.034 million.
- The capital for both of the loans is repayable in full on 1 November 2012, interest is payable monthly.
- The interest rate has been hedged through Absa on R200 million fixed at an effective rate of 10.65% with the balance floating and linked to the prime bank overdraft rate as above.
- The financial liabilities are secured by the following:
 - Cession of all rights, title and interest as lessor in and to all the lease agreements (including lease payments).
 - Cession of the insurance policies over the properties and the cession noted against the policies.
 - Cession of the insurance proceeds.
- In addition, the loans are secured by mortgage bonds over the following properties with a carrying value of R631.335 million:
 - Erf 250 Roggebaai
 - Erf 30 & 145 Roggebaai
 - Erf 9444 Cape Town
 - Erf 1760, 1763, 1764, 1765 Cape Town
 - Erf 3441 Port Elizabeth, Erf 17639 Cape Town, Erf 32942 Goodwood and Units 7 and 8 of EMEK House
 - One half share in Consolidated Erf 173153 Cape Town
 - Erf 156998 Cape Town
 - Erf 38746 Bellville
 - Erf 32140 Tygervalley
- Financial covenants – as at 31 August and 28 February the interest cover ratio shall not drop below 1.3 times for the first year, 1.4 times during the second year and 1.5 times for the remaining period of the loan. Interest-bearing debt as a percentage of the value of the total assets shall not exceed 60%. Amounts outstanding as a percentage of the property valuation amount shall not exceed 60%.

12 Financial liabilities cont.

12.2 Other

Nedbank – Virgin Active Prime less 1.75%

Group and Company	
2009 R'000	2008 R'000
13 204	13 363

The terms are as follows:

- The loan has a total facility of R18.099 million.
- The capital of the loan is repayable in full on 31 January 2013.
- The interest rate is linked to the prime bank overdraft rate.
- The financial liability is secured by the following:
 - Cession of all rights, title and interest as lessor in and to all the lease agreements (including lease payments).
 - Cession of the insurance policies over the properties and the cession noted against the policies.
 - Cession of the insurance proceeds.
- In addition, the loan is secured by a mortgage bond for R30 million over the following property with a carrying value of R35.357 million:
 - Erf 205 Cape Town
- Financial covenants – the interest cover ratio shall not drop below 1.3 times for the first year, 1.4 times during the second year and 1.5 times for the remaining period of the loans. Interest-bearing debt as a percentage of the value of the total assets shall not exceed 60%. Amounts outstanding as a percentage of the property valuation amount as determined by Nedbank's valuer shall not exceed 60%. Sustainable net income of all properties bonded by the Company in favour of Nedbank is to cover interest on approved facilities by 1.3 times.

Fair value of financial liabilities

Financial liabilities are carried at amortised cost, with the fair value being approximated by such carrying value.

13 Deferred tax

	Group and Company	
	2009	2008
	R'000	R'000
Balance at beginning of year	7 887	1 714
Movement from equity to income statement	–	(1 714)
Movement in income statement	4 504	7 887
Balance at end of year	12 391	7 887
Comprising		
Straight lining of lease adjustment to investment properties	3 007	908
Fair value adjustment to investment properties	7 966	6 675
Other	1 418	304
	12 391	7 887

14 Profit before fair value adjustments

Is arrived at after taking into account:		
Auditors' remuneration	360	325
Profit on disposal of investments	–	13 816
Staff costs		
Directors' emoluments	2 893	2 494
Other	367	129
Amortisation of deferred lease incentives	1 539	179
Impairment of trade and other receivables	299	–
Operating lease charges – property	590	397
Depreciation	47	38
Share option expense	–	863

15 Reclassification

The financial statements have been restated for 2008 to take into account a put option (refer to note 17) granted by the Company to a vendor for a property purchased during that year.

The effect is a reclassification of R10.6m transferred from share premium to a financial liability. The reclassification had no effect on the earnings for 2008.

The restatement does not take into account the effect on net asset value per share if the put option were to be exercised. Had this taken place at year-end, the effect would not be material.

Reclassification:

Reduction in share premium	(10 620)	–
Increase in financial liabilities	10 620	–

16 Interest received

Investments
Bank

Group and Company

2009
R'000

2008
R'000

1 434

1 086

1 054

1 222

2 488

2 308

17 Put option

The company has granted a put option to a vendor of a property purchased by it in June 2007, in terms of which the vendor is entitled to put a maximum of 20 million shares in the company, to the company or its nominee, at a price of 60 cents per share on or before 8 April 2010. The option is valued at the present value of the future obligation, calculated at inception at 13%.

12 000

10 620

18 Interest paid

Total interest paid
less: interest capitalised
Interest paid

32 943

19 137

(9 084)

(13 994)

23 859

5 143

Interest was capitalised at a weighted average rate linked to the prime rate, and ranged between 13.63% and 8.75% (2008: between 11.63% and 13.63%).

19 Taxation

South African normal tax
– income tax: current year
– prior year under/(over) provision
– capital gains tax
– deferred tax

6 223

12 739

1 626

3 090

92

(172)

–

1 934

4 505

7 887

Reconciliation of tax rate

Effective tax rate
Capital gains tax on sale of investments
Items not deductible for tax purposes
Other permanent differences
Capital gains tax on investment property held for sale
Prior year (under)/overprovision
Standard tax rate

%

%

17.46

22.07

–

3.34

1.11

3.03

0.86

(0.75)

8.83

–

(0.26)

0.31

28.00

28.00

20 Basic earnings per share

20.1 Basic earnings per share

The calculation of earnings per share is based on earnings attributable to equity holders of R29.076 million (2008: R44.455 million) and a weighted average number of 631 695 376 (2008: 595 033 434) shares in issue during the year.

2009
Cents

2008
Cents

4.6

7.5

20 Basic and diluted earnings per share cont.

20.2 Diluted earnings per share

The calculation of diluted earnings per share is based on earnings attributable to equity holders of R29.076 million (2008: R44.455 million) and a weighted average number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares of 643 274 323 (2008: 595 033 434) shares in issue during the year.

20.3 Headline earnings per share

The calculation of headline earnings per share is based on a weighted number of 631 695 376 (2008: 595 033 434) shares in issue during the year.

Headline earnings are calculated as follows:

Earnings attributable to equity holders

Fair value adjustment of investment properties

Deferred tax on fair value adjustment

Profit on disposal of investments

Tax on realised profit

Group and Company

	2009 Cents	2008 Cents
	4.5	7.5
	1.9	1.5
	R'000	R'000
	29 076	44 455
	(18 670)	(30 086)
	1 291	6 675
	-	(13 816)
	-	1 934
	11 697	9 162
	35 642	57 732
	(2 488)	(2 308)
	23 859	5 143
	48	38
	1 297	179
	242	-
	(7 497)	(3 243)
	(18 670)	(30 086)
	-	863
	-	6 181
	-	(13 816)
	32 433	20 683
	1 948	(1 728)
	1 711	4 560
	36 092	23 515

21 Notes to the cash flow statement

21.1 Cash generated from/(utilised in) operations

Profit before taxation

Adjusted for:

Interest received

Interest paid

Depreciation

Amortisation of deferred lease incentive

Amortisation of letting commission

Straight lining of operating leases (income)

Increase in fair value of investment properties

Share option expense

Increase in minority interests

Profit on disposal of listed investments

Decrease/(increase) in trade and other receivables

Increase in trade and other payables

21 Notes to the cash flow statement cont.

21.2 Interest received

Amount outstanding at beginning of year	
Interest income per income statement	
Amount outstanding at end of year	

21.3 Interest paid

Amount outstanding at beginning of year	
Income statement charge	
Amount outstanding at end of year	

21.4 Taxation paid

Amount outstanding at beginning of year	
Income statement charge	
Amount outstanding at end of year	

Group and Company

2009 R'000	2008 R'000
628	-
2 488	2 308
(1 711)	(628)
1 405	1 680
1 366	20
23 859	5 143
(2 505)	(1 366)
22 720	3 797
4 616	1 724
1 718	4 852
(443)	(4 616)
5 891	1 960

22 Related party transactions

22.1 Identity of related parties

SA Reit Employee Share Trust – controlled trust
Withmore Investments 3 (Proprietary) Limited – wholly owned subsidiary
Directors as listed in the Directors' report
Rabie Property Administrators (Proprietary) Limited – property administrators

22.2 Material related party balances

Loan advanced and shares issued to SA Reit employee share trust	
Loan advanced to Withmore Investments 3 (Proprietary) Limited	

22.3 Material related party transactions

Collection commission – Rabie Property Administrators (Proprietary) Limited	
Share options expense	

22.4 Directors' remuneration

Remuneration paid to executive directors were as follows:	
A A Maresky	
M Wagenheim	
J Bielich	

Company

2009 R'000	2008 R'000
8 500	8 500
4 506	4 378
917	441
-	863

Group and Company

R'000	R'000
900	825
690	653
653	475

23 Risk management cont.

23.2 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group and Company	Carrying amount R'000	Contractual cash flows R'000	Within 1 Year R'000	2 to 5 years R'000
31 August 2009				
Non-derivative financial liabilities				
Financial liabilities (including interest)	114 274	154 270	9 999	144 271
Put option	12 000	12 000	12 000	–
Trade and other payables	2 685	2 685	2 685	–
	128 959	168 955	24 684	144 271
Derivative financial liabilities				
Financial liabilities	200 000	285 200	21 300	263 900
31 August 2008				
Non-derivative financial liabilities				
Financial liabilities	125 923	194 576	17 163	177 413
Put option	10 619	10 619	–	10 619
Trade and other payables	4 059	4 059	4 059	–
	140 601	209 254	21 222	188 032
Derivative financial liabilities				
Financial liabilities	–	–	–	–

Non-derivative financial liabilities are classified as financial liabilities and carried at amortised cost.

Derivative financial liabilities are designated as hedging instruments.

23.3 Market risk

23.3.1 Interest rate risk

The Group adopts a policy of managing its exposure to movements in interest rates on borrowings. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure. The interest rate swaps qualify for special hedge accounting and the Group thus classifies them as cash flow hedges and states them at fair value based on broker quotes. The total cash receipts for the year amounted to R1.344 million.

At the reporting date, the Group had entered into the following interest rate swaps:

	Maturity	Fixed rate (all inclusive)	Fair value at 31 August 2009
– Swap Absa contract 1	30/10/2013	10.65%	4 287
– Swap Absa contract 2	5/11/2013	10.65%	4 255
Future value liability			8 542

As the Group has designated these interest rate swaps as cash flow hedges, a change in the interest rate at the reporting date affecting the hedged item would not affect profit or loss.

As the Group has a mixture of fixed and floating financial liabilities, any change in interest rates would affect interest paid by R1.14 million per annum for each increase/decrease of 100 basis points.

Therefore, had interest rates been 1% higher, interest paid per profit or loss would have been R1.14 million higher.

23 Risk management cont.

23.3 Market risk cont.

23.3.1 Interest rate risk cont.

The Group's exposure to interest rate risk and the effective interest rates on financial instruments at balance sheet date are as follows:

Group 31 August 2009	Interest rate %	Year 1 R'000	2 to 5 years R'000	Total R'000
Assets				
Loans receivable	Prime rate	–	7 945	7 945
Trade and other receivables	Interest free	773	257	1 030
Cash and cash equivalents	Variable rate	21 225	–	21 225
		21 998	8 202	30 200
Company 31 August 2009				
Assets				
Loan receivable	Prime rate	–	7 945	7 945
Loans receivable	Interest free	–	13 006	13 006
Trade and other receivables	Interest free	773	257	1 030
Cash and cash equivalents	Variable rate	21 225	–	21 225
		21 998	21 208	43 206
Group and Company 31 August 2009				
Liabilities				
Financial liabilities	Variable rate	–	314 274	314 274
Trade and other payables	Interest free	2 685	–	2 685
Interest rate swap	Variable rate	–	8 542	8 542
Put option	Interest free	12 000	–	12 000
		14 685	322 816	337 501

23 Risk management cont.

23.3 Market risk cont.

23.3.1 Interest rate risk cont.

Group 31 August 2008	Interest rate %	Year 1 R'000	2 to 5 years R'000	Total R'000
Assets				
Loans receivable	Prime rate	–	6 809	6 809
Trade and other receivables	Interest free	2 316	–	2 316
Cash and cash equivalents	Variable rate	21 773	–	21 773
		24 089	6 809	30 898
Company 31 August 2008				
Assets				
Loan receivable	Prime rate	–	6 809	6 809
Loan receivable	Interest free	–	12 878	12 878
Trade and other receivables	Interest free	2 316	–	2 316
Cash and cash equivalents	Variable rate	21 773	–	21 773
		24 089	19 687	43 776
Group and Company 31 August 2008				
Liabilities				
Financial liabilities	Variable rate	–	125 923	125 923
Trade and other payables	Interest free	4 059	–	4 059
Put option	Interest free	10 620	–	10 620
		14 679	125 923	140 602

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have (decreased)/increased equity and profit or loss by the amounts shown below. A decrease of 100 basis points will have the same but opposite effect. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

	Profit or loss	
	Group and Company	
	2009	2008
	R'000	R'000
Variable rate instruments	(1 143)	(973)

23.4 Capital risk

The group considers its capital to consist of total equity attributable to equity holders of the parent amounting to R349.051 million (2008: R328.645 million) and financial liabilities of R314.274 million (2008: R125.923 million). Refer to note 12 for conditions of covenants.

24 Segmental Information

While investment properties are managed on an individual basis, the group comprises the following main reportable industry recognised operating segments:

	Group	
	2009	2008
	R'000	R'000
OFFICES		
Segmental revenue	30 244	15 604
Segmental operating expenses	(6 245)	(6 614)
Profit before fair value adjustment	23 999	8 990
Fair value adjustment	23 423	18 305
Segmental results	47 422	27 295
RETAIL		
Segmental revenue	7 815	6 900
Segmental operating expenses	(1 584)	(1 913)
Profit before fair value adjustment	6 231	4 987
Fair value adjustment	(3 271)	2 992
Segmental results	2 960	7 979
INDUSTRIAL		
Segmental revenue	2 141	2 176
Segmental operating expenses	(583)	(390)
Profit before fair value adjustment	1 558	1 786
Fair value adjustment	(2 030)	897
Segmental results	(472)	2 683
SPECIAL (includes gymnasiums)		
Segmental revenue	2 555	1 335
Segmental operating expenses	(188)	(55)
Profit before fair value adjustment	2 367	1 280
Fair value adjustment	2 418	2 012
Segmental results	4 785	3 292
PARKING		
Segmental revenue	5 543	2 609
Segmental operating expenses	(951)	(556)
Profit before fair value adjustment	4 592	2 053
Fair value adjustment	(1 850)	5 873
Segmental results	2 742	7 926
OTHER		
Segmental revenue	86	37
Segmental operating expenses	(21)	(3)
Profit before fair value adjustment	65	34
Fair value adjustment	(20)	7
Segmental results	45	41

24 Segmental Information cont.

RECONCILIATION TO PROFIT FOR THE YEAR IN THE INCOME STATEMENT

	Group			
	Total R'000	Segmental R'000	Unsegmental R'000	Straight lining R'000
2009				
Revenue	55 881	48 384	–	7 497
Net operating expenses	(17 775)	(9 572)	(8 203)	–
Profit/(loss) before fair value adjustment	38 106	38 812	(8 203)	7 497
Fair value adjustment	18 670	18 670	–	–
Operating profit	56 776	57 482	(8 203)	7 497
Interest received	2 488	–	2 488	–
Interest paid	(23 859)	–	(23 859)	–
Other income	237	–	237	–
Profit/(loss) before taxation	35 642	57 482	(29 337)	7 497
Taxation	(6 223)	–	(6 223)	–
Profit/(loss) for the year	29 419	57 482	(35 560)	7 497

	Group			
	Total R'000	Segmental R'000	Unsegmental R'000	Straight lining R'000
2008				
Revenue	31 905	28 662	–	3 243
Net Operating expenses	(15 326)	(9 532)	(5 794)	–
Profit on sale of investment	13 816	–	13 816	–
Profit before fair value adjustment	30 395	19 130	8 022	3 243
Fair value adjustment	30 086	30 086	–	–
Operating profit	60 481	49 216	8 022	3 243
Interest received	2 308	–	2 308	–
Interest paid	(5 143)	–	(5 143)	–
Other income	86	–	86	–
Profit before taxation	57 732	49 216	5 273	3 243
Taxation	(12 739)	–	(12 739)	–
Profit/(loss) for the year	44 993	49 216	(7 466)	3 243

24 Segmental Information cont.

SEGMENTAL ASSETS, RESERVES AND LIABILITIES

	Group	
	2009 R'000	2008 R'000
OFFICES		
Property assets	362 395	193 190
Segmental assets	362 395	193 190
Non-distributable reserve	24 761	12 059
Segmental reserve	24 761	12 059
Deferred tax	9 918	4 121
Segmental liabilities	9 918	4 121
RETAIL		
Property assets	87 329	75 056
Segmental assets	87 329	75 056
Non-distributable reserve	1 329	4 685
Segmental reserve	1 329	4 685
Deferred tax	808	729
Segmental liabilities	808	729
INDUSTRIAL		
Property assets	25 433	26 914
Segmental assets	25 433	26 914
Non-distributable reserve	(963)	1 680
Segmental reserve	(963)	1 680
Deferred tax	(202)	198
Segmental liabilities	(202)	198
SPECIAL		
Property assets	35 444	32 921
Loans receivable	7 945	6 809
Segmental assets	43 389	39 730
Non-distributable reserve	2 812	2 055
Segmental reserve	2 812	2 055
Trade and other payables	-	13 363
Deferred tax	835	355
Segmental liabilities	835	13 718
PARKING		
Property assets	73 155	41 371
Segmental assets	73 155	41 371
Non-distributable reserve	1 340	2 582
Segmental reserve	1 340	2 582
Deferred tax	1 021	1 269
Segmental liabilities	1 021	1 269
OTHER		
Property assets	953	158
Segmental assets	953	158
Non-distributable reserve	51	10
Segmental reserve	51	10
Deferred tax	18	1
Segmental liabilities	18	1

24 Segmental Information cont.

	Group		
	Total	Segmental	Unsegmental
2009			
Property assets	584 709	584 709	–
Investment properties under development	95 141	–	95 141
Equipment	68	–	68
Loans receivable	7 945	7 945	–
Trade and other receivables	1 030	–	1 030
Cash and cash equivalents	21 225	–	21 225
TOTAL ASSETS	710 118	592 654	117 464
Share capital and share premium	277 789	–	277 789
Non-distributable reserve	20 788	29 330	(8 542)
Treasury shares	(13 006)	–	(13 006)
Minority interest	7 115	–	7 115
Share option reserve	863	–	863
Retained earnings	62 617	–	62 617
TOTAL EQUITY	356 166	29 330	326 836
Financial liabilities	326 274	–	326 274
Financial instruments	8 542	–	8 542
Deferred tax	12 391	12 397	(6)
Trade and other payables	6 302	–	6 302
Taxation	443	–	443
TOTAL LIABILITIES	353 952	12 397	341 555

24 Segmental Information cont.

	Group		
	Total	Segmental	Unsegmental
2008			
Property assets	372 853	369 610	3 243
Investment properties under development	84 229	–	84 229
Equipment	116	–	116
Loans receivable	6 809	6 809	–
Trade and other receivables	3 220	–	3 220
Cash and cash equivalents	21 773	–	21 773
TOTAL ASSETS	489 000	376 419	112 581
Share capital and share premium	277 789	–	277 789
Non-distributable reserve	23 071	23 071	–
Treasury shares	(12 878)	–	(12 878)
Minority interest	6 719	–	6 719
Share option reserve	863	–	863
Retained earnings	39 800	–	39 800
TOTAL EQUITY	335 364	23 071	312 293
Financial liabilities	136 542	13 363	123 179
Deferred tax	7 887	6 675	1 212
Trade and other payables	4 591	–	4 591
Taxation	4 616	–	4 616
TOTAL LIABILITIES	153 636	20 038	133 598

25 Profit on disposal of investments

	Group and Company	
	2009 R'000	2008 R'000
Net profit on sale	–	10 104
Increase in fair value	–	1 998
Deferred tax on capital gain	–	12 102
Total profit on disposal	–	13 816

26 Share option reserve

On 8 October 2007, the Group established a share trust that entitles key management personnel and senior employees to become beneficiaries of the trust on acceptance of a participation notice. The trust is empowered to acquire shares in the Company and/or other assets for the indirect benefit of the beneficiaries. On 3 March 2008 the trust acquired 17 000 000 shares in the Company and offered participation notices to certain employees which were duly accepted.

The terms and conditions of the participation notices are as follows:

Grant date	Number of units	Vesting conditions	Contractual life of notice
Year ended 31 August 2008	5 666 667	Continued employment	3 years
	5 666 667	Continued employment	4 years
	5 666 666	Continued employment	5 years

The exercise price of the units is R0.50.

The fair value of services received in return for the units granted are measured by reference to the value of the units granted. The estimate of the fair value of the services received is measured based on a binomial lattice model. The contractual life of the grant (3 to 5 years) is used as an input into this model.

Fair value of units and assumptions

Fair value at measurement date:

Share price	R0.44
Exercise price	R0.50
Expected volatility	10%
Option life	3 years
Expected dividends	Nil
Risk-free interest rate	9.115%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the unit options), adjusted for any expected changes to future volatility due to public available information.

Units are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. There are no market conditions associated with the unit option grants.

	2009 R '000	2008 R'000
Employee expenses		
Share option expenses	-	863

The fair value of the share appreciation rights at grant date is determined based on the Black-Scholes formula. The fair value of the share option reserve is measured at each balance sheet date and at settlement date.

27 Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
– within one year	606	556
– in second to third year inclusive	428	1 034

Operating lease payments represent rentals payable by the group for office premises.

Core investment portfolio

PROPERTY NAME	LOCATION	RENTABLE AREA BY SECTOR	SITE AREA (m ²)	GLA (m ²)	MAJOR TENANTS	CAPITALISED COST R'000	EFFECTIVE DATE OF ACQUISITION	MARKET VALUE AS AT 31 AUGUST 2009 R'000
31 Martin Hammerschlag Way	Erf 30 Martin Hammerschlag Way, Cape Town	Retail/Offices	1 150	1 501	Currently being redeveloped	R71 291	01-Sep-07	R16 650 (incl. bulk value)
33 Martin Hammerschlag Way	Erf 145 Martin Hammerschlag Way, Cape Town	Offices – 4 764m ² Retail – 2 768m ²	2 300	6 661	IBM, Gary Green		01-Sep-07	R53 950 (incl. Bulk value)
Reeds Building	Erf 250 Oswald Pirow Street, Cape Town	Retail – 5 338m ² Offices – 2 266m ²	5 518	7 604	Reeds	R85 442	01-Sep-07	R89 000 (incl. bulk value)
22 Long Street	Erf 9444 situated Long Street, Cape Town	Offices – 8 832m ² Retail – 935.30m ²	1 673	9 767	Dept Public Works, Woolworths	R93 045	01-Sep-07	R104 500
Midas – Goodwood	Erf 32942 situated Voortrekker Rd, Goodwood, Cape Town	Retail – 4 834m ²	4 108	3 121	Midas	R37 014	01-Sep-07	R11 376
Midas – Port Elizabeth	Erf 3441 and Sections 7 & 8 situated Todd Street, Port Elizabeth.	Retail – 3 121m ² Offices – 331m ²	1 759	3 452	Midas		01-Sep-07	R6 309
Natural Stone Warehouse – Paarden Eiland	Erf 17639 situated Cumberland and Industry Roads, Paarden Eiland, Cape Town	Industrial – 3 473m ² Retail – 1 080m ²	6 518	4 553	Natural Stone		01-Sep-07	R23 412
2 Mobile Road, Airport Industria	Erf 156998 Airport Industria, Cape Town	Industrial	3 300	2 664	My Appliances	R13 121	11-Jan-08	R10 797

Core investment portfolio cont.

PROPERTY NAME	LOCATION	RENTABLE AREA BY SECTOR	SITE AREA (m ²)	GLA (m ²)	MAJOR TENANTS	CAPITALISED COST R'000	EFFECTIVE DATE OF ACQUISITION	MARKET VALUE AS AT 31 AUGUST 2009 R'000
Virgin Active Building	Erf 205 and 211 situated Lower Long Street, Cape Town	Gym/Retail	2 419	3 852	Virgin Active	R30 914	21-Jan-08	R35 357 (incl. bulk value)
33 Waterkant Street	Erf 1760,1763,1764 & 1765 situated Waterkant Street, Cape Town	Offices – 1 192m ² Retail – 280m ²	374	1 472	Permanent Trust	R11 785	01-Oct-07	R9 200
Santam Head Office, Bellville	Erf 32140, Bellville situated at 1 Sportica Crescent, TygerValley, Cape Town	Offices	27 054	17 208	Santam	R180 172	01-Nov-08	R211 000

Development portfolio

PROPERTY NAME	LOCATION	SECTOR	SITE AREA (m ²)	AVAILABLE BULK (m ²)	CAPITALISED COST R'000	EFFECTIVE DATE OF ACQUISITION
1 Dock Road	50% Share in – Consolidated Erf 173153 situated Cnr Bree, Long and Mechau Streets, Cape Town	Commercial/ Retail	29 752	26 775	R62 790	1 October 2007
Erf 38746 Tygervalley	Erf 38746 situated Tyger Waterfront, Velodrome, Tygervalley	Commercial/ Residential	7 916	9 500 commercial 3 958 residential	R32 351	11 January 2008

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF THE MEMBERS OF INGENUITY PROPERTY INVESTMENTS LIMITED WILL BE HELD IN THE BOARDROOM OF INGENUITY PROPERTY INVESTMENTS LIMITED, SUITE 102, FIRST FLOOR, INTABA, 25 PROTEA ROAD, CLAREMONT, CAPE TOWN ON THURSDAY, 28 JANUARY 2010, AT 09h00 FOR THE FOLLOWING PURPOSES:

Section A

To consider and if deemed fit, to pass with or without modification, the following ordinary resolutions:

1. To receive and adopt the annual financial statements for the year ended 31 August 2009.
2. To appoint and re-elect directors in accordance with the articles of association and by separate resolution. In accordance with article 15 of the articles of association, Messrs A Groll and A Varachhia retire by rotation and, being eligible, offer themselves for re-election. A brief curriculum vitae in respect of each director appears on pages 55 and 56 of this annual report.
3. To consider and confirm the remuneration of the directors for the year ended 31 August 2009 as set out on pages 40 and 41 of the annual report of which this notice of annual general meeting forms part.
4. To reappoint Mazars Moores Rowland as the auditors of the Company and to appoint Mr D Dollman as the designated partner for the ensuing year and to authorise the directors to determine the remuneration of the auditors for the past year's audit.

5. Resolutions dealing with unissued share capital:

- 5.1 Resolved that the unissued shares in the capital of the Company reserved for the purpose of the SA REIT Employee Share Trust ("the Trust") continue to be placed under the control of the directors who shall be authorised to allot and issue these shares in terms of the Trust at such time and on such terms as they may determine.
- 5.2 Resolved that after providing for the shares reserved for the purpose of the Trust, the balance of the unissued shares in the capital of the Company shall be placed under the control of the directors who shall be authorised to allot and issue these shares at such time and on such

terms as they may determine in terms of sections 221 and 222 of the Companies Act, (Act 61 of 1973) (as amended) ("the Companies Act") and the Listings Requirements of the JSE Limited ("the JSE").

- 5.3 Resolved that, subject to not less than 75% of the votes of those shareholders of the Company present in person or by proxy and entitled to vote at the annual general meeting at which this ordinary resolution is considered, being cast in favour of this ordinary resolution, the directors of the Company be authorised by way of a general authority to allot and issue a maximum of 15% of the authorised shares for cash as they in their discretion deem fit, subject to the Companies Act, the articles of association of the Company, the Listings Requirements of the JSE and the following limitations:

- The authority shall be valid until the date of the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution.
- A paid press announcement giving full details, including the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 days prior to the date that the price of the issue was determined or agreed by the directors and the effect of the issue on net asset value, earnings and headline earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue.
- Issues in terms of this authority will not in the aggregate exceed 15% of the Company's issued share capital in any one financial year. For purposes of determining the shares comprising the 15% number in any one year, account will be taken of the dilution effect, in the year of issue of options/convertible securities, by including the number of any shares which may be issued in future arising out of the issue of such options/convertible securities.
- In determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted

average traded price of the shares in question, as determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors.

- Any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties as defined in paragraph 10.1 of the Listings Requirements of the JSE.

Section B

To consider and if deemed fit, to pass with or without modification, the following special resolution:

6. Special resolution number 1

Resolved that the Company approves, as a general approval as contemplated in sections 85(2) and 85(3) of the Companies Act, the acquisition of shares issued by the Company upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of section 85 to section 89 of the Companies Act and the Listings Requirements of the JSE, namely that:

- the repurchase of securities may only be effected on the open market through the order book operated by the JSE trading system and done without any understanding or arrangement between the Company and the counterparty;
- authorisation thereto being given by the Company's articles of association;
- approval by shareholders in terms of a special resolution of the Company, which shall be valid only until the Company's next annual general meeting or for 15 months from the date of the special resolution, whichever period is shorter;
- at any point in time, the Company will only appoint one agent to effect any repurchase(s) on the Company's behalf;
- in any one financial year the general authority to repurchase will be limited to a maximum of 20% of the Company's issued share capital of that class at the time authority is granted in that financial year;
- repurchases may not be made at a price greater than 10% above the weighted average of the market value

for the securities for the five business days immediately preceding the date on which the transaction is effected;

- the Company after such repurchases still complies with paragraphs 3.37 to 3.41 of the Listings Requirements of the JSE concerning shareholder spread requirements;
- the Company makes an announcement in terms of paragraph 11.27 of the Listings Requirements of the JSE; and
- repurchases may not be made during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE, unless a repurchase programme (where the dates and quantities of shares to be purchased during the prohibited period are fixed) is in place and full details thereof announced on SENS prior to the commencement of the prohibited period.

The reason for and the effect of special resolution number 1

The reason for and the effect of special resolution number 1 is to grant the directors a general authority in terms of the Act for the acquisition by the Company of shares issued by it on the basis reflected in special resolution number 1.

Explanatory notes to special resolution number 1

Pursuant to the terms of the Listings Requirements of the JSE, the directors hereby state:

1. that the intention of the Company is to utilise the general authority to repurchase securities if at some future date the cash resources of the Company are in excess of its requirements. In this regard the directors will take account of, inter alia, appropriate capitalisation structures for the Company, the long-term cash needs of the Company and will ensure that any such repurchases are in the interests of shareholders;
2. that the method by which the Company intends to repurchase its securities and the date on which such repurchases will take place, have not yet been determined;
3. that after considering the effect of a maximum permitted general repurchase of securities:
 - the Company will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of approval of notice of the annual general meeting;

- the assets of the Company will be in excess of the liabilities of the Company for a period of 12 months after the date of notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- the share capital and reserves of the Company will be adequate for ordinary business purposes for a period of 12 months after the date of notice of the annual general meeting;
- the working capital of the Company will be adequate for ordinary business purposes for a period of 12 months after the date of notice of the annual general meeting; and
- the Company will provide its Sponsor and the JSE with all documentation as required in Schedule 25 of the Listings Requirements of the JSE, and will not commence any repurchase programme until the Sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Additional explanatory notes to special resolution number 1

Information required in terms of the Listings Requirements of the JSE with regard to the general authority for the Company or any of its subsidiaries to repurchase the Company's securities appears in the annual financial statements, to which this notice of annual general meeting is annexed as indicated below:

- Directors and management: pages 1 and 2 of the annual financial statements;
- Major shareholders: page 10 of the annual financial statements;
- Directors' interests in securities: page 14 of the annual financial statements;
- Share capital of the Company: page 34 of the annual financial statements;
- Litigation: There are no legal or arbitration proceedings, including any proceedings that are pending or threatened of which the Company is aware, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Company's financial position.

- Material changes: Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the Company since the date of signature of the audit report and the date of this notice.

The directors, whose names are given on page 14 of the annual report in which this notice was included, collectively and individually accept full responsibility for the accuracy of the information given in this notice 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 all reasonable enquiries to ascertain such facts have been made and that the annual report and notice contain all information required by law and the Listings Requirements of the JSE.

Section C

To transact such other business as may be transacted at an annual general meeting

Certificated and dematerialised shareholders with "own name" registration

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her place. The proxy need not be a member of the Company. Proxy forms should be forwarded to reach the transfer secretaries or the registered office of the Company at least 48 hours before the commencement of the meeting (excluding weekends and public holidays).

Dematerialised shareholders, other than with "own name" registration

Shareholders who have already dematerialised their shares other than with "own name" registration, must advise their Central Securities Depository Participant ("CSDP") or broker of their voting instructions if they are unable to attend the annual general meeting but wish to be represented thereat. This should be done by the cut-off time stipulated by their CSDP or broker. If, however, such members wish to attend the annual general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary Letter of Representation in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.

Curriculum vitae of directors up for re election

Allan Groll

Allan is an independent investor with a wide range of business and property interests. He has held directorships at various

listed companies and currently serves on the boards of Trematon Capital Investments Ltd, Wooltru Ltd and Mazor Group Ltd in both executive and non-executive functions.

Abubaker Varachhia

Abu is a partner and founding director of LDM, one of South Africa's leading firms of quantity surveyors. He has a number of professional registrations including being a Member of the Association of SA Quantity Surveyors and a Member of the SA Black Technical and Allied Careers Organisation and has held many prestigious positions within the industry. Abu served as vice-president on the South African Council of Quantity Surveyors. Abu also served on the board of Spearhead Properties Ltd and is currently a director on the board of Mazor Group Ltd.

By order of the board



M Wagenheim

Company Secretary
Cape Town
27 November 2009

INGENUITY PROPERTY INVESTMENTS LIMITED
 (Incorporated in the Republic of South Africa)
 (Registration number 2000/018084/06)
 JSE code: ING
 ISIN: ZAE 000127411
 (“the company”)

For use by certificated shareholders and dematerialised shareholders with “own name” registration, at the annual general meeting of shareholders of the Company to be held at Suite 102, First Floor, INTABA, 25 Protea Road, Claremont, Cape Town at 09h00 on Thursday, 28 January 2010.

I/We (BLOCK LETTERS)

 of (address)

 being the registered holder/s of _____ ordinary shares
 hereby appoint

 1. _____ whom failing
 2. _____ whom failing
 3. the Chairman of the annual general meeting

as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the Company to be held on 28 January 2010 and at any adjournment thereof as follows:

RESOLUTION	No. of shares	In favour of	Against	Abstain
Section A: Ordinary Resolution number 1 (Adopt the annual financial statements)				
Section A: Ordinary Resolution number 2.1 (Re-election of A Groll)				
Section A: Ordinary Resolution number 2.2 (Re-election of A Varachhia)				
Section A: Ordinary Resolution number 3 (Confirmation of directors' remuneration)				
Section A: Ordinary Resolution number 4 (Reappointment of auditors)				
Section A: Ordinary Resolution number 5.1 (Reservation of unissued shares for SA REIT Employee Share Trust)				
Section A: Ordinary Resolution number 5.2 (Placing of unissued shares under the control of directors)				
Section A: Ordinary Resolution number 5.3 (Authority to issue shares for cash)				
Section B: Special Resolution number 1 (General authority to repurchase shares)				

Unless otherwise instructed, the proxy may vote as he/she thinks fit.

A member entitled to attend and vote at the abovementioned meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. The proxy need not be a member of the Company.

Signed this _____ day of _____ 2009/2010

Signature/s _____

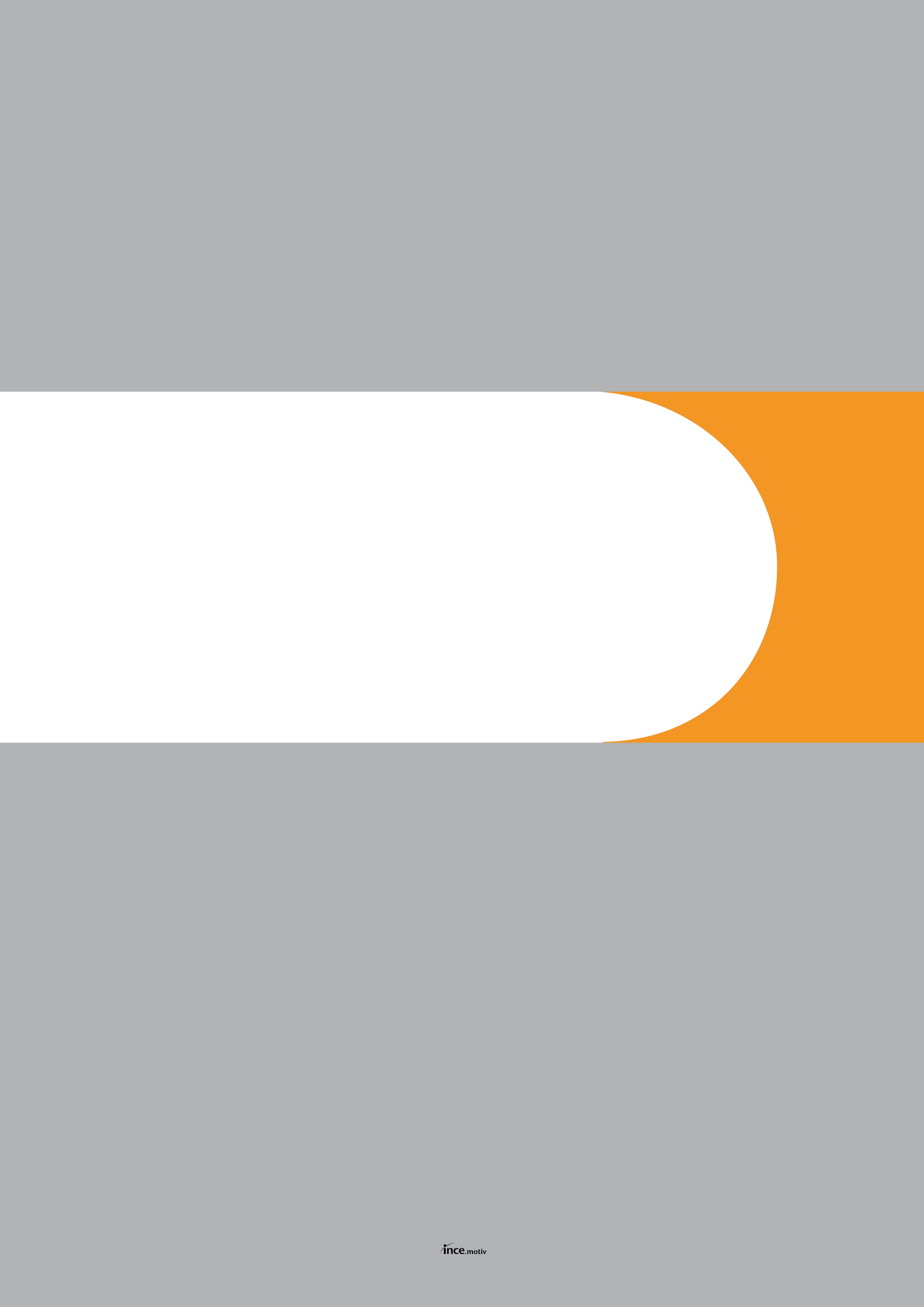
Registered office & Postal address
 Suite 102, 1st Floor
 INTABA
 25 Protea Road
 Claremont
 Cape Town
 7708

Tel: 021 674 5170
 Fax: 021 674 5135

Transfer secretaries
 Computershare Investor Services (Pty) Limited
 PO Box 61051
 Marshalltown
 2107

NOTES TO THE PROXY

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 with or without deleting "the chairman of the annual general meeting". The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of votes cast and in respect of which any abstention is recorded may not exceed the total votes exercisable by the shareholder or his/her proxy.
3. Any deletion, alteration or correction to this form of proxy must be initialled by the signatory/ies.
4. Documentary evidence establishing the authority of a person signing this form of proxy in the representative capacity must be attached to this form of proxy unless previously recorded by the Company.
5. Forms of proxy must be lodged at or posted to the transfer secretaries or the registered office of the company:
Transfer secretaries: Computershare Investor Services (Pty) Limited, PO Box 61051, Marshalltown, 2107
Registered offices: Suite 102, 1st Floor, Intaba, 25 Protea Road, Claremont, Cape Town, 7708.
– to be received by not later than 10h00 on Tuesday, 26 January 2010.
6. The completion and lodging of this form of proxy by certificated members and dematerialised members with "own name" registration will not preclude the shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.
7. Dematerialised shareholders, other than with "own name" registration, must advise their Central Securities Depository Participant ("CSDP") or broker of their voting instructions if they are unable to attend the annual general meeting, but wish to be represented thereat. This should be done by the cut-off time stipulated by their CSDP or broker. If, however, such members wish to attend the annual general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary Letter of Representation in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.
8. A form of proxy shall be deemed to include the right to demand or join in demanding a poll.



www.ingenuityproperty.com

SUITE 102, 1st FLOOR, INTABA ,
25 PROTEA ROAD,
CLAREMONT, CAPE TOWN, 7708