



Unaudited Consolidated Interim Results
for the six months ended 28 February 2009

Group Balance Sheet

	Unaudited at 28 Feb 2009 R'000	Unaudited at 29 Feb 2008 R'000	Audited at 31 Aug 2008 R'000
ASSETS			
Non-current assets	658 284	408 257	464 007
Investment properties	552 959	332 282	369 610
Operating lease receivable	6 830	–	3 243
Investment properties under development	90 800	75 884	84 229
Equipment	92	91	116
Loans receivable	7 603	–	6 809
Current assets	24 679	59 569	24 993
Trade and other receivables	915	5 443	3 220
Properties for redevelopment	–	50 597	–
Cash and cash equivalents	23 764	3 528	21 773
Total assets	682 963	467 826	489 000
EQUITY AND LIABILITIES			
Shareholders' interest	345 986	316 080	345 984
Share capital	6 585	6 416	6 585
Share premium	281 824	273 494	281 824
Non-distributable reserve	16 328	–	23 071
Treasury shares	(12 878)	–	(12 878)
Share option reserve	863	–	863
Retained earnings	46 499	36 171	39 800
Total equity attributable to equity holders of the parent	339 221	316 080	339 265
Minority interest	6 765	–	6 719
Non-current liabilities	332 367	144 358	133 810
Financial liabilities	315 948	144 142	125 923
Derivative financial liability	6 743	–	–
Deferred tax	9 676	215	7 887
Current liabilities	4 610	7 388	9 206
Trade and other payables	3 820	2 437	4 590
Taxation	790	4 951	4 616
Total equity and liabilities	682 963	467 826	489 000
Net asset value per share (based on shares in issue at end of period/year net of treasury shares)	53.3	49.3	53.3

Group Income Statement

	Unaudited 6 months ended 28 Feb 2009 R'000	Unaudited 6 months ended 29 Feb 2008 R'000	Audited year ended 31 Aug 2008 R'000
Revenue	24 933	11 650	31 905
– Contractual	21 346	10 881	28 662
– Straight lining	3 587	769	3 243
Profit on disposal of investments	–	12 102	13 816
Other income	162	–	86
Net operating expenses	(8 338)	(1 616)	(15 326)
Profit before fair value adjustments	16 757	22 136	30 481
Fair value adjustments to investment properties	–	–	30 086
	16 757	22 136	60 567
Interest received	1 174	1 176	2 308
Interest paid	(8 787)	(2 992)	(5 143)
Profit before taxation	9 144	20 320	57 732
Taxation	(2 560)	(2 565)	(12 739)
Profit for the period/year	6 584	17 755	44 993
Attributable to:			
Equity holders of the parent	6 699	17 755	44 455
Minority interest	(115)	–	538
	6 584	17 755	44 993
Total shares in issue	658 550 000	641 550 000	658 550 000
Number of shares in issue, net of treasury shares	648 712 581	641 550 000	658 550 000
Weighted average number of shares	648 712 581	536 085 717	595 033 434
Basic earnings per share (cents)	1.0	3.3	7.5
Headline earnings per share (cents)	1.0	1.4	1.5
WORKINGS			
<i>Headline earnings are calculated as follows:</i>			
Earnings attributable to equity holders	6 699	17 755	44 455
Fair value adjustment of investment properties	–	–	(30 086)
Deferred tax on fair value adjustments of investment properties	–	–	6 675
Profit on disposal of investments	–	(12 102)	(13 816)
Tax on realised profit	–	1 694	1 934
Adjusted earnings	6 699	7 347	9 162

Group Statement of Changes in Equity

	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
Total recognised income	5 694	272 935	-	-	-	(10 104)	17 755	-	286 280
Profit for the period	-	-	-	-	-	-	17 755	-	17 755
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)
Transfer of fair value reserve to the income statement	-	-	-	-	-	(10 104)	-	-	(10 104)
Balance at 29 February 2008	6 415	273 494	-	-	-	-	36 171	-	316 080
Total recognised income	170	8 330	863	23 071	(12 878)	-	3 629	6 719	29 904
Profit for the period	-	-	-	-	-	-	26 700	538	27 238
Issue of 17 000 000 shares	170	8 330	-	-	(8 500)	-	-	-	-
Cost and subsequent expenditure on Virgin Active building	-	-	-	-	-	-	-	6 181	6 181
Share option expense	-	-	863	-	-	-	-	-	863
Purchase of 9 837 419 treasury shares	-	-	-	-	(4 378)	-	-	-	(4 378)
Transfer to non-distributable reserve	-	-	-	23 071	-	-	(23 071)	-	-
Balance at 31 August 2008	6 585	281 824	863	23 071	(12 878)	-	39 800	6 719	345 984
Profit for the period	-	-	-	-	-	-	6 699	(115)	6 584
Subsequent expenditure on Virgin Active building	-	-	-	-	-	-	-	161	161
Fair value of cash flow hedge recognised directly in equity	-	-	-	(6 743)	-	-	-	-	(6 743)
Balance at 28 February 2009	6 585	281 824	863	16 328	(12 878)	-	46 499	6 765	345 986

Group Cash Flow Statement

		Unaudited 6 months ended 28 Feb 2009 R'000	Unaudited 6 months ended 29 Feb 2008 R'000	Audited year ended 31 Aug 2008 R'000
Cash flows from operating activities				
Cash generated by/(utilised in) operations	1	16 344	8 505	23 515
Interest received	2	1 802	1 176	1 680
Interest paid	3	(10 364)	(2 992)	(3 797)
Taxation paid	4	(4 597)	(835)	(1 960)
<i>Net cash inflow from operating activities</i>		3 185	5 854	19 438
Cash flows from investing activities				
Additions to equipment		-	(17)	(63)
Acquisition of investment properties		(184 016)	(332 282)	(339 703)
Interest capitalised to investment properties		(5 100)	-	(13 209)
Acquisition of investment properties under development		(1 471)	(126 481)	(124 683)
Proceeds on disposal of investments		-	22 510	22 511
Proceeds on sale of investment property for development		-	-	53 663
Increase in financial assets		(633)	-	(6 181)
<i>Net cash (outflow) from investing activities</i>		(191 220)	(436 270)	(407 665)
Cash flows from financing activities				
Proceeds from the issue of shares		-	279 317	279 317
Treasury shares purchased		-	-	(4 378)
Share repurchase		-	(687)	(688)
Financial liabilities raised		190 026	144 142	123 068
Decrease in loan payable		-	(1 509)	-
<i>Net cash inflow from financing activities</i>		190 026	421 263	397 319
Net increase/(decrease) in cash and cash equivalents		1 991	(9 153)	9 092
Cash and cash equivalents at beginning of the period/year		21 773	12 681	12 681
Cash and cash equivalents at end of the period/year		23 764	3 528	21 773

Notes to the Cash Flow Statement

	Unaudited 6 months ended 28 Feb 2009 R'000	Unaudited 6 months ended 29 Feb 2008 R'000	Audited year ended 31 Aug 2008 R'000
1 Cash generated from operations			
Profit before taxation	9 144	20 319	57 732
Adjusted for:			
Interest received	(1 174)	(1 176)	(2 308)
Interest paid	8 787	2 992	5 143
Depreciation	24	17	38
Bad debts	304	–	–
Letting commission	72	–	–
Amortisation of deferred lease incentive	595	–	179
Straight lining of operating leases (income)	(3 587)	(769)	(3 243)
Straight lining of operating leases (expense)	25	–	–
Increase in fair value of investment properties	–	–	(30 086)
Share option expense	–	–	863
Increase in minority interests	–	–	6 181
Profit on disposal of investments	–	(12 102)	(13 816)
	14 191	9 281	20 683
Decrease/(Increase) in trade and other receivables	1 373	(3 183)	(1 728)
Increase/(Decrease) in trade and other payables	780	2 407	4 560
	16 344	8 505	23 515
2 Interest received			
Amount outstanding at beginning of the period/year	628	–	–
Interest income per income statement	1 174	1 176	2 308
Amount outstanding at end of the period/year	–	–	(628)
	1 802	1 176	1 680
3 Interest paid			
Amount outstanding at beginning of the period/year	1 366	–	20
Interest income per income statement	8 787	2 992	5 143
Amount outstanding at end of the period/year	211	–	(1 366)
	10 364	2 992	3 797
4 Taxation paid			
Amount outstanding at beginning of period/year	4 616	1 724	1 724
Income statement charge	771	4 062	4 852
Amount outstanding at end of the period/year	(790)	(4 951)	(4 616)
	4 597	835	1 960

Group Segmental Assets, Reserves and Liabilities

	Unaudited at 28 Feb 2009 R'000	Audited at 31 Aug 2008 R'000
Offices		
Property assets	340 760	193 190
Segmental assets	340 760	193 190
Non-distributable reserve	12 059	12 059
Segmental reserve	12 059	12 059
Trade and other payables	142 000	–
Deferred tax	4 121	4 121
Segmental liabilities	146 121	4 121
Retail		
Property assets	73 495	75 056
Segmental assets	73 495	75 056
Non-distributable reserve	4 685	4 685
Segmental reserve	4 685	4 685
Deferred tax	729	729
Segmental liabilities	729	729
Industrial		
Property assets	26 835	26 914
Segmental assets	26 835	26 914
Non-distributable reserve	1 680	1 680
Segmental reserve	1 680	1 680
Deferred tax	198	198
Segmental liabilities	198	198
Special		
Property assets	32 924	32 921
Loans receivable	7 603	6 809
Segmental assets	40 527	39 730
Non-distributable reserve	2 055	2 055
Segmental reserve	2 055	2 055
Trade and other payables	13 330	13 363
Deferred tax	355	355
Segmental liabilities	13 685	13 718
Parking		
Property assets	78 434	41 371
Segmental assets	78 434	41 371
Non-distributable reserve	2 582	2 582
Segmental reserve	2 582	2 582
Trade and other payables	35 500	–
Deferred tax	1 269	1 269
Segmental liabilities	36 769	1 269
Other		
Property assets	511	158
Segmental assets	511	158
Non-distributable reserve	10	10
Segmental reserve	10	10
Deferred tax	1	1
Segmental liabilities	1	1

Group Segmental Assets, Reserves and Liabilities *continued*

Reconciliation to the balance sheet

	Total R'000	Allocated R'000	Unallocated R'000
Unaudited at 28 February 2009			
Investment properties	559 789	559 789	–
Investment properties under development	90 800	–	90 800
Equipment	92	–	92
Loans receivable	7 603	7 603	–
Trade and other receivables	915	–	915
Cash and cash equivalents	23 764	–	23 764
Total assets	682 963	567 392	115 571
Share capital and share premium	288 409	–	288 409
Non-distributable reserve	16 328	23 071	(6 743)
Treasury shares	(12 878)	–	(12 878)
Minority interest	6 765	–	6 765
Share option reserve	863	–	863
Retained earnings	46 499	–	46 499
Total equity	345 986	23 071	322 915
Financial liabilities	315 948	190 830	125 118
Derivative financial liability	6 743	–	6 743
Deferred tax	9 676	6 675	3 001
Trade and other payables	3 820	–	3 820
Taxation	790	–	790
Total liabilities	336 977	197 505	139 472
Audited at 31 August 2008			
Investment properties	372 853	372 853	–
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	379 662	109 338
Share capital and share premium	288 409	–	288 409
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	345 984	23 071	322 913
Financial liabilities	125 923	13 363	112 560
Derivative financial liability	–	–	–
Deferred tax	7 887	6 675	1 212
Trade and other payables	4 590	–	4 590
Taxation	4 616	–	4 616
Total liabilities	143 016	20 038	122 978

Group Operating Segments

	Unaudited 6 months ended 28 Feb 2009 R'000	Audited year ended 31 Aug 2008 R'000
Offices		
Segment revenue	13 337	15 604
Segment operating expenses	(3 475)	(6 614)
Profit before fair value adjustments	9 862	8 990
Fair value adjustment	–	18 305
Segmental results	9 862	27 295
Retail		
Segment revenue	3 294	6 900
Segment operating expenses	(1 002)	(1 913)
Profit before fair value adjustments	2 292	4 987
Fair value adjustment	–	2 992
Segmental results	2 292	7 979
Industrial		
Segment revenue	921	2 176
Segment operating expenses	(815)	(390)
Profit before fair value adjustments	106	1 786
Fair value adjustment	–	897
Segmental results	106	2 683
Special (includes gymnasiums)		
Segment revenue	1 261	1 335
Segment operating expenses	(94)	(55)
Profit before fair value adjustments	1 167	1 280
Fair value adjustment	–	2 012
Segmental results	1 167	3 292
Parking		
Segment revenue	2 512	2 609
Segment operating expenses	–	(556)
Profit before fair value adjustments	2 512	2 053
Fair value adjustment	–	5 873
Segmental results	2 512	7 926
Other (signage)		
Segment revenue	21	37
Segment operating expenses	(7)	(3)
Profit before fair value adjustments	14	34
Fair value adjustment	–	7
Segmental results	14	41
Total segmental results	15 953	49 216

Group Operating Segments *continued*

Reconciliation to profit for the period/year in the income statement

	Total R'000	Allocated R'000	Unallocated R'000	Straight lining R'000
Unaudited 6 months ended				
28 February 2009				
Revenue	24 933	21 346	–	3 587
Net operating expenses	(8 338)	(5 393)	(2 945)	–
Profit on sale of investments	–	–	–	–
Profit before fair value adjustments	16 595	15 953	(2 945)	3 587
Fair value adjustments	–	–	–	–
Operating profit	16 595	15 953	(2 945)	3 587
Interest received	1 174	–	1 174	–
Interest paid	(8 787)	–	(8 787)	–
Other income	162	–	162	–
Profit before taxation	9 144	15 953	(10 396)	3 587
Taxation	(2 560)	–	(2 560)	–
Profit for the period	6 584	15 953	(12 956)	3 587
Audited year ended				
31 August 2008				
Revenue	31 905	28 662	–	3 243
Net operating expenses	(15 326)	(9 532)	(5 794)	–
Profit on sale of investments	13 816	–	13 816	–
Profit before fair value adjustments	30 395	19 130	8 022	3 243
Fair value adjustments	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 for the year	44 993	49 216	(7 466)	3 243

Note

Basis of accounting

The interim financial report has been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") and the disclosure and presentation requirements of IAS 34: Interim Financial Reporting, the Listings Requirements of the JSE Ltd and in the manner required by the Companies Act of South Africa.

The accounting policies used in the preparation of this interim financial report are consistent with those used in prior periods.

Comments

General review

Against the background of the most severe economic downturn in recent history, the company has continued to grow its asset base whilst maintaining a conservative approach in risk management.

Total property assets have grown 42% to R644 million whilst borrowings have increased to R316 million or 45% of loan to value, after allowing for cash on hand of R24 million. Management does not foresee any negative revisions being made to property valuations at the financial year-end and accordingly during the period under review no adjustments to any property valuations were made.

In terms of a special resolution passed at a general meeting of shareholders held on 30 October 2008, the company's name was changed to INGENUITY PROPERTY INVESTMENTS LIMITED. Following discussions held with the Property Loan Stock Association of South Africa in view of the pending legislation changes to establish REIT structures in South Africa, it was agreed that the old name could create confusion amongst industry participants.

Property acquisitions and developments

During October 2008 the company acquired Erf 32140 Tygervalley and the buildings situated thereon, situated between Sportica Crescent and Carl Cronje Drive, Tygervalley, Bellville and known as Santam Corporate Office Complex, for a consideration of R177.5 million.

The buildings are fully tenanted by Santam Ltd who has entered into 5-year and 10-year triple net leases with various options to renew.

The acquisition was funded jointly by way of internal resources and borrowings from Nedbank and Absa Bank through an existing Special Purpose Vehicle.

Two primary opportunities, namely the Tygervalley scheme and 1 Dock Road are the main focus on the development side of the business. The Tygervalley scheme comprises 10 500 sqm of A-grade office space whilst 1 Dock Road comprises 24 500 sqm of premium grade office space. 1 Dock Road is set to become one of the most significant investments in the Cape Town CBD. The estimated combined capex of the projects is R872 million. Funding is to be raised from borrowings and additional capital. 50% of the funding for the 1 Dock Road scheme will come from Redefine Income Fund Ltd, the project's joint venture partner.

Operations

During this reporting period, the company continued trading as property investors earning rental income from its core investment properties; and further working on creating development opportunities. The investment properties were increased by 66% from R332 million to R553 million, delivering good quality sustainable contractual rental income and strengthening the total operational earnings of the company. The upgrading and refurbishment of some of the investment properties which began during the previous financial year, were completed. This enabled the company to increase the rental returns on these properties and thereby enhance earnings.

Net rental income is R15.9 million for the six months and includes four months' rental from the Santam property which was acquired with effect from November 2008. Interest received is comprised mainly from funds on call and on the loan receivable from a joint venture partner. Interest paid during this period was in respect of funding for the investment properties.

The company entered into interest rate swap transactions on R200 million for a five-year period at an effective rate of 10.65%. 63% of borrowings are now fixed until 2013.

The basic earnings per share is 1.0 cents (2008: 3.3 cents) and the headline earnings per share is 1.0 cents (2008: 1.4 cents). The main differences between the basic and the headline earnings in the current period and that of the comparative period are due to the increases in interest rates in the current period and the net profit after tax on disposal of the listed investments held prior to the company's capital restructure in the comparative period.

At the reporting date, the total value of investment properties amounted to R553 million (2008: R332 million) and investment properties under development amounted to R91 million (2008: R126 million), whilst borrowings amounted to R316 million (2008: R144 million).

The increase in borrowings is due largely to the funding of the Santam property acquisition and has no significant or material effect on the earnings per share and headline earnings per share for the period under review.

Interest cover at 1.5 times (2008: 1.6 times) reflects an adequate borrowing capacity.

Total cash on hand at the end of the period amounted to R24 million.

The company held 9 837 419 treasury shares at a cost of R4.4 million in a subsidiary company as at the reporting date (2008: nil). Share buy-backs will continue when opportune and where management believes resources should be so applied.

Segmental information has been provided without comparison to the comparative interim period, as these are not considered meaningful due to the nature of the business being totally different prior to the company's restructure.

During the period under review Mazars Moores Rowland were appointed as auditors in place of KMPG Inc. These consolidated interim financial results have not been audited or reviewed.

Prospects

The development projects currently in the planning phase are expected to commence construction during the next financial year. These developments will add significant value to the company's portfolio and generate increased rental inflows in the forthcoming years.

Management continues to seek opportunities and are confident of creating a superior asset base capable of yielding solid returns for shareholders.

Subsequent events

There are no material subsequent events to be reported on as at the date of signature of this report.

On behalf of the Board

AA MARESKY
Chief Executive Officer

M KAPLAN
Chairman

M WAGENHEIM
Financial Director and Company Secretary

14 May 2009
Cape Town

INGENUITY PROPERTY INVESTMENTS LIMITED

(formerly SA REIT Ltd)

(Incorporated in the Republic of South Africa)

Registration number: 2000/018084/06

Share code: ING

ISIN: ZAE000127411

Directors:

J Bielich, LH Cohen*, DB Fabian*, A Groll*, M Kaplan* (Chairman), AA Maresky, AJ Shapiro*, RS Schur*,
A Varachhia*, M Wagenheim

* non-executive

Registered office and postal address:

Suite 102, Intaba, 25 Protea Road, Claremont, Cape Town, 7708.

Company secretary:

M Wagenheim

Contact details:

Tel: 021 674 5170; Fax: 021 674 5135; E-mail: mark@ingenuityproperty.com

Transfer secretaries:

Computershare Investor Services (Pty) Ltd,

70 Marshall Street, Johannesburg, 2001

Tel: 011 370 5000

Sponsor: Nedbank Capital

Auditors: Mazars Moores Rowland

Bankers: Absa Bank Ltd and Nedbank Ltd

Attorneys: Edward Nathan Sonnenbergs