

ambit

properties limited

ANNUAL REPORT 2004

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## EXECUTIVE SUMMARY

### PROFILE

Ambit Properties Limited ('Ambit' or 'The Company') is a property loan stock company which was listed on the JSE Securities Exchange South Africa ('JSE') in the 'Financials-Real Estate' sector on 4 February 2004. (Share Code: ABT, ISN : ZAE000051645).

The market capitalisation of the company as at 30 September 2004 was R345 million.

The Company has a property portfolio of 34 properties and an investment in Oryx Properties Limited in Namibia.

### INVESTMENT STRATEGY, OBJECTIVES AND PROSPECTS

To provide investors with a sustainable and growing income, and thus capital appreciation, from an investment portfolio of sound retail, commercial and industrial property. To maintain the existing quality of the portfolio and expand it with property acquisitions in the major metropolitan areas which offer good rental growth prospects. Ambit will also seek investment opportunities in selected neighbouring countries.

### HIGHLIGHTS

GROUP	30 September 2004	Pre-listing Prospectus
• Distribution (cents per unit)	16,75	16,00
• Yield on initial listing price	12,6%	12,0%
• Weighted average headline earnings (cents per unit)	17,04	–
• Weighted average earnings (cents per unit)	32,86	(1,23)
• Number of properties	34	34
• Value of property portfolio (R)	555 500 000	517 757 000*
• Oryx investment (N\$)	65 836 000	63 845 000*
• Net asset value including distribution yet to be paid (cents per unit)	230	196
• Linked units in issue	158 327 490	158 327 490
• Market price (cents per unit)	218	200
• (Discount) / Premium to net asset value	(5,2%)	2%
• Borrowings (R)	275 654 030	274 300 000
• Long term borrowings as a percentage of long-term assets	44,4%	47,2%

\* Estimated cost

## DIRECTORATE & ADMINISTRATION

Directors of Ambit Properties Limited (Registration number: 2001/007003/06)



**D L Brown (57)**  
(FRICS, MIV (SA)) # (C) ◇

**Non-executive independent Chairman**

Has 36 years experience in commercial real estate focused principally on development, leasing and asset management. He is currently the managing director of Equity Estates (Proprietary) Limited.



**N B S Harris (62)**  
(FRICS) #

**Chief Executive Officer  
Executive director**

Was a director of Marriott Property Services (Proprietary) Limited and responsible for its Listed Property Management division. He has 40 years experience in property with particular emphasis on property asset management and valuations. He is a director of Oryx Properties Limited and is a past president of the South African Property Owners Association.



**J H Beare (50)**  
(BComm, CA(SA)) # Δ (C)

**Non-executive independent director**

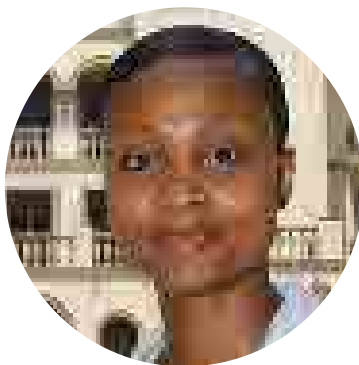
Has 16 years experience in the property industry. He is the managing director of Beare Holdings (Proprietary) Limited which is primarily involved in property investment, development and administration. He was a business service partner of Pim Goldby (now Deloitte).



**F Uys (57)**  
(BA, BComm (Hons), MComm)  
(Namibian) Δ

**Non-executive independent director**

Was the managing director of Metje & Ziegler from 1996 to 2004. His experience includes being the managing director of TransNamib Limited from 1989 to 1996 and a senior executive of the Trecor Group from 1970 to 1989. He founded the Road Transport Association in Namibia in 1976 and acted as chairman until 1980. He has served on various Government and Advisory bodies. He was Chairman of the Namibian Stock Exchange from 1999 to 2001. He has been the chairman of FP de Toit Transport since 1999 and is a director of Oryx Properties Limited.



**I N Moloto (30)**  
(BA Soc. Science) ◇

**Non-executive independent director**

Is the Chief Executive Officer of Motseng Outsourced Services, a services company. She worked at Eskom during her tertiary studies. In 1998 she founded Phosa Iliso CCTV. She is a non-executive director of Motseng Marriott Property Services (Proprietary) Limited and Marriott Property Fund Managers Limited.



**C J Ewin (44)**  
(BComm, CA(SA)) Δ ◇

**Non-executive director**

Has 11 years property experience with particular emphasis in the listed property sector. He is the managing director of Marriott Property Services (Proprietary) Limited and a director of Marriott Property Fund Managers Limited, SA Retail Properties Limited and an alternate director of Oryx Properties Limited.

# Member of the Investment Committee

Δ Member of the Risk, Audit and Compliance Committee

◇ Member of the Remuneration Committee

(C) Chairman of relevant sub-committee



**N P Mageza (49)**  
**(ACCA)**

**Non-executive director**

Group executive director of Absa Bank Limited. He started his career within the audit environment of Coopers & Lybrand Chartered Accountants (SA) as audit senior, supervisor and manager as well as within the Transnet Limited's Group Internal Audit Services. He is a Fellow of The Association of Chartered Certified Accountants (ACCA) and has directorships in various community based organisations.



**F Meisenholl (49)**  
**CA (SA)**

**Alternate director**  
**(alternate to N P Mageza)**

Managing executive of Business Banking Services at Absa. Has extensive banking experience with emphasis on credit risk management during his 12 years with Absa Bank Limited.

**Registered office**

Ambit Properties Limited  
Palazzo Towers West  
Monte Casino Boulevard  
Fourways, 2055  
P O Box 783676, Sandton, 2196

**Company secretaries and managers**

Ambit Management Services  
(Proprietary) Limited  
Marriott at Kingsmead  
Kingsmead Office Park  
Durban, 4001  
P O Box 207, Durban, 4000

**Trustee**

Steinway Trustees (Proprietary) Limited  
The Manor House  
14 Nuttall Gardens  
Morningside  
Durban, 4001  
P O Box 37957, Overport, 4067

**Transfer secretary**

Computershare Investor Services 2004  
(Proprietary) Limited  
70 Marshall Street  
Johannesburg, 2001  
P O Box 61051, Marshalltown, 2017

**Auditors**

KPMG Inc.  
20 Kingsmead Boulevard  
Kingsmead Office Park  
Durban, 4001  
P O Box 1496, Durban, 4000

**Property management**

Marriott Property Services (Proprietary)  
Limited  
Cape Town  
Durban  
Johannesburg

Cenprop Real Estate (Proprietary) Limited  
Pietermaritzburg

**Merchant banks**

Absa Corporate & Merchant Bank  
Corporate Finance (a division of  
Absa Bank Limited)  
3rd Floor (3W2)  
Absa Towers North  
180 Commissioner Street  
Johannesburg, 2001  
P O Box 8054, Johannesburg, 2000

Marriott Merchant Bank Limited  
Hyde Park Manor  
79 Hyde Lane  
Hyde Park, 2196  
P O Box 783676, Sandton, 2146

**Commercial bank**

Absa Bank Limited  
Business Banking Services  
Sandton Business Centre  
Palazzo Towers West  
Monte Casino Boulevard  
Fourways, 2055  
P O Box 782991, Sandton, 2146

**Sponsors**

Exchange Sponsors (Proprietary) Limited  
Hyde Park Manor  
79 Hyde Lane  
Hyde Park, 2196  
P O Box 411216, Craighall, 2024

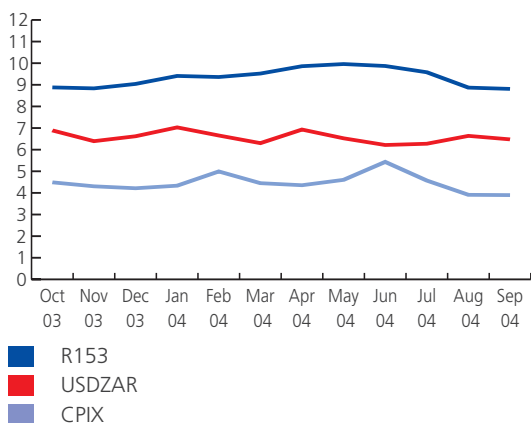
# CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REPORT

Ambit has made a very satisfactory debut in its first reporting period and has achieved a distribution of 16,75 cents per unit, which exceeds the listing prospectus forecast by 4,7%.

## 1. ECONOMIC REVIEW

The period under review has witnessed interest rates and the Government long bond yields falling, inflation targeting by the South African Reserve Bank yielding the desired results, the Rand firming against the Dollar and both business and consumer confidence improving.

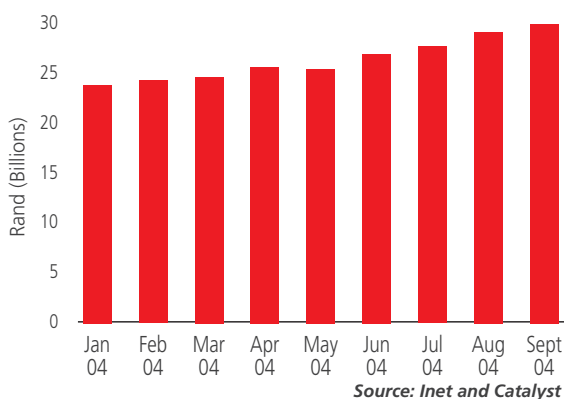
These are all positive factors for growth and will benefit the property market.



## 2. LISTED PROPERTY

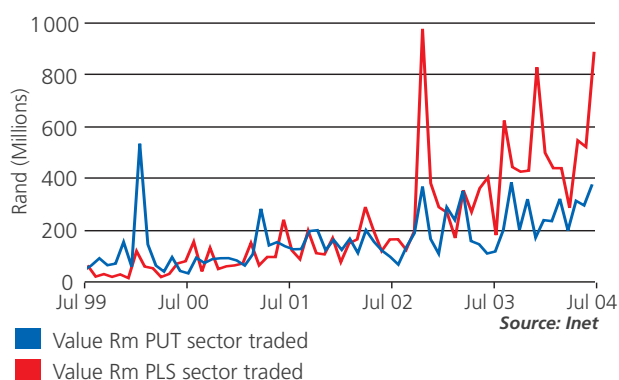
The combined market capitalisation of the property unit trust ('PUT') and property loan stock ('PLS') sectors continues to grow and breached the R30 billion mark in September 2004. The growth of the sectors reflect a combination of an upward rating of the sectors, new listings and portfolio growth during the period under review.

### PUT / PLS Market Capitalisation



The sector has continued to attract investors looking for high and reliable income returns. The improving underlying property fundamentals have yielded growth in earnings which has translated into capital appreciation for the sector. The improved tradeability of the sector is indicated in the graph below.

### Value of Stock Traded



## 3. THE PROPERTY MARKET

The excellent results reported by the major retailers are flowing through into the retail property sector. Strong consumer confidence and spending are improving most retailers' trading densities in existing stores and motivating further expansion by the major chains.

The IPD index rated the total return for retail property in 2003 at 17,4% and this trend is likely to be maintained or bettered for 2004.

Offices have been suffering from the overbuilt market of the late 1990's and early 2000's. However, the improving economy has had a positive effect resulting in falling vacancy levels in most prime office nodes. This in turn is translating into rising market rentals, after a 3 to 4 year period of stagnation.

### Office Vacancies

	September 2003	January 2004	September 2004
<b>A Grade Offices</b>			
Midrand	10,5%	15,3%	14,5%
Cape Town CBD	12,5%	11,6%	9,4%
Durban (Westville / Umhlanga)	6,2%	4,5%	2,3%

Source: SAPOA

The industrial and warehousing market is also experiencing an uptake of space. As there are few significant vacancies in prime locations, there is upward pressure on rentals and thus tenant driven new developments are once again becoming viable.

#### 4. REVIEW OF FINANCIAL RESULTS

Notwithstanding the delays in obtaining transfer of several properties after listing, Ambit's distribution of R26 519 855 for the eight month period from 4 February 2004 to 30 September 2004 amounts to 16,75 cents per unit.

This reflects an increase of 4,7% over the forecast distribution of 16 cents per unit and provides investors with a 12,6% yield on the listing price of 200 cents per unit in February.

During the same period the unit price rose to 218 cents per unit reflecting a 9% increase. Thus, Ambit's total return for the period is 21,6%, which is in line with total returns from the PLS sector over the same period.

As at 30 September 2004 Ambit's net asset value amounted to 230 cents per unit (including distribution) whereas the listed market price was 218 cents per unit. This represents a discount to net asset value of 5,2%.

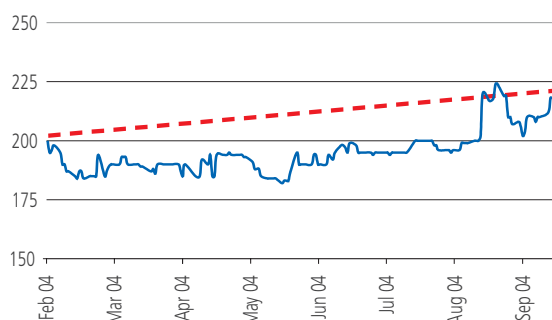
Unitholders attention is drawn to the fact that deferred tax arising from the revaluation of the property portfolio has been provided at the rate of 30%.

Whilst this may be considered technically correct, in practice, should a property be disposed of, capital gains tax on the capital gain realised would be limited to 15%. There is currently inconsistency in the rate being applied by listed property companies.

The provision does not affect the distribution but the difference between 30% and 15% is approximately 3,4 cents per unit of net asset value.

#### 5. TRADE OF UNITS

The following graph reflects Ambit's unit price movement for the 8 month period to 30 September 2004.



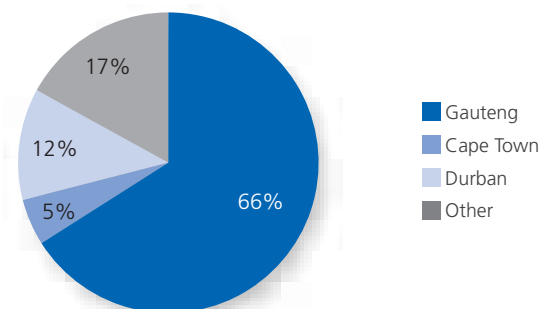
During this period 28,2% of the units in issue were traded. This is in line with that of the PLS sector.

#### 6. THE PROPERTY PORTFOLIO

At year-end the portfolio comprised 34 properties. At the time of listing, only 22 had been transferred due to delays in obtaining municipal rates clearance certificates. The final property was transferred in March 2004. No properties were sold or acquired in the reporting period.

##### 6.1 Geographic and sectoral profile

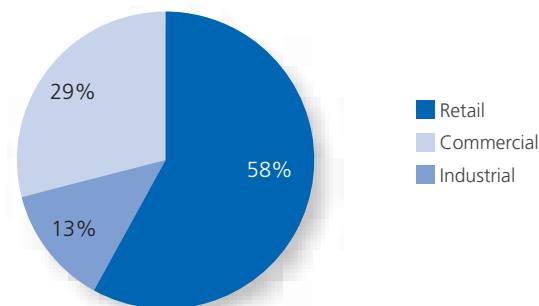
In line with Ambit's investment philosophy, the portfolio reflects a bias towards Gauteng. The following graph depicts the geographic spread based on year-end valuations:



Management intends to increase the portfolio exposure to both Gauteng and Cape Town in the short- to medium-term.

Ambit has a general property portfolio invested in the retail, commercial and industrial sectors.

The following graph depicts the sectoral spread based on year-end valuations:

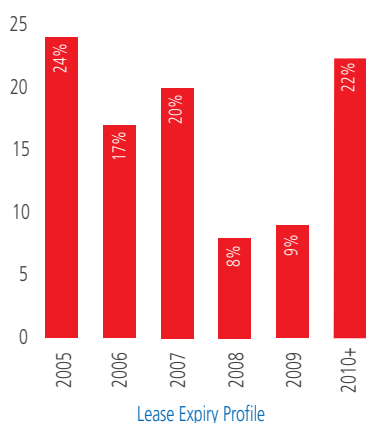


The portfolio reflects a bias towards retail and management intends retaining this as the portfolio is expanded.

## CHAIRMAN & CHIEF EXECUTIVE OFFICER'S REPORT (continued)

### 6.2. Lease structure and expiry profile

The lease expiry profile determined by rental value is reflected below:



The lease expiry profile is favourable and well spread with no more than 24% of the portfolio's contractual income falling due for renewal in a particular year. Of the rental income 60% is received from national companies or franchisees of national companies which underpins the sustainability and quality of Ambit's earnings.

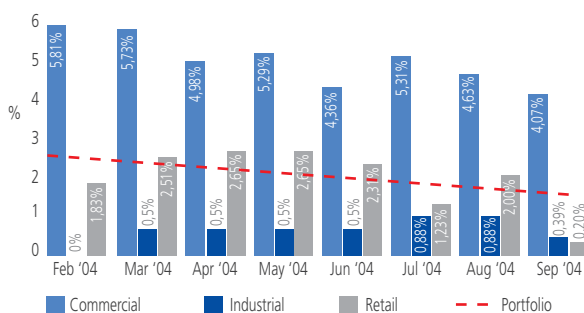
During the period under review, tenant retention has been very good. Leases in respect of some 8,7% (by rental value) of the portfolio fell due for renewal and of these, 78% by rental value (76% by area) were successfully renewed. The majority of the vacated space was let to new tenants.

### 6.3 Occupancy levels

The portfolio has a rentable area of 129 331m<sup>2</sup>. The vacancy factor at listing in February 2004 was 2,4% (3 104m<sup>2</sup>). By year-end the vacancy had been reduced to 1,4% (1 837m<sup>2</sup>).

The vacancy by rental value had been reduced from 2,0% at listing to 0,8% at year-end.

The following graph depicts the vacancies per sector, by rentable area.



### 6.4 Valuations

The property portfolio was revalued by the directors of the company at R555,5 million as at 30 September 2004. Capitalisation rates ranging from 11% to 19% were used dependent on the nature and location of the property, the tenant and the duration of the lease. Where disposals had been negotiated, the net anticipated sale proceeds were used. This represents an increase of R35,6 million (7%) above the original costs of acquisition of the portfolio in February 2004 of R519,9 million.

Ambit subscribes to the IPD index and thus will be revaluing its portfolio as at 31 December each year commencing 2004.

### 6.5 Post year-end activity

Since year-end, sale agreements in respect of 5 small properties which do not fit Ambit's investment criteria, have been signed. These comprise three properties leased to Kentucky Fried Chicken franchisees in Adderley Street, Cape Town, Rosmead Avenue, Kenilworth and Voortrekker Road, Parow, North Beach Garage in Durban and Mayors Walk retail centre in Pietermaritzburg. The net sale proceeds of R16,5 million reflect a R3,9 million surplus over total acquisition costs.

Ambit has acquired 12 Nourse Avenue, Epping, Cape Town for R11,8 million. This 10 385m<sup>2</sup> industrial property is leased to two tenants on leases to 2007 and 2009. Certain improvements at an estimated cost of R0,5 million are being undertaken. The property will show an initial yield of 13,5% on total cost.

## 7. INVESTMENT IN ORYX PROPERTIES LIMITED

Ambit's investment in Oryx Properties Limited, a Namibian Property Loan Stock Company listed on the Namibian Stock Exchange, amounted to R65,8 million (10,6%) of Ambit's investment portfolio at year-end.

The original cost of R64,3 million represented 28,9% of Oryx Properties Limited's equity and was acquired at 542 cents per unit. This investment now represents 555 cents per unit relative to Oryx's net asset value of 570 cents per unit at 30 June 2004.

Mr Nick Harris, Chief Executive Officer of Ambit, was appointed to the Oryx board of directors on 1 April 2004.

Oryx made a distribution of 34 cents per unit for the half year to 30 June 2004 which was in line with Ambit's expectations at the time of its investment in Oryx.



Oryx has entered into an agreement with Stratford Ventures, Namibia, to develop 19 189m<sup>2</sup> of additional retail space and associated parking at Maerua Mall Shopping Centre in Windhoek. The development cost is N\$179 million including finance costs. The new development is currently 62% pre-let to South African national retailers or their Namibian franchisees and negotiations are in hand with a number of other well-known retailers. When complete in March 2006, the enlarged centre will be the dominant retail destination in Windhoek.

The new investment is to be funded by the disposal of Oryx's portfolio of listed South African property counters and debt, and is expected to yield an initial return of 11,72% after an allowance for vacancies.

#### 8. FUNDING ARRANGEMENTS

As at year-end Ambit had long-term debt of R275 654 030 of which R500 000 comprises an interest free loan from BP repayable monthly to 2012. The balance is from Absa and Nedbank, being Ambit's long-term financiers.

The ratio of long-term debt to long-term assets is 44,4%, which is well within the 60% constraint contained in Ambit's Trust Deed, and the 50% guideline determined by the board.

At year-end, 60,5% of the debt was on fixed interest contracts. In the listing prospectus, Ambit indicated it would fix up to 80% of its debt. However, in light of stabilizing interest rates and an interest rate drop in July, the decision was made to fix only 60% of the debt and pass on to unitholders the benefit of lower costs of borrowing. Ambit's average interest rate at year-end was 10,7%.

The fixed and floating debt structure is set out in note 10 to the financial statements.

Management and the board will continue to manage the borrowings and the fixing of debt to balance risk of interest rate movement against returns to unitholders.

#### 9. BLACK ECONOMIC EMPOWERMENT ('BEE')

Ambit has implemented a BEE procurement policy to encourage its property managers to increase the percentage of procurement spend with companies which have at least 50% ownership or control by black persons. Measurable procurement targets are set for each year.

	Target	Achieved
Period to 30/09/2004	20%	25%
Year-end 30/09/2005	35%	
Year-end 30/09/2006	50%	
Year-end 30/09/2007	65%	
Year-end 30/09/2008	75%	

#### 10. PROSPECTS

The improving fundamentals of the property market with falling vacancies and the resultant increasing rentals, coupled with low inflation expectations, stable interest rates and strong consumer confidence, will favour quality property portfolios. Accordingly, Ambit is well positioned to benefit from this positive environment.

Management intends to significantly expand the portfolio during the next year. The resultant increase in the market capitalisation will further enhance the tradeability of Ambit's units.

Our thanks go to the non-executive directors who have individually and collectively contributed to both Ambit's listing and its first reporting period. They bring to the board a vast pool of expertise and experience. Thanks also to the management team in Ambit Management Services and the property managers, Marriott Property Services and Cenprop Real Estate, all of whom contributed to these excellent results.



D L Brown  
Chairman  
10 December 2004



N B S Harris  
Chief Executive Officer  
10 December 2004

# CORPORATE GOVERNANCE REVIEW

30 September 2004

The board of directors is committed to the implementation of good corporate governance within the Group and endorses the principles of openness, integrity, accountability and transparency. The board have adopted and applied the Code of Corporate Practices and Conduct as set out in the King II Report.

In doing so, the directors recognise the need to conduct the enterprise with integrity in accordance with generally acceptable corporate policies. This includes timely, relevant and meaningful reporting to its unitholders and other stakeholders providing a proper and objective perspective of Ambit.

The directors have accordingly established mechanisms and policies appropriate to the Group's business in keeping with its commitment to the best practices in corporate governance in order to ensure compliance with the King II Report. The directors will review these from time to time.

## BOARD OF DIRECTORS AND ITS SUB-COMMITTEES

The board of directors consists of the executive director and six non-executive directors of which four are independent non-executives and hence the majority of the board comprises independent non-executives. The non-executive directors bring to the Group a wide range of skills and experience that will enable them to contribute an independent view and to exercise objective judgement in matters requiring the directors' decisions. The chairman is a non-executive director and his role is independent from the executive director.

The executive director holds a service contract. All non-executive directors are subject to retirement by rotation and re-election by Ambit unitholders at least once every three years in accordance with the Articles of Association.

All new appointments to the board will be made on a consensus basis by board members, subject to unitholder approval.

The board, which meets at least quarterly, retains full and effective control over the Group and service providers.

The composition of the board and its sub-committees, viz: the Investment Committee, the Remuneration Committee and the Risk, Audit and Compliance Committee, as set out on pages 2 and 3, have been established and operate within defined, written terms of reference.

During the period under review the only director who did not attend all meetings was Ms I N Moloto (1 absence). Dr S Booysen resigned and was replaced with Mr F Meisenholl, who resigned in September to be replaced by Mr N P Mageza.

## INVESTMENT COMMITTEE

The board has established an Investment Committee, which is responsible to the board for implementing the Group's strategic investment and debt fixing objectives.

## REMUNERATION COMMITTEE

The board has established a Remuneration Committee, which will review the remuneration of the executive director's and non-executive directors' fees.

## RISK, AUDIT AND COMPLIANCE COMMITTEE

The board has established a Risk, Audit and Compliance Committee whose primary objectives are to provide the board with additional assurance regarding the efficacy and reliability of the financial information used by the directors and to assist them in the discharge of their duties. The committee provides comfort to the board that adequate and appropriate financial and operating controls are in place, that significant business, financial and other risks have been identified and are being suitably managed and that satisfactory standards of governance, reporting and compliance are in operation. The committee is responsible for setting the principles for recommending the use of the external auditors for non-audit services.

Within this context, the board is responsible for the Group's systems of internal financial and operational control.

## DIRECTORS' DEALINGS AND PROFESSIONAL ADVICE

The Group operates a policy of prohibiting dealings by directors and certain other managers in periods immediately preceding the announcement of its interim and year-end financial results and at any other time deemed necessary by the board.

#### RISK MANAGEMENT

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed. This is a board responsibility. Ambit pursues active management policies designed to minimise the impact of risk.

With the assistance of expert risk consultants, risks have been assessed and appropriate insurance cover purchased for all material risks. Levels of cover are re-assessed annually.

#### DIRECTORS' RESPONSIBILITY

The directors are responsible for the preparation of the annual financial statements that fairly represent the state of affairs of the Group at the end of the financial period as set out on pages 14 to 33.

#### GOING CONCERN

The directors are of the opinion that the Company and the Group have adequate resources to continue in operation for the foreseeable future and the annual financial statements have accordingly been prepared on a going concern basis.



D L Brown  
Chairman  
10 December 2004



J H Beare  
Chairman – Risk, Audit and Compliance Committee  
10 December 2004

# ANALYSIS OF LINKED UNITHOLDERS

30 September 2004

	Number of unitholders	% of unitholders	Number of units held	% of issued units
<b>Size of holding</b>				
1 – 10 000	407	38,04	2 255 438	1,42
10 001 – 25 000	374	34,95	7 055 963	4,46
25 001 – 50 000	138	12,90	5 513 630	3,49
50 001 – 100 000	56	5,23	4 580 577	2,89
100 001 – 500 000	59	5,51	13 987 145	8,83
500 001 – 1 000 000	15	1,40	12 014 379	7,59
Over 1 000 000	21	1,97	112 920 358	71,32
	<u>1 070</u>	<u>100,00</u>	<u>158 327 490</u>	<u>100,00</u>
<b>Type of unitholders</b>				
Corporates and investment companies	85	7,94	97 581 410	61,63
Individuals and private companies	781	72,99	42 798 686	27,03
Nominee holders and trusts	173	16,17	13 760 088	8,69
Pension and provident funds	31	2,90	4 187 306	2,65
	<u>1070</u>	<u>100,00</u>	<u>158 327 490</u>	<u>100,00</u>
<b>Significant unitholders</b>				
<b>Unitholders invested in 5% or more of the company</b>				
Marriott			41 911 090	26,47
Trunawth Holdings Limited			23 150 000	14,62
Absa			15 856 500	10,02
Oasis Asset Management			7 949 983	5,02
			<u>88 867 573</u>	<u>56,13</u>
<b>Unitholder spread</b>				
Held by public	1 063	99,35	135 777 490	85,76
Held by directors	4	0,37	450 000	0,28
Held by non-public	3	0,28	22 100 000	13,96
	<u>1 070</u>	<u>100,00</u>	<u>158 327 490</u>	<u>100,00</u>
<b>Units traded</b>				
Number of units traded			44 641 832	
Units traded as a percentage of issued capital			28,20	
<b>JSE price history</b>				
8 month high			225	
8 month low			182	

## UNITHOLDERS' DIARY

**Financial year-end**                    **30 September**  
**Annual general meeting**        **16 February 2005**

Distribution plan dates in respect of the financial year ending 30 September 2005:

Financial period	Declaration date	Record date	Payment date
1st half to 31 March 2005	20 May 2005	10 June 2005	13 June 2005
2nd half to 30 September 2005	18 November 2005	9 December 2005	12 December 2005

## DIRECTORS' RESPONSIBILITY FOR & APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the period ended 30 September 2004

The directors are responsible for the preparation of and the integrity of the annual financial statements and the related information included in the annual report.

In order for the board to discharge its responsibilities, management has developed and continues to maintain a system of internal control. The board has ultimate responsibility for the system of internal control and reviews its operation, primarily through the Risk, Audit and Compliance Committee.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Group's policies and procedures. These controls are implemented by trained, skilled personnel with appropriate segregation of duties, are monitored by management and the Risk, Audit and Compliance Committee and include a comprehensive budgeting and reporting system operating within an appropriate control framework.

The external auditors are responsible for reporting on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and incorporate disclosures in line with the accounting philosophy of the Group. They are based on appropriate accounting policies consistently applied and are supported by reasonable and prudent judgements and estimates.

The directors believe that the Group will be a going concern in the year ahead. Accordingly the going concern basis in preparing the annual financial statements has been adopted.

The annual financial statements for the 8 month period ended 30 September 2004 as set out on pages 14 to 33 were approved by the board of directors on 10 December 2004 and are signed on its behalf by:



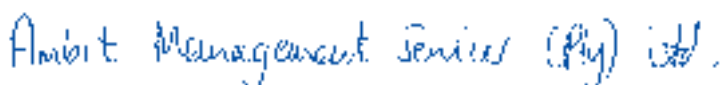
D L Brown  
Chairman  
10 December 2004



J H Beare  
Chairman – Risk, Audit and Compliance Committee  
10 December 2004

## DECLARATION BY SECRETARY

The Secretary certifies that the company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the Companies Act No 61 of 1973, as amended, in that all such returns are true, correct and up to date.



Ambit Management Services (Proprietary) Limited  
Company Secretary  
10 December 2004

# REPORT OF THE INDEPENDENT AUDITORS

## TO THE MEMBERS OF AMBIT PROPERTIES LIMITED

We have audited the annual financial statements and Group annual financial statements of Ambit Properties Limited set out on pages 14 to 33 for the period ended 30 September 2004. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

## SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

## AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and of the Group at 30 September 2004 and the results of their operations and cash flows for the period then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act in South Africa.

### **KPMG Inc.**

Registered Accountants and Auditors

Chartered Accountants (SA)

Durban

10 December 2004

# DIRECTORS' REPORT

30 September 2004

The directors have pleasure in presenting the first financial report of the Group for the period 4 February 2004 to 30 September 2004.

## NATURE OF BUSINESS

Ambit Properties Limited is a property investment company and is listed on the JSE under the 'Financials- Real Estate' sector. The Group derives its income from a portfolio of investment properties in the retail, commercial and industrial sectors and an investment in Oryx Properties Limited, a Namibian property investment company listed on the Namibian Stock Exchange.

## ISSUED LINKED UNITS

At 30 September 2004 there were 158 327 490 linked units in issue, each comprising one ordinary share of 1 cent and one unsecured variable rate debenture of 180 cents.

## FINANCIAL REVIEW

Weighted average headline earnings per linked unit (cents)	17,04
Weighted average earnings per linked unit (cents)	32,86
Distribution per linked unit (cents)	16,75

An interest distribution of 16,75 cents per linked unit has been declared in respect of the income distribution period 4 February 2004 to 30 September 2004. The results of the Group are fully set out in the financial reports on pages 14 to 33.

No comparative figures have been presented as this is the first trading period of the Group.

## SUBSIDIARY

Details of the company's subsidiary are reflected in note 3.

## ASSOCIATE

Details of the company's associate are reflected in note 4.

## DIRECTORATE

Details of the directors are set out on pages 2 and 3 of this report. The composition of the board, together with changes during the period under review, are set out below:

Director	Date appointed	Date resigned	Salaries R'000	Directors fees R'000
D L Brown (Chairman)	11/08/2003		–	51
N B S Harris *	11/08/2003		506	–
C J Ewin	11/08/2003		–	33
J H Beare	11/08/2003		–	34
S F Booysen	11/08/2003	28/05/2004	–	11
N P Mageza	09/09/2004		–	11
I N Moloto	11/08/2003		–	33
F Uys	11/08/2003		–	33
R Emslie (alternate)	11/08/2003	05/04/2004	–	–
F Meisenholl (alternate)	05/04/2004	28/05/2004	–	–
F Meisenholl	28/05/2004	09/09/2004	–	11
F Meisenholl (alternate)	09/09/2004		–	–
			506	217

\* Executive

The executive director holds a service contract.

No other directors have service contracts.



## DIRECTORS' INTERESTS

The joint beneficial interests of directors in the equity of the company as at 30 September 2004 was 0,28% (450 000 units) and can be analysed as follows:

Director	Direct beneficial		Indirect beneficial		Total	
	Linked units	%	Linked units	%	Linked units	%
D L Brown (Chairman)	50 000	0,03	–	–	50 000	0,03
N B S Harris *	25 000	0,02	25 000	0,02	50 000	0,03
C J Ewin *	150 000	0,09	–	–	150 000	0,09
J H Beare	–	–	–	–	–	–
N P Mageza *	–	–	–	–	–	–
I N Moloto	–	–	–	–	–	–
F Uys	200 000	0,13	–	–	200 000	0,13
F Meisenholl (alternate) *	–	–	–	–	–	–

\* These directors have insignificant indirect interest in Ambit as a result of having insignificant interests in either Absa or Marriott as shareholders.

No directors held in excess of 1% of the equity of the company at 30 September 2004.

There were no changes in the directors' interests between 1 October 2004 and 10 December 2004, being the latest practical date prior to finalisation of this annual report.

## BORROWINGS

The directors are authorised to borrow funds up to an amount not exceeding 60% of the directors' bona fide valuation of the consolidated total long-term assets of the company and its subsidiaries. The Group's interest bearing borrowings at 30 September 2004 are disclosed in note 10 to the annual financial statements.

## ACQUISITIONS AND IMPROVEMENTS

Apart from the properties that were purchased as disclosed in the prospectus document, and as set out in the property portfolio on pages 34, 35 and 36, no acquisitions were made during the period.

R100 000 was invested in upgrading 8 Jansen Road, Jet Park, during the period under review. Subsequent to the period end, Ambit has contracted to acquire 12 Nourse Avenue, Epping, Cape Town for R11,8 million. R0,5 million has been authorised for future improvements in the 2005 financial year.

## DISPOSALS

During the period under review, there have been no disposals of any properties. Subsequent to the period end, sale agreements have been concluded on 5 small properties, with net disposal proceeds of R16,5 million, reflecting a R3,9 million surplus above acquisition costs.

## POST BALANCE SHEET EVENTS

Other than the acquisitions and disposals referred to above, the directors are not aware of any material post balance sheet events

and are of the opinion that the Group has adequate resources to continue in operation for the foreseeable future. The financial statements have accordingly been prepared on a going concern basis.

## MANAGEMENT BY THIRD PARTY

Ambit has entered into a specific service agreement with Ambit Management Services (Proprietary) Limited, a joint venture management company between Absa Bank Limited and Marriott Property Services (Proprietary) Limited, in respect of the property asset management, financial management and property management of the portfolio.

Ambit Management Services (Proprietary) Limited sub-contracted the property management of the portfolio to Cenprop Real Estate (Proprietary) Limited (R150,5 million of the portfolio) and Marriott Property Services (Proprietary) Limited (R405 million of the portfolio).

## CORPORATE GOVERNANCE

The directors endorse, and during the period under review, as set out on pages 8 and 9, have adopted and applied where applicable the Code of Corporate Practices and Conduct as set out in the King II Report. By supporting the Code the directors recognise the need to conduct the enterprise with integrity and in accordance with generally accepted corporate practices.



D L Brown  
Chairman  
10 December 2004



N B S Harris  
Chief Executive Officer  
10 December 2004

# BALANCE SHEETS

30 September 2004

	Notes	GROUP 2004 R'000	COMPANY 2004 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	2	555 500	448 500
Interest in subsidiary	3	–	93 374
Investment in associate	4	65 836	65 836
		<u>621 336</u>	<u>607 710</u>
<b>Current assets</b>			
Trade and other receivables		5 385	4 933
Cash and cash equivalents	6	29 286	29 086
		<u>34 671</u>	<u>34 019</u>
		<u>656 007</u>	<u>641 729</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital and premium	7	27 867	27 867
Revaluation reserve	8	24 952	15 130
Distributable reserves		257	289
		<u>53 076</u>	<u>43 286</u>
<b>Non-current liabilities</b>			
Debentures	9	284 989	284 989
Interest bearing borrowings	10	275 654	275 654
Deferred tax liability	11	10 239	6 044
		<u>570 882</u>	<u>566 687</u>
<b>Current liabilities</b>			
Trade and other payables		5 529	5 236
Linked unitholders for distribution		26 520	26 520
		<u>32 049</u>	<u>31 756</u>
		<u>656 007</u>	<u>641 729</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			

## INCOME STATEMENTS

for the period ended 30 September 2004

	Notes	GROUP 4/2/2004 to 30/9/2004 R'000	COMPANY 4/2/2004 to 30/9/2004 R'000
<b>REVENUE</b>		64 951	62 241
Less: Operating expenses	12	(25 116)	(30 660)
<b>NET RENTAL INCOME FROM PROPERTIES</b>		39 835	31 581
Interest earned		416	8 715
Finance costs		(19 452)	(19 452)
Debenture interest income from associate company		4 033	4 033
<b>PROFIT BEFORE FAIR VALUE ADJUSTMENTS</b>		24 832	24 877
Change in fair value of investment properties		35 644	21 614
<b>PROFIT AFTER FAIR VALUE ADJUSTMENTS</b>		60 476	46 491
Share of associate company's after tax profits		1 492	1 492
Debenture interest		(26 520)	(26 520)
<b>PROFIT BEFORE TAXATION</b>		35 448	21 463
Taxation expense	13	(10 239)	(6 044)
<b>NET PROFIT ATTRIBUTABLE TO LINKED UNITHOLDERS</b>		25 209	15 419
 <b>HEADLINE EARNINGS PER LINKED UNIT (CENTS)</b>			
(Weighted)	14	17,04	17,03
 <b>EARNINGS PER LINKED UNIT (CENTS)</b>			
(Weighted)	15	32,86	26,64
 <b>DISTRIBUTION PER LINKED UNIT (CENTS)</b>			
Interest		16,75	16,75
 <b>HEADLINE EARNINGS PER SHARE (CENTS)</b>			
(Weighted)	16.2	0,19	0,18
 <b>EARNINGS PER SHARE (CENTS)</b>			
(Weighted)	16.2	16,01	9,79

## STATEMENTS OF CHANGES IN EQUITY

for the period ended 30 September 2004

	Share capital R'000	Share premium R'000	Distributable reserves R'000	Revaluation reserve R'000	Total R'000
<b>GROUP</b>					
<b>On listing 4 February 2004</b>	1 493	28 361	–	–	29 854
Shares issued during the period	90	1 719	–	–	1 809
Share issue expenses	–	(3 796)	–	–	(3 796)
Net profit attributable to linked unitholders	–	–	25 209	–	25 209
Transfer to revaluation reserve	–	–	(24 952)	24 952	–
<b>Balance at 30 September 2004</b>	<u>1 583</u>	<u>26 284</u>	<u>257</u>	<u>24 952</u>	<u>53 076</u>
<b>COMPANY</b>					
<b>On listing 4 February 2004</b>	1 493	28 361	–	–	29 854
Shares issued during the period	90	1 719	–	–	1 809
Share issue expenses	–	(3 796)	–	–	(3 796)
Net profit attributable to linked unitholders	–	–	15 419	–	15 419
Transfer to revaluation reserve	–	–	(15 130)	15 130	–
<b>Balance at 30 September 2004</b>	<u>1 583</u>	<u>26 284</u>	<u>289</u>	<u>15 130</u>	<u>43 286</u>

## CASH FLOW STATEMENTS

for the period ended 30 September 2004

	Notes	GROUP 2004 R'000	COMPANY 2004 R'000
<b>OPERATING ACTIVITIES</b>			
Cash generated by operating activities	17	39 979	31 884
Interest received		4 449	12 748
Finance costs		(19 452)	(19 452)
Distribution to linked unitholders	18	–	–
<b>Cash inflow from operating activities</b>		24 976	25 180
<b>INVESTING ACTIVITIES</b>			
Acquisition of investment properties		(519 754)	(426 786)
Improvements to investment properties		(102)	(100)
Acquisition of subsidiary company	19	–	–
Loan to subsidiary company		–	(93 374)
Acquisition of associate company		(64 344)	(64 344)
<b>Cash outflow from investing activities</b>		(584 200)	(584 604)
<b>FINANCING ACTIVITIES</b>			
Linked units issued		316 652	316 652
Share issue expenses		(3 796)	(3 796)
Long-term loans raised		275 654	275 654
<b>Cash inflow from financing activities</b>		588 510	588 510
Increase in cash and cash equivalents		29 286	29 086
Cash and cash equivalents at beginning of period		–	–
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	6	29 286	29 086

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30 September 2004

## 1. ACCOUNTING POLICIES

The financial statements and Group financial statements incorporate the principal accounting policies set out below.

### 1.1 Statement of compliance

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act in South Africa.

### 1.2 Basis of preparation

The financial statements and Group financial statements are prepared on the historical cost basis unless otherwise stated.

### 1.3 Basis of consolidation and goodwill

The Group financial statements incorporate the assets, liabilities, operating results and cash flows of the company and its subsidiaries. The results of subsidiaries acquired or disposed of during the period are included from the effective dates of acquisition and up to the effective dates of disposal. Intercompany balances and transactions and any resulting unrealised gains and losses are eliminated in preparing the Group financial statements. Goodwill on acquisitions, being the difference between the cost of investments in subsidiaries and the underlying net asset values at the effective dates of acquisition, is amortised over its useful life, not exceeding 20 years. Negative goodwill arising on an acquisition represents any excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of the acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, it is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets. The balance of negative goodwill in excess of the fair values of the non-monetary assets

acquired is recognised immediately in the income statement. The accounting policies of the subsidiary are consistent with those of the holding company.

### 1.4 Investment in subsidiaries

Investments in subsidiaries are recognised at cost less accumulated impairment losses.

### 1.5 Investment in associates

Associates are those companies, which are not subsidiaries or joint ventures, over which the Group exercises significant influence. Results of associates are equity accounted. Any losses of associates are brought to account until the investment is written down to a nominal amount. Thereafter losses are accounted for only insofar as the Group is committed to providing financial support to such associates. The carrying value of investments in associates represents the cost of each investment including unamortised goodwill, the share of post acquisition retained earnings or losses and other movements in reserves.

### 1.6 Investment properties

Investment properties are properties held to earn rental income and for capital appreciation.

Investment properties are initially recorded at cost. Subsequent expenditure, other than tenant installation costs, relating to investment properties is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred. After initial recognition, investment properties are measured at fair value. Fair values are determined bi-annually. Gains or losses arising from changes in the fair values are reflected in the income statement in the period in which they arise. Realised and unrealised gains are transferred to a revaluation reserve in the statement of changes in equity. On disposal of investment properties, the difference between the net disposal proceeds and the carrying value is charged or credited to the income statement and then transferred from / to a revaluation reserve.

### 1.7 Capitalisation of interest

Where the Group undertakes a major development or refurbishment of a property, interest is capitalised to the cost of the property concerned during the construction period. Capitalisation of interest is suspended during extended periods in which active development is interrupted.

### 1.8 Taxation

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred taxation is provided for using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 1.9 Impairment

The carrying amount of the Group's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

### 1.10 Financial instruments

A financial asset or financial liability is recognised on the balance sheet for as long as the Group is party to the contractual provisions of the instrument. Purchases

and sales of derivatives are recognised on trade date. Gains or losses on de-recognition of financial assets or liabilities are included in net profit.

#### Measurement

Financial instruments are initially measured at cost, including directly attributable transaction costs. Subsequent to the initial recognition these instruments are measured as follows:

- Trade and other receivables originated by the Group are held at amortised cost, using the effective interest rate method, after deducting accumulated impairment losses. Receivables, on which no interest is charged and for which there is no fixed maturity, are held at cost.
- Held-to-maturity investments are held at amortised cost using the effective interest rate method after deducting accumulated impairment losses.
- Held-for-trading and available-for-sale financial assets are held at fair value.
- Financial liabilities are measured at amortised cost, except for held-for-trading financial liabilities and derivatives, which are held at fair value.

#### Gains or losses on subsequent measurement

Gains and losses on subsequent measurement of financial instruments that are carried at fair value are accounted for as follows:

- Held-for-trading financial assets are recognised in net profit for the year.
- Available-for-sale financial assets are recognised in equity.

#### Set-off

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Group has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

30 September 2004

## 1.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in money market instruments, net of bank overdrafts, all of which are available for use by the Group unless otherwise stated.

## 1.12 Debentures

Debentures are recognised at amortised cost.

## 1.13 Trade payables

The trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier.

## 1.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made on the settlement amount of the obligation.

## 1.15 Revenue recognition

Revenue comprises gross rental income, including all recoveries from tenants, and is recognised on the accrual basis. Interest income is recognised at the effective rates of interest on a time related basis. Dividends are recognised when the right to receive them is established.

## 1.16 Leases

Investment properties leased out under operating leases are reflected as investment properties on the balance sheet. Rental income is recognised as it accrues over the term of the leases.

## 1.17 Deferred expenses

Deferred expenses comprise tenant installation costs and letting commissions which are amortised on a straight line basis over the lease period to which they relate.

## 1.18 Distributions

In terms of the Debenture Trust Deed the interest entitlement on each debenture shall be not less than 90% of the net earnings of the Company before providing for debenture interest, depreciation, amortisation and taxes and before taking into account any revaluation surpluses or deficits and income transferred to any non-distributable reserves, but after provision for funding costs, whether interest or dividend in nature.

## 1.19 Segment reporting

On a primary basis the Group operates in the following business segments:

- Retail
- Commercial
- Industrial
- Corporate

On a secondary basis the Group reports on geographical locations as follows:

- Gauteng
- Cape Town
- Durban
- Other

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other group segments. Unallocated items mainly comprise corporate income and expenses.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's balance sheet.



	<b>GROUP</b>	<b>COMPANY</b>
	<b>2004</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>2. INVESTMENT PROPERTIES</b>		
Carrying value at beginning of the period	–	–
Acquisitions at 4 February 2004	519 754	426 786
Subsequent additions	102	100
Fair value adjustment	35 644	21 614
Carrying value at end of the period	<u>555 500</u>	<u>448 500</u>

Property descriptions are detailed on pages 34 to 36 of this report.

The property portfolio is subject to a mortgage in favour of Absa Bank Limited and Nedcor Bank Limited as detailed in note 10.

Investment properties were valued by directors at 30 September 2004.

Capitalisation rates ranging from 11% to 19% were used, dependent on the nature and location of the property, the tenant and the duration of the lease.

### 3. INTEREST IN SUBSIDIARY

	<b>Issued share capital R</b>	<b>% Holding</b>
Whirlprops 37 (Pty) Ltd	100	100
Shares at cost		–
Loans		93 374
		<u>93 374</u>
Directors' valuation		<u>107 651</u>
These loans bear interest at variables rates and have no fixed repayment terms but by intent are of a long-term nature.		
Profit after tax of subsidiary attributable to the holding company		<u>9 790</u>

### 4. INVESTMENT IN ASSOCIATE

The carrying value of the Group's 28,87% interest in Oryx Properties Limited (Namibia) comprises:

Shares (at cost)	64 344	64 344
Cumulative share of post acquisition profits	1 492	1 492
Carrying value	<u>65 836</u>	<u>65 836</u>
Directors' valuation	<u>65 836</u>	<u>65 836</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

30 September 2004

	<b>GROUP</b>	<b>COMPANY</b>
	<b>2004</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>4. INVESTMENT IN ASSOCIATE (continued)</b>		
Net assets and results of associate:		
Investment properties	241 650	241 650
Negative goodwill	(678)	(678)
Investments	76 723	76 723
Current assets	29 319	29 319
Current liabilities	(18 061)	(18 061)
Deferred taxation	(2 883)	(2 883)
Non-current liabilities	(91 900)	(91 900)
	234 170	234 170
Other unitholders' interest (including debentures)	(166 565)	(166 565)
Group interest (including debentures)	67 605	67 605
Group's share of income since acquisition		
Rental revenue	13 792	13 792
Profit before finance costs	21 402	21 402
Finance costs	(2 653)	(2 653)
Debenture interest	(11 360)	(11 360)
Profit before taxation	7 389	7 389
Taxation	(2 222)	(2 222)
Net profit for the year	5 167	5 167
Other unitholders' interest	(3 675)	(3 675)
Group's share of profit after tax	1 492	1 492
Income received from associate comprises:		
Debenture interest	4 033	4 033
Share of retained income	1 492	1 492
	5 525	5 525
<b>5. GOODWILL</b>		
Arising on acquisition of subsidiary during the period	45	
Amortisation during the period	(45)	
	-	

	<b>GROUP</b>	<b>COMPANY</b>
	<b>2004</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>6. CASH AND CASH EQUIVALENTS</b>		
Petty cash	1	1
Cash on call	20 349	20 349
Current accounts	8 936	8 736
	<u>29 286</u>	<u>29 086</u>
<b>7. SHARE CAPITAL AND PREMIUM</b>		
Share capital		
Authorised		
2 000 000 000 ordinary shares of 1 cent each	<u>20 000</u>	<u>20 000</u>
Issued		
158 327 490 ordinary shares of 1 cent each	<u>1 583</u>	<u>1 583</u>
Share premium		
Premium arising on listing	28 361	28 361
Subsequent issues	1 719	1 719
Share issue expenses	(3 796)	(3 796)
	<u>26 284</u>	<u>26 284</u>
	<u>27 867</u>	<u>27 867</u>
Each share is linked to a debenture, which together comprise a linked unit (see note 9).		
The unissued shares are under the control of the directors, until the next Annual General Meeting.		
<b>8. REVALUATION RESERVE</b>		
Balance at beginning of the period	–	–
Movement during the period	24 952	15 130
Balance at end of the period	<u>24 952</u>	<u>15 130</u>
<b>Comprising:</b>		
Capital reserves		
– Unrealised	35 644	21 614
– Deferred taxation	(10 692)	(6 484)
	<u>24 952</u>	<u>15 130</u>

The reserve arises from the revaluation or realisation of investment properties. The unrealised capital reserve is not distributable.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

30 September 2004

	<b>GROUP</b>	<b>COMPANY</b>
	<b>2004</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>9. DEBENTURES</b>		
158 327 490 unsecured variable rate debentures of 180 cents each	284 989	284 989
<p>In terms of the debenture trust deed, the interest entitlement of every debenture linked to each ordinary share shall not be less than 90% of net earnings of the company before providing for debenture interest, depreciation, amortisation and taxes and before taking into account any revaluation surpluses or deficits and income which is to be transferred to any non-distributable reserves but after provision for funding costs, whether interest or dividend in nature. The interest is payable bi-annually. The debentures are redeemable at the option of the holder after 25 years from date of allotment.</p>		
<b>10. INTEREST BEARING BORROWINGS</b>		
<b>10.1 ABSA BANK LIMITED</b>		
Loan bearing interest at 9,48% per annum until 27/10/2004, and prime less 1,5% thereafter	32 250	32 250
Loan bearing interest at 11,27% per annum until 20/05/2005, and prime less 1,5% thereafter	30 000	30 000
Loan bearing interest at 11,93% per annum until 09/03/2007, and prime less 1,5% thereafter	27 000	27 000
Loan bearing interest at 11,02% per annum until 26/08/2008, and prime less 1,5% thereafter	25 000	25 000
Loan bearing interest at prime less 1,5% per annum	22 358	22 358
	136 608	136 608
<p>The above loans are secured by first mortgages over the property portfolio, with the exception of that detailed in note 10.3, which portfolio has a fair value of R553 500 000. The loans are repayable on 31/01/2014.</p>		
<b>10.2 NEDCOR BANK LIMITED</b>		
Loan bearing interest at 12,63% per annum until 30/10/2004, and prime less 1,5% thereafter	17 034	17 034
Loan bearing interest at 12,10% per annum until 30/06/2005, and prime less 1,5% thereafter	2 424	2 424
Loan bearing interest at 14,64% per annum until 25/01/2006, and prime less 1,5% thereafter	1 498	1 498
Loan bearing interest at 13,18% per annum until 05/02/2006, and prime less 1,5% thereafter	18 788	18 788
Loan bearing interest at 14,63% per annum until 05/02/2006, and prime less 1,5% thereafter	6 100	6 100
Loan bearing interest at 14,58% per annum until 05/02/2006, and prime less 1,5% thereafter	5 291	5 291
Loan bearing interest at 11,73% per annum until 28/02/2009, and prime less 1,5% thereafter	1 363	1 363
Loan bearing interest at prime less 1,5% per annum	86 048	86 048
	138 546	138 546
<p>The above loans are secured by first mortgages over the property portfolio, with the exception of that detailed in note 10.3, which portfolio has a fair value of R553 500 000. The loans are repayable on 31/01/2014.</p>		

	<b>GROUP</b>	<b>COMPANY</b>
	<b>2004</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
10.3 BP SOUTHERN AFRICA (PROPRIETARY) LIMITED	500	500
This loan does not bear interest and is repayable in monthly instalments of R5 000 until January 2012. It is secured over Section 92 Nedbank Plaza, Pietermaritzburg which has a fair value of R2 000 000.		
	<u>275 654</u>	<u>275 654</u>
The Company's Articles of Association limit the Group's borrowing capacity to 60% of its consolidated total long-term assets.		
Borrowing facility	286 000	
Less: borrowings	<u>(275 654)</u>	
Unutilised borrowing facility	<u>10 346</u>	
An overdraft facility of R5 000 000 exists with Absa Bank Limited, of which R782 380 has been utilised for municipal guarantees. With the exception of the guarantees issued, the overdraft bears interest at prime less 1,5%, with no security and is repayable on demand.		
<b>11. DEFERRED TAXATION</b>		
Balance at beginning of the period	–	–
Deferred taxation on revaluation of investment properties	10 692	6 484
Temporary differences charged to the income statement	<u>(453)</u>	<u>(440)</u>
Balance at end of the period	<u>10 239</u>	<u>6 044</u>
Analysis of deferred taxation charged to the income statement:		
Building allowances	70	70
Tenant installation and letting commission costs	364	347
Provision for doubtful debts	(161)	(151)
Tax losses	<u>(726)</u>	<u>(706)</u>
	<u>(453)</u>	<u>(440)</u>
Deferred taxation on revaluation of investment properties	<u>10 692</u>	<u>6 484</u>
	<u>10 239</u>	<u>6 044</u>
<b>12. OPERATING EXPENSES</b>		
Direct operating expenses:		
Generating rental income	19 640	25 271
Non-generating rental income	<u>5 476</u>	<u>5 389</u>
	<u>25 116</u>	<u>30 660</u>
Included in the above:		
Auditors remuneration – audit fee	200	200
Amortisation of goodwill	45	–
Directors' emoluments:		
Executive – salary, benefits and other emoluments	506	506
Non-executive – fees	<u>217</u>	<u>217</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

30 September 2004

	<b>GROUP</b>	<b>COMPANY</b>
	<b>2004</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>13. TAXATION EXPENSE</b>		
S A normal taxation		
Deferred	10 239	6 044
The Group has an estimated tax loss of R2 187 320 which is available for set off against future taxable income.		
	%	%
Reconciliation of effective tax rate:		
Statutory rate	30,0	30,0
Non-taxable income	(1,1)	(2,9)
Disallowable expenditure	–	1
	28,9	28,1

### 14. HEADLINE EARNINGS PER LINKED UNIT

The calculation of headline earnings per linked unit is based on profit attributable to unitholders of R26 822 000 (Company: R26 809 000) and 157 419 569 weighted average linked units in issue during the period.

### 15. EARNINGS PER LINKED UNIT

The calculation of earnings per linked unit is based on profit attributable to unitholders of R51 729 000 (Company: R41 939 000) and 157 419 569 weighted average linked units in issue during the period.

### 16. EARNINGS AND HEADLINE EARNINGS

#### 16.1 RECONCILIATION OF HEADLINE EARNINGS TO EARNINGS

Debt interest	26 520	26 520
Net profit	25 209	15 419
Earnings	51 729	41 939
Amortisation of goodwill	45	–
Capital surpluses earned during the period (net of deferred taxation)	(24 952)	(15 130)
Headline earnings	26 822	26 809

#### 16.2 HEADLINE EARNINGS AND EARNINGS PER SHARE

In terms of the Accounting Standards it is mandatory to disclose earnings and headline earnings per share. This disclosure below is not meaningful to investors as the shares are linked to a debenture and all the distributable profit is distributed in the form of debenture interest. The calculation of earnings and headline earnings per linked unit are considered meaningful.

Headline earnings per share (cents)	0,19	0,18
-------------------------------------	------	------

The calculation of headline earnings per share is based on a profit attributable to shareholders of R302 000 (Company: R289 000) and 157 419 569 weighted average shares in issue for the period.

Earnings per share (cents)	16,01	9,79
----------------------------	-------	------

The calculation of earnings per share is based on a profit attributable to shareholders of R25 209 000 (Company: R15 419 000) and 157 419 569 weighted average shares in issue for the period.

	<b>GROUP</b>	<b>COMPANY</b>
	<b>2004</b>	<b>2004</b>
	<b>R'000</b>	<b>R'000</b>
<b>16.3 RECONCILIATION OF HEADLINE EARNINGS TO NET PROFIT</b>		
Net profit	25 209	15 419
Goodwill and amortisation	45	–
Change in fair value of investment properties	(35 644)	(21 614)
Taxation on revaluation of investment properties	10 692	6 484
Headline earnings (shares)	302	289
Debenture interest	26 520	26 520
Headline earnings (linked units)	26 822	26 809
<b>17. CASH GENERATED BY OPERATING ACTIVITIES</b>		
Profit before taxation	35 448	21 463
Adjusted for:		
Amortisation of goodwill	45	–
Share of income from associate	(1 492)	(1 492)
Fair value adjustment for investment properties	(35 644)	(21 614)
Interest received	(4 449)	(12 748)
Debenture interest	26 520	26 520
Finance costs	19 452	19 452
Operating profit before working capital changes	39 880	31 581
Increase in trade and other receivables	(4 567)	(4 933)
Increase in trade and other payables	4 666	5 236
	39 979	31 884
<b>18. DISTRIBUTION TO LINKED UNITHOLDERS</b>		
Debenture interest paid is reconciled as follows:		
Amounts unpaid at beginning of the period	–	–
Amounts charged to the income statement	26 520	26 520
Amounts unpaid at end of the period	(26 520)	(26 520)
	–	–
<b>19. ACQUISITION OF SUBSIDIARY</b>		
Investment properties	91 050	
Trade and other receivables	818	
Trade and other payables	(863)	
Long term liabilities	(91 050)	
Fair value of net liabilities acquired	(45)	
Goodwill	45	
Total purchase consideration	–	
<b>20. COMMITMENTS</b>		
Investment property contracted for	11 800	11 800
The expenditure will be funded from existing debt capacity.		

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

30 September 2004

	Retail R'000	Commercial R'000	Industrial R'000	Corporate R'000	Total R'000
<b>21. SEGMENT INFORMATION – BUSINESS SECTORS</b>					
<b>Group</b>					
<b>Income statement</b>					
Revenue	32 994	19 899	7 674	4 384	64 951
Net rental income from properties	23 857	14 345	6 489	–	44 691
Administration expenses	–	–	–	(4 856)	(4 856)
Interest income from associate company	–	–	–	4 033	4 033
Interest earned	38	9	18	351	416
Finance costs	–	–	–	(19 452)	(19 452)
Change in fair value of investment properties	20 683	9 650	5 311	–	35 644
Debenture interest	–	–	–	(26 520)	(26 520)
Taxation	(6 205)	(2 895)	(1 593)	454	(10 239)
Share of associate company's after tax profits	–	–	–	1 492	1 492
Net profit attributable to linked unitholders	38 373	21 109	10 226	(44 499)	25 209
<b>Balance sheet</b>					
<b>Assets</b>					
Investment properties	324 050	160 300	71 150	–	555 500
Investment in associate	–	–	–	65 836	65 836
Current assets	3 105	1 798	453	29 315	34 671
Total assets	327 155	162 098	71 603	95 151	656 007
<b>Liabilities</b>					
Share capital and reserves	–	–	–	53 076	53 076
Debentures	–	–	–	284 989	284 989
Interest bearing borrowings	–	–	–	275 654	275 654
Deferred taxation	6 205	2 895	1 593	(454)	10 239
Trade and other payables	2 578	1 263	461	1 227	5 529
Linked unitholders for distribution	–	–	–	26 520	26 520
Total liabilities	8 783	4 158	2 054	641 012	656 007



	Gauteng R'000	Durban R'000	Cape R'000	Other R'000	Corporate R'000	Total R'000
<b>SEGMENT INFORMATION – GEOGRAPHICAL</b>						
<b>Group</b>						
<b>Income statement</b>						
Revenue	36 730	8 961	2 700	12 176	4 384	64 951
Net rental income from properties	27 225	6 925	1 996	8 545	–	44 691
Administration expenses	–	–	–	–	(4 856)	(4 856)
Interest income from associate company	–	–	–	–	4 033	4 033
Interest earned	54	3	6	2	351	416
Finance costs	–	–	–	–	(19 452)	(19 452)
Change in fair value of investment properties	29 866	373	3 714	1 691	–	35 644
Debenture interest	–	–	–	–	(26 520)	(26 520)
Taxation	(8 960)	(112)	(1 114)	(507)	454	(10 239)
Share of associate company's after tax profits	–	–	–	–	1 492	1 492
Net profit attributable to linked unitholders	48 185	7 189	4 602	9 732	(44 499)	25 209
<b>Balance sheet</b>						
<b>Assets</b>						
Investment properties	366 050	69 300	26 000	94 150	–	555 500
Investment in associate	–	–	–	–	65 836	65 836
Current assets	3 276	823	459	798	29 315	34 671
Total assets	369 326	70 123	26 459	94 948	95 151	656 007
<b>Liabilities</b>						
Share capital and reserves	–	–	–	–	53 076	53 076
Debentures	–	–	–	–	284 989	284 989
Interest bearing borrowings	–	–	–	–	275 654	275 654
Deferred taxation	8 960	112	1 114	507	(454)	10 239
Trade and other payables	2 901	762	320	319	1 227	5 529
Linked unitholders for distribution	–	–	–	–	26 520	26 520
Total liabilities	11 861	874	1 434	826	641 012	656 007

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

30 September 2004

### 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist primarily of cash deposits with banks, investments, accounts receivable and payable and loans. All these financial instruments are carried at cost or amortised cost.

In the normal course of its operations, the Group is inter alia exposed to credit, interest rate and liquidity risk. In order to manage these risks, the Group may enter into transactions which make use of derivatives. The Group does not speculate in or engage in the trading of derivative instruments.

#### Credit risk

The Group's financial assets that are potentially subject to credit risk include cash resources and trade and other receivables. The credit risk attached to the Group's cash resources is minimised by its cash resources only being placed with reputable financial institutions. Credit risk with respect to trade and other receivables is limited due to the large and diverse tenant base. In addition tenant credit worthiness is thoroughly assessed before leases are signed.

#### Interest rate risk

The Group is exposed to interest rate price risk on its fixed rate loan liabilities and accounts receivable and payable, which can impact on the fair value of the instruments.

The Group is exposed to interest rate cash flow risk in respect of its variable rate loans and short-term cash investments, which can impact on the cash flows of these instruments. The exposure to interest rate risk is through monitoring cash flows and investing surplus cash at negotiated rates which enables the Group to maximise returns while minimising risks.

#### Liquidity risk

The Group proactively manages its liquidity risk by regularly assessing working capital requirements and monitoring cash flows, whilst ensuring surplus cash is invested in a manner to achieve maximum returns.

### 23. RELATED PARTY TRANSACTIONS

The subsidiary is identified in note 3 and the associate in note 4. The directors are listed in the Directors' Report.

The following related party transactions took place in the normal course of business on an arm's length basis during the period ended 30 September 2004:

**GROUP**  
**2004**  
**R'000**

<b>PARTY CONCERNED</b>	<b>CLASS OF RELATED PARTY</b>	<b>TRANSACTION TYPE</b>	
<b>Amounts expensed to the income statement:</b>			
Marriott Property Services (Proprietary) Limited	Directors of related party	– Leasing commissions	33
		– Collection commissions	971
Marriott Corporate Services (Proprietary) Limited	Directors of related party	– Insurance commission	47
Ambit Management Services (Proprietary) Limited*	Directors of related party	– Asset management fees	1 464
Absa Bank Limited	Directors of related party	– Bank charges	30
		– Interest paid on loans	11 194
<b>Amounts credited to the income statement:</b>			
Absa Bank Limited	Directors of related party	– Interest received	341
Oryx Properties Limited	Associate	– Interest received	4 033
		– Share of after tax profits	1 492
		– Fees for directorship	10
<b>Property acquisitions and listing expenses:</b>			
Absa Bank Limited	Directors of related party	– Merchant banking, debt raising, underwriting, sponsors and placing fees	5 181
Marriott Property Services (Proprietary) Limited	Directors of related party	– Portfolio assembly and valuation fees	2 398
Marriott Corporate Services (Proprietary) Limited	Directors of related party	– Warehousing underwriting fees	150
Marriott Merchant Bank Limited	Directors of related party	– Merchant banking, sponsors and placing fees	2 557
Motseng Marriott Property Services (Proprietary) Limited	Directors of related party	– Valuation fees	417
Exchange Sponsors (Proprietary) Limited	Directors of related party	– Sponsors fees	35
<b>Amounts owing to related parties at 30 September 2004:</b>			
Absa Bank Limited	Directors of related party	– Long term loans	136 608
Marriott Property Services (Proprietary) Limited	Directors of related party	– Collection commissions payable	44
Marriott Corporate Services (Proprietary) Limited	Directors of related party	– Insurance payable	28
<b>Amounts owing from related parties at 30 September 2004:</b>			
Absa Bank Limited	Directors of related party	– Debt raising fee refundable	50
		– Cash on call	29 284

\* Ambit Management Services (Proprietary) Limited sub-contracts certain of these services to Absa Bank Limited and Marriott Property Services (Proprietary) Limited and remunerates them out of the fees received from Ambit Properties Limited.

# PROPERTY PORTFOLIO

30 September 2004

Sector	Address	Location	Site area m <sup>2</sup>	Rentable area m <sup>2</sup>	Major leases	Date of acquisition	Capitalised cost	Year-end valuation
Retail	Park Meadow Mall Kensington	Gauteng	75 873	23 402	Pick 'n Pay Ackermans Furniture City Hi Fi Corporation Dischem Baby City Mica Eastgate and others	29/01/2004	203 993 156	220 000 000
Retail	Scottsville Mall Durban Road	Pietermaritzburg	19 326	14 501	Shoprite Checkers Ster Kinekor El Sombrero Spur CNA Absa Bank Nedbank and others	26/01/2004	59 056 019	60 000 000
Retail	cnr Oxford & Terminus Street	East London	2 007	1 932	Mr Price Total Sports Discom and others	11/02/2004	10 199 658	11 500 000
Retail	52 Adderley Street	Cape Town	138	617	Adderley Street Restaurants	25/02/2004	6 221 791	10 600 000
Retail	Rosmead Avenue Kenilworth	Cape Town	535	185	CRC Restaurants			
Retail	241 Voortrekker Road Parow	Cape Town	435	282	CRC Restaurants			
Retail	Royal Palm Avenue Umgeni	Durban	4 461	927	Engen Steers and others	27/01/2004	6 096 870	6 300 000
Retail	4-12 Du Toitspan Drive	Kimberley	2 037	1 480	Mr Price and others	20/02/2004	3 977 867	4 000 000
Retail	Mayors Walk	Pietermaritzburg	8 544	2 042	Jonathan's Spar South African Post Office and others	26/01/2004	4 640 844	3 950 000

Sector	Address	Location	Site area m <sup>2</sup>	Rentable area m <sup>2</sup>	Major leases	Date of acquisition	Capitalised cost	Year-end valuation
Retail	40 Third Street Springs	Gauteng	1 232	1 853	Geen & Richards Lubners	10/02/2004	3 773 873	3 500 000
Retail	Truworthis Corner Mitchells' Plain	Cape Town	454	512	Truworthis	08/03/2004	3 569 880	2 200 000
Retail	29 Flint Street Carltonville	Gauteng	520	960	Truworthis	10/02/2004	1 835 938	2 000 000
Commercial	43 Bekker Road Vorna Valley Midrand	Gauteng	14 503	8 312	Wyeth South Africa Syngenta South Africa and others	03/02/2004	42 838 563	50 000 000
Commercial	79 Hyde Park Lane Hyde Park	Gauteng	10 106	4 379	Marriott Property Services Pharmaceutical Product Development	03/02/2004	17 237 422	20 000 000
Commercial	2-4 Golf Course Drive Mount Edgecombe	Durban	3 014	3 042	Accord Education Trust Brian Adams & Associates and others	27/01/2004	15 503 480	16 000 000
Commercial	cnr Reserve Road & Biccard Street Braamfontein	Gauteng	991	5 984	FirstRand Bank The Gauteng Provincial Government	28/01/2004	12 035 596	13 500 000
Commercial	36 Newport Avenue Glenashley	Durban	3 716	2 766	Engen Coimbra, Splashes and others	26/01/2004	13 463 548	12 600 000
Commercial	3 Sookhai Place Westville	Durban	3 596	1 848	Thebe Risk Services Metropolitan Advisory Retail Services and others	29/01/2004	8 975 699	9 600 000
Commercial	7 Derby Place Westville	Durban	4 826	2 158	Colliers International Spotlight Interactive and others	29/01/2004	9 791 671	8 500 000
Commercial	22 Kloof Street Rozenhof	Cape Town	1 943	2 189	Paraffin Safety Association So Now? and others	11/02/2004	6 782 772	7 500 000

**PROPERTY PORTFOLIO** (continued)  
30 September 2004

Sector	Address	Location	Site area m <sup>2</sup>	Rentable area m <sup>2</sup>	Major leases	Date of acquisition	Capitalised cost	Year-end valuation
Commercial	181 Berg Street	Pietermaritzburg	4 760	2 362	Deloitte & Touche Cenprop Real Estate and others	26/01/2004	7 343 754	7 200 000
Commercial	233 Hendrik Verwoerd Drive, Randburg	Gauteng	4 062	2 958	McCarthy Retail	27/02/2004	6 886 793	6 500 000
Commercial	cnr Republic & Hendrik Verwoerd Drive Randburg	Gauteng	8 030	3 570	Hatfield VW Engen	27/02/2004	7 343 754	6 500 000
Commercial	10 Derby Place Westville	Durban	516	554	Business Connexion	26/01/2004	3 059 897	3 400 000
Commercial	1 Derby Place Westville	Durban	2 017	960	Ensign Shipping & Logistics Harbour Logistics Services and others	26/01/2004	3 773 873	3 000 000
Commercial	2 George McFarlane Lane	Pietermaritzburg	596	572	Wesbank The Blue Box	26/01/2004	2 498 916	2 500 000
Industrial	8 Jansen Road Jet Park	Gauteng	48 946	22 774	Picpack Grindrod	03/02/2004	32 893 896	37 000 000
Industrial	10 Mooi Street Johannesburg	Gauteng	9 075	6 602	Lindsay Saker	28/01/2004	7 343 754	7 050 000
Industrial	9 Montague Drive Montague	Cape Town	5 028	2 669	Progress Lighting and Fire and others	19/03/2004	5 711 808	5 700 000
Industrial	2 Cardiff Road	Pietermaritzburg	10 480	3 114	Central African Seed Services Born Electrical	26/01/2004	4 742 841	5 000 000
Industrial	110 Intersite Avenue Springfield	Durban	2 101	1 376	MacPhersons Office Plan	28/01/2004	2 804 906	3 600 000
Industrial	32 Intersite Avenue Springfield	Durban	1 157	600	Axiz	28/01/2004	1 784 940	2 200 000
Industrial	94 Moore Road	Durban	1 095	1 197	Transworld Tyres Africa	29/01/2004	1 937 935	2 200 000
Industrial	89 Playfair Road	Durban	2 102	652	BP Southern Africa	29/01/2004	1 733 942	1 900 000
				<b>129 331</b>			<b>519 855 656</b>	<b>555 500 000</b>

# NOTICE OF ANNUAL GENERAL MEETING

AMBIT PROPERTIES LIMITED Reg. No. 2001/007003/06

JSE Code: ABT ISIN Code: ZAE000051645



PLEASE TAKE NOTICE that the Annual General Meeting of the Company will be held at the offices of Absa, ground floor, Palazzo Towers West, Monte Casino Boulevard, Fourways on Wednesday, the 16th day of February 2005 at 10am.

## AGENDA

- 1 . Notice convening the Meeting.
- 2 . Apologies.
- 3 . Confirmation of the minutes of the Annual General Meeting held on the 11th day of August 2003.
- 4 . Report of the chairman of Ambit Properties Limited.

## 5 . RESOLUTIONS

5.1 To receive and adopt the audited Annual Financial Statements of the Company and the reports of the auditors and directors for the year ended 30 September 2004.

5.2 To approve the remuneration of the non-executive directors for the financial year ended 30 September 2004 and to approve the remuneration of the non-executive directors for the year ahead as follows:

■ Non-executive director	R50 000 p.a.
■ Chairman of the Board, an additional	R35 000 p.a.
■ Chairman of the Risk, Audit and Compliance Committee (RA&CC), an additional	R30 000 p.a.
■ Member of the Risk, Audit and Compliance Committee (RA&CC), an additional	R15 000 p.a.
■ Member of the Investment Committee, an additional	R10 000 p.a.

5.3 "Resolved that the unissued linked units of the Company be placed under the control of the directors, and that they are hereby authorised, subject to section 221 and 222 of the Companies Act of 1973, as amended, and to the rules and regulations of the JSE Securities Exchange South Africa, to allot and/or issue linked units to such person or persons on such terms and conditions as they may determine, such

authority to expire at the next Annual General Meeting of the Company."

5.4 "Resolved to authorise the directors to appoint auditors of the company based on the results of the tender process approved by the Risk, Audit and Compliance Committee, and to determine the remuneration of the auditors."

5.5 "To re-elect retiring and confirm the appointment of new directors in accordance with the Articles of Association. Such elections will be moved in a single motion, if a resolution that it be so moved is first agreed, without any vote being cast against it. Otherwise motions for re-election will be moved individually."

"In terms of the Company's Articles of Association, one third of the directors are required to retire annually on a rotation basis, but are eligible for re-election. Accordingly, Messrs J H Beare and C J Ewin retire by rotation but being eligible, offer themselves for re-election."

"To ratify the appointment of Mr N P Mageza as a director of the Company who was appointed by the board of directors on 9 September 2004."

"To ratify the resignation of Dr S F Booysen (full director) who resigned from the board of directors on 28 May 2004 and the resignations of Messrs A Joseph and R Emslie (alternate directors) who resigned from the board of directors on 3 December 2003 and 5 April 2004 respectively."

"To ratify en-bloc the following directorate movements of Mr F Meisenholl:

- Appointment as an alternate director with effect from 5 April 2004
- Resignation as an alternate director and appointment as a full director with effect from 28 May 2004
- Resignation as full director and appointment as an alternate director with effect from 9 September 2004."

5.6 "Resolved that, subject to no less than 75% of linked unitholders, present in person or by proxy and entitled to vote at the Annual General Meeting at which this ordinary resolution is to be considered, voting in favour thereof, the

## NOTICE OF ANNUAL GENERAL MEETING (continued)

directors of the Company be and are hereby authorised, by way of general authority, to issue all or any of the authorised but unissued linked units in the capital of the Company for cash as they in their discretion deem fit, subject to the following limitations:

- The securities must be of a class already in issue;
- The securities must be issued to public unitholders and not to related parties;
- The general issue of linked units for cash in the aggregate in any one financial year may not exceed 15% of the Company's issued linked unit capital of that class;
- The maximum discount at which the securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the

date that the price of the issue is determined or agreed by the directors of the Company; and

- That a press announcement giving full details, including the impact on net asset value and earnings per linked unit, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of linked units of that class in issue prior to the issues."
6. To transact any other business which under the Articles of Association, may be transacted at an Annual General Meeting.
  7. General

AMBIT MANAGEMENT SERVICES (PTY) LTD  
COMPANY SECRETARY

### NOTE:

1. A unitholder (certificated or own name dematerialised unitholder) entitled to attend and vote is entitled to appoint a proxy to attend, speak, vote, and on a poll, vote in his stead, and such proxy need not also be a unitholder of the Company.
2. The Proxy Form must be deposited at the **Company Secretary's Office** or with the **Transfer Secretaries** not less than 48 (FORTY-EIGHT) hours before the time of holding the meeting (excluding weekends and public holidays). Unitholders (other than own name dematerialised unitholders) who have dematerialised their units should instruct their broker or CSDP as to how they want to vote on the resolutions at the meeting. If unitholders have dematerialised their units with a CSDP or broker, other than own name dematerialised unitholders, they must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the Annual General Meeting and vote thereat or the unitholder concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the unitholder and the CSDP or broker concerned.

Dated at FOURWAYS on this 10th day of December 2004.

#### Company Secretary's Office

Marriott at Kingsmead  
Kingsmead Office Park  
DURBAN, 4001

P O Box 207  
DURBAN  
4000

Tel. 031-366 1135  
Fax. 031-366 1273

#### Registered Office

1st Floor, Palazzo Towers West  
Monte Casino Boulevard  
FOURWAYS, 2055

P O Box 783676  
SANDTON  
2196

Tel. 011-537 3897  
Fax. 011-537 3898

#### Transfer Secretaries

Computershare Investor Services 2004 (Proprietary) Limited  
70 Marshall Street  
JOHANNESBURG, 2001

P O Box 61051  
Marshalltown  
2107

Tel. 011-370 5000  
Fax. 011-688 5217





**PROXY FORM**  
**AMBIT PROPERTIES LIMITED ('AMBIT')**  
 JSE Code: ABT ISIN Code: ZAE000051645

**To be used by certificated unitholders and dematerialised unitholders with own name registration.**

I/We \_\_\_\_\_  
 (Name/s in block letters)

of address \_\_\_\_\_

being the holder/s of \_\_\_\_\_ units in AMBIT, as at the close of business on Friday, the 11th February 2005,

hereby appoint \_\_\_\_\_ of \_\_\_\_\_

or failing him \_\_\_\_\_ of \_\_\_\_\_

or failing him THE CHAIRMAN OF THE MEETING

as my/our Proxy to act on my/our behalf at the Annual General Meeting of AMBIT to be held at ground floor, Palazzo Towers West, Monte Casino Boulevard, Fourways on Wednesday, the 16th February 2005 at 10am and at any adjournment thereof and to vote for or against the resolutions or to abstain from voting in respect of the units registered in my/our name/s, in accordance with the following instructions:

		FOR	AGAINST	ABSTAIN
5.1	Resolution to receive and adopt the audited annual financial statements of the company and the reports of the auditors and the directors for the year ended 30 September 2004.			
5.2	Resolution to approve the remuneration of the non-executive directors for the financial year ended 30 September 2004; and			
	to approve the remuneration of the non-executive directors for the year ahead, as per item 5.2 of the Notice of the Meeting.			
5.3	Resolution to place the unissued units under the control of the directors.			
5.4	Resolution to authorise the directors to appoint auditors for the ensuing year.			
5.5	Resolutions to re-elect the directors; and			
	to ratify the appointment of Mr N P Mageza as a director to the board; and			
	to ratify the resignations of Dr S F Booysen (full director) and Messrs A Joseph and R Emslie (alternate directors); and			
	to ratify en-bloc the directorate movements of Mr F Meisenholl, as per item 5.5 of the Notice of the Meeting.			
5.6	Resolution to authorise the directors by way of general authority to issue the unissued units in the Company for cash.			

Each unitholder is entitled to appoint one or more proxies (who need not be a unitholder of AMBIT) to attend, speak, and on a poll, vote in place of the linked unitholder at the Annual General Meeting.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2005.

Signature(s) \_\_\_\_\_

Capacity \_\_\_\_\_

**Company Secretary's Office**

Marriott at Kingsmead  
 Kingsmead Office Park  
 DURBAN, 4001

P O Box 207  
 DURBAN  
 4000

Tel. 031-366 1135  
 Fax. 031-366 1273

**Transfer Secretaries**

Computershare Investor Services 2004 (Proprietary) Limited  
 70 Marshall Street  
 JOHANNESBURG, 2001

P O Box 61051  
 Marshalltown  
 2107

Tel. 011-370 5000  
 Fax. 011-688 5217

## INSTRUCTIONS ON SIGNING AND LODGING THE PROXY FORM

1. The Proxy Form must be deposited at the **Company Secretary's Office** or with the **Transfer Secretaries** not less than 48 (FORTY-EIGHT) hours before the time of holding the meeting (excluding weekends and public holidays).
2. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled. Any alteration must be signed, not initialled.
3. The Chairman of the meeting shall be entitled to decline to accept the authority of the signatory:
  - (a) under a power of attorney; or
  - (b) on behalf of a company or any other entityunless the power of attorney or authority is deposited at the registered office of the company not less than 48 (FORTY-EIGHT) hours before the time scheduled for the meeting.
4. The authority of a person signing a Proxy in a representative capacity must be attached to the Proxy Form unless the authority has already been recorded by the Secretaries.
5. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his Proxy in the blank space(s) provided for that purpose.
6. When there are joint holders of units and if more than one such joint holder be present or represented, then the person whose name stands first in the register in respect of such units or his Proxy, as the case may be, shall alone be entitled to vote in respect thereof.
7. The completion and lodging of this Proxy Form will not preclude the signatory from attending the meeting and speaking and voting in person thereat to the exclusion of any Proxy appointed in terms hereof should such signatory wish to do so.
8. The Chairman of the meeting may reject or accept any Proxy Form which is completed and/or submitted other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.
9. If the unitholding is not indicated on the Proxy Form, the Proxy will be deemed to be authorised to vote the total unitholding.
10. If unitholders have dematerialised their units with a CSDP or broker, other than own name dematerialised unitholders, they must arrange with the CSDP or broker concerned to provide them with the necessary authorisation to attend the Annual General Meeting and vote thereat or the unitholder concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the unitholder and the CSDP or broker concerned.





[www.ambitprops.co.za](http://www.ambitprops.co.za)  
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