Investec Property Fund Limited
2015

Reviewed preliminary condensed consolidated financial results
for the year ended 31 March 2015

Investec
Property Fund Limited

Highlights

Full year dividend of 119.15cps
growth of 10.1%

2nd half dividend of 64.50cps
growth of 11.7%

Adjusted growth in earnings per share
19.1%
Attributable to underlying property performance

Long WALE of
4.4 years
37% of leases expiring after 5 years

Growth in net asset value per share
8.3%
Underpinned by sustainable increase in net property income

Growth since listing
5.1x
Portfolio now R8.7 billion

Acquisitions concluded
R2.1bn
Driving 42% growth year on year

Strong base portfolio net income growth
9.4%
Continued focus on property fundamentals

Tenant retention on expiries
79%
Critical focus of asset management team

Vacancy
2.8%
Remains low

New debt and equity raised
R2.3bn
Diversity of funding sources

Conservative balance sheet management
23.6%
Low gearing – capacity to pursue quality acquisitions

Efficient interest rate management
8.5% cost of funding
83% hedged
3.8 year swap expiry

Operational KPIs

Number of properties

2015	2014
80	69

Weighted average lease expiry

2015	2014
4.4 years	4.3 years

Vacancy

2015	2014
2.8%	2.6%

In-force escalations

2015	2014
8.0%	8.1%

Cost to income ratios

	2015	2014
Total	28.2%	30.1%
Office	22.0%	23.9%
Industrial	26.2%	30.2%
Retail	34.8%	34.7%

Financial KPIs

Dividend per share (full year)

2015	2014
119.15	108.20

Portfolio size

2015	2014
R8.7bn	R6.1bn

Gearing

2015	2014
23.6%	16.8%

Funding cost

2015	2014
8.5%	8.5%

Weighted average debt expiry

2015	2014
2.7 years	2.8 years

Weighted average swap expiry

2015	2014
3.8 years	4.3 years

Hedged percentage

2015	2014
83%	84%

Market capitalisation

2015	2014
R7.4bn	R5.2bn

Offshore exposure

2015	2014
5.8%	4.4%

Shares in issue

2015	2014
436 690 118*	365 576 663

** Includes 331 034 shares to be issued which were issued post year end.*

Consolidated statement of comprehensive income

R'000	Notes	Reviewed Year ended 31 March 2015	Audited Year ended 31 March 2014
Revenue, excluding straight-line rental revenue adjustment		725 664	520 862
Straight-line rental revenue adjustment		120 765	45 132
Revenue		**846 429**	**565 994**
Property expenses		(120 559)	(90 586)
Net property income		**725 870**	**475 408**
Other operating expenses		(42 703)	(32 105)
Operating profit		**683 167**	**443 303**
Fair value adjustments	2, 5	293 118	211 610
Profit on disposal of investment property		2 444	10 988
Income from investment		32 981	7 354
Finance costs		(136 648)	(57 369)
Finance income		9 602	10 745
Profit before debenture interest and taxation		**884 664**	**626 631**
Debenture interest		–	(119 935)
Profit before taxation		**884 664**	**506 696**
Taxation		–	39
Profit after taxation		**884 664**	**506 735**
Items that may be reclassified to profit and loss:			
Other comprehensive income: (loss)/gain on cash flow hedge		(276)	276
Total comprehensive income attributable to equity holders		**884 388**	**507 011**

Distribution reconciliation

Profit after taxation		884 664	506 735
Add: Debenture interest		–	119 935
Less: Fair value adjustments	5	(293 118)	(211 610)
Profit on disposal of investment property		(2 444)	(10 988)
Straight-line rental revenue adjustment		(120 765)	(45 132)
Antecedent dividend	8	32 530	32 925
Distributable earnings		**500 867**	**391 865**
Less: Interim dividend paid		(219 222)	(180 768)
Final dividend		**281 645**	**211 097**
Number of shares			
Shares in issue and to be issued		436 690 118	365 576 663
Weighted average number of shares in issue		391 664 683	330 736 792
Cents			
Final dividend per share		64.50	57.74
Interim dividend per share		54.65	50.46
Full year dividend		**119.15**	**108.20**
Basic earnings per share		225.87	153.30
Headline earnings per share	1	142.17	142.03

Consolidated statement of financial position

R'000	Note	Reviewed 31 March 2015	Audited 31 March 2014
ASSETS			
Non-current assets		8 706 536	6 117 243
Investment property		7 964 158	5 708 131
Straight-line rental adjustment		237 467	116 702
Derivative financial instruments		2 815	3 714
Investment	3	502 096	288 696
Current assets		127 960	436 082
Trade and other receivables	6	66 965	77 766
Cash and cash equivalents		60 995	358 316
Total assets		8 834 496	6 553 325
EQUITY AND LIABILITIES			
Shareholders' interest		6 615 768	5 112 629
Stated capital		5 677 360	4 645 756
Retained earnings		938 408	466 597
Cash flow hedge reserve		–	276
Non-current liabilities		1 736 164	944 864
Long-term borrowings		1 718 109	944 864
Derivative financial instruments	4	18 055	–
Current liabilities		482 564	495 832
Trade and other payables		148 564	415 815
Current portion of non-current liabilities		334 000	80 017
Total equity and liabilities		8 834 496	6 553 325
Net asset value per share (cents)		1 515	1 399

Condensed consolidated statement of cash flows

R'000	Reviewed Year ended 31 March 2015	Audited Year ended 31 March 2014
Cash generated from operations	613 090	390 903
Finance income received	9 602	10 745
Finance costs paid	(118 258)	(48 494)
Income from investment	24 551	–
Taxation paid	–	(46)
Dividends paid to shareholders	(426 026)	(344 975)
Net cash inflow from operating activities	102 959	8 133
Net cash outflow from investing activities[1]	(1 882 117)	(1 217 547)
Net cash inflow from financing activities[2]	1 481 837	1 169 000
Net decrease in cash and cash equivalents	(297 321)	(40 414)
Cash and cash equivalents at beginning of year	358 316	398 730
Cash and cash equivalents at end of year	60 995	358 316

[1] *Investing activities include investment property acquired, additions and improvements to investment properties and proceeds on sale of investment properties.*
[2] *Financing activities include term loans raised and repaid, corporate bonds issused and proceeds from the issue of shares.*

Condensed consolidated statement of changes in equity

R'000	Reviewed Year ended 31 March 2015	Audited Year ended 31 March 2014
Balance at the beginning of the year	5 112 629	3 172
Capital conversion	–	4 088 881
Total comprehensive income attributable to equity holders	884 388	507 011
Shares issued and to be issued[1]	1 044 777	694 333
Dividends declared	(426 026)	(180 768)
Balance at the end of the year	6 615 768	5 112 629

[1] *Includes 831 034 shares to be issued past year-end.*

Condensed consolidated segmental information

For the year ended 31 March 2015

R'000	Office	Industrial	Retail	Total
Statement of comprehensive income extracts				
Revenue, excluding straight-line rental adjustment	264 784	165 315	295 565	725 664
Straight-line rental adjustment	50 077	13 517	57 171	120 765
Revenue	314 861	178 832	352 736	846 429
Property expenses	(34 747)	(24 296)	(61 516)	(120 559)
Net property income	280 114	154 536	291 220	725 870
Statement of financial position extracts				
Investment property opening balance	2 394 397	1 343 734	2 086 702	5 824 833
Net additions, acquisitions and disposals	673 973	149 322	1 104 883	1 928 178
Fair value adjustment and straight-lining	138 411	37 044	273 159	448 614
Fair value of investment property	3 206 781	1 530 100	3 464 744	8 201 625

For the year ended 31 March 2014

R'000	Office	Industrial	Retail	Total
Statement of comprehensive income extracts				
Revenue, excluding straight-line rental adjustment	174 860	134 470	211 532	520 862
Straight-line rental adjustment	31 631	10 733	2 768	45 132
Revenue	206 491	145 203	214 300	565 994
Property expenses	(28 036)	(21 382)	(41 168)	(90 586)
Net property income	178 455	123 821	173 132	475 408
Statement of financial position extracts				
Investment property opening balance	1 499 200	995 550	1 692 250	4 187 000
Net additions, acquisitions and disposals	829 796	278 221	297 826	1 405 843
Fair value adjustment and straight-lining	65 401	69 965	96 624	231 990
Fair value of investment property	2 394 397	1 343 736	2 086 700	5 824 833

Notes to the consolidated condensed financial results

R'000	Reviewed Year ended 31 March 2015	Audited Year ended 31 March 2014
1 Reconciliation of basic earnings to headline earnings		
Total comprehensive income attributable to equity holders	884 388	507 011
Other comprehensive income	276	(276)
Less: Net fair value adjustment – investment property	(327 848)	(186 858)
Less: Net fair value adjustment – debenture fair value	–	29 657
Add: Debenture interest paid	–	119 935
Headline earnings attributable to shareholders	556 816	469 469

2 Fair value adjustments of investment property

The Fund's policy is to value investment properties at year-end, with independent valuations performed on a rotational basis to ensure each property is valued at least every three years by an independent external valuer. The directors value properties by applying the income capitalisation method. Total revaluations for the current year amounted to R327.8 million, an increase of 5.7% on carrying value.

R'000	Reviewed Year ended 31 March 2015	Audited Year ended 31 March 2014
3 Investments		
The Fund carries its investment in IAPF at fair value. In October 2014 the Fund increased its investment by R222 million through the IAPF rights offer.		
Listed investment	502 096	288 696

4 Financial instruments

Financial instruments held at fair value consist of derivative financial instruments, which are classified at level 2. These are valued using valuation models which use market observable inputs such as quoted interest rates. No other financial instruments are carried at fair value.

R'000	Reviewed Year ended 31 March 2015	Audited Year ended 31 March 2014
5 Fair value adjustments		
Fair value adjustment on derivative instruments	(18 268)	(20 692)
Net investment property fair value adjustment	327 848	186 900
Fair value adjustment on investment	(16 462)	45 402
	293 118	211 610

6 Fair value hierarchy

At 31 March 2015	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
Listed investment IAPF	502 097	502 097	–	–	–
Derivative financial instruments	2 815	–	2 815	–	–
Trade and other receivables	–	–	–	–	66 965
Cash and cash equivalents	–	–	–	–	60 995
Total financial assets	504 912	502 097	2 815	–	127 960
Derivative financial instruments	18 055	–	18 055	–	–
Long-term borrowings (including current position)[1]	–	–	–	–	2 052 109
Trade and other payables	–	–	–	–	148 564
Total financial liabilities	18 055	–	18 055	–	2 200 673

[1] *Long-term variable rate borrowings were incorrectly disclosed as carried at fair value through profit and loss in the prior year and interim results. The Fund has always applied amortised cost to these long-term borrowings and there is no impact of the change as disclosed on the primary financial statements of the current or prior financial year. In correcting this, the only item impacted is the fair value disclosures of these financial instruments. The prior financial year has been correctly re-allocated to reflect these as amortised cost financial instruments. The impact on the prior year long-term borrowing disclosure (refer to note 27.1) is a re-allocation of R799.0 million from fair value through profit and loss to amortised costs.*

Valuation techniques

Interest rate swaps	Valued with reference to the prevailing interest rate and the specifics of the contract
Forward exchange contracts	Valued with reference to the prevailing exchange rate at balance sheet date and the specific rate entered into in terms of the contract
Investment in IAPF	Valued with reference to quoted (unadjusted) market prices for IAPF

R'000	Reviewed Year ended 31 March 2015	Audited Year ended 31 March 2014
7 Related parties		
The Fund has entered into the following significant related party transactions during the year with Investec Limited and its subsidiaries:		
Investec Bank Limited Group		
Bridge facility (carrying value)	–	80 000
Derivative instruments (carrying value)	15 240	3 700
Development loan facility (carrying value)	14 000	–
Corporate advisory and structuring services fees paid	7 765	11 800
Interest received	6 476	10 600
Rentals received	76 323	41 300
Interest paid on derivative instruments	15 622	–
Investec Property Group Limited		
Asset management fees paid	35 872	26 400
Letting commissions paid	4 105	–
Rental guarantees received	6 155	9 100
Capex and refurbishment cost	32 859	16 300
Acquisition of properties and subsidiaries[1]	1 126 777	615 900
8 Antecedent dividends		
Included within the dividend reconciliation is R32.5 million of antecedent dividends, made up as follows:		
Vendor placements	16 009	3 700
Dividend re-investment program (DRIP)	2 850	–
Accelerated bookbuild	13 671	29 300
Total	32 530	33 000

[1] *The purchase of these companies does not meet the definition of IFRS 3, Business Combinations and was not treated as such.*

Commentary

Introduction

Investec Property Fund Limited ("The Fund") is a South African Real Estate Investment Trust and currently comprises a portfolio of 80 properties in South Africa with a total gross lettable area ("GLA") of 831 990m² valued at R8.2 billion (2014: R5.8 billion) and a R0.5 billion (2014: R0.3 billion) investment in Investec Australia Property Fund Limited ("IAPF").

The objective of the Fund is to optimise long-term income and capital returns for shareholders by investing in quality real estate in the office, industrial and retail sectors and through active hands-on asset management. All rental income, less operating costs and interest on debt, is distributed to shareholders semi-annually.

Financial results

The board of directors is pleased to announce an 11.7% increase in the final dividend to 64.50 cents per share (cps) for the six months ended 31 March 2015 (31 March 2014: 57.74 cps). This brings the total dividend for the year to 119.15 cps (31 March 2014: 108.20 cps) representing a 10.1% increase over the prior year. This impressive performance has been achieved by the Fund in a challenging economic environment which is testament to the quality and defensive nature of the property portfolio.

The growth across the key metrics of dividend per share, normalised earnings per share and net asset value per share can be attributed to, *inter alia*, the following:

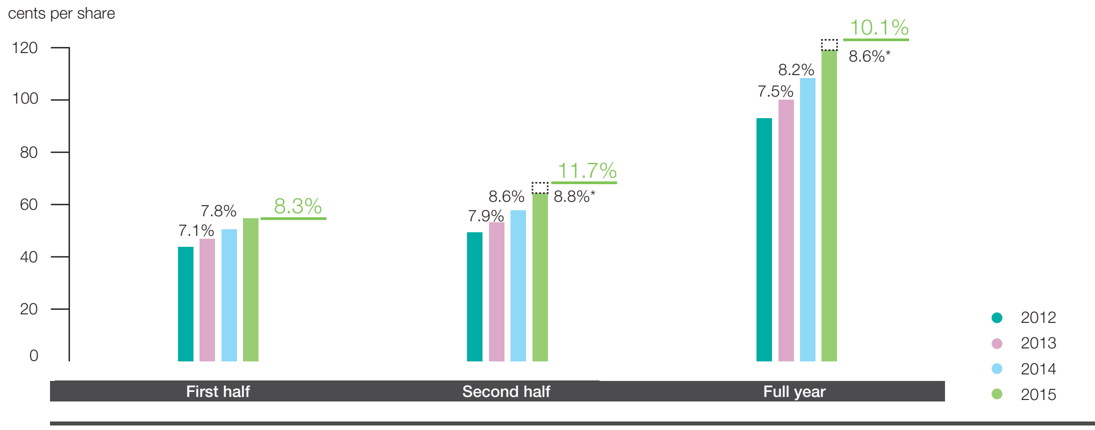
- Strong underlying property performance with net property income base growth of 9.4% which was generated from:
  - Contractual in-force escalations of 8.0%;
  - 79% retention ratio on expiries;
  - Positive reversions and 8.4% average escalations on renewals and new lets;
  - Maintaining a low portfolio vacancy of 2.8%; and
  - Strong letting activity in the prior year that generated 11% average reversions;
- 8.1% growth in distribution received from the Fund's R502 million investment in IAPF;
- Increased average gearing during the year;
- Efficient interest rate management by maintaining its cost of funding at 8.5%; and
- The once off impact of the inclusion of the IAPF antecedent dividend of R7.4 million.

The above performance is underpinned by a weighted average lease expiry ("WALE") of 4.4 years, being one of the longest in the sector.

The Fund has also achieved this performance in an acquisitive year, where the total portfolio increased by 42.6% to R8.7 billion.

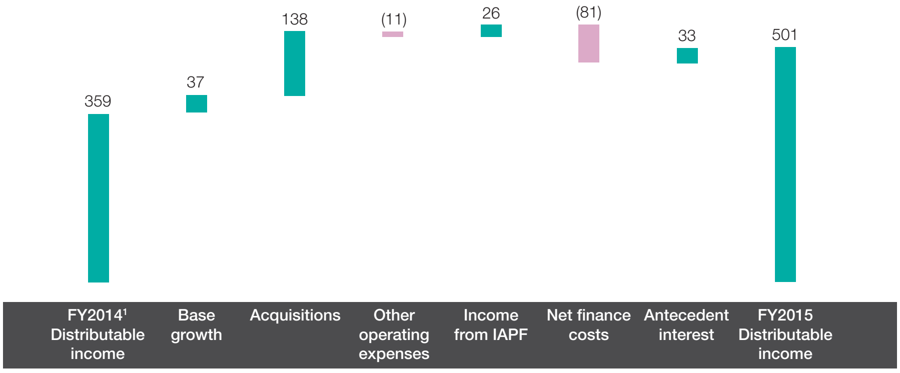
Together with these acquisitions and the positive revaluation of 7.6% of the Fund's base portfolio, net asset value increased by 8.3% value to 1 515 cents per share.

Historical dividend growth



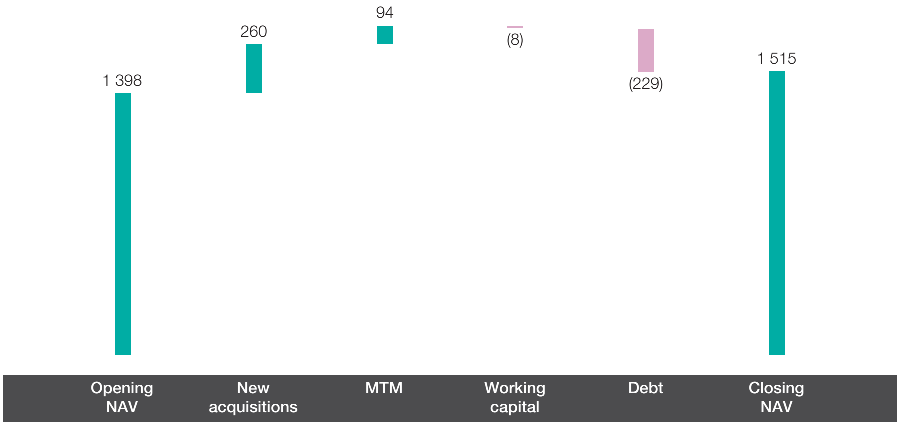
* Growth in distribution normalised to exclude effect of IAPF antecedent dividend.

2015 Dividend growth reconciliation – R'million



[1] Net of antecedent dividend.

2015 Net asset value bridge – cps



Earnings reconciliation

The Fund's dividend per share and earnings per share has been impacted by once off items, namely the antecendent portion of the interim distribution received from IAPF and the change from a debenture to an all equity structure as part of the Fund's conversion to a REIT in the prior year.

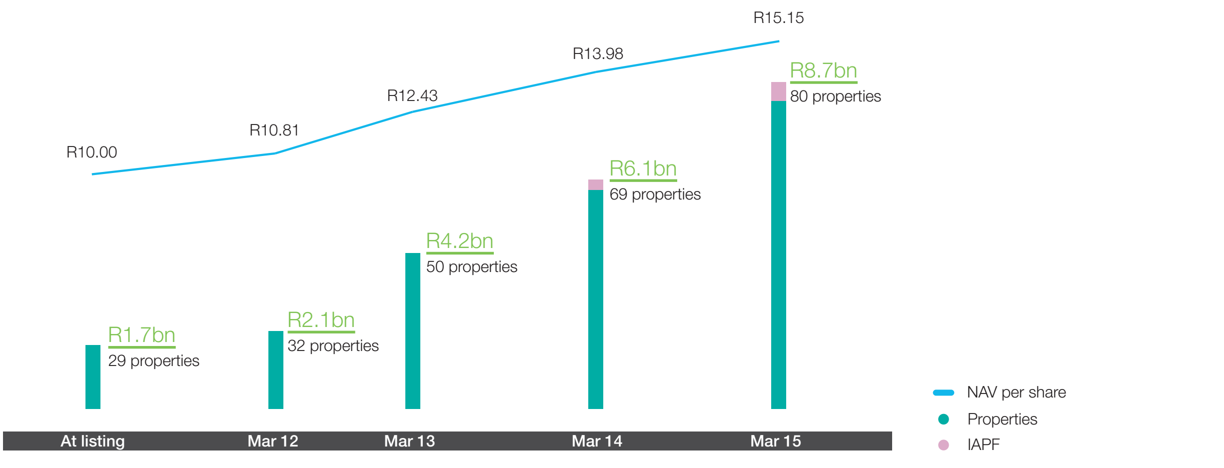
The reconciliation below demonstrates the adjusted dividend per share and adjusted earnings per share if these once off items are excluded.

	2015	2014	+/-
Full year dividend per share	119.15	108.20	10.1%
IAPF antecedent distribution	(1.65)	–	
Adjusted dividend per share	117.50	108.20	8.6%
Earnings per share	225.87	153.30	47.3%
Adjustment for change in capital structure		36.26	
Adjusted earnings per share	225.87	189.56	19.1%

Acquisitions

The Fund acquired R1.9 billion of new property during the financial year and also increased its investment in IAPF by R222 million in October 2014. These acquisitions resulted in the total property portfolio of the Fund and the investment in IAPF increasing to R8.2 billion and R502 million respectively.

Portfolio growth



Acquistions		Cost (Rm)	GLA (m²)	Sector	Yield (%)	Date of transfer
1.	30 Jellicoe Avenue	351.5	10 750	Office	8.0	February 15
2.	Barinors, Tyger Valley	91.0	5 394	Office	8.5	May 14
3.	Nicol Main E, Bryanston	74.7	3 152	Office	8.3	November 14
4.	Nicol Main D, Bryanston	50.0	2 095	Office	8.3	July 14
5.	Intercare, Fourways	48.0	2 740	Office	9.1	September 14
6.	34 Ingesol Road, Menlyn	46.7	2 376	Office	8.6	February 15
7.	Mafuri House, Bryanston	9.0	682	Office	8.9	April 14
8.	Diesel Road, Isando	112.0	22 057	Industrial	9.3	February 15
9.	52 Jakaranda, Centurion	44.5	19 998	Industrial	9.1	February 15
10.	Dihlabeng Mall	370.1	26 210	Retail	8.0	July 14
11.	Fleurdal Mall	310.5	24 370	Retail	8.0	February 15
12.	Toyota Menlyn	126.4	6 709	Retail	8.3	March 15
13.	McCarthy Menlyn	115.4	7 346	Retail	7.8	May 14
14.	Foschini, JHB CBD	77.4	6 305	Retail	9.0	June 14
15.	Edcon, Carltonville	23.7	3 811	Retail	9.0	September 14
		1 850.9	143 995		8.2	

The extent of the acquisition activity in the year evidences the Fund's ability to compete for quality assets in a challenging environment. Approximately R1.1 billion was acquired directly from Investec Property (Pty) Limited, a subsidiary of Investec Limited, which substantiates the benefit of the Fund's association with the broader Investec Group.

Sizeable assets brought into the portfolio include 30 Jellicoe Avenue, Rosebank. The property is a recently completed award winning P-grade office building located in a strong growth area, in the hub of Rosebank's commercial and retail node. The building's major tenant is the national law firm Fluxmans (50.5% GLA) with over eight years remaining on its lease. The remaining tenant base consists of well known local South African and international corporations adding to the strength of the tenant mix of the Fund's existing portfolio.

The Nicol Main acquisitions represent the final two buildings in the Nicol Main Office Park, which consists of five individual single tenanted AAA-grade office blocks located in the centre of Bryanston's retail and commercial node. The office park is well situated directly across from the Nicolway shopping centre with street frontages to both William Nicol and Main Road. The node has established itself as a premium niche office and retail market which is home to the corporate and regional head offices such as Microsoft, Nestle, Tiger Brands, Mutual and Federal, Samsung and Adcorp. These acquisitions add to the Fund's other investments in the node.

Dihlabeng Mall in Bethlehem and Fleurdal Mall in Bloemfontein are dominant regional retail centres in their respective nodes. Both centres enjoy a national tenancy in excess of 80%.

The Fund is near completion of a 6 000m^2 extension of the Dihlabeng Mall that includes a 4 286m^2 full-line Woolworths store which will further entrench the dominance of the centre in the region.

The Fund is also in the planning stages of extending the Fleurdal Mall, which scheme has attracted significant interest from nationals not already present in the centre.

The new acquisitions complement the base property portfolio and contribute to the strength of the existing real estate fundamentals.

Property portfolio

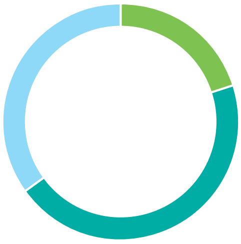
Portfolio	Total	Office	Industrial	Retail
Number of properties	80	21	26	33
Asset value	R8.2bn	R3.2bn	R1.5bn	R3.5bn
GLA	831 990	164 159	374 114	293 717
Vacancy	2.8%	5.2%	3.0%	1.2%
WALE (years)	4.4	4.9	4.0	4.1

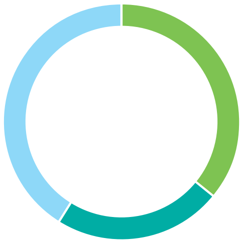
The Fund's current property portfolio consists of a diverse base of 80 quality properties with an average value of R102 million. The portfolio's income stream is underpinned by contractual escalations of 8.0% and a strong tenant base which is demonstrated by its per property base net property income growth of 9.4%.

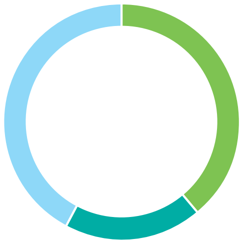
Receivables have been tightly managed during the period and at period end gross arrears were R5.3 million, representing 0.6% of total collectables over the period (31 March 2014: 0.3%). No debtors greater than 60 days were provided for.

Top 10 properties	Sector	Book value (R'm)	% of portfolio by value	Total area (m^2)	% of portfolio by area
Balfour Mall	Retail	422.0	5.1	32 647	3.9
Bethlehem – Dihlabeng Mall	Retail	410.0	5.0	26 210	3.2
The Firs	Office	354.3	4.3	13 085	1.6
30 Jellicoe	Office	351.9	4.3	10 750	1.3
Alrode Multipark	Industrial	347.3	4.2	90 762	10.9
Woolworths House	Office	343.4	4.2	30 435	3.7
Nicol Main	Office	317.0	3.9	11 898	2.2
Fleurdal Mall	Retail	311.0	3.8	24 370	2.9
Kriel Mall	Retail	280.3	3.4	21 511	2.6
Investec Durban	Office	257.3	3.1	6 543	0.8
Total		3 394.5	41.3	268 211	33.1

Sectoral spread — 2015







GLA

Office	20%
Industrial	45%
Retail	35%

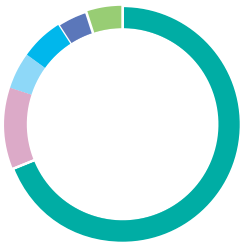
Revenue

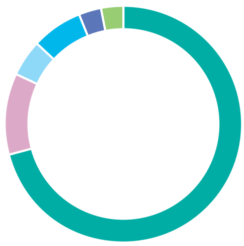
Office	36%
Industrial	23%
Retail	41%

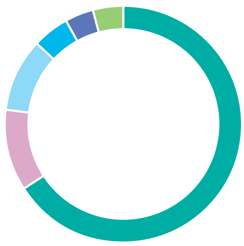
Asset value

Office	39%
Industrial	19%
Retail	42%

Geographic spread — 2015







Revenue

Gauteng	69%
Western Cape	11%
Other*	5%
Free State	6%
Limpopo	4%
Mpumalanga	5%

GLA

Gauteng	71%
Western Cape	11%
Other*	5%
Free State	7%
Limpopo	3%
Mpumalanga	3%

Asset value

Gauteng	66%
Free State	11%
Western Cape	10%
Other*	5%
Mpumalanga	4%
Limpopo	4%

* Includes Eastern Cape, Northern Cape, KwaZulu-Natal and North West.

Letting activity

The Fund has renewed or relet 92% of expired space during the period and despite the challenging economic climate has managed to achieve tenant retention of 79%, significant positive reversions and above market escalations of 8.4% on renewals.

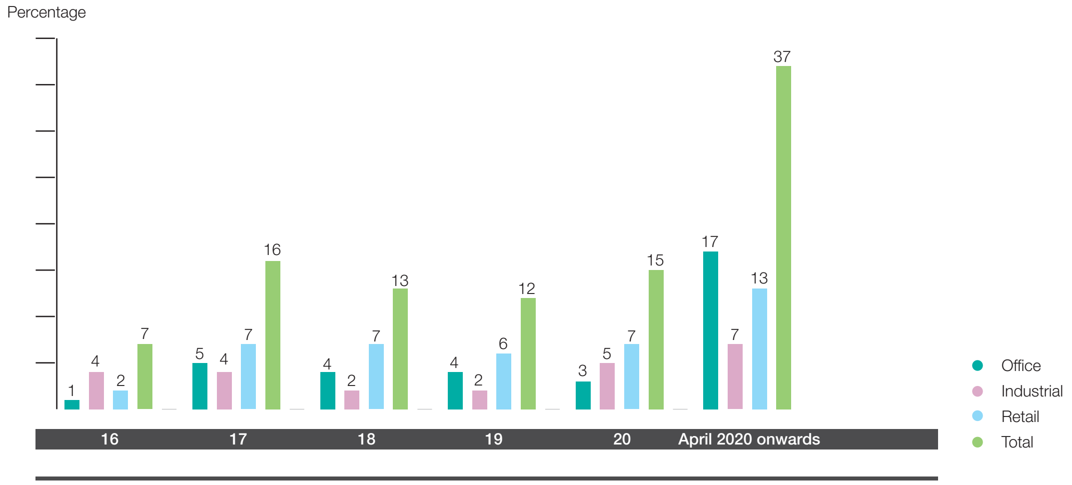
The letting and renewal activity in the Fund's retail sector has been particularly strong, with average positive reversions of 10.3% achieved.

The Fund's lease expiry profile, which is one of the longest in the sector remains robust and defensive with a WALE of 4.4 years by revenue, provides visibility of the Fund's net property income in a challenging operating environment.

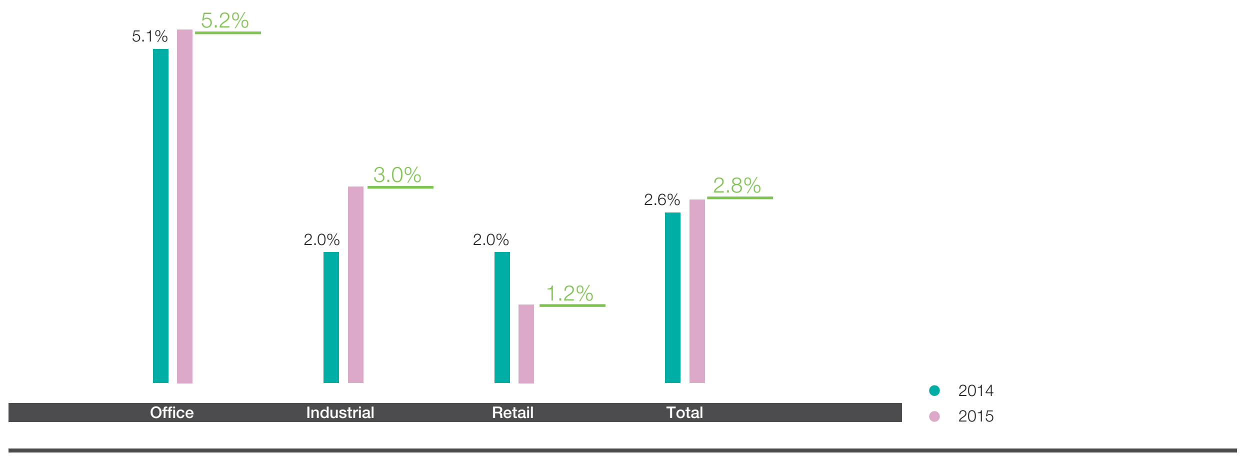
	Expiries and cancellations GLA	Renewals and new lets GLA	Expiry rental R/m²	New rental R/m²	Rental reversion %	Average escalation %
Office	4 879	3 731	134.03	139.07	3.8	8.8
Industrial	55 682	51 084	37.58	37.18	(1.1)*	8.7
Retail	22 533	21 455	143.74	160.75	10.3	8.2
Total	83 094	76 270				8.4

* *Renewal of large manufacturing tenant in the Western Cape clothing industry – if excluded then positive reversion of 11.2%.*

Lease expiry profile by sector (by revenue)



Vacancy profile



The Fund's vacancy increased marginally to 2.8% (31 March 2014: 2.6%), which is predominantly attributable to the slight increase in vacancy in the Fund's mini industrial parks.

Capital expenditure and redevelopment

During the year the Fund spent R82m on capital expenditure, the majority of which related to the extension of the Dihlabeng Mall and refurbishment of Balfour Mall.

Investment in IAPF

The Fund's investment in IAPF amounts to R502 million, representing 5.8% of the Fund's total portfolio and 18.6% of IAPF.

IAPF delivered annualised full-year growth of 11% post withholding tax which was translated into ZAR growth of 8.1%. IAPF has been successful in executing its communicated strategy of deploying its capital into quality Australian real estate. The attractive hard currency growth in distribution is evidence of the broadened quality and diversity of the portfolio and geared growth effect of the increase in leverage of IAPF.

The Fund manages its exposure to exchange rate risk on its distributions received from IAPF by actively hedging future income from IAPF through taking out forward exchange rate cover. The Fund has hedged approximately AUD $2.35 million of income to December 2017 at exchange rates ranging between R9.47 and R10.68/1 AUD $.

The Fund has also entered into a cross currency swap which has enabled the Fund to convert its ZAR debt of R170 million used to partially fund the rights offer subscription in October 2014 into AUD debt funding of AUD $17.2 million and lock in an attractive AUD funding cost of 3.4% after its restructure in January 2015.

Capital management

The Fund's balance sheet remains well positioned for growth with a conservative gearing of 23.6%.

The active and efficient interest rate risk management strategy is evident in the Fund's current average cost of funding of 8.5% which is underpinned by a current hedged position of 83% and a swap maturity profile of 3.8 years.

The Fund's corporate rating was reaffirmed in July 2014 at A- with a positive outlook whilst the secured rating was reaffirmed in April 2015 as AA-, reinforcing the Fund's balance sheet strength.

The Fund has always maintained flexibility in its sources of funding without committing to predetermined funding ratios, ensuring banking lines are well maintained and changes in the debt capital markets fully understood. There is a continued strategy to fund long-term assets with long-term funding and to conservatively manage refinancing and credit risk.

Despite a volatile environment, the Fund has been successful in raising R2.3bn of new funding during the year. This has been raised in the form of:

- R500m new bank debt facilities on an unsecured basis – average margin of 170bps above three-month JIBAR and average tenor of 4.4 years;
- R600m of corporate bonds on an unsecured basis – average margin of 157bps above three-month JIBAR and average tenure of 3.8 years;
- R200m three-month commercial paper – rolled several times during the year at an average rate of 33bps above three-month JIBAR, and
- R1.0bn of equity was raised at an average forward yield of 8.1%.

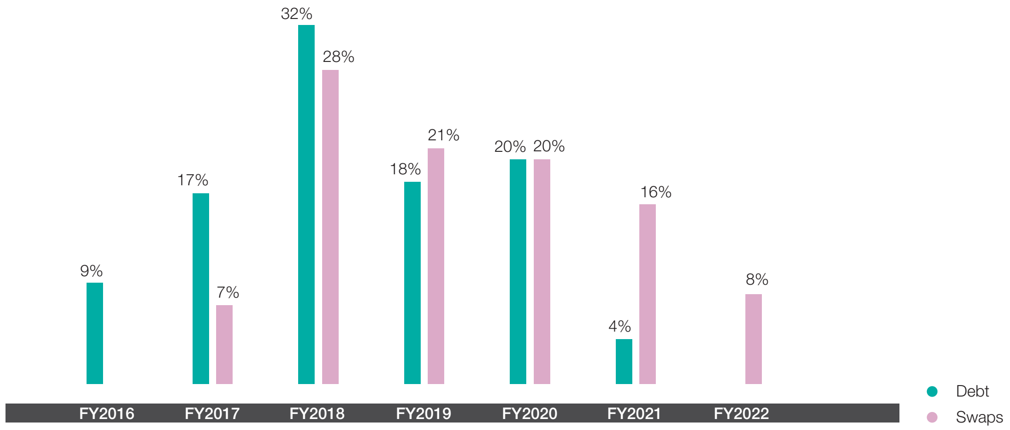
Debt facilities

R'million	Facilities	Drawn[1]	Available
Balance at 31 March 2014	4 000	(1 030)	2 970
Added during the year: [2]			
– Commercial paper	–	(200)	(200)
– Corporate bonds issued	–	(620)	(620)
– Term debt	500	(209)	291
Balance at 31 March 2015	4 500	(2 059)	2 441

[1] Balance sheet reflects net of capitalised transaction costs.
[2] All debt issued during the year is on an unsecured basis.

Post year-end the Fund has rolled the commercial paper for a further three months at an attractive margin of 38bps points and refinanced R134 million of corporate bonds with the issue of a new R100 million secured bond at a margin of 150bps for three years and R34 million cash. The Fund has also entered into a new five-year term debt facility with Nedbank for R200 million, unsecured at a margin of 175bps above three-month JIBAR.

Debt expiry profile



Swap facilities

	Swaps[1] Rm	Rate[1] %	Weighted average swap expiry (years)
Nominal amount at 31 March 2014	1 131.8	7.70	4.3
New and restructured swaps	390.0	7.76	5.1[2]
Forward starting swaps	200.0	6.91	4.9[2]
	1 721.8	7.59	4.0
Cross currency swap	162.4	(4.27)	2.0
Nominal amount at 31 March 2015	1 884.2	6.57	3.8

[1] *Includes fixed rate loan of R226m at 8.80%.*
[2] *At date of entering swaps.*

Share capital

The Fund has authorised share capital of one billion no par value shares at 31 March 2015. The following shares were issued during the year:

	Number of shares	Rm[1]
Opening shares in issue	365 576 663	4 645 756
DRIP (82% taken up)	12 488 699	170 651
Bookbuild	18 889 966	289 655
Vendor placement	39 403 756	566 498
Shares to be issued (issued 18 May 2015)	331 034	4 800
Closing shares in issue	436 690 118	5 677 360

[1] *Net of transaction cost and antecedent interest.*

Changes to the Board

In July 2014, shareholders were informed of the unfortunate and untimely passing of Michael Crawford, the Lead Independent non-executive director of the Fund. Graham Rosenthal has assumed the role of Lead Independent non-executive director and Moss Ngoasheng has been appointed as a member of the Audit Committee.

In January 2015, shareholders were advised that Mr Samuel R Leon, who served as CEO on the Board of the Investec Property Fund since its successful listing on 14 April 2011, was to assume the role of Non-executive Deputy Chairman from 1 April 2015. Mr Nick Riley has been appointed to assume his responsibilities as CEO.

The Board would like to thank Sam Leon for his invaluable contribution to the growth and success of the Fund, and is pleased to retain his wealth of expertise and knowledge in his new role.

Prospects

The Fund expects dividend growth to remain in line with core historical performance.

This forecast is based on the assumptions that the macro-economic environment will not deteriorate markedly, no major corporate failures will occur, budgeted renewals will be concluded, that clients will be able to absorb the recovery of rising rates and utility costs and that the ZAR/AUD exchange rate remains at similar levels to the current levels. Budgeted rental income was based on contractual escalations and market-related renewals.

The information and opinions contained above are recorded and expressed in good faith and are based upon sources believed to be reliable. No representation, warranty, undertaking or guarantee of whatever nature is made or given with regards to the accuracy and/or completeness of such information and/or the correctness of such opinions.

This forecast has not been reviewed or audited on by the Fund's independent external auditors.

On behalf of the Board of Investec Property Fund Limited

Sam Hackner
Non-executive Chairman

Sam Leon
Non-executive Deputy Chairman

21 May 2015

Basis of accounting

The reviewed preliminary condensed consolidated financial information for the year ended 31 March 2015 has been prepared in compliance with International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34, *Interim Financial Reporting*, the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by The Financial Reporting Standards Council, the Companies Act (71 of 2008, as amended) of South Africa and the JSE Listings Requirements.

The accounting policies applied in the preparation of the results for the year ended 31 March 2015 are consistent with those adopted in the financial statements for the year ended 31 March 2014, other than the adoption of those standards that became effective in the current period, which had no impact on the financial results. These reviewed preliminary condensed consolidated financial statements have been prepared under the supervision of Dave Donald, CA(SA).

Review conclusion

Ernst & Young Inc., the Fund's independent auditors, have reviewed the preliminary condensed consolidated financial results and have expressed an unmodified review conclusion. A copy of their review report is available for inspection at the company's registered office.

Final dividend with the election to reinvest cash dividend for shares

Notice is hereby given of the declaration of final dividend number 8 ("Cash dividend") of 64.49652 cents per share for the period 1 October 2014 to 31 March 2015.

Shareholders will be entitled to elect to reinvest the Cash dividend of 64.49652 cents per share after the deduction of the applicable dividend tax, in return for shares ("Share Re-investment Alternative"), failing which they will receive the net cash dividend in respect of all or part of their shareholding.

Shareholders who have dematerialised their shares are required to notify their duly appointed Central Securities Depository Participant ("CSDP") or broker of their election in the manner and time stipulated in the custody agreement governing the relationship between the shareholder and their CSDP or broker.

Other information:

- The dividend portion has been declared from income reserves and no secondary tax on companies' credit has been used.
- A dividend withholding tax of 15% will be applicable on the dividend portion to all shareholders who are not exempt.
- The issued share capital at the declaration date is 436 690 118 ordinary shares of no par value.

In accordance with Investec Property Fund's status as a REIT, shareholders are advised that the dividend meets the requirements of a 'qualifying distribution' for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"). The dividends on the shares will be deemed to be dividends for South African tax purposes in terms of section 25BB of the Income Tax Act.

Tax implications for South African resident shareholders

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from the income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i)(aa) of the Income Tax Act because they are dividends distributed by a REIT. These dividends are, however, exempt from dividend withholding tax (Dividend Tax) in the hands of South African resident shareholders provided that the South African resident shareholders have provided to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Fund, in respect of certificated shares, a DTD(EX) (Dividend Tax: Declaration and undertaking to be made by the beneficial owner of a share) form to prove their status as South African residents.

If resident shareholders have not submitted the abovementioned documentation to confirm their status as South African residents, they are advised to contact their CSDP, or broker, as the case may be, to arrange for the documents to be submitted prior to the payment of the dividend.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption section 10(1)(k) of the Income Tax Act. It should be noted that up to 31 December 2013 dividends received by non-residents from a REIT were not subject to Dividend Tax. With effect from 1 January 2014, any dividend received by a non-resident from a REIT will be subject to Dividend Tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the non-resident shareholder. Assuming Dividend Tax will be withheld at a rate of 15%, the net amount due to non-resident shareholders is 54.82204 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Fund, in respect of certificated shares:

- A declaration that the dividend is subject to a reduced rate as a result of the application of the DTA; and
- A written undertaking to inform the CSDP, or broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner of the South African Revenue Services.

If applicable, non-resident shareholders are advised to contact the CSDP, broker or the Fund, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted.

Summary of the salient dates relating to the Cash Dividend and Share Re-investment Alternative are as follows:

	2015
Circular and form of election posted to shareholders	Thursday, 21 May
Announcement of Share Re-investment Alternative issue price and finalisation information ("finalisation date")	Friday, 29 May
Last day to trade ("LDT") *cum* dividend	Friday, 5 June
Shares to trade *ex* dividend	Monday, 8 June
Listing of maximum possible number of Share Re-investment Alternative shares on the JSE	Wednesday, 10 June
Last day to elect to receive the Share Re-investment Alternative (no late forms of election will be accepted) at 12:00 (South African time)	Friday, 12 June
Record date	Friday, 12 June
Announcement of results of Cash Dividend and Share Re-investment Alternative on SENS	Monday, 15 June
Dividend paid/posted to Certificated Shareholders and accounts credited by CSDP or broker to Dematerialised Shareholders electing the Cash Dividend on or about	Monday, 15 June
Announcement of results of Cash Dividend and Share Re-investment Alternative in the press	Wednesday, 17 June
Dematerialised Shareholders electing the Share Re-investment Alternative on or about	Thursday, 18 June
Adjustment to shares listed on or about	Friday, 19 June

Notes:

1. Shareholder accepting the Share Re-investment Alternative are requested to note that the new shares will be listed on LDT +3 and these new shares can only be traded on LDT +3 as the settlement of the shares will occur three days after the record date, which differs from the conventional one day after the record date settlement process.
2. Shares may not be dematerialised or rematerialised between commencement of trade on Monday, 8 June and close of trade on Friday, 12 June.
3. The above dates and times are subject to change. Any changes will be released on SENS and published in the press.

The Cash Dividend or Share Re-investment Alternative may have tax implications for resident and non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

By order of the Board

Investec Bank Limited
Company Secretary

21 May 2015

Notes

Company Information

Directors
S Hackner (*Chairman*)#
SR Leon (*Deputy Chairman*)#
N Riley (*Chief Executive Officer*)
DAJ Donald (*Financial Director*)
LLM Giuricich#
S Mahomed#*
CN Mashaba#*
MM Ngoasheng#*
GR Rosenthal#*

Non-executive
* *Independent*

Investec Property Fund Limited
(Incorporated in the Republic of South Africa)
(Registration number 2008/011366/06)
Share code: IPF ISIN: ZAE000180915
(Income tax reference number 9332/719/16/1)

Registered office
C/o Company Secretarial, Investec Limited
100 Grayston Drive, Sandown, Sandton, 2196

Transfer secretary
Computershare Investor Services (Pty) Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street, Johannesburg, 2001

Sponsor
Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196