2016

INTERIM RESULTS

Investec Property Fund Limited

Out of the Ordinary®

Investec
Property Fund Limited

Key highlights

for the six months ended

September 2016

9.1%

BASE NET PROPERTY INCOME GROWTH

2.2%

INTERIM DIVIDEND PER SHARE GROWTH (exceeds guidance)

1.5%

LOW VACANCY MAINTAINED

87%

of H1 expiries let

220bps

IMPROVEMENT IN OPERATING MARGIN

KEY FINANCIAL INDICATORS

Net cost to income ratios

Sep 2016	Sep 2015
15.7%	17.9%

Vacancy %

Sep 2016	March 2016
1.5%	1.1%

In-force escalations

Sep 2016	March 2016
7.8%	7.8%

Weighted average lease expiry

Sep 2016	March 2016
3.5 years	3.7 years

Gearing %

Sep 2016	March 2016
32.6%	34.1%

Consolidated statement of comprehensive income

R'000	Reviewed Six months ended 30 September 2016	Reviewed Six months ended 30 September 2015	Audited Year ended 31 March 2016
Revenue, excluding straight-line rental revenue adjustment	814 782	438 923	1 102 579
Straight-line rental revenue adjustment	78 862	68 845	92 259
Revenue	**893 644**	**507 768**	**1 194 838**
Property expenses	(127 969)	(78 452)	(177 830)
Net property income	**765 675**	**429 316**	**1 017 008**
Other operating expenses	(27 669)	(28 536)	(49 328)
Operating profit	**738 006**	**400 780**	**967 680**
Fair value adjustments	(23 897)	36 478	358 273
Profit on disposal of investment property	10 624	2 630	13 568
Income from investment	20 478	19 314	46 645
Finance costs	(257 824)	(89 837)	(278 492)
Finance income	4 742	2 632	7 851
Profit before taxation	**492 129**	**371 997**	**1 115 525**
Taxation	(24)	(789)	(2 042)
Total comprehensive income attributable to equity holders	**492 105**	**371 208**	**1 113 483**

Distribution reconciliation

Profit after taxation	492 105	371 208	1 113 483
Adjusted for:			
Fair value adjustments	23 897	(36 478)	(358 273)
Profit on disposal of investment property	(10 624)	(2 630)	(13 568)
Straight-line rental revenue adjustment	(78 862)	(68 845)	(92 259)
Antecedent dividend	–	2 065	27 485
Less: Interim dividend paid	–	–	(286 665)
Less: Clean out dividend paid	–	–	(142 683)
Interim dividend	**426 516**	**265 320**	**247 520**
Number of shares			
Shares in issue	700 228 202	444 978 329	700 228 202
Weighted average number of shares in issue	700 228 202	441 562 857	519 535 592
Cents			
Interim dividend per share	**60.91**	**59.63**	**35.35**
Basic and diluted earnings per share	70.28	84.07	214.32
Headline and diluted headline earnings per share	68.76	83.47	165.24

Consolidated statement of financial position

R'000	Notes	Reviewed 30 September 2016	Audited 31 March 2016	Reviewed 30 September 2015
ASSETS				
Non-current assets		**17 024 999**	**17 033 333**	**8 868 534**
Investment property		16 019 422	16 129 988	8 017 017
Straight-line rental adjustment		408 588	329 725	306 311
Derivative financial instruments		9 363	41 848	14 732
Investment	3	587 626	531 772	530 474
Current assets		**300 315**	**212 420**	**245 461**
Trade and other receivables		156 046	158 959	101 615
Cash and cash equivalents		144 269	53 461	143 846
Total assets		**17 325 314**	**17 245 753**	**9 113 995**
EQUITY AND LIABILITIES				
Shareholders' interest		**11 342 111**	**11 097 103**	**6 857 226**
Stated capital		9 714 108	9 714 108	5 813 900
Retained earnings		1 628 003	1 382 995	1 043 326
Non-current liabilities		**4 950 210**	**5 139 422**	**1 815 968**
Long-term borrowings		4 878 059	5 093 477	1 795 589
Derivative financial instruments		72 151	45 945	20 379
Current liabilities		**1 032 993**	**1 009 228**	**440 801**
Trade and other payables		371 845	310 104	200 822
Current portion of non-current liabilities		661 148	699 124	239 979
Total equity and liabilities		**17 325 314**	**17 245 753**	**9 113 995**
Shares in issue		700 228 202	700 228 202	444 978 329
NAV per share (cents)		1620	1585	1541

Condensed consolidated statement of cash flows

R'000	Reviewed 30 September 2016	Audited 31 March 2016	Reviewed 30 September 2015
Cash generated from operations	722 191	906 387	359 490
Finance income received	4 742	7 851	2 632
Finance costs paid	(259 412)	(261 426)	(83 965)
Income from investment	19 650	44 620	17 824
Taxation paid[1]	(24)	(2 042)	(789)
Dividends paid to shareholders	(247 097)	(711 403)	(281 650)
Net cash inflow/(outflow) from operating activities	**240 050**	**(16 013)**	**13 541**
Net cash inflow/(outflow) from investing activities[2]	**101 097**	**(6 452 745)**	**(50 229)**
Net cash (outflow)/inflow from financing activities[3]	**(250 339)**	**6 461 224**	**119 540**
Net increase/(decrease) in cash and cash equivalents	90 808	(7 534)	82 852
Cash and cash equivalents at the beginning of the period	53 461	60 995	60 995
Cash and cash equivalents at the end of the period	**144 269**	**53 461**	**143 847**

[1] *Withholding tax on distribution received from Investec Australia Property Fund ("IAPF").*
[2] *Investing activities include additions and improvements to investment properties, purchase of properties and proceeds from sale of investment properties.*
[3] *Financing activities include term loans raised, corporate bonds, commercial paper repaid and current borrowings raised and repaid.*

Condensed consolidated statement of changes in equity

R'000	Reviewed 30 September 2016	Audited 31 March 2016	Reviewed 30 September 2015
Balance at the beginning of the period	**11 097 103**	**6 615 768**	**6 615 768**
Total comprehensive income attributable to equity holders	492 105	1 113 483	371 208
Shares issued (net of expenses)	–	4 047 784	136 540
Dividends declared	(247 097)	(679 932)	(266 290)
Balance at the end of the period	**11 342 111**	**11 097 103**	**6 857 226**

Condensed consolidated segmental information

For the six months ended 30 September 2016

R'000	Office	Industrial	Retail	Total
Statement of comprehensive income extracts				
Revenue, excluding straight-line rental revenue adjustment	324 500	196 149	294 133	814 782
Straight-line rental revenue adjustment	26 764	22 775	29 323	78 862
Revenue	**351 264**	**218 924**	**323 456**	**893 644**
Property expenses	(45 976)	(27 517)	(54 476)	(127 969)
Net property income	**305 288**	**191 407**	**269 980**	**765 675**
Statement of financial position extracts				
Investment property opening balance	6 552 959	3 847 683	6 059 071	16 459 713
Net additions, acquisitions, disposals and re-allocations	(48 556)	(20 699)	(41 310)	(110 565)
Fair value adjustment and straight-lining	26 764	22 775	29 323	78 862
Fair value of investment property	**6 531 167**	**3 849 759**	**6 047 084**	**16 428 010**

For the six months ended 30 September 2015

R'000	Office	Industrial	Retail	Total
Statement of comprehensive income extracts				
Revenue, excluding straight-line rental revenue adjustment	166 077	93 964	178 882	438 923
Straight-line rental revenue adjustment	14 354	10 527	43 964	68 845
Revenue	**180 431**	**104 491**	**222 846**	**507 768**
Property expenses	(25 272)	(17 108)	(36 072)	(78 452)
Net property income	**155 159**	**87 383**	**186 774**	**429 316**
Statement of financial position extracts				
Investment property opening balance	3 206 963	1 529 919	3 464 743	8 201 625
Net additions, acquisitions, disposals and re-allocations	(5 482)	4 490	53 850	52 858
Fair value adjustment and straight-lining	14 354	10 527	43 964	68 845
Fair value of investment property	**3 215 835**	**1 544 936**	**3 562 557**	**8 323 328**

Notes to the consolidated condensed financial results

R'000	Reviewed Six months ended 30 September 2016	Reviewed Six months ended 30 September 2015	Audited Year ended 31 March 2016
1 RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS			
Total comprehensive income attributable to equity holders	492 105	371 208	1 113 483
Less: Net fair value adjustment – investment property	–	–	(241 437)
Profit on disposal of investment property	(10 624)	(2 630)	(13 568)
Headline earnings attributable to shareholders	**481 481**	**368 578**	**858 478**

2 FINANCIAL INSTRUMENTS

Financial instruments held by the group include the investment in IAPF and derivatives. The valuation of IAPF is based on the closing share price times the number of shares held at the reporting date, which is a level 1 valuation. Derivative financial instruments hedge interest rate and foreign exchange risk. Interest rate hedging instruments are valued by discounting future cash flows using the market rate indicated on the interest rate curve at the dates when the cash flows will take place. Foreign exchange hedging instruments are valued by making reference to market prices for similar instruments and discounting for the effect of the time value of money. Derivatives are considered to be level 2 valuations.

For cash and cash equivalents, trade and other receivables, trade and other payables, fixed rate loans and variable rate loans which are carried at amortised cost, the carrying value is a reasonable approximation of fair value.

R'000	Reviewed 30 September 2016	Audited 31 March 2016	Reviewed 30 September 2015
3 INVESTMENTS			
Investec Property Fund Limited ("The Fund") carries its investment in IAPF at fair value.	587 626	531 772	530 474

4 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' valuation methods include the discounted cash flow model and the capitalisation model. Revaluations were not undertaken at the half year as directors are not aware of any factors that would materially affect the valuation of the properties.

5 RELATED PARTY TRANSACTIONS

During the six months under review, there were no unusual or significant related party transactions. All related party transactions were in the ordinary course of business and consistent with those reported in the previous set of annual financial statements.

6 SUBSEQUENT EVENTS

On 14 October 2016 the Fund repaid corporate bonds to the value of R85 million. On 25 October 2016, due to strong demand, the Fund increased its commercial paper to R241 million for a further three months at an attractive margin of 44bps above 3-month JIBAR. On 26 October 2016, AGCO, the last asset in the Griffin portfolio transferred to the Fund.

Commentary

INTRODUCTION

Investec Property Fund Limited ("The Fund") is a South African Real Estate Investment Trust and currently comprises a portfolio of 119 properties in South Africa with a total gross lettable area ("GLA") of 1 280 711 m^2 valued at R16.4 billion (March 2016: R16.5 billion) and a R0.6 billion (March 2016: R0.5 billion) investment in Investec Australia Property Fund Limited ("IAPF").

The 2016 financial year was transformational for the Fund. It involved the acquisition of R8 billion of properties from Zenprop and Griffin, which resulted in the doubling of the Fund's property portfolio by value and an increase in the number of assets by approximately 50%.

The focus of this interim period has therefore been on consolidating these acquisitions onto our management and reporting platforms in order to ensure they are managed with the efficiency and intensiveness of the Fund's base portfolio.

The performance of the Fund for the interim period is once again characterised by the defensiveness of the portfolio as well as further margin enhancement achieved through focused asset, cost and utility management.

FINANCIAL RESULTS

The board of directors is pleased to announce an interim dividend amounting to 60.91 cents per share for the period ended 30 September 2016 (30 September 2015: 59.63 cents per share). This represents growth of 2.2% when compared to the comparative six-month period ending 30 September 2015. This growth results in an outperformance of the guidance provided to the market, which is admirable considering the dilutionary impact of the Zenprop transaction where the larger impact is seen in the first half of FY2017.

The results reflect the Fund's hands-on asset management approach that has seen the Fund's base portfolio[1] deliver 9.1% net property income growth year over year. The impressive performance of the base portfolio again demonstrates the quality and robust nature of the Fund's portfolio especially given the continued low vacancy rate across the portfolio of 1.5% (March 2016: 1.1%). The Fund let or renewed 87% of space that expired or was cancelled in the period (102 010 m^2) at a weighted average positive reversion of 2.7% and leaving only 38 339 m^2 of rentable area to be let for the remainder of the year. The letting performance is testament to the quality of the property portfolio and the desirability of the product and service offered to existing clients and the occupier market.

The Fund's internal focus has resulted in a further improvement of its operating margin through a reduction in its net cost to income ratio to 15.7% (Sep 2015: 17.9%).This has been driven by a specific focus on utility and energy management. The Fund now has a dedicated internal utility team which monitors:

- the timing and accuracy of billing by council;
- optimisation of utility tariffs; and
- efficiency of client consumption.

This initiative has resulted in improved returns for the benefit of the Fund and its clients, as well as optimising the long-term run rate of the Fund's utility costs.

All acquisitions are broadly performing in line with budget. The Griffin portfolio is performing ahead of budget, whilst the Zenprop portfolio is tracking slightly behind budget due to the vacancy of two restaurants at Design Quarter. A new restaurant at Design Quarter has been secured for one of the vacant spaces, opening 1 December 2016. Zevenwacht and Newcastle Mall are both trading well with double and high single digit turnover growth being achieved at both centres for the previous 12-month period.

[1] *Base portfolio refers to R8.7bn of properties that have been held by the Fund for the entire comparative period.*

PROPERTY PORTFOLIO

The Fund's current property portfolio consists of a diverse base of 119 quality properties with an average value per property of R137 million.

The portfolio's income stream is underpinned by contractual escalations of 7.8% and a strong tenant base which is demonstrated by its base net property income growth of 9.1% for the first half of 2017. Vacancies across the office, industrial and retail portfolios are all significantly below the IPD sector performance and remain as arguably one of the lowest in the sector overall with the portfolio closing at an overall vacancy of 1.5%.

Receivables continue to be tightly managed and represent 1.0% of total collectables at 30 September 2016 (31 March 2016: 0.7%). Asset managers continue to work with clients and strive to reduce the overall cost of occupation where possible. The Fund has agreed payment plans with two of its clients consisting of 42% of the amount provided for, and is confident the full amount will be recovered. Provision for bad debts covers all debtors greater than 60 days.

Portfolio	Total	Office	Industrial	Retail
Number of properties	**119**	34	47	38
Asset value	**R16.4bn**	R6.5bn	R3.8bn	R6.1bn
GLA (m^2)	**1 280 711**	270 456	603 684	406 571
Vacancy	**1.5%**	0.8%	2.3%	1.0%
Cost to income ratio	**15.7%**	14.2%	14.0%	18.5%
WALE (years)	**3.5 years**	3.7 years	3.6 years	3.1 years
In-force escalations	**7.8%**	8.1%	7.9%	7.4%

LETTING ACTIVITY

The Fund began the period with an opening vacancy of 14 763 m² or 1.1%; with 102 010 m² expiring in the interim period. The Fund has renewed or relet 91 169 m² of the GLA that became available in the year. An additional 52 354 m² of GLA[1] becomes available during the remainder of the year of which 14 016 m² has already been let. In addition 6 029 m² of opening vacancy was sold during the year. The Fund's closing vacancy after disposals amounted to 19 575 m² or 1.5%. The Fund does not anticipate any large letting risk in the next six months.

YTD	Expiries and cancellations GLA	Gross expiry rental R/m²	Renewals/ new lets GLA	Gross new rental R/m²	Rental reversion %	Average escalation %
Office	8 356	169.61	7 914	169.79	0.1	8.2
Industrial	61 463	42.11	50 428	40.38	(4.1)	8.2
Retail	32 191	64.63[2]	32 827	71.76[2]	11.2[3]	6.8
Subtotal	**102 010[1]**		**91 169**		**2.7**	**7.5**
Early renewals[4]	18 475	97.08	18 475	93.30	(3.9)[4]	7.0
Total	**120 485**		**109 644**		**1.1**	**7.4**

[1] *Total expiries for FY2017 amount to 154 364 m². At 31 March 2016, the Fund reported 99 506 m² was expiring in FY2017. This was however shown net of 54 858 m² of early renewals already concluded.*

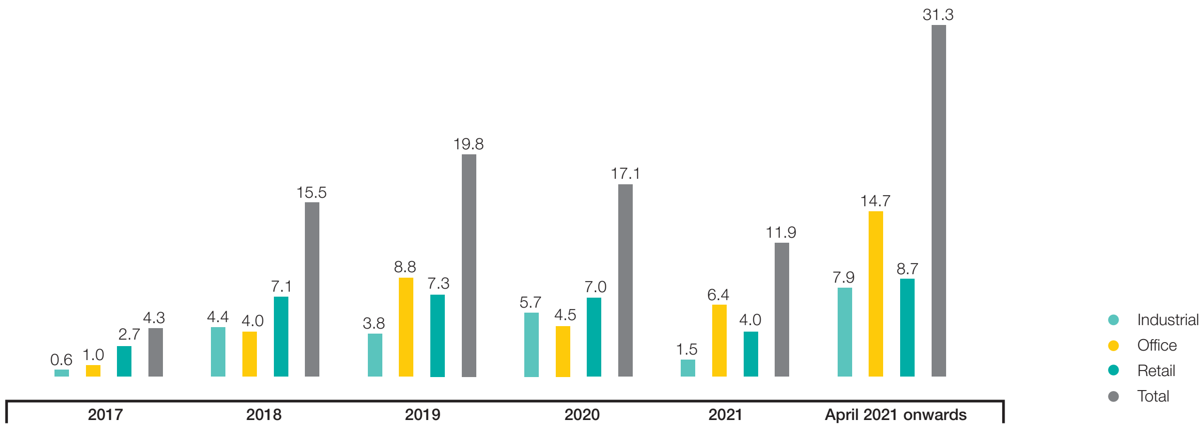
[2] *Rent per m² is reduced by large big box renewal of 15 497 m² at a rental of R14.01/m², if excluded the expiry rental and new rental would be R110.60 and R123.59 respectively.*

[3] *Significant positive double digit reversion at shopping centres.*

[4] *During the period, the Fund has early renewed a large industrial lease that expired in FY2018, extending the lease by five years from original expiry.*

The Fund's lease expiry profile remains robust and defensive with a WALE of 3.5 years by revenue. In the next financial year 93% of income is contractual, albeit approximately 220 000 m² becomes available in FY2018. The Fund engages its clients well in advance of any expiry to understand their space requirements and is in ongoing discussions with them in this regard.

LEASE EXPIRY BY REVENUE



SECTORAL PERFORMANCE

Office

The Fund's office portfolio is well located in strategic sought after nodes and currently is 99% let with a WALE of 3.7 years and thus is well placed to temper the oversupply in the sector; particularly in nodes such as Sandton that continue to see the new developments coming to market at very competitive rentals.

In the first six months of the year, 8 356 m² became available, of which 95% (7 914 m²) was renewed or let to new clients at a positive reversion of 0.1%. A further 10 853 m² becomes available before year-end, of which 51% has already been renewed. This demonstrates the high contractual nature of the portfolio's income stream. The Fund's strategy to acquire office buildings in strategic sought after nodes is becoming more evident as the Fund's portfolio is able to deliver returns in excess of the current office market with a portfolio vacancy of 0.8%, supported by a WALE of 3.7 years. The portfolio is defensive and continues to demonstrate its resilience in nodes of particularly high oversupply.

Looking forward to the next 12-24 months, with the increase in office supply and benign client demand, without an increase in economic growth which will increase the depth of the office tenant market, it is going to be challenging for the Fund to maintain its current low office vacancy performance.

Industrial

The industrial sector continues to experience tenant reluctance to commit to longer term leases as a result of the tough economic environment that faces the sector. The manufacturing sector in particular is under significant pressure due to international competition and high import costs due to Rand weakness and continues to see clients exit the market or consolidate their facilities.

The market has also seen a marked increase in incentives (rent free, cash and/or installation allowances) due to increased competition in line with international trends. Competition from new developments has increased significantly as developers appear willing to conclude deals on sub-economic returns. Clients have an increased cost focus as result of subdued revenue growth and standing clients are seeking assistance in reducing cost of occupation (mostly driven by municipal costs).

Despite all of the above the Fund's industrial portfolio continues to demonstrate its defensiveness; in the first six months of FY2017, the Fund was able to let 50 428 m^2 of 61 463 m^2 that become available with a negative reversion of 4.1% and strong contractual escalations of 8.2%. The letting relates to the renewal and new letting of two tenants occupying 37 263 m^2 at Alrode Multipark. This was a significant milestone in the competitive market, representing total revenue of R17.8 million per annum.

Vacancy for the period increased marginally to 2.3% (March 2016: 1.4%), which is largely attributable to the vacancy of a 8 450 m^2 warehouse in Epping. (This facility has now been let effective 1 November 2016). Much of the letting success in the period can be attributed to a thorough understanding of existing clients' requirements and a willingness to work with them in order to obtain a positive outcome for both the client and the Fund.

In FY2018 127 289 m^2 becomes available. The Fund's industrial buildings are well located, functional and reasonably priced properties. The Fund has engaged with clients early to understand their requirements and is in ongoing negotiations in respect of the space.

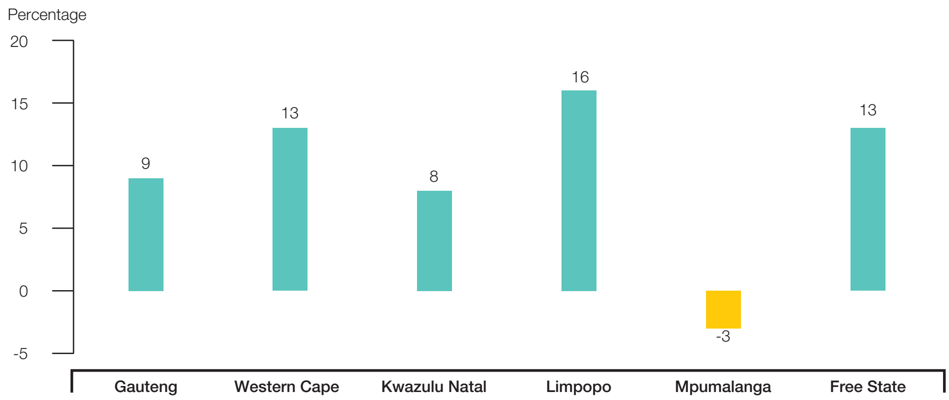
Retail

The Retail portfolio comprises retail assets that are either dominant in their respective node or are niche in relation to a specific product offering or category. There is a focused strategy of maintaining a minimum average of national retailers to ensure the assets are able to trade through periods of subdued economic and consumer spend. The current percentage of national retailers across the portfolio is approximately 80%.

The Fund continued to achieve above average reversions with 11.2% on new lets and renewals despite the high percentage of nationals and also has maintained an in-force escalation of 7.4%. This has been driven by the growth profile in trade achieved in the Fund's shopping centres.

In FY2018 68 553 m^2 becomes available, the Fund continually engages with nationals and other retailers to understand the requirements.

TURNOVER GROWTH OF SHOPPING CENTRE REGIONS AT 30 SEPTEMBER 2016



Despite difficult economic conditions in the last 12 months, the Fund's retail malls have performed well. Turnover growth at Musina Mall in Limpopo remains high despite the existing challenges with border control regulations in Zimbabwe. Mpumalanga depicts low growth due to increased consumer pressure and stagnated growth in the coal mining town of Kriel. Despite the subsued turnover growth Kriel achieved positive reversions of 16.1%.

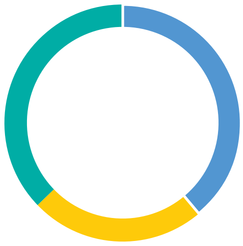
Subsequent to the Edcon restructure, Edcon provided landlords a more detailed plan in respect of potential store closures and capex plans. Edcon has confirmed it intends closing 10% of its stores where cost of occupation exceeds a threshold. A capital contribution will also be requested for certain existing stores to upgrade and revamp. The Fund is in specific discussions with the Edcon Group relating to the status of each of its stores. The Fund has engaged these discussions on a portfolio basis and expects the outcome to have an immaterial impact at a Fund level, with no store closures expected at this point in time.

SUSTAINABILITY

Sustainability is a key area of focus for the Fund which involves improving the stability of electricity and water supply for clients while attempting to manage the increasing cost of occupation where possible. The focus on the accuracy of council billing and rolling out of measurement tools for water and electricity usage in the form of bulk check meters are some of the initiatives implemented to date. 100% of the portfolio will have bulk check metres installed by June 2017.

The Fund introduced a pilot project on the rooftop at Fleurdal Mall in Bloemfontein. The project went live on 1 November 2016. The project aims to reduce the cost of electricity by creating its own solar power (946 kwh). It also provides grid stability and energy security and will alleviate down time for clients in the event of load-shedding. This project offers an attractive yield over its repayment profile and has resulted in the roll-out of a similar project at another of the Fund's retail shopping centres, namely Musina Mall. The project will continue to be rolled out across feasible buildings and assist in reducing the cost base of the Fund as well as the cost of occupation for clients.

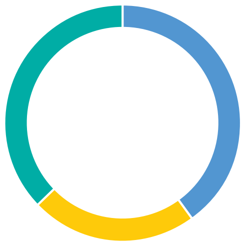
SECTORAL SPREAD



Revenue

●	39%	Office
●	24%	Industrial
●	37%	Retail

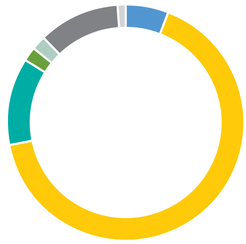
SECTORAL SPREAD



Asset value

●	40%	Office
●	23%	Industrial
●	37%	Retail

GEOGRAPHICAL SPREAD



Revenue

●	6%	Free State
●	66%	Gauteng
●	12%	KZN
●	2%	Limpopo
●	2%	Mpumalanga
●	11%	Western Cape
●	1%	Other

CAPITAL EXPENDITURE AND REDEVELOPMENT

The Musina Mall extension

The Fund has partnered with The Moolman Group ("Moolman") (2/3 IPF/1/3 Moolman) to extend Musina Mall by a further 21 323 m^2 for a total value of R332 million (IPF share R221 million). The project is progressing in line with budget and is on track for opening on 1 April 2017. The redevelopment provides the Fund a development yield of above 9% in year one and is 88% pre-let.

Musina is a vibrant commercial and trading centre in the northern part of the Limpopo province, servicing both the surrounding agricultural sector and in particular the cross-border trade from Zimbabwe. The centre is located close to the Beit Bridge border and although there has been some level of disruption due to the challenges that have arisen out of the regulation of border control in Zimbabwe, turnover growth at the centre was only marginally affected.

The project will create a semi-regional centre in Musina and has resulted in an attractive capital profit on the one third sale as well as the yield enhancement through the two thirds investment in the development. There are minimal opportunities to acquire assets of this type of quality and size at the development yield.

CAPITAL ALLOCATION

As highlighted at year-end, the Fund is focused on ensuring that it is optimising long-term shareholder returns by allocating and investing capital into value enhancing assets.

To this end, the Fund has sold three buildings and 1/3 of Musina Mall during the period for R211.6 million (profit on sale R10.6 million*) with further disposals planned this year. Two of the properties sold were industrial properties that no longer met the investment criteria and profile of the Fund and the third was a dealership where the client exercised an early acquisition option at an attractive yield of 7%.

The Fund continuously and rigorously assesses the current portfolio and evaluates performance over the medium to long term.

** The profit on sale excludes R6.3 million of valuation uplift recognised in FY2016 of the disposal of 1/3 stake of Musina Mall.*

INVESTMENT IN IAPF

The Fund continues to find Australia as an investment destination and the quality of IAPF's asset base and performance attractive. IAPF continues to deliver on its investment objectives and the Fund will likely continue to support IAPF and increase its investment at current pricing levels where the opportunity arises.

The Fund's investment in IAPF amounts to R588 million, representing 12.4% of IAPF (March 2016: 12.3%); and amounts to 3.5% of the Fund's balance sheet. The Fund currently holds 39 967 734 shares in IAPF. Income growth in the hands of the Fund (in ZAR) equated to 11% for the period.

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$3.2 million of income to December 2018 at exchange rates ranging between R10.07 and R13.76 /AUD $.

BALANCE SHEET AND RISK MANAGEMENT

Balance sheet and risk management is a fundamental focus area for the business. In the current volatile and unpredictable environment it is paramount that the Fund has certainty on its sources of funding and cost of funding. The Fund adopts a conservative approach to both of these measures.

The active and efficient interest rate risk management strategy is evident in the Fund's current average cost of funding of 9.1% which is underpinned by a current hedged position of 81%, a debt and swap maturity of 3.7 years and 3.1 years respectively (March 2016: 3.9 years and 3.6 years). The Fund continues to monitor the market and restructure its interest rate swap book when the opportunity presents itself.

During the period the Fund has:

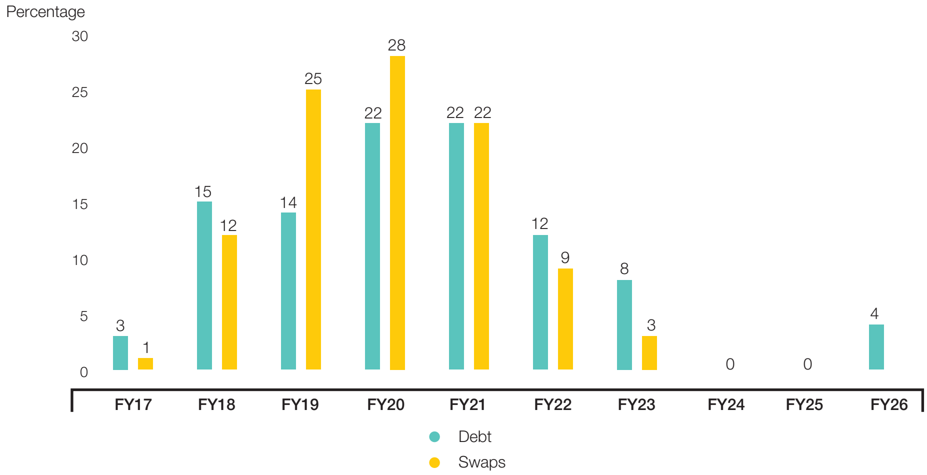
- rolled R150 million of the commercial paper for a further three months at an attractive margin of 45 basis points; and
- repaid R40 million of corporate bonds with cash.

The Fund has also entered into a new thee-year debt facility with Standard Bank for R300 million on an unsecured basis at a margin of 162 basis points above three-month JIBAR and refinanced the Investec bridge facility with an unsecured R300 million headroom facility with Standard Bank at prime less 160 basis points.

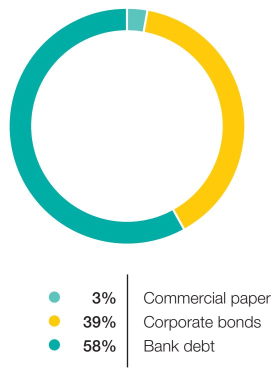
In line with its objective of mitigating refinance risk, the Fund negotiated an early refinancing of R450 million of bank facilities that has extended the expiry of two facilities by circa 2.5 years. The two facilities were due to mature in October 2016 (R250 million) and August 2017 (R200 million).

Post period-end, the Fund also repaid bonds to the value of R85 million using existing cash and due to strong demand, increased its commercial paper to R241 million for further three months at a rate of 44 basis points above three-month JIBAR. The Fund's paper continues to be well supported.

DEBT EXPIRY PROFILE



SOURCES OF DEBT CAPITAL



CORPORATE RATING

The Fund's corporate rating was maintained at A(ZA) with a stable outlook in August 2016 whilst the secured rating was reaffirmed and released in April 2015 as AA-, with stable outlook reinforcing the Fund's balance sheet strength.

CHANGES TO THE BOARD

Following the retirement of Graham Rosenthal from the Board on 16 August 2016, shareholders were advised that Philip Hourquebie had been appointed as an independent non-executive Director with effect from the same date. Phillip was also appointed as Chairman to the Audit and Risk Committee.

Phillip is a member of the South African Institute of Chartered Accountants (SAICA) with over 38 years of experience at the multinational professional services firm, EY (formerly Ernst & Young). Between 2010 and 2014 he served as the Regional Managing Partner, Central & South Eastern Europe, for EY and prior to that he was the Regional Managing Partner, sub-Saharan Africa and CEO South Africa.

PROSPECTS AND GUIDANCE

The interim dividend of 60.91 cents per share exceeds market consensus and the guidance provided in the FY2016 results announcement.

The dividend guidance indicated that the dividend for the full year ending 31 March 2017, would be flat. The expectation was, however, for H1 to be slightly dilutive due to the comparative for H1 FY2016 not including any of the dilutionary impact for Zenprop. The outperformance of 2.2% was generated by the base portfolio, IAPF and the acquisitions performing in line with budget.

As a result the Fund expects the growth in dividend per share for the full year to 31 March 2017 to be similar to growth reported in the interim period.

The growth in dividend per share will normalise to historical levels for the period ending 31 March 2018.

This forecast is based on the assumption that over the course of the next 12 months, no further local or offshore acquisitions are concluded, the macroeconomic 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 will remain 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
16 November 2016

Nicholas Riley
Chief Executive Officer

BASIS OF ACCOUNTING

The reviewed interim condensed consolidated financial information for the six months ended 30 September 2016 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 six months ended 30 September 2016 are consistent with those adopted in the financial statements for the year ended 31 March 2016, other than the adoption of those standards that became effective in the current period, which had no impact on the financial results. These reviewed interim condensed consolidated financial statements have been prepared under the supervision of Andrew Wooler, ACA.

REVIEW CONCLUSION

Ernst & Young Inc., the Fund's independent auditors, have reviewed the consolidated statement of comprehensive income, consolidated statement of financial position, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity, condensed consolidated segmental information and notes to the consolidated condensed financial results, as set out on pages 1 to 4 of the interim condensed consolidated financial results, and have expressed an unmodified review conclusion. A copy of their review conclusion is available for inspection at the company's registered office.

INTERIM DIVIDEND

Notice is hereby given of the declaration of interim gross dividend number 12 ("Cash dividend") of 60.91090 cents per share for the period 1 April 2016 to 30 September 2016.

Other information:

- The dividend portion has been declared from income reserves.
- 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 700 228 202 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 51.77427 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:

	2016
Last day to trade ("LDT") *cum* dividend	Monday, 12 December
Shares to trade *ex* dividend	Tuesday, 13 December
Record date	Thursday, 15 December
Payment date	Monday, 19 December

Note:

1. Shares may not be dematerialised or rematerialised between commencement of trade on Tuesday, 13 December 2016 and close of trade on Thursday, 15 December 2016.

Investec Bank Limited
Company Secretary

16 November 2016

Company Information

DIRECTORS

S Hackner (*Chairman*)[#]
SR Leon (*Deputy Chairman*)[#]
N Riley (*Chief Executive Officer*)
A Wooler (*Financial Director*)
LLM Giuricich[#]
S Mahomed[#*]
CN Mashaba[#*]
MM Ngoasheng[#*]
GR Rosenthal[#*^]
KL Shuenyane[#*]
P Hourquebie [#*+]

Non-executive
* *Independent*
^ *Retired 16 August 2016*
+ *Appointed 16 August 2016*

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 Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street, Johannesburg, 2001

SPONSOR

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

Notes