Investec Property Fund Limited

Out of the Ordinary®

Investec
Property Fund Limited

2014 | Reviewed preliminary condensed financial results for the year ended 31 March 2014

Highlights

Final distribution of 57.74 cps
growth on prior year of
8.6%

Strong letting activity
69 167m^2
11.1% positive reversions
and 8.5% average escalation

Full year distribution of 108.20 cps
growth on prior year of
8.2%

Acquisitions concluded during the period
R1.4bn
Portfolio over 3.4x
the size since listing

Investment into Australia property market
R288.7mn
18.6% of Investec
Australia Property Fund

New equity raised
R600mn
Oversubscribed
accelerated bookbuild

Vacancy improved
from already low position
2.6%
Supported by long
lease expiry profile

Term debt market accessed
R500mn
Facility in place with
syndicate of banks

Gearing remains low
16.8%
Headroom for growth

REIT status obtained
1 April 2013
Capital structure converted
to all equity 16 August 2013

Funding costs secured
in volatile environment
8.5% p.a.*
84% hedged and long-dated swap maturity profile

Net asset value per share**
up 12.5%on prior year to
1 398.5 c

Headline EPS up
18.9%
Compared to headline
earnings per linked unit

* *Post conclusion of commercial paper issue and completion of announced acquisitions.*

** *Including shares to be issued*

Key performance indicators

Distribution per share/unit

2013	2014
99.99 c	108.20 c

Gearing

2013	2014
10.7%	16.8%

Weighted average swap expiry

2013	2014
3 years	4 years

Vacancy rate

2013	2014
2.9%	2.6%

Funding cost*

2013	2014
8.2%	8.5%*

Offshore exposure

2013	2014
0%	4.4%

Gross lettable area

2013	2014
568 151m^2	693 256m^2

Weighted average debt expiry

2013	2014
2.3 years	2.8 years

Shares in issue

2013
317 220 000

2014
358 231 620**

Property portfolio

2013	2014
R4.2bn	R5.8bn

Hedged position

2013	2014
75%	84%*

Gross cost to income ratio

	2013	2014
Total	27.5%	30.1%
Office	23.8%	23.9%
Industrial	28.0%	30.2%
Retail	33.3%	34.7%

Weighed average lease expiry

2013	2014
4.2 years	4.3 years

* *Post conclusion of commercial paper issue and completion of announced acquisitions.*

** *Excluding shares to be issued*

Statement of comprehensive income

R'000	Year ended 31 March 2014	Year ended 31 March 2013
Revenue, excluding straight-line rental revenue adjustment	520 862	331 398
Straight-line rental revenue adjustment	45 132	43 790
Revenue	**565 994**	**375 188**
Property expenses	(90 586)	(59 669)
Net property income	**475 408**	**315 519**
Other operating expenses	(5 743)	(3 041)
Asset management fee	(26 362)	(17 834)
Operating profit	**443 303**	**294 644**
Fair value adjustments	211 610	(82 856)
Profit on disposal of investment property	10 988	39 066
Income from investment	7 354	–
Finance costs	(57 369)	(39 184)
Finance income	10 745	25 143
Profit before debenture interest and taxation	**626 631**	236 813
Debenture interest	(119 935)	(236 576)
Profit before taxation	**506 696**	237
Taxation	39	(66)
Profit after taxation	**506 735**	171
Items that may be reclassified to profit and loss		
Other comprehensive income: gain on unrealised cash flow hedge	276	–
Total comprehensive income attributable to equity holders	**507 011**	171
Number of shares	**Shares**	**Linked units**
Shares in issue at the end of the period	358 231 620	317 220 000
Shares to be issued	7 345 043	–
Weighted average number of shares in issue	330 736 792	236 430 502
Cents		
Distribution per linked unit	–	**99.99**
Earnings per linked unit	–	**100.13**
Headline earnings per linked unit	–	**119.44**
Basic earnings per share	**153.30**	**0.07**
Headline earnings/(loss) per share	**142.03**	**(40.60)**

Distribution reconciliation

Profit after taxation	506 735	171
Add: Debenture interest	119 935	236 576
Less: Fair value adjustments	(211 610)	82 856
Profit on disposal of investment property	(10 988)	(39 066)
Straight-line rental revenue adjustment	(45 132)	(43 790)
Antecedent dividends/interest	32 925	11 500
Distributable earnings	**391 865**	**248 246**
Less: Interim dividends paid	(180 768)	(79 618)
Final distribution	**211 097**	**168 628**
Dividend per share	**108.20**	**0.07**

Statement of financial position

R'000	31 March 2014	31 March 2013
ASSETS		
Non-current assets	6 117 243	4 187 000
Investment property	5 708 131	4 115 125
Straight-line rental revenue adjustment	116 702	71 875
Derivative financial instruments	3 714	–
Investment	288 696	–
Current assets	436 082	452 343
Trade and other receivables	77 766	53 613
Cash and cash equivalents	358 316	398 730
Total assets	6 553 325	4 639 343
EQUITY AND LIABILITIES		
Shareholders' interest	5 112 629	3 172
Stated capital	4 645 756	3 172
Retained earnings	466 597	–
Cash flow hedge reserve	276	–
Debentures	–	3 940 004
Total shareholders'/unitholders' interest	5 112 629	3 943 176
Non-current liabilities	944 864	455 294
Long-term borrowings	944 864	450 000
Other non-current financial liabilities	–	5 294
Current liabilities	495 832	240 873
Trade and other payables	415 771	76 625
Current portion of other non-current liabilities	80 017	–
Taxation payable	44	41
Linked unitholders for interest and dividends	–	164 207
Total equity and liabilities	6 553 325	4 639 343
Net asset value per share/linked unit (cents)*	1 398.5	1 243.0

**Includes shares to be issued included in equity*

Condensed statement of cash flows

R'000	31 March 2014	31 March 2013
Cash generated from operations	390 903	236 976
Finance income received	10 745	20 712
Finance costs paid	(48 494)	(29 887)
Taxation paid	(46)	(28)
Distribution paid to shareholders/unitholders	(344 975)	(163 404)
Net cash flow from operating activities	8 133	64 369
Net cash outflow from investing activities	(1 217 547)	(1 485 664)
Net cash flow from financing activities	1 169 000	1 815 458
Net (decrease)/increase in cash and cash equivalents	(40 414)	394 163
Cash and cash equivalents at beginning of the year	398 730	4 567
Cash and cash equivalents at end of the year	358 316	398 730

Condensed statement of changes in equity

R'000	Year ended 31 March 2014	Year ended 31 March 2013
At the beginning of the year	3 172	1 700
Capital conversion	4 088 880	–
Fair value of debentures to stated capital	3 969 175	–
Conversion fees	(230)	–
Fair value of debenture interest to stated capital	119 935	–
Shares to be issued	100 334	–
Total comprehensive income attributable to equity holders	507 011	171
Issue of ordinary shares	594 000	1 472
Dividends paid to ordinary shareholders	(180 768)	(171)
Balance at the end of the year	5 112 629	3 172

Condensed segmental information

For the year ended 31 March 2014 R'000	Office	Industrial	Retail	Total
Statement of comprehensive income extracts				
Revenue, excluding straight-line rental revenue adjustment	174 860	134 470	211 532	520 862
Property expenses	(28 036)	(21 382)	(41 168)	(90 586)
Segment results	146 824	113 088	170 364	430 276
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	829 797	278 221	297 826	1 405 844
Fair value adjustment (including straight-lining)	65 218	70 146	96 625	231 989
Fair value of investment property	2 394 215	1 343 917	2 086 701	5 824 833

For the year ended 31 March 2013 R'000	Office	Industrial	Retail	Total
Statement of comprehensive income extracts				
Revenue, excluding straight-line rental revenue adjustment	139 648	115 046	76 704	331 398
Property expenses	(23 045)	(18 682)	(17 942)	(59 669)
Segment results	116 603	96 364	58 762	271 729
Statement of financial position extracts				
Investment property opening balance	1 182 600	779 800	103 000	2 065 400
Net additions, acquisitions and disposals	266 443	135 071	1 558 056	1 959 570
Fair value adjustment (including straight-lining)	50 157	80 679	31 194	162 030
Fair value of investment property	1 499 200	995 550	1 692 250	4 187 000

Commentary

Introduction

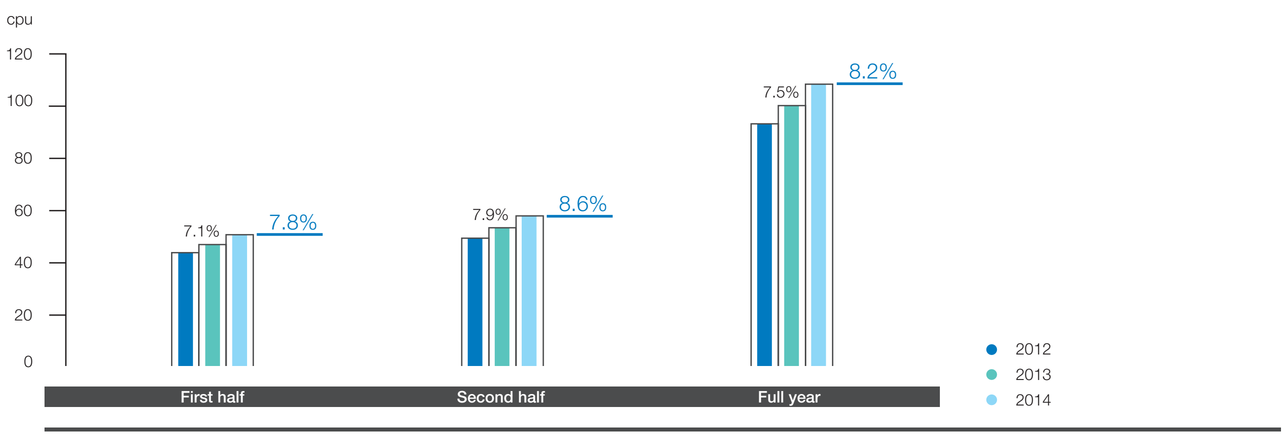
Investec Property Fund Limited is a South African Real Estate Investment Trust having listed on the JSE Limited ("JSE") on 14 April 2011 and obtaining REIT status on 1 April 2013. It currently comprises a portfolio of 69 properties in South Africa with a total Gross Lettable Area ("GLA") of 693 256m^2 valued at R5.8bn and a R288.7mn investment in Australia.

The objective of the Fund is to grow its asset base by investing in well priced income producing properties in the office, industrial and retail sectors to optimise capital and income returns over time for shareholders. Effectively, all rental income, less operating costs and interest on debt, is distributed to shareholders semi-annually. The Fund does not distribute capital profits or fair value gains.

Financial results

The board of directors is pleased to announce an 8.6% increase in the final distribution to 57.74 cents per share (cps) for the six months ended 31 March 2014 (31 March 2013: 53.16 cpu). This brings the total distribution for the year to 108.20 cps, representing an 8.2% increase over the prior year, supported by performance of the base portfolio and the underlying property fundamentals of acquisitions made in both the current and previous financial years. Although not material, given its size relative to the total portfolio, the base portfolio (R2.1bn) grew 5.5%, distorted somewhat by the vacancy of one office building (6 759m^2). If this was normalised, growth in the base portfolio would have been 7.9%. In addition, the results reflect management's continual focus on tenant retention and strategic lettings with over 69 167m^2 of space let during the year, keeping vacancies low at 2.6% (31 March 2013: 2.9%), one of the lowest levels in the sector.

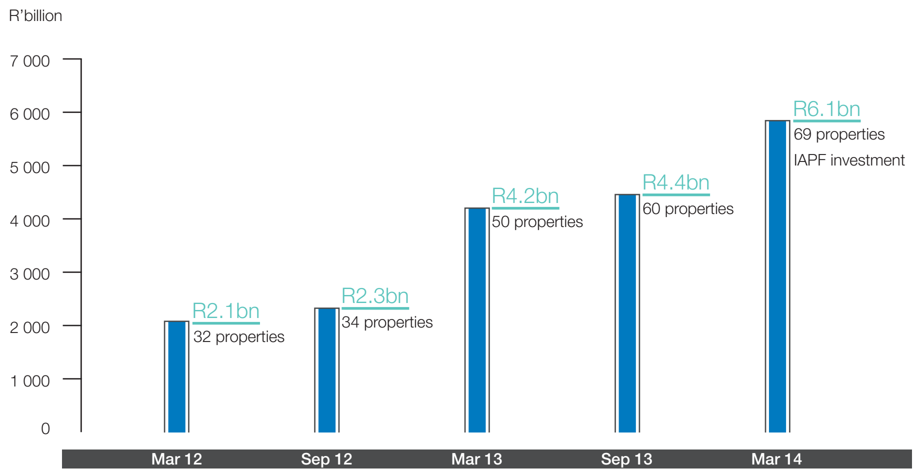
Distribution growth



Top 10 properties

Property	Sector	Book value R'mn	% of portfolio by value	GLA (m^2)	% of portfolio GLA
Balfour Mall	Retail	348.8	6.0	36 451	5.3
The Firs	Office	337.0	5.8	12 679	1.8
Alrode Multipark	Industrial	334.0	5.7	90 762	13.1
Woolworths House	Office	319.0	5.5	30 435	4.4
Investec Durban	Office	245.0	4.2	6 543	0.9
Kriel Mall	Retail	236.0	4.1	21 359	3.1
Innovation Group	Office	202.0	3.5	15 500	2.2
Great North Plaza	Retail	178.5	3.1	13 561	2.0
Nicol Main	Office	178.3	3.0	6 616	1.0
Investec Pretoria	Office	178.0	3.0	6 301	0.9
Total		2 556.6	43.9	240 207	34.7

Asset growth



Acquisitions and disposals

During the year the Fund completed R1.4bn of property acquisitions, increasing the portfolio by 38% to R5.8bn and represents a 3.4x increase since listing three years ago. The ability to unlock high quality opportunities in a very competitive market is a differentiating factor and the last 12 months is testament to this, with all acquisitions sourced from either Investec Property or through relationships within the Investec network. The acquisitions have brought into the portfolio a mix of high quality office, retail and industrial properties, tenanted by a majority of national or A-grade tenants.

Acquisitions	Sector	Cost (R'mn)	GLA (m^2)	Date of transfer
5 Bond Street	Office	118.5	5 870	May 2013
Minolta Belville	Office	24.7	2 166	May 2013
Minolta Highveld	Industrial	36.3	2 955	May 2013
SA Ladder	Industrial	75.1	25 000	April 2013
Bigen Africa	Office	125.1	5 412	October 2013
Big Box retail portfolio	Retail	208.8	38 475	October 2013
Martin & Martin	Industrial	88.6	19 972	December 2013
RPP	Industrial and Office	465.3	29 810	March 2014
Nonquebela Mall Link extension	Retail	32.2	2 911	March 2014
Nicol Main	Office	178.3	6 616	March 2014
Total acquisitions		1 352.9	139 187	

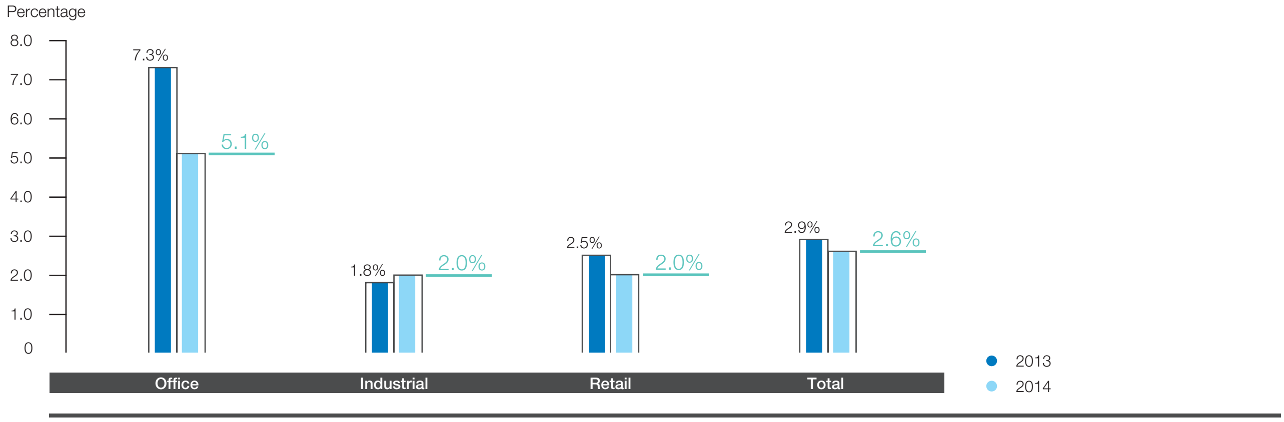
Post year-end, the Fund has taken transfer of the Barinors property (R96mn) and McCarthy Menlyn (R115mn).

During the year the Fund disposed of two non-core properties for a total consideration of R40.6mn, resulting in a capital profit of R10.9mn which was reinvested in the Fund.

Vacancy levels

The overall vacancy rate decreased 30bps to 2.6% on the back of strong renewals and new leases. Across the portfolio, 99.2% of expiring GLA was let/renewed at an average escalation of 8.5% and 11.1% positive reversion. The average in-force escalation across the portfolio is 8.1%.

Vacancies by sector – GLA



Letting activity	Office Area (m²)	Office % of GLA	Industrial Area (m²)	Industrial % of GLA	Retail Area (m²)	Retail % of GLA	Total Area (m²)	Total % of GLA
Tenanted at 31 March 2013	85 244	92.7	285 878	98.2	180 415	97.5	551 537	97.1
Sold	–		(13 822)		–		(13 822)	
Acquired*	40 951		56 850		41 386		139 187	
Vacated	–		(60 765)		(8 961)		(69 726)	
New leases/renewals	–		59 503		9 664		69 167	
GLA adjustments	(574)		–		(534)		(1 108)	
Tenanted at 31 March 2014	125 621	94.9	327 644	98.0	221 970	98.0	675 235	97.4

Renewals and new leases

Sector	Expiry rent R/(m²)	New rent R/(m²)	Average escalation (%)	GLA expiries and cancellations	GLA new leases/ renewals
Office	–	–	–	–	–
Industrial	32.23	37.63	8.8	(60 765)	59 503
Retail	155.53	150.55	8.1	(8 961)	9 664
Total	48.08	53.41	8.5	(69 726)	69 167

Cost to Income ratio

The Fund's gross cost to income ratio has risen by 2.6% to 30.1%, largely as a result of the change in portfolio composition. The retail portfolio's cost to income ratio increased by 1.4% with the addition of conventional retail centers, namely Balfour, Kriel and Nonkqubela, late in FY13. The office ratio remained flat year-on-year through effective management of the properties, while the industrial portfolio showed a 2.2% increase due to marginally lower electricity recoveries.

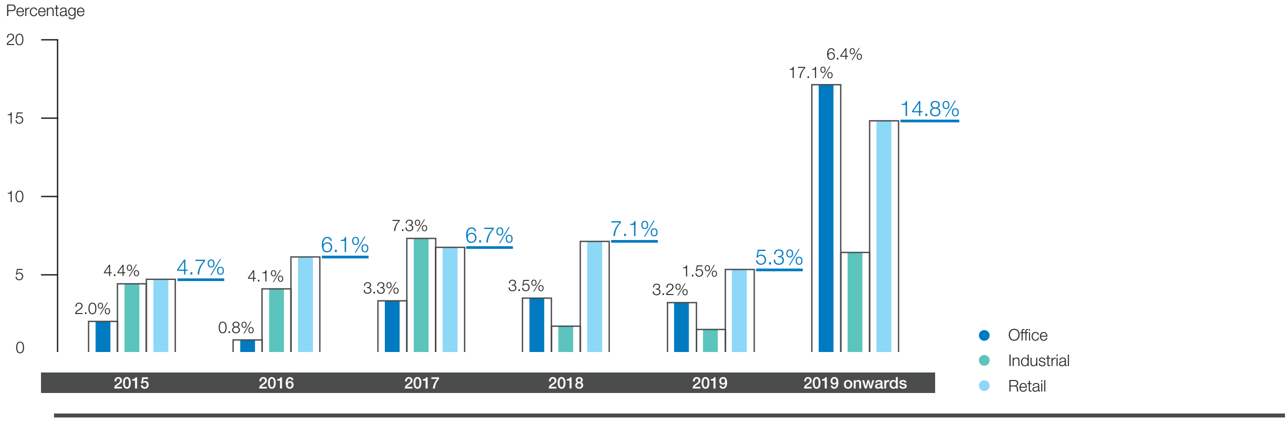
Cash on hand

Included in cash and cash equivalents at year-end is R315mn relating to consideration payable under the RPP and Nicol Main acquisitions (R224mn and R91mn, respectively). The Nicol Main consideration was settled on 1 April 2014. In accordance with the RPP sale agreement, the R224mn has been set aside by the Fund for the benefit of the vendor and as such is restricted cash from the Fund's perspective. The consideration will be released upon registration of the transaction in the deeds office, expected during May/June 2014.

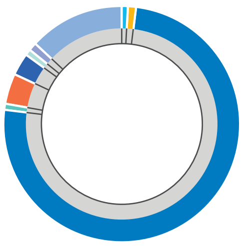
Lease expiry profile by sector

The Fund's lease expiry profile remains very strong with a weighted average lease expiry of 4.3 years by revenue. Of the leases expiring during the forthcoming financial year, we do not anticipate any material vacancy.

Lease expiry profile by sector – % of total revenue



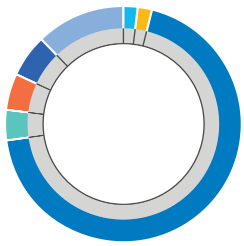
Geographic spread by GLA



GLA

Eastern Cape	1%
Free State	1%
Gauteng	75%
KwaZulu-Natal	1%
Limpopo	4%
Mpumalanga	3%
Northern Cape	1%
North West	1%
Western Cape	13%

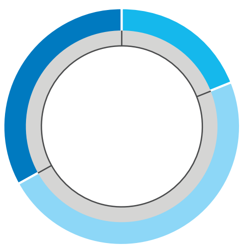
Geographic spread by revenue



Revenue

Eastern Cape	2%
Free State	2%
Gauteng	69%
KwaZulu-Natal	4%
Limpopo	5%
Mpumalanga	6%
Northern Cape	0%
North West	0%
Western Cape	12%

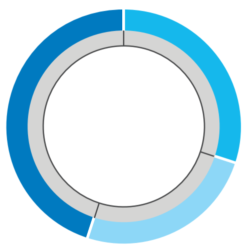
Sectoral spread by GLA



GLA

Office	19%
Industrial	48%
Retail	33%

Sectoral spread by revenue



Revenue

Office	30%
Industrial	25%
Retail	45%

Antecedent interest

Included within the distribution reconciliation is R33.0mn of antecedent interest, made up as follows:

	R'mn
Accelerated book build (H1 distribution)	20.7
Accelerated book build (H2 distribution)	8.6
RPP transaction (7.3mn shares)	3.7
Total	33.0

Investment

IPF acquired 18.6% of the newly JSE-listed Investec Australia Property Fund ("IAPF"). IAPF is a trust incorporated in Australia giving IPF direct access to Australian property and exposure to the Australian dollar representing 4.4% of the Fund's asset base.

Three of the directors of Investec Property Fund serve on the board of Investec Property Limited, the responsible entity of IAPF, in their personal capacity and not in their capacity as directors of the Fund.

The investment is classified as having level 1 inputs in terms of IFRS13; valued by reference to the quoted market price for IAPF.

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 3 years by an independent external valuer. The directors value properties by applying the income capitalisation method. Total revaluations for the current year amounted to R186.9mn, an increase of 3.4% on carrying value.

Fair value adjustments	31 March 2014 (R'mn)	31 March 2013 (R'mn)
Fair value adjustment on interest rate swap	9.0	(4.1)
Debenture fair value adjustment	(29.7)	(197.0)
Net investment property revaluation	186.9	118.2
IAPF revaluation	45.4	–
	211.6	(82.9)

Fair value hierarchy

Financial instrument (R'000)	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
Derivative assets – Interest rate swap	3 714	–	3 714	–	–
Derivative assets – Forward exchange contract	276	–	276	–	–
Investments held – Listed Investment in IAPF	288 696	288 696	–	–	–
	292 686	288 696	3 990	–	–
Cash and cash equivalents	–	–	–	–	358 316
Long-term borrowings	–	–	–	–	944 864
Trade and other payables	–	–	–	–	415 771
Trade and other receivables	–	–	–	–	77 766
Total	292 686	288 696	3 990	–	1 796 717

Valuation techniques

Interest rate swaps	Interest rate swaps are valued with reference to the prevailing interest rate and the specifics of the contract
Forward exchange contracts	Forward exchange contracts are 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	The investment is valued with reference to quoted (unadjusted) market prices for IAPF.
Line items at amortised cost	For all items carried at amortised cost, their current carrying values reasonably approximate their fair values and further fair value disclosure is not required in accordance with IFRS 7.29

There have been no transfers between levels of hierachy or policy.

Capital funding

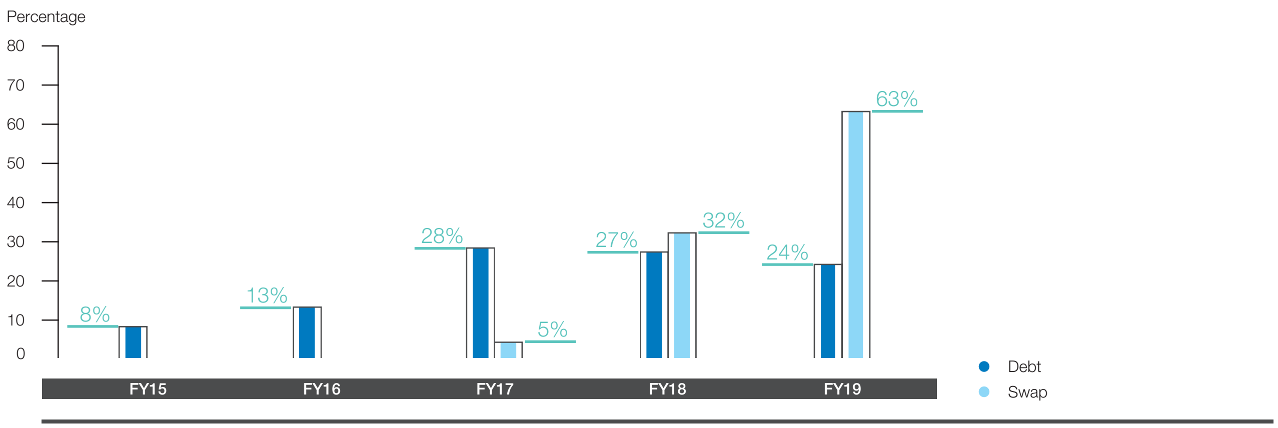
The Fund's Balance Sheet remains well positioned for growth. It is able to absorb interest rate volatility with gearing at 16.8%, a long-dated debt and swap maturity profile (2.8 years and 4.0 years, respectively) and a current hedged position of 110% after taking advantage of and locking in lower forward rates during the year. This will reduce to 84% after the completion of R300mn of announced acquisitions. The Fund continues to ensure a diversity of funding sources to minimise liquidity risk and maximise pricing efficiency with access to bank debt, medium-term bond and short-term bond markets.

	31 March 2014	*Pro forma**
Hedge position	110%	84%
Average swap rate	7.4%	7.4%
Average swap expiry	4 years	4 years
All-in funding cost	9.2%	8.5%
Average debt expiry	2.8 years	3.0 years

**Post commercial paper issue and announced acquisitions*

At year end, the Fund's all-in cost of borrowing was 9.2%, distorted by short-term facilities used to bridge acquisitions made in March 2014 and still in place at year-end. Funding costs will therefore reduce and normalise to 8.5% post the refinancing of the bridge facility in the commercial paper market on 15 April 2014 and payment for R300mn of announced acquisitions. We have the ability to minimise the impact of the outward shift in long-term rates, given our current hedged position, but do expect total borrowing costs to move upwards as and when larger acquisitions are made.

Debt and swap expiry profile



At 31 March 2014 – R'mn	Expiry	Rate	Facility	Utilised	Available
Facilities available					
Investec bridge facility[1]	30 April 2015	JIBAR + 225 bp	500	80	420
Standard Bank term debt facility[2]	October 2016	JIBAR + 155 bp	250	250	–
Nedbank term debt facility[2]	October 2018	JIBAR + 170 bp	250	250	–
DMTN Programme	n/a	various	3 000	450	2 550
			4 000	1 030	2 970

[1] *Post year-end this was refinanced with DMTN commercial paper at a margin of 27 bps above 3-month JIBAR. Additionally, R96mn of the facility has been encumbered to provide guarantees for Nicol Main Buildings D and E.*

[2] *Nedbank and Standard Bank facilities were concluded on 3 October 2013 and each include a R50mn revolving credit facility.*

Debtor arrears

Receivables have been tightly managed during the year and at year-end gross arrears were R1.7mn, representing 0.3% of total collectables over the period (31 March 2013: 0.6%).

Share capital

On 16 August 2013, shareholders approved the conversion of the Fund's linked-unit structure to that of an all-equity capital structure. To achieve this, each linked unit was replaced with a delinked ordinary share with the fair value of debentures capitalised to stated capital and the Fund's ordinary par value shares converted to ordinary no par value shares.

The Fund has authorised share capital of one billion no par value shares at 31 March 2014.

During the year the Fund issued 41 011 620 shares as part of an accelerated book build, raising R594mn net of transaction costs, but inclusive of R29.3mn antecedent dividends.

REIT legislation

On 1 April 2013, National Treasury introduced South African REIT regulations. The Fund applied to and received from the JSE, REIT status with effect from 1 April 2013, being the first day of the current financial year ending 31 March 2014. The capital structure of the Fund was converted as set out above.

Sustainability

IPF acknowledges its responsibility to its stakeholders, the environment and the community at large and consistently focuses on continual improvement of our business and environmental sustainability. During the year, the Fund expanded the energy efficiency programme launched during 2012, with the introduction of unique operating methods and deployment of capital in areas that have proven to deliver superior returns for both the Fund and tenants.

Related party transactions

The Fund entered into the following significant related party transactions during the year with Investec Limited and its subsidiaries:

Related party transactions	R'mn
Investec Bank Limited	
Corporate advisory and structuring fees	11.8
Bridge facility – carrying value	80.0
Interest rate swaps carrying value	3.7
Rentals received	41.3
Interest received	10.6
Investec Property (Pty) Ltd	
Rental guarantees received	9.1
Capex projects	16.3
Asset management fee	26.4
Acquisitions from Investec Property (Pty) Ltd	
Bigen	125.1
Big Box retail portfolio	208.6
Martin & Martin	88.6
5 Bond Street	118.5
SA Ladder	75.1

Shareholders

Number of shares in issue at 31 March 2014	358 231 620
Shares to be issued – RPP transaction	7 345 043
Number of shares in issue post RPP transaction	365 576 663

Changes to the Board

Effective 1 April 2014, Sam Hackner assumed the role of non-executive chairman of Investec Property (Pty) Ltd, the Manager of IPF. As a result, Sam's designation changed from executive chairman to non-executive chairman of the Fund, effective the same date.

Distribution reinvestment plan

The board has decided to provide Investec Property Fund shareholders with the election to re-invest their cash dividend in return for shares. This election provides the Fund with additional capital to support future acquisitions and growth, whilst at the same time providing shareholders the opportunity to acquire shares in the Fund at a reduced cost compared to the cost of acquiring shares in the market.

Prospects

The current IPF property and investment portfolio of R6.1bn represents a diversified base of quality properties. The portfolio's income stream is underpinned by strong tenant covenants with 46% single tenant triple net leases, a WALE of 4.3 years, low vacancies of 2.6% and in force escalations of 8.1% which are comfortably market related. Despite the uncertain economic outlook, highly competitive property landscape and upward pressure on administration, operation and funding costs, with the strength of the core portfolio and efficiently capitalised and hedged balance sheet IPF is well positioned to continue to deliver on its objective of investing in quality income producing properties and delivering long-term distribution and capital growth. The Board envisages growth for the forthcoming year substantially in line with historical growth.

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 last financial year. 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 by the Fund's independent external auditors.

On behalf of the Board of Investec Property Fund Limited

Sam Hackner
Chairman

Sam Leon
Chief Executive Officer

22 May 2014

Basis of accounting

The reviewed preliminary condensed financial information for the year ended 31 March 2014 has been prepared in accordance with the recognition and measurement criteria of 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 and the Companies Act, 71 of 2008.

The accounting policies applied in the preparation of the results for the year ended 31 March 2014 are consistent with those adopted in the financial statements for the year ended 31 March 2013. However, a new standard, IFRS13 has been implemented which addresses fair value. The new standard affects the disclosure of fair value. These reviewed preliminary condensed 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 financial results and have expressed an unmodified review conclusion on the preliminary condensed financial results, which 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 6 ("Cash dividend") of 57.744 cents per share for the period 1 October 2013 to 31 March 2014.

Shareholders will be entitled to elect to reinvest the Cash Dividend of 57.744 cents per share, after deduction of the applicable dividend tax, in return for shares ("Share Alternative"), failing which they will receive the net Cash Dividend in respect of all or part of their shareholdings.

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 358 321 620 ordinary shares of no par value.

In accordance with Investec Property Fund's status as a REIT with effect from 1 April 2013, 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 49.0824 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.
- 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 Alternative are as follows:

	2014
Circular and form of election posted to shareholders	Thursday, 22 May
Announcement of Share Alternative issue price and finalisation information	Thursday, 29 May
Last day to trade ("LDT") *cum* dividend	Friday, 6 June
Shares to trade *ex* dividend	Monday, 9 June
Listing of maximum possible number of Share Alternative Shares commences on the JSE	Wednesday, 11 June
Last day to elect to receive the Share Alternative (no late forms of election will be accepted) at 12:00 (South African time)	Friday, 13 June
Record date	Friday, 13 June
Announcement of results of Cash Dividend and Share Alternative on SENS	Tuesday, 17 June
Cheques posted to Certificated Shareholders and accounts credited by CSDP or broker to Dematerialised Shareholders electing the Cash Dividend on or about	Tuesday, 17 June
Announcement of results of Cash Dividend and Share Alternative in the press	Wednesday, 18 June
Share certificates posted to Certificated Shareholders and accounts credited by CSDP or broker to Dematerialised Shareholders electing the Share Alternative on or about	Thursday, 19 June
Adjustment to Shares listed on or about	Thursday, 19 June

Notes:

1. Shareholders electing the Share 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 record date, which differs from the conventional one day after record date settlement process.
2. Shares may not be dematerialised or rematerialised between commencement of trade on Monday, 9 June 2014 and close of trade on Friday, 13 June 2014.
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 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

22 May 2014

Company Information

Directors
S Hackner (Chairman)#
SR Leon (Chief Executive Officer)
MP Crawford (Lead Independent Director)#*
DAJ Donald
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 Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor, 70 Marshall Street, Johannesburg, 2001

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