

financial results. 31 march 2015

Investec Property Fund Limited
21 May 2015



Out of the Ordinary®

 **Investec**
Property Fund Limited

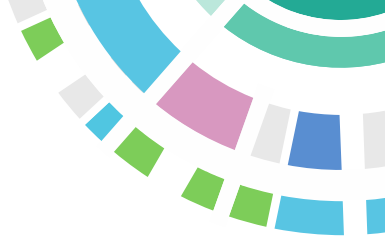
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Out of the Ordinary[®]

 **Investec**
Property Fund Limited

summary.





Highlights

10.1%

Full year dividend growth

R2.1 billion

Acquisitions concluded in current year

11.7%

2nd half dividend growth

2.8%

Vacancy remains low

19.1%

Growth in earnings per share normalised

4.4 years

Long WALE
+37% to expire after 5 years

8.3%

Net asset value growth –
driven by underlying property
performance

23.6%

Balance sheet firepower preserved
through low gearing

5.1x

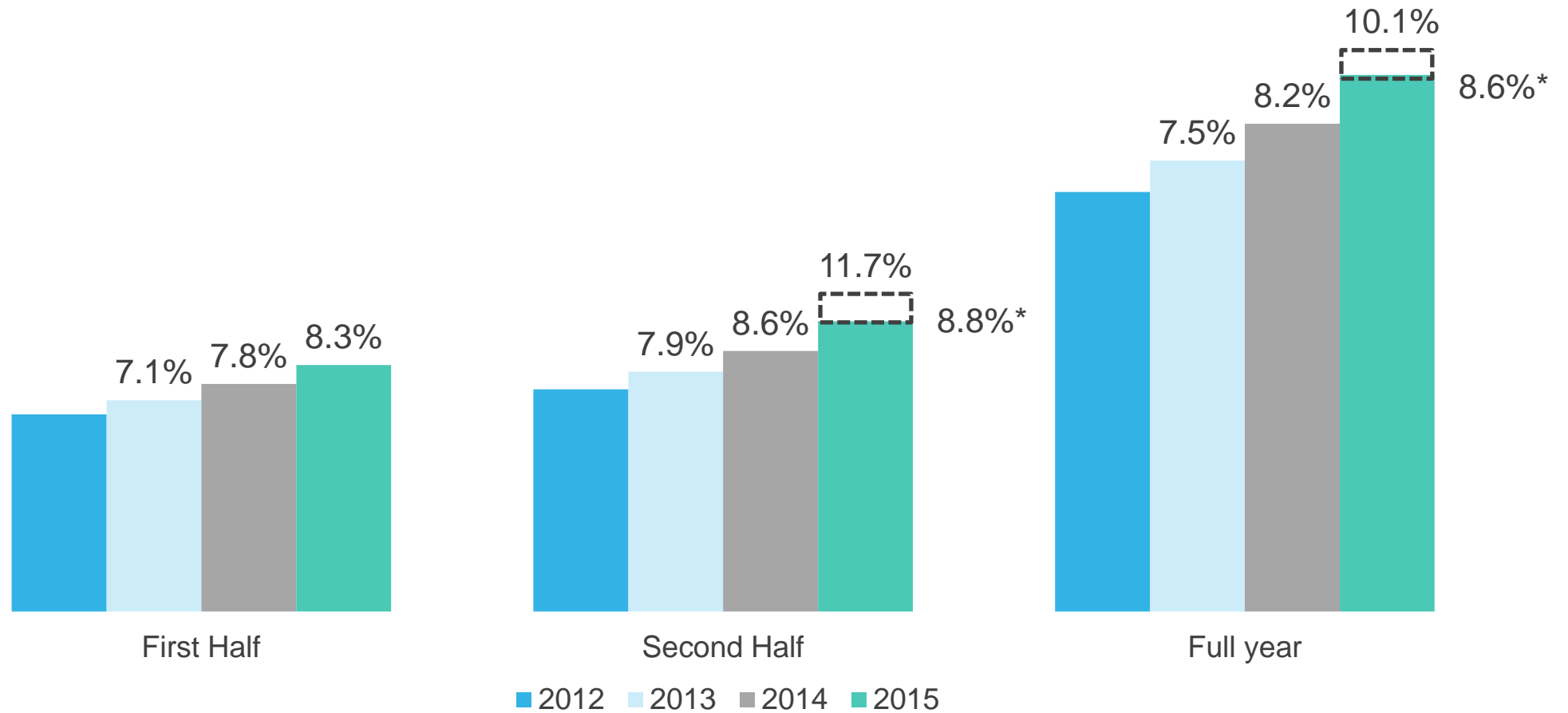
Growth in assets since listing
42% year on year

8.5%

All in cost of funding supported by a
conservative swap expiry

Distribution growth

Sustainable growth over time



* Once off impact of IAPF antecedent dividend.



Distribution reconciliation (R'm)

Dividend growth of 10.1%

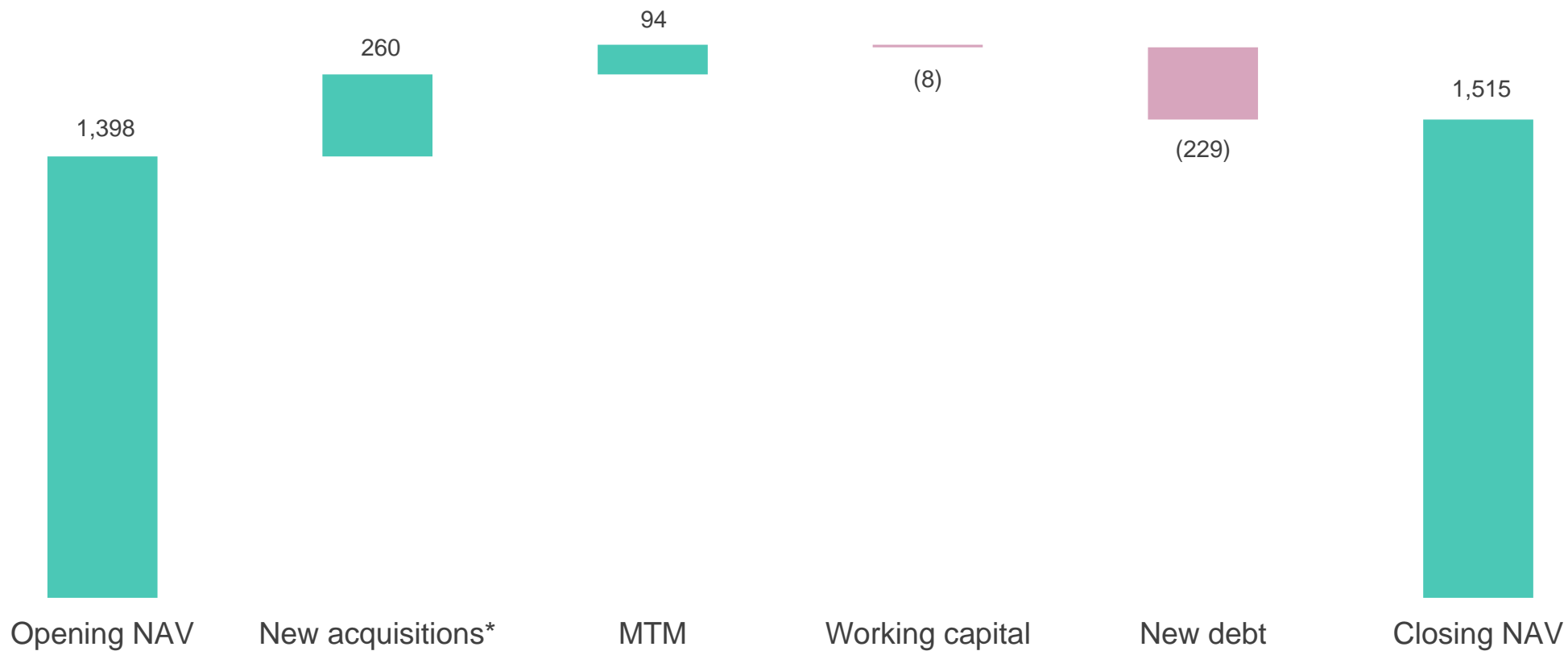


* FY2014 is net of Antecedent dividend



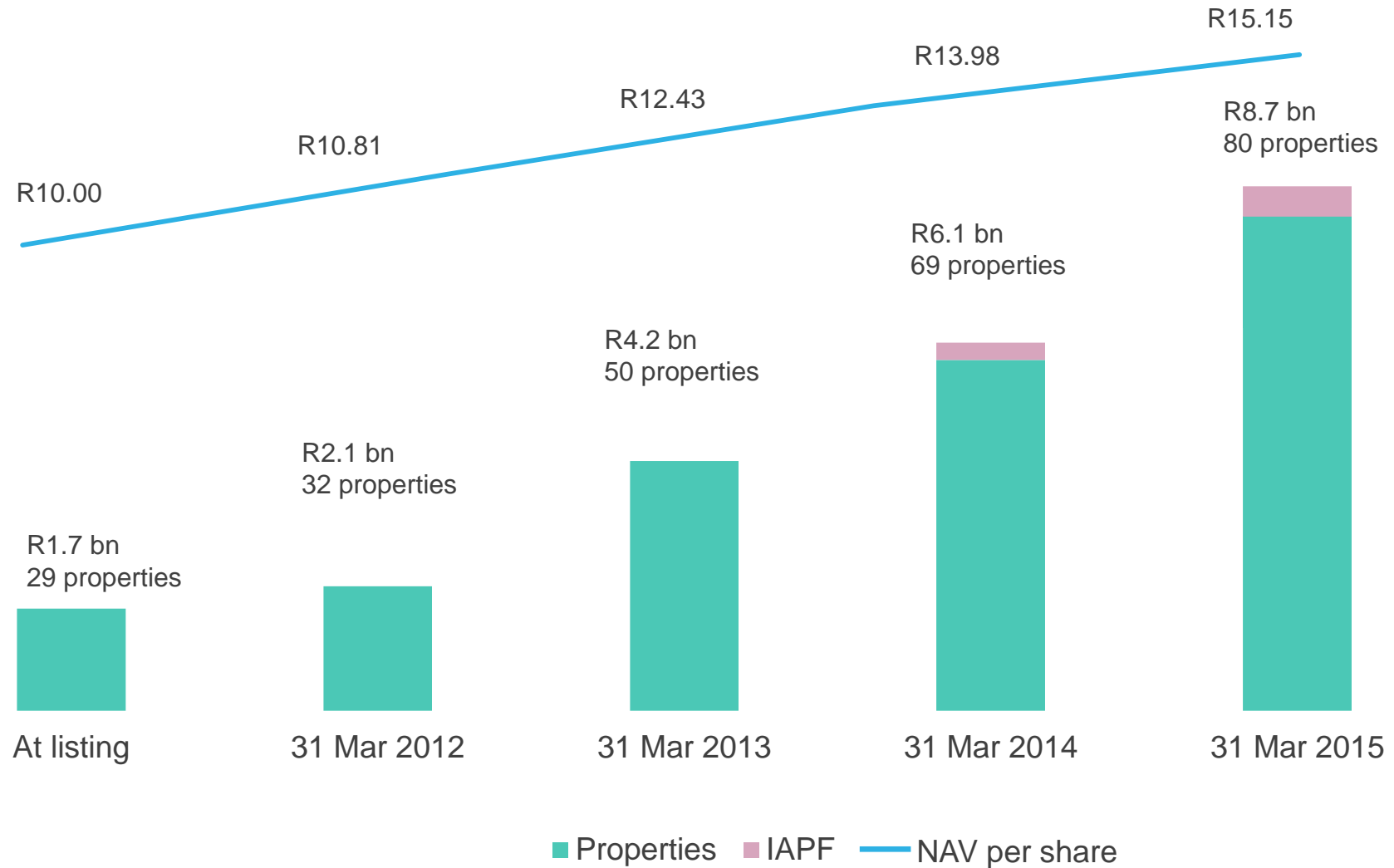
Net asset value reconciliation (cps)

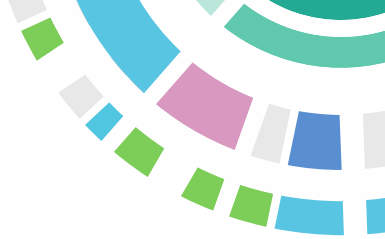
NAV growth of 8.3% - driven by underlying property performance



Asset growth

Portfolio growth 5.1x since listing; 42% growth FY14 on FY15





Fund Snapshot at 31 March 2015

Market					
Market capitalisation	• R7.4bn				
Share price	• R17.00				
30 day VWAP	• R16.88				
Clean forward yield	• 7.6%				
NAV per share	• R15.15				
Portfolio		Office	Industrial	Retail	Aus
Number of properties	• 80	• 21	• 33	• 26	• R0.5bn
Asset value	• R8.7bn	• 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 years	• 4.9 years	• 4.0 years	• 4.1 years	
In-force escalations	• 8.0%	• 8.0%	• 8.6%	• 7.8%	
Balance Sheet					
Gearing	• 23.6%				

2

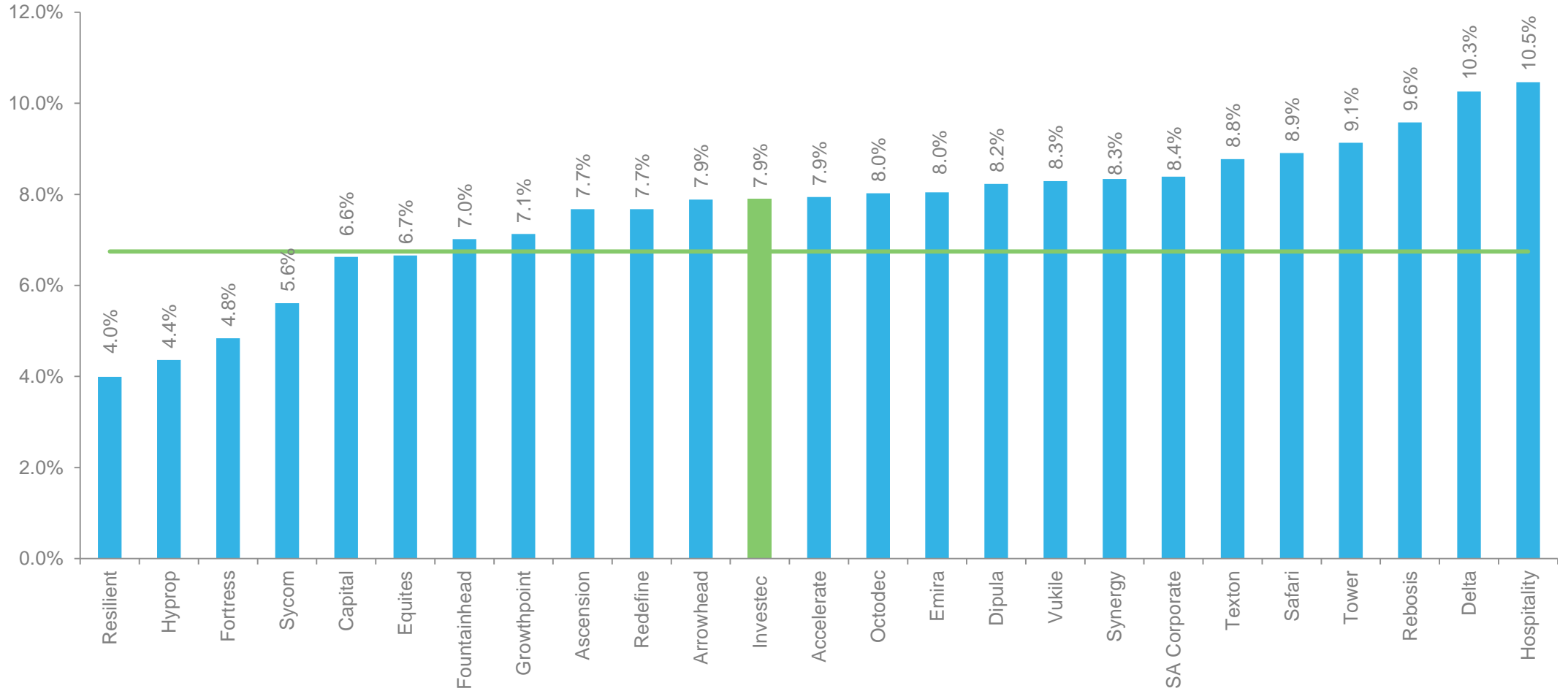
market review.

Out of the Ordinary[®]

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Property Fund Limited



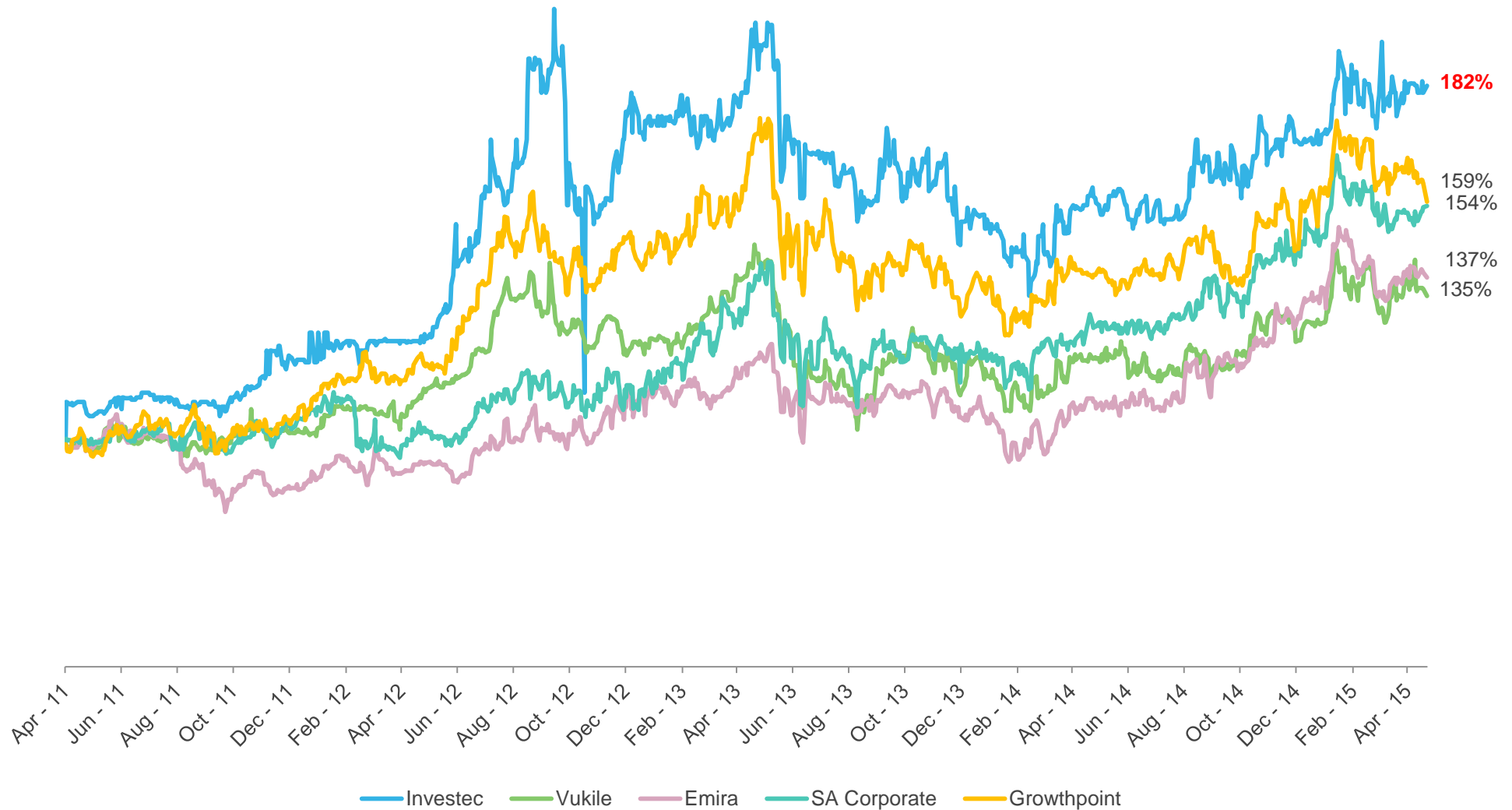
Property sector valuations



Gearing	29%	30%	21%	40%	25%	10%	23%	29%	35%	37%	32%	23%	39%	34%	35%	37%	27%	38%	29%	32%	28%	34%	38%	48%	37%
Market Cap (R'000)	33,339	30,645	21,168	7,805	25,207	1,545	10,813	71,057	3,122	44,429	8,424	7,227	4,805	6,177	9,144	4,449	11,827	1,364	9,736	2,884	1,464	1,653	5,557	4,975	2,555

IPF performance vs. peers since listing

Based on closing price



3

acquisitions & disposals.



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Acquisitions & disposals

Quality of portfolio further enhanced

Acquisitions	Cost (R'm)	GLA (m ²)	Sector	Yield (%)	Date of transfer
1. 30 Jellicoe Avenue	351.5	10 750	Office	8.0	February 2015
2. Barinors, Tyger Valley	91.0	5 394	Office	8.5	May 2014
3. Nicol Main E, Bryanston	74.7	3 152	Office	8.3	November 2014
4. Nicol Main D, Bryanston	50.0	2 095	Office	8.3	July 2014
5. Intercare, Fourways,	48.0	2 740	Office	9.1	September 2014
6. 34 Ingesol Road, Menlyn	46.7	2 376	Office	8.6	February 2015
7. Mafuri House, Bryanston	9.0	682	Office	8.9	April 2014
8. Diesel Road, Isando	112.0	22 057	Industrial	9.3	February 2015
9. 52 Jakaranda, Centurion	44.5	19 998	Industrial	9.1	February 2015
10. Dihlabeng Mall	370.1	26 210	Retail	8.0	July 2014
11. Fleurdal Mall	310.5	24 370	Retail	8.0	February 2015
12. Toyota Menlyn	126.4	6 709	Retail	8.3	March 2015
13. McCarthy Menlyn	115.4	7 346	Retail	7.8	May 2014
14. Foschini, JHB CBD	77.4	6 305	Retail	9.0	June 2014
15. Edcon, Carltonville	23.7	3 811	Retail	9.0	September 2014
	1 850.9	143 995		8.2	

Properties sold	Selling price (R'm)	Book value (R'm)	GLA (m ²)	Anticipated transfer date
1. 5 Endean Road	11.5	9.0	2 347	Sold – Dec 2014
2. Mafuri House, Bryanston	12.0	9.0	682	Pending Transfer
3. 230 15 th Road	41.0	40.0	6 759	Conditional
Properties for sale	64.5	58.0	9 788	

4

property
portfolio.



Property Highlights

+9.4%

Base portfolio growth - continued focus on key property fundamentals

+28.2%

Cost to income ratio
Year on year improvement of 1.9%.

+79%

Tenant retention ratio (based on revenue)

> 76 000m²

Space let or renewed during the year with competitive reversions.

+2.8%

Low vacancy

+8.4%

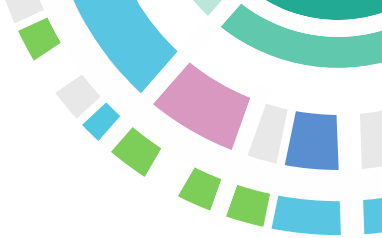
Escalations negotiated on new deals

+4.4 years

Weighted average lease expiry across the portfolio

+8.0%

Average in-force escalations

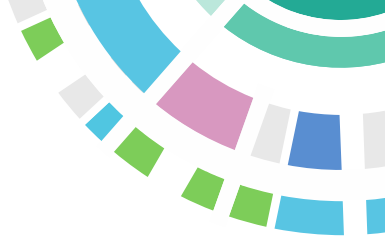


Letting activity

Continued ability to let space in challenging environment

	Expiries & cancellations	Renewals & new lets	Expiry rental	New rental	Rental reversion	Average escalation
	GLA	GLA	R/m ²	R/m ²	%	%
Office ¹	4 879	3 731	134.03	139.11	3.8%	8.8%
Industrial ²	55 682	51 084	37.58	37.18	(1.1%)	8.7%
Retail ³	22 533	21 455	145.74	160.75	10.3%	8.2%
Total	83 094	76 270				8.4%

1. New lets at 345 Rivonia concluded marginally below rental guarantee. Space still vacant represents 0.7% of office GLA.
2. If renewal of large manufacturing tenant in the Western Cape clothing industry was excluded then the positive reversion is 11.2%.
3. Positive retail reversion driven by shopping centres
4. The retention ratio is 79% of all expiries for the period (excluding Ellerines).
5. Net loss of let space is 0.8% of total GLA.
6. The Fund has renewed 92% of cancelled or expired space.



Ellerines letting

97% of Ellerine's space has been cancelled and re-let with positive reversions

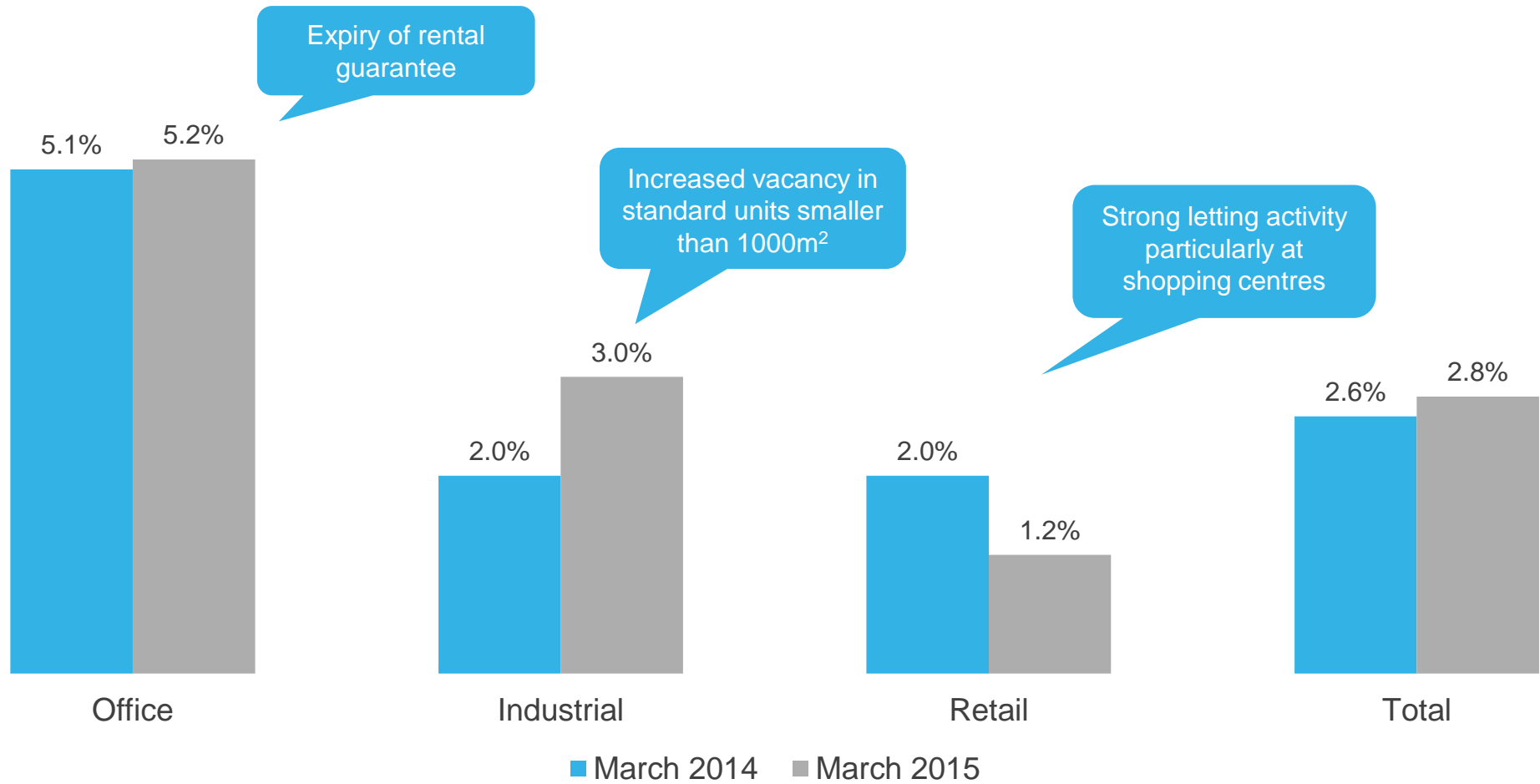
Property	New tenant	Expiry	Expiry rental	New rental	Rental reversion
		GLA	R/m ²	R/m ²	%
Bryanston – Dial a bed	Maserati	2 246	122.49	136.47	11.4%
Bryanston – Wetherleys	Mia Bella	2 539	115.25	115.50	0.2%
Kriel Mall – Beares	Pep Home	270	86.28	125.00	44.9%
Kriel Mall – Ellerines	OK Furniture	505	83.98	102.35	21.9%
Nonqubela Link – Ellerines	Sililu/ Best Furniture	266	171.94	180.00	4.7%
Nonqubela Link – Ellerines	African Bank	110	171.94	220.00	28.0%
Total		5 936			16.9%

The Ellerines space made up 8% of the total GLA that expired or was cancelled during the year. It amounts to 0.7% of the total portfolio GLA.

Note: 178m² at Kriel Mall remains under negotiation with Pep Home (3% of Ellerines GLA).
Dial a bed Fourways was ceded to Coricraft on the same terms (490m²).

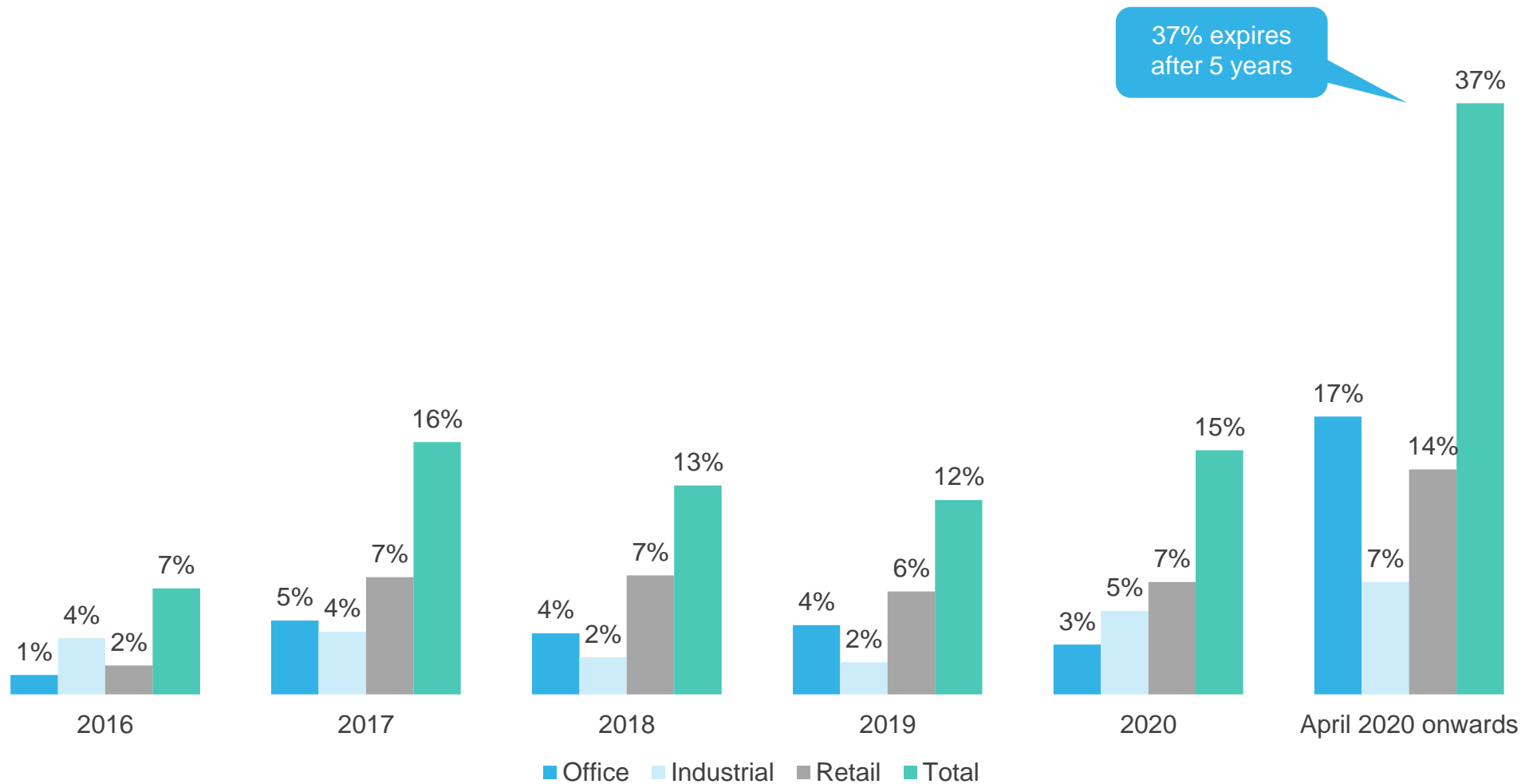
Vacancy levels (GLA)

Remains low at 2.8%

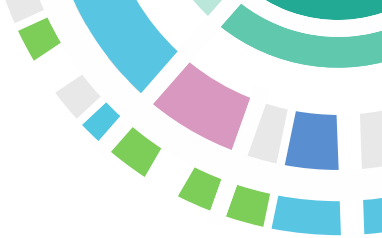


Lease expiry profile (revenue)

WALE of 4.4 years, one of the longest in the sector

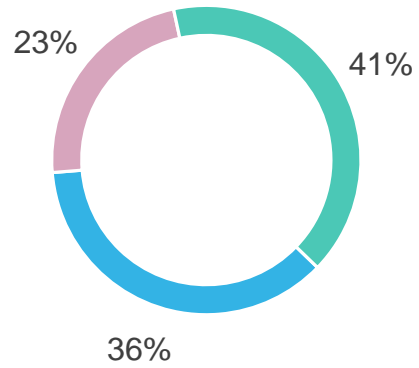


Portfolio composition by sector

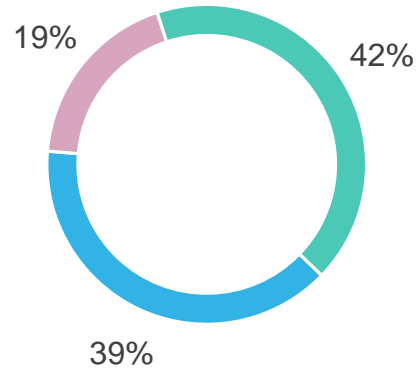


2015

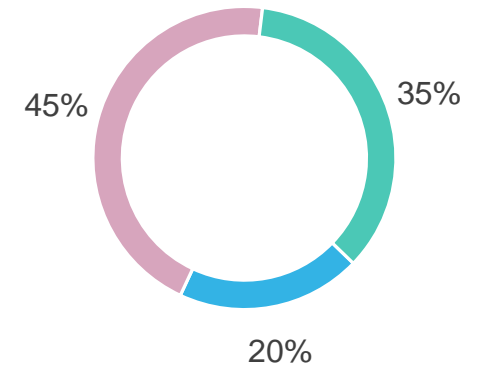
By revenue



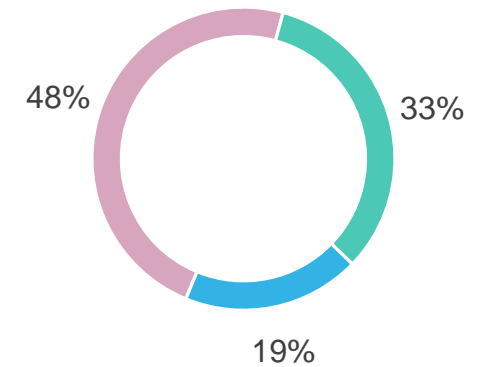
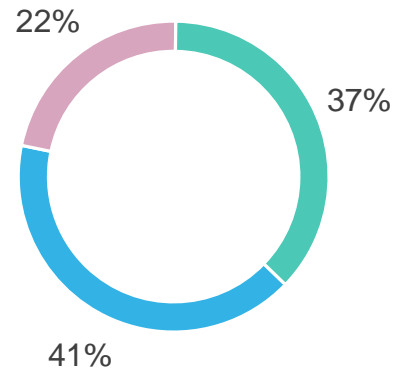
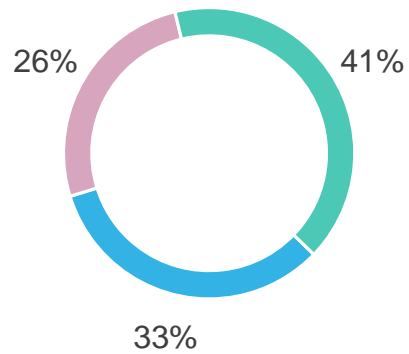
By asset value



By GLA

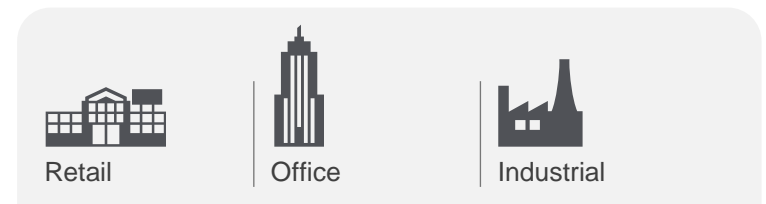
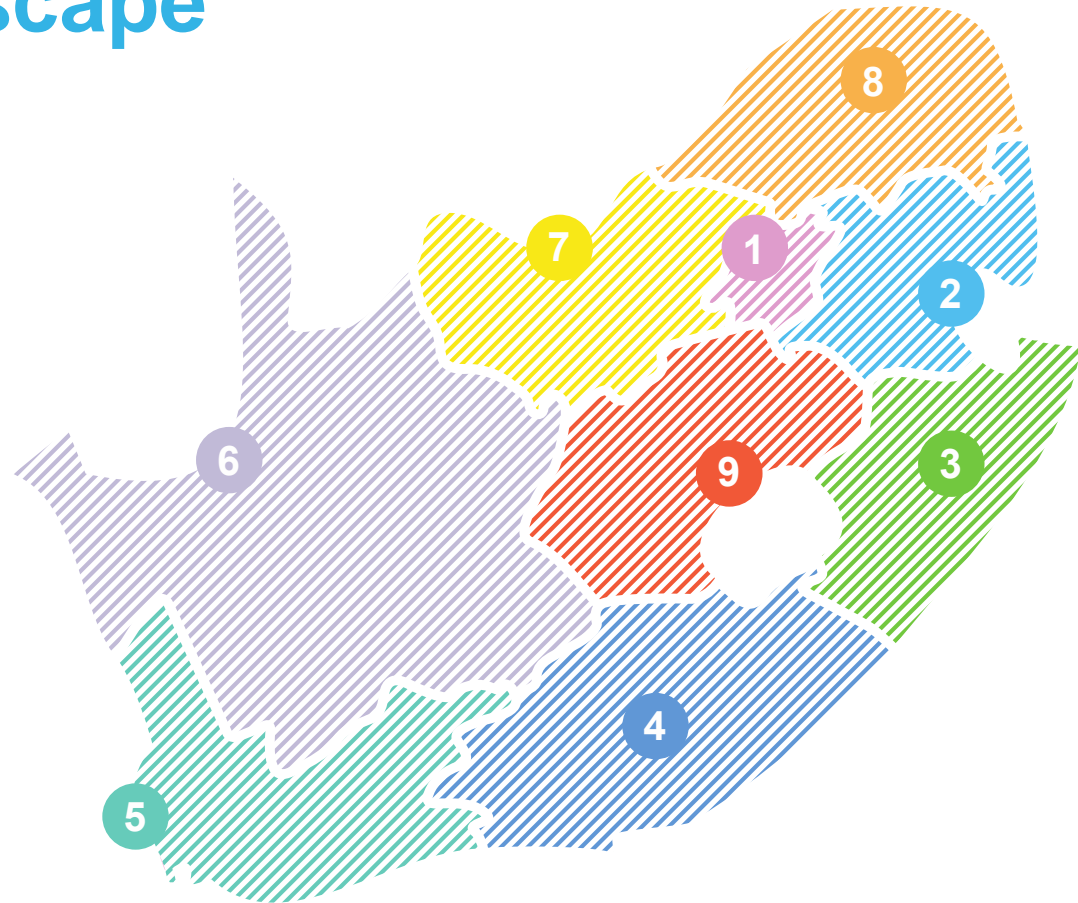
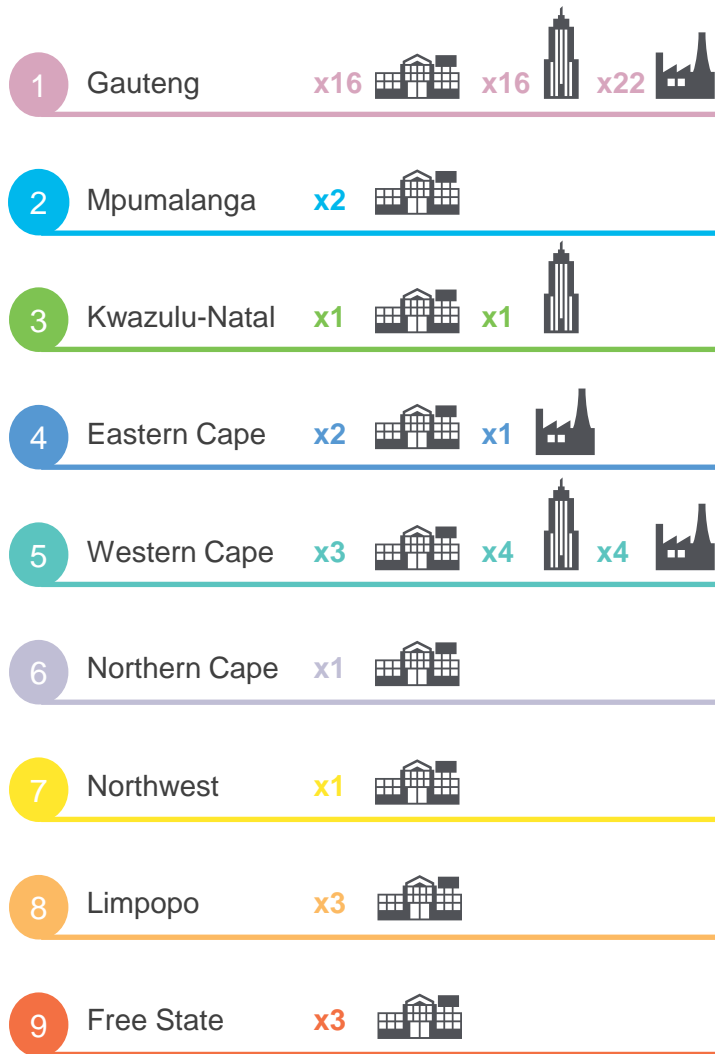


2014



■ Office ■ Industrial ■ Retail

Our property landscape

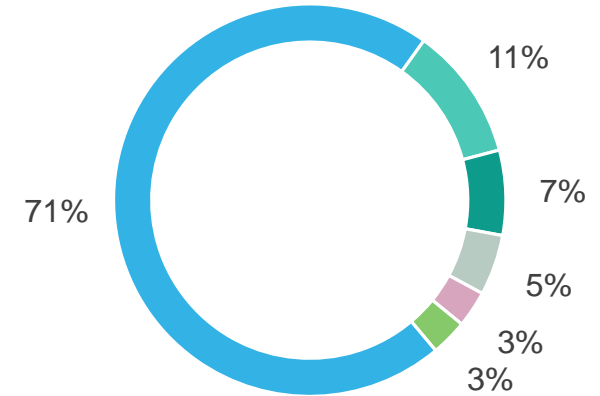
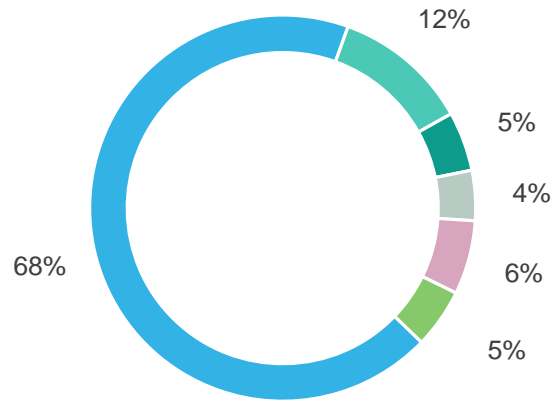


Portfolio composition by geography

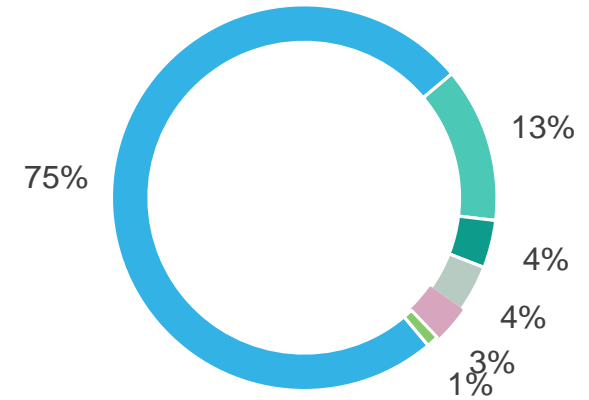
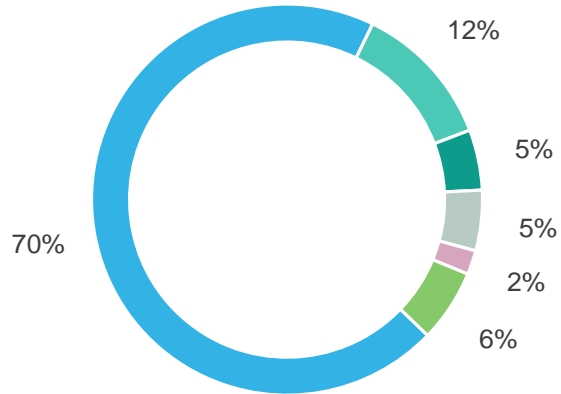
Geographic spread by revenue

Geographic spread by GLA

2015



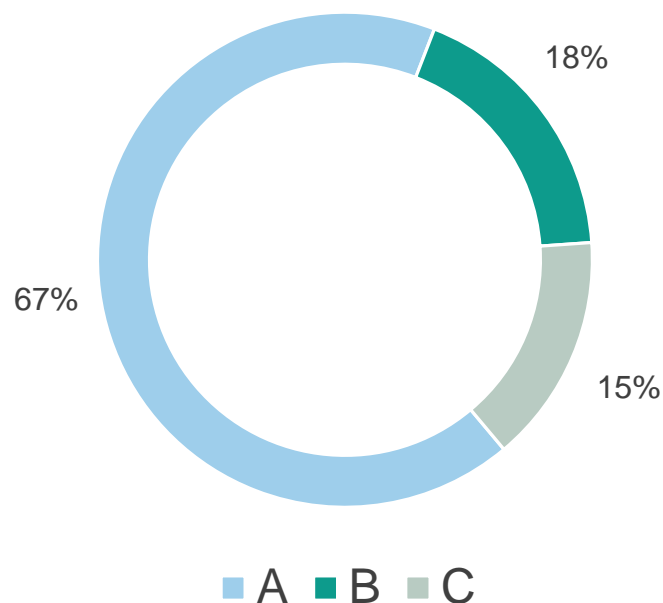
2014



■ Gauteng ■ Western Cape ■ Other ■ Limpopo ■ Free State ■ Mpumalanga

Tenant composition (revenue)

Quality tenant base – 84% large corporates, listed companies or nationals



A – Large, international, national, listed (larger than R2bn), large professionals, government and major franchises.
 B- National, small listed, local government and medium professional firms.
 C - Other

Rank	Tenant	Monthly gross revenue	% total portfolio
		R'm	%
1	Massmart	4.6	7%
2	Investec	4.3	7%
3	Shoprite Checkers Group	3.1	5%
4	Woolworths	2.5	4%
5	Bidvest	2.0	3%
6	Innovation	1.6	3%
7	Edcon Group	1.5	2%
8	Foschini	1.5	2%
9	Fluxmans Attorneys	1.3	2%
10	Pepkor	1.2	2%
	Subtotal	23.6	37%
	Remaining tenants	42.1	63%
	Grand Total	65.7	100%

Total property portfolio

Results underpinned by base portfolio performance

KPI's	Actual 31 Mar 2015	Actual 31 Mar 2014	+/-
	R'm	R'm	%
Base portfolio	423.7	387.2	9.4
Acquisitions	181.2	40.9	
Disposals	0.2	2.1	
Net income	605.1	430.2	40.6
Cost to income ratio	28.2%	30.1%	
Vacancy	2.8%	2.6%	
Arrears as % of collectibles	0.6%	0.3%	
Average in-force escalations	8.0%	8.1%	
WALE (years)	4.4 years	4.2 years	

Office portfolio

Robust portfolio supported by tenant quality



+R668m

Marked growth in asset base with quality income streams

+1.9%

Cost ratio improved

Single tenants – all A Grade

Defensive portfolio¹ – single tenants have a WALE of 6.4 years

KPI's	Actual 31 Mar 2015	Actual 31 Mar 2014	+/-
	R'm	R'm	%
Base portfolio	137.9	128.4	7.4
Acquisitions	92.2	17.2	
Disposals	(0.1)	(0.2)	
Net income	230.0	145.4	58.2
Cost to income ratio	22.0%	23.9%	
Vacancy	5.2%	5.1%	
Arrears as % of collectibles	0.2%	0.4%	
Average in-force escalations	8.0%	8.0%	
WALE (years)	4.9 years	5.6 years	

¹ Single / multi tenants are in a ratio of 45 / 55 of the portfolio

Industrial portfolio

Performance driven by letting activity



+12.3% Base NPI growth - Full benefit of strong prior year letting

+1% Marginal uptick in vacancy in standard units

+51 000m² Continued ability to let space in challenging environment

KPI's	Actual 31 Mar 2015	Actual 31 Mar 2014	+/-
	R'm	R'm	%
Base portfolio	109.4	97.4	12.3
Acquisitions	31.3	15.4	
Disposals	0.3	2.3	
Net income	141.0	115.1	22.5
Cost to income ratio	26.2%	30.2%	
Vacancy	3.0%	2.0%	
Arrears as % of collectibles	0.5%	0.3%	
Average in-force escalations	8.6%	8.7%	
WALE (years)	4.0 years	3.5 years	

Retail portfolio

Strong positive reversions and focus on niche or dominant opportunities

+10.3%

Strong positive reversions on renewal cycles

+R1bn

Focused acquisitions in niche markets

+6 000m²

Dihlabeng extension to be completed in July 2016

Letting activity	Renewals & new lets	Expiry rental	New rental	Rental reversion	% Retail GLA
	GLA	R/m ²	R/m ²	%	%
Shopping Centre	14 883	161.45	176.04	9.0	5.1
High Street ¹	5 276	119.33	127.64	7.0	1.8
Big box	1 296	90.96	120.0	31.9	0.4
Total	21 455	145.74	160.75	10.3	7.3

1. Mainly driven by re-lets of Ellerines space in Bryanston.

KPI's	Actual 31 Mar 2015	Actual 31 Mar 2014	+/-
	R'm	R'm	%
Base portfolio	176.4	161.5	9.2
Acquisitions	57.7	8.3	
Disposals	-	-	
Net income	234.1	169.8	37.9
Cost to income ratio	34.8%	34.7%	
Vacancy	1.2%	2.0%	
Arrears as % of collectibles	1.2%	0.3%	
Average in-force escalations	7.8%	7.8%	
WALE (years)	4.1 years	3.7 years	

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financial review.

Out of the Ordinary[®]

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Property Fund Limited





Financial highlights

+10.1%

Distribution growth
8.6% growth excluding once off impact of IAPF dividend

8.3%

Net asset value growth – driven by underlying property performance

**+R2.3bn
of new
funding**

R1.0bn equity
R0.6bn new corporate bonds
R0.2bn commercial paper
R0.5bn term debt facilities

3.8 years

Swap maturity profile and 83% hedged

23.6%

Conservative gearing - with firepower preserved to pursue quality acquisitions.

+AUD 2.3m

Foreign exchange hedges in place for the next three years
- Locked in growth

+8.5%

Secure cost of funding underpinned by 3.8 year swap profile

**+85%
growth**

Investment in IAPF
Doubled year on year

Income Statement to 31 March 2015

	Actual 31 Mar 2015	Actual 31 Mar 2014	+/-
	R'm	R'm	%
Revenue	725.7	520.9	39.3
Straight line rental adjustment	120.8	45.1	167.8
Revenue	846.5	566.0	49.6
Property expenses	(120.6)	(90.6)	(33.1)
Net property income	725.9	475.4	52.7
Fund operating expenses	(6.8)	(5.7)	(19.3)
Asset management fee	(35.9)	(26.4)	(36.0)
Net finance costs	(127.0)	(46.6)	(172.5)
Income from IAPF	33.0	7.4	346.0
Net fair value adjustments	293.1	211.6	38.5
Profit on sale of investment property	2.4	11.1	(78.4)
Debenture interest	-	(119.8)	
Profit	884.7	507.0	74.5

Distribution recon to 31 March 2015

Distributing clean income

	Actual 31 Mar 2015	Actual 31 Mar 2014	+/-
	R'm	R'm	%
Profit	884.7	507.0	74.4
Add: debenture interest	-	119.8	100
Less: Net fair value adjustments	(293.1)	(211.6)	(38.5)
Less: profit on disposal of investment property	(2.4)	(11.1)	78.4
Less: straight line rental adjustment	(120.8)	(45.1)	(167.8)
Antecedent interest	32.5	32.8	(0.9)
Less: interim dividend paid	(219.2)	(180.8)	(21.2)
Total dividend to be declared	281.7	211.1	33.4
Number of shares	436.7	365.6	19.5
Final dividend per share	64.50	57.74	11.7
Interim dividend per share	54.65	50.46	8.3
Total dividend per share	119.15	108.20	10.1

Earnings recon

Adjusting results for one-off items

	Actual 31 Mar 2015	Actual 31 Mar 2014	+/-
	cps	cps	%
Full year dividend per share	119.15	108.20	10.1
IAPF antecedent dividend	(1.65)	-	
Base dividend per share	117.50	108.20	8.6
Earnings per share	225.80	153.30	47.3
Adjustment for change in capital structure	-	36.17	
Adjusted earnings per share	225.90	189.47	19.2

Balance Sheet

	31 March 2015 R'm	31 March 2014 R'm	+/-
Assets	8 832	6 550	2 282
Investment property	8 202	5 825	2 377
Investment in IAPF	502	289	213
Trade and other receivables	67	78	(11)
Cash and cash equivalents	61	358	(297)
Total assets	8 832	6 550	2 282
Shareholders interest	6 616	5 113	1 503
Stated capital	5 678	4 646	1 032
Retained earnings	938	467	471
Liabilities	2 216	1 437	779
Long term borrowings	2 052	1 025	1 027
Net derivative financial instruments	15	(4)	19
Trade and other payables	149	416	(267)
Total equity and liabilities	8 832	6 550	2 282
Net asset value per share (cents)	1 515.0	1 398.5	

Capital management

Conservative balance sheet management – positioned for growth

	31 March 2015	31 March 2014
Investments	R8.7 bn	R6.1 bn
Total debt	R2.1 bn	R1.0 bn
Available facilities	R2.4 bn	R3.0 bn
Gearing	23.6%	16.8%
All in cost of funding	8.5%	8.5%
Hedged position	83%	110%
% properties secured	26%	30%
Expiry profiles		
- Debt	2.8 years	2.8 years
- Swaps	3.8 years	4.3 years
Sources of debt funding ¹		
- Bank	38%	56%
- Corporate bonds	52%	44%
- Commercial paper	10%	-

1. Post year end the Fund entered into a new five year term debt facility with Nedbank for R200 million, unsecured at a margin of 175bps above three-month JIBAR.

Funding Facilities

Headroom preserved and sources diversified

Debt facilities	Facilities R'm	Drawn R'm	Available R'm
Balance at 31 March 2014	4 000	(1 030)	2 970
Added during the year ² :			
- Commercial Paper	-	(200)	(200)
- Corporate Bond issued	-	(620)	(620)
- Term debt	500	(209)	291
Balance at 31 March 2015	4 500	(2 059)¹	2 441

1. Balance sheet reflects net of capitalised transaction costs

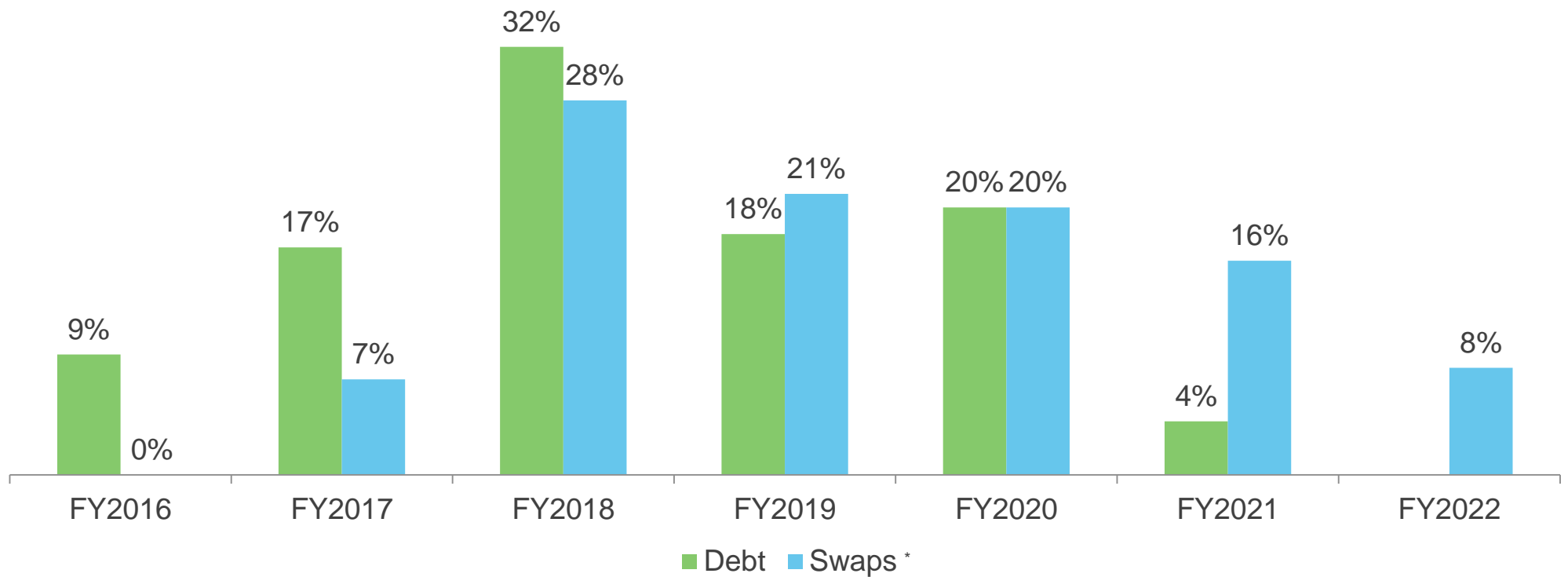
2. All debt issued in the year on an unsecured basis

Swap facilities	Swaps ³ R'm	Rate %	Weighted average swap expiry (years)
Balance at 31 March 2014	1 131	7.70	4.3
New and restructured swaps	390	7.76	5.1
Forward starting swaps	200	6.91	4.9
	1 721	7.59	4.0
Cross currency swap	163	(4.27)	2.0
Balance at 31 March 2015	1 884	6.57	3.8

3. Includes fixed rate loan of R226m at 8.80%



Debt and swap maturity profile



* Includes forward starting swaps.

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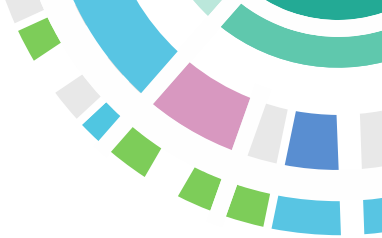
conclusion.



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Property Fund Limited





Conclusion

1. 2015 annual results ahead of market expectations
2. Results driven by base portfolio growth and conservative balance sheet management
3. Challenging operating and macro environment
 - Large industrial renewals to be concluded and letting of large vacant space in a tempered market
 - Impact of potential increase in global interest rates on property sector rating, pricing and capital markets
4. Portfolio well placed to deliver sustainable growth into 2016, based on defensive assets with strong property fundamentals providing visibility into net property income
5. 2016 dividend growth in line with core historical performance

Annexure 1

Acquisitions



30 Jellicoe



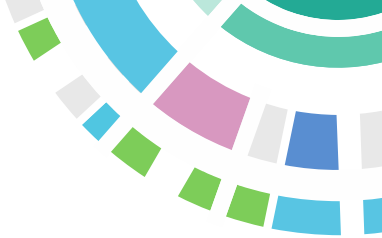
Value	R351.5m
Yield	8.0%
GLA	10,750
Location	30 Jellicoe Avenue Rosebank
Major tenants	Fluxmans
WALE	6.7 years ¹
Date of acquisition	February 2015

1. Includes rent guarantee

Barinors Vineyards – Farm 5



Value	R91.0m
Yield	8.5%
GLA	5,394
Location	Bellville, Cape Town
Major tenants	NHBRC, Livewire Engineering, Acciona Energy SA
WALE	2.6 years
Date of acquisition	May 2014



Nicol Main D and E

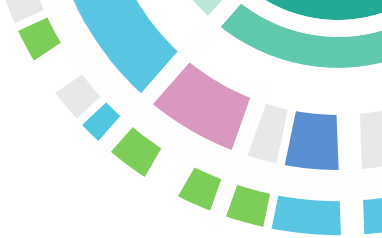


	Nicol Main D	Nicol Main E
Value	R50.0m	R74.7m
Yield	8.3%	8.3%
GLA	2,095	3,152
Location	Bryanston	Bryanston
Major tenants	Joe Public	JLT Insurance
WALE	5.0 years	5.0 years
Date of acquisition	July 2014	November 2014

Intercare Fourways



Value	R48.0m
Yield	9.1%
GLA	2 740
Location	Fourways
Major tenants	New Clicks South Africa trading as Intercare
WALE	5.7 years
Date of acquisition	September 2014



Ingersol

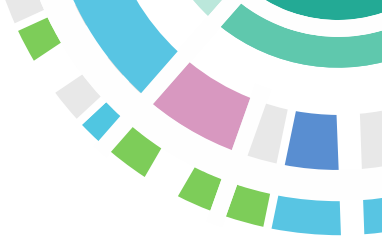


Value	R46.7m
Yield	8.6%
GLA	2,376
Location	Lynnwood Glen, Pretoria
Major tenants	Independent Institute of Education (Advtech)
WALE	4.9 years
Date of acquisition	February 2015

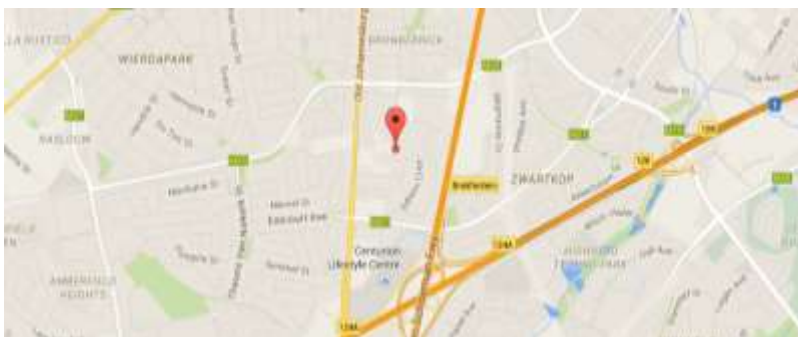
Diesel Road, Isando



Value	R112.0m
Yield	9.3%
GLA	22 057
Location	Isando
Major tenants	Caterpillar
WALE	4.6 years
Date of acquisition	February 2015



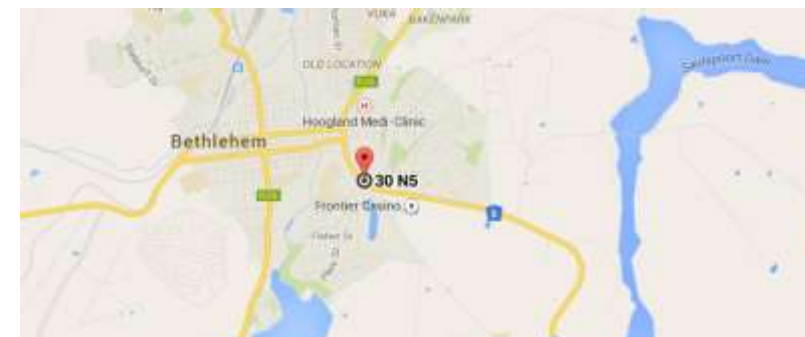
52 Jakaranda



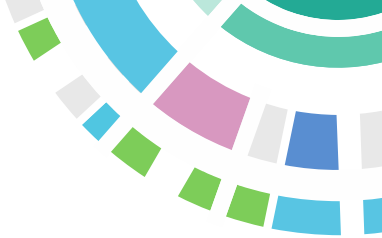
Value	R44.5m
Yield	9.1%
GLA	19 998 ¹
Location	Hennospark, Pretoria
Major tenants	RMD Kwikform
WALE	7.3 years
Date of acquisition	February 2015

1. Includes yard

Dihlabeng Mall



Value	R370.1m
Yield	8.0%
GLA	26,210
Location	Bethlehem
Major tenants	Woolworths, Shoprite, Pick n Pay, Game, Foschini
WALE	6.1 years
Date of acquisition	July 2014

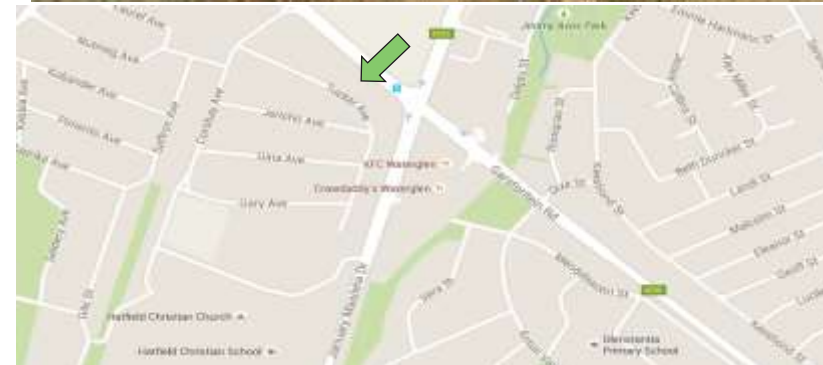


Fleurdal Mall

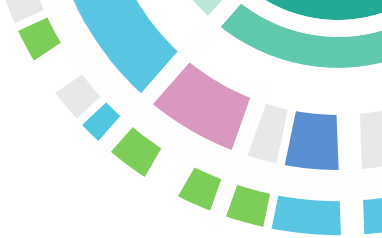


Value	R310.5m
Yield	8.0%
GLA	24,370
Location	Fleurdal Bloemfontein
Major tenants	Checkers Hyper, Hi-Fi Corporation, Pepkor, Mr Price
WALE	4.9 years
Date of acquisition	February 2015

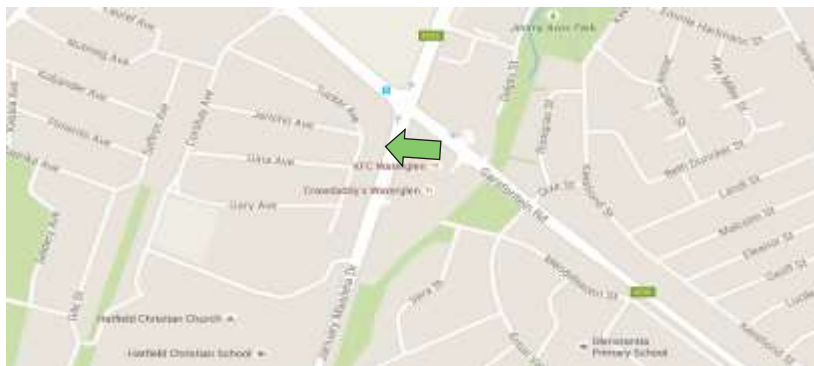
Toyota Menlyn



Value	R126.4
Yield	8.3%
GLA	6 709
Location	Menlyn Pretoria
Major tenants	Barlow World Trading as Toyota
WALE	4.5 years
Date of acquisition	March 2015



McCarthy Menlyn



Value	R115.4m
Yield	7.8%
GLA	7,346
Location	Menlyn
Major tenants	McCarthy, Bidvest Group
WALE	2.6 years
Date of acquisition	May 2014

Foschini



Value	R77.4m
Yield	9.0%
GLA	6 305
Location	CBD Johannesburg
Major tenants	Foschini
WALE	6.8 years
Date of acquisition	June 2014

thank you.



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