

*Out of the Ordinary*<sup>®</sup>



# Interim Results FY2012 Presentation

18 November 2011

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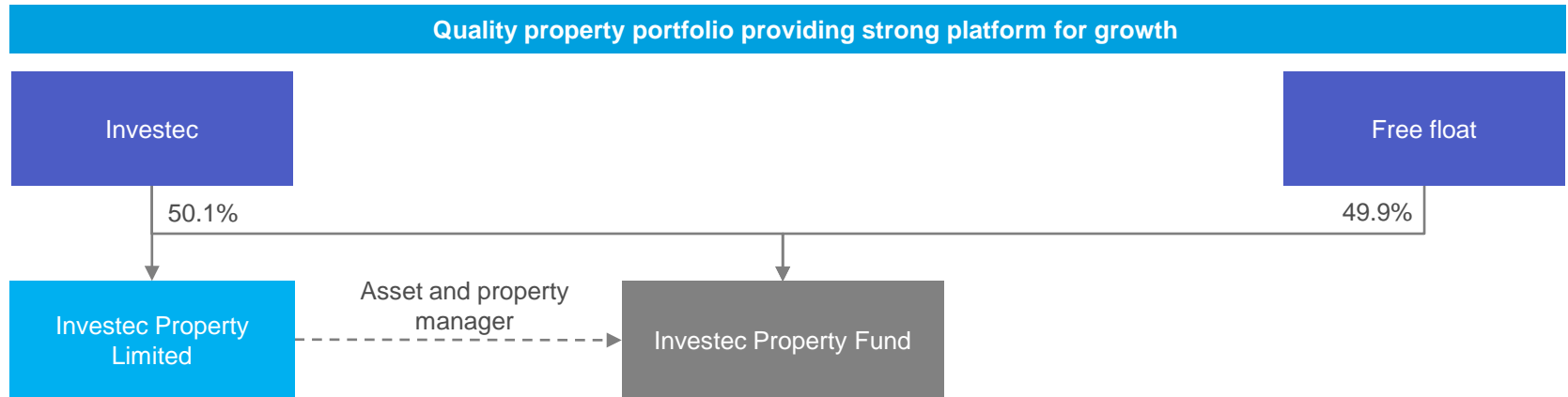


# Agenda

- Introduction
- Financial review
- Operational overview
- Acquisitions
- Prospects
- Annexure



# Introduction to the Investec Property Fund



	TOTAL	RETAIL	OFFICE	INDUSTRIAL
<b>Number of properties</b>	29 properties	4 properties	7 properties	18 properties
<b>GLA</b>	368,530m <sup>2</sup>	34,424m <sup>2</sup>	89,469m <sup>2</sup>	244,637m <sup>2</sup>
<b>Fair value (including straight-line rental revenue)</b>	<b>R1,708,363,000</b>	<b>R175,346,000</b>	<b>R983,260,000</b>	<b>R549,757,000</b>

- Variable property loan stock company
- Market capitalisation of R1.751 billion at 30 September 2011 (R10.30 per linked unit)
- Gearing capacity available for acquisitions
- Focused on property fundamentals - entrepreneurial and opportunistic approach
- Experienced asset management team
- Access to Investec pipeline of property opportunities and completed developments

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## Income statement extracts



	September 2011 6 months	Forecast FY2012 12 months	Annualised performance vs. forecast
	R'000	R'000	
Rental revenue	95,047	195,531	(2.8%)
Property expenses	(16,386)	(35,569)	(7.9%)
<b>Net property income</b>	<b>78,661</b>	<b>159,962</b>	(1.7%)
Other operating expenses	(1,321)	(2,383)	10.9%
Asset management fee	(4,303)	(8,483)	1.4%
<b>Operating profit</b>	<b>73,037</b>	<b>149,096</b>	(2.0%)
Finance income	1,335	3,816	(30.0%)
<b>Profit before debenture interest and taxation</b>	<b>74,372</b>	<b>152,912</b>	(2.7%)
Distribution	(74,347)	(152,742)	(2.7%)
Distribution per linked unit (cents)	43.73	89.94	(2.8%)
Annualised forward yield per Linked Unit @ R10.30	8.49%	8.73%	

- The forecast is per the pre-listing statement but adjusted to show utility expenses net of recoveries which is more in line with the prevailing industry practise
- Rental escalations and the timing of receipt of turnover rental will provide the additional growth in the second half of the year
- The forecast finance income provided for the distribution to be paid in January whereas it will now be paid in December so actual for the full year may be a little behind the forecast

## Balance sheet extracts



	September 2011 R'000
<b>Non-current assets</b>	
Fair value of investment properties including straight line rental revenue	1,708,363
<b>Current assets</b>	92,910
<b>TOTAL ASSETS</b>	<b>1,801,273</b>
<b>Linked Unitholders' interest</b>	1,711,863
Share capital	1,700
Fair value of debentures	1,710,163
<b>Current liabilities</b>	89,410
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,801,273</b>

# Key ratios



	September 2011 6 months	Forecast FY2012 12 months
<b>Income statement</b>		
▪ Property expense ratio	17.2%	18.2%
▪ Operating expense ratio (including asset management fees)	5.9%	5.6%
▪ Total expense ratio	23.2%	23.7%
▪ Bad debts (R'000)	0.8	-
▪ Bad debts as % of gross property revenue	0.0%	n/a
<b>Balance sheet</b>		
▪ Total arrears (R'000)	1.3	-
▪ Provision for bad debts	0.8	-
▪ NAV per linked unit (cents)	1,007	1,000
▪ NTAV per linked unit (cents)	1,007	1,000
▪ Linked units in issue ('000)	170,000	170,000

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■ Operational overview

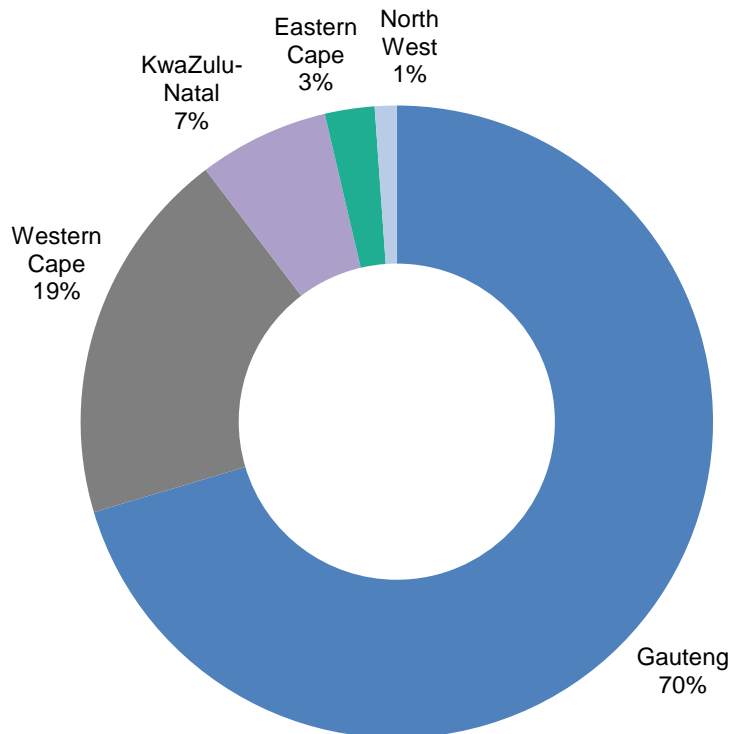
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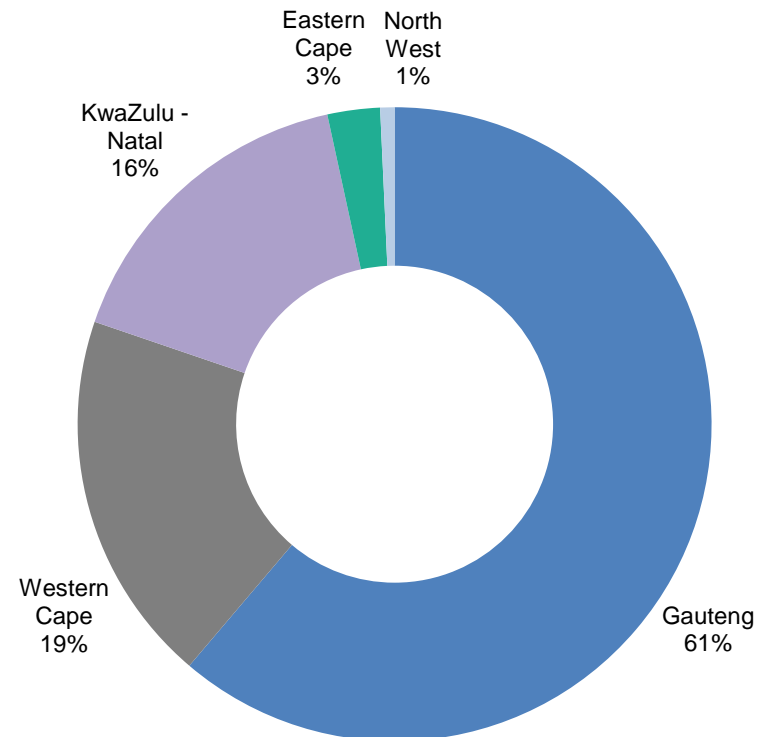


# Geographic spread of property portfolio

Geographic spread by GLA



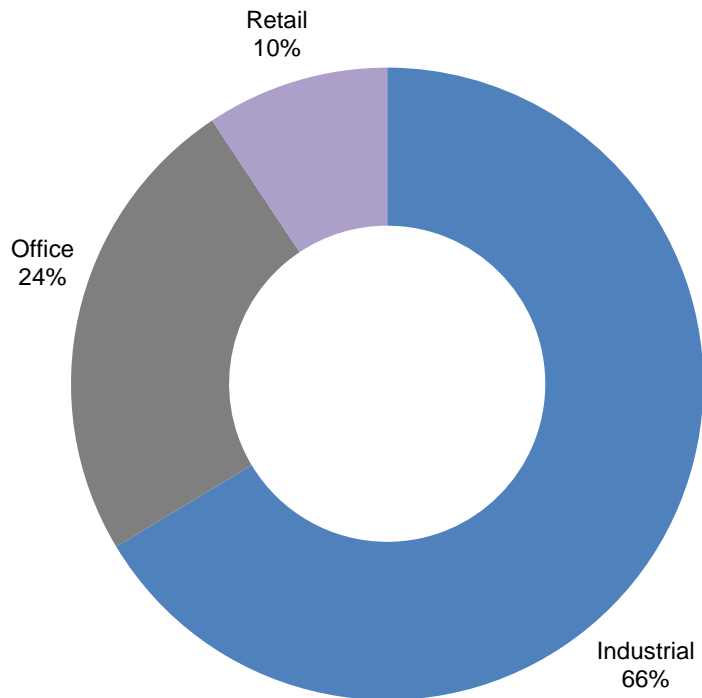
Geographic spread by revenue



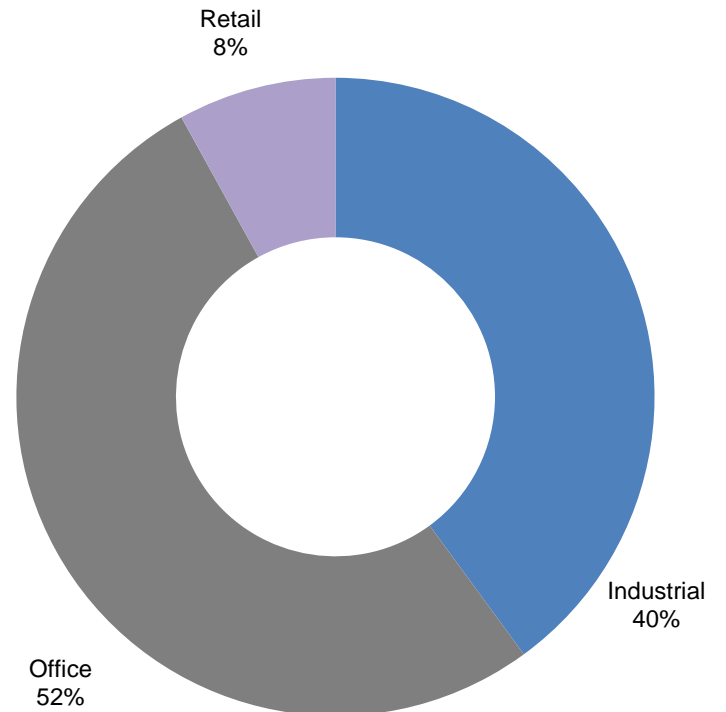


# Sectoral spread of property portfolio

Sectoral spread by GLA



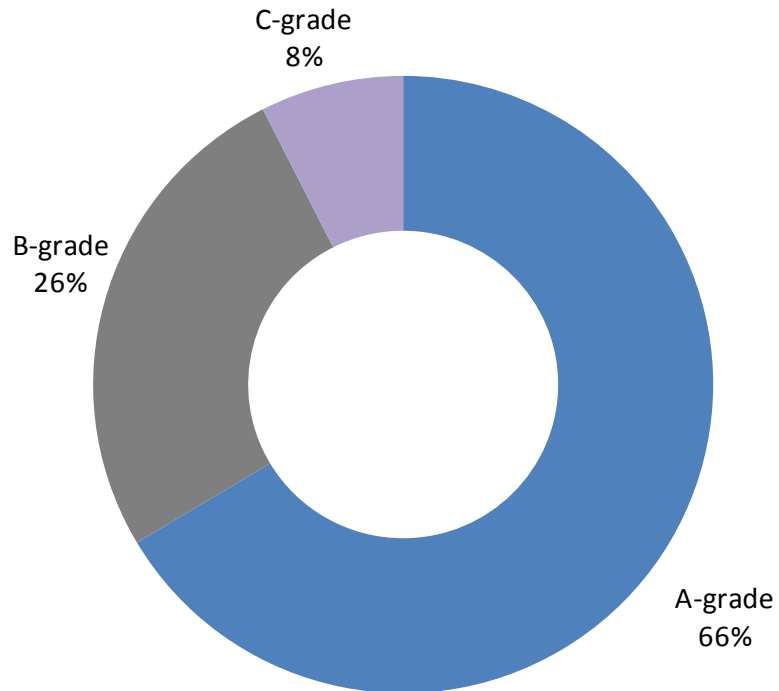
Sectoral spread by revenue



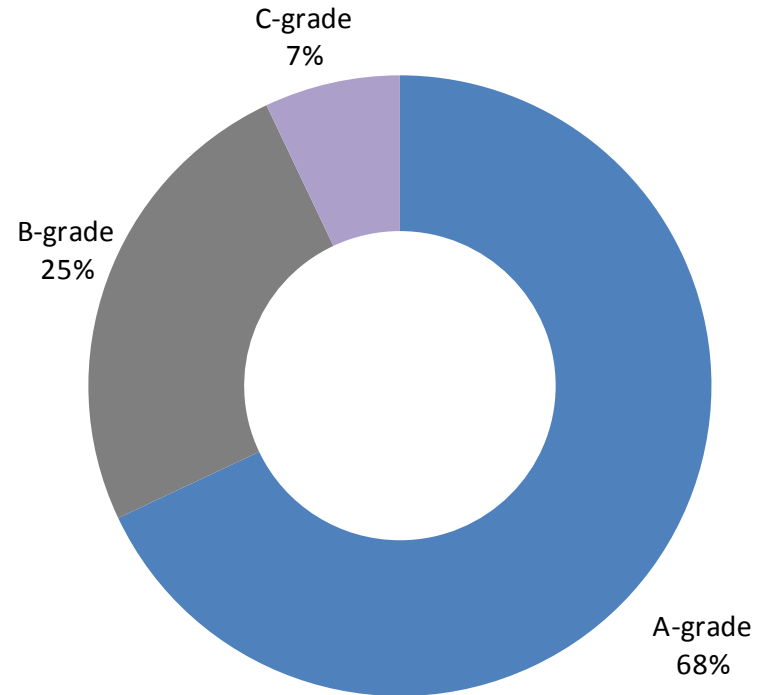


# Tenant spread

Tenant spread by GLA – at listing



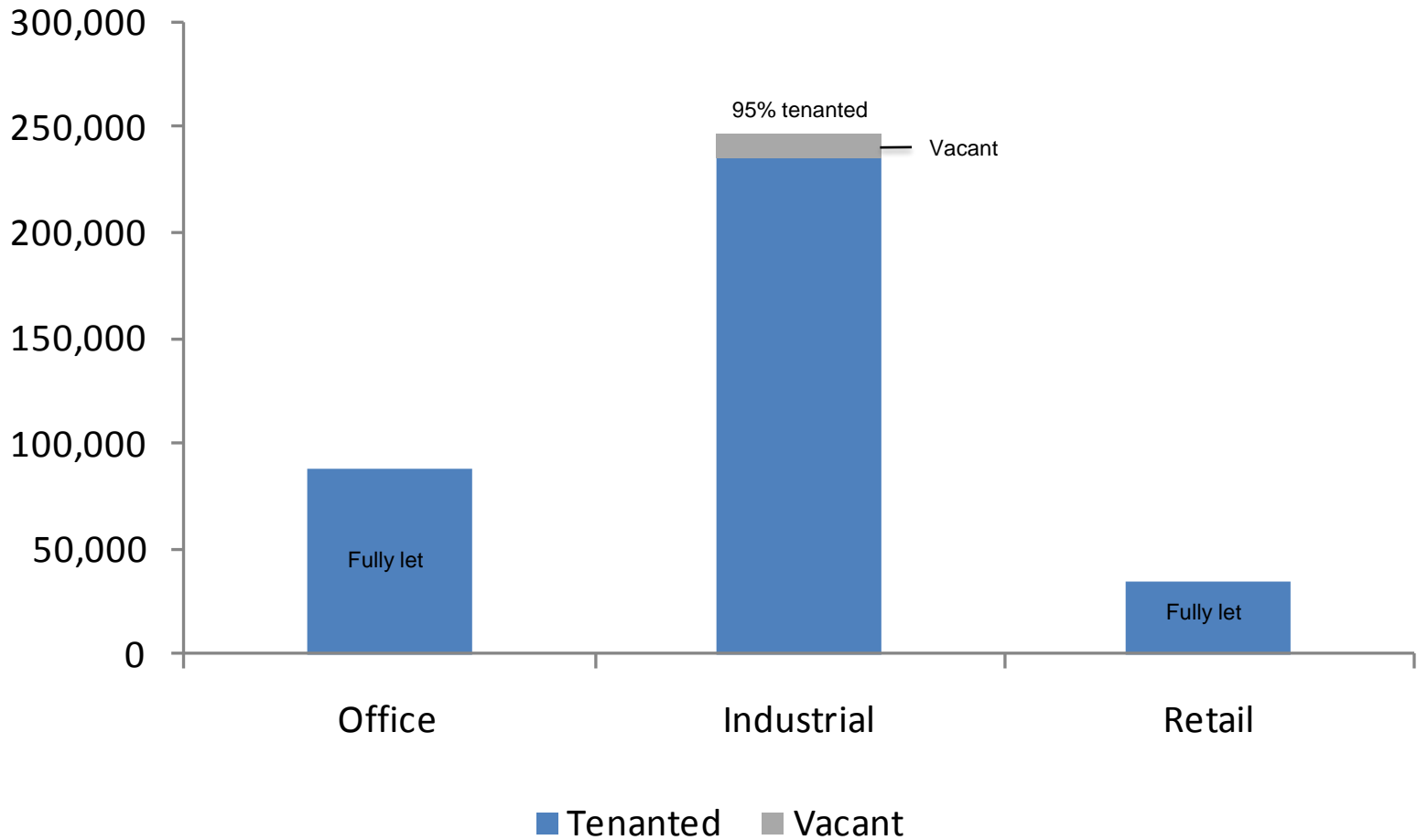
Tenant spread by GLA – post acquisitions





# Vacancies

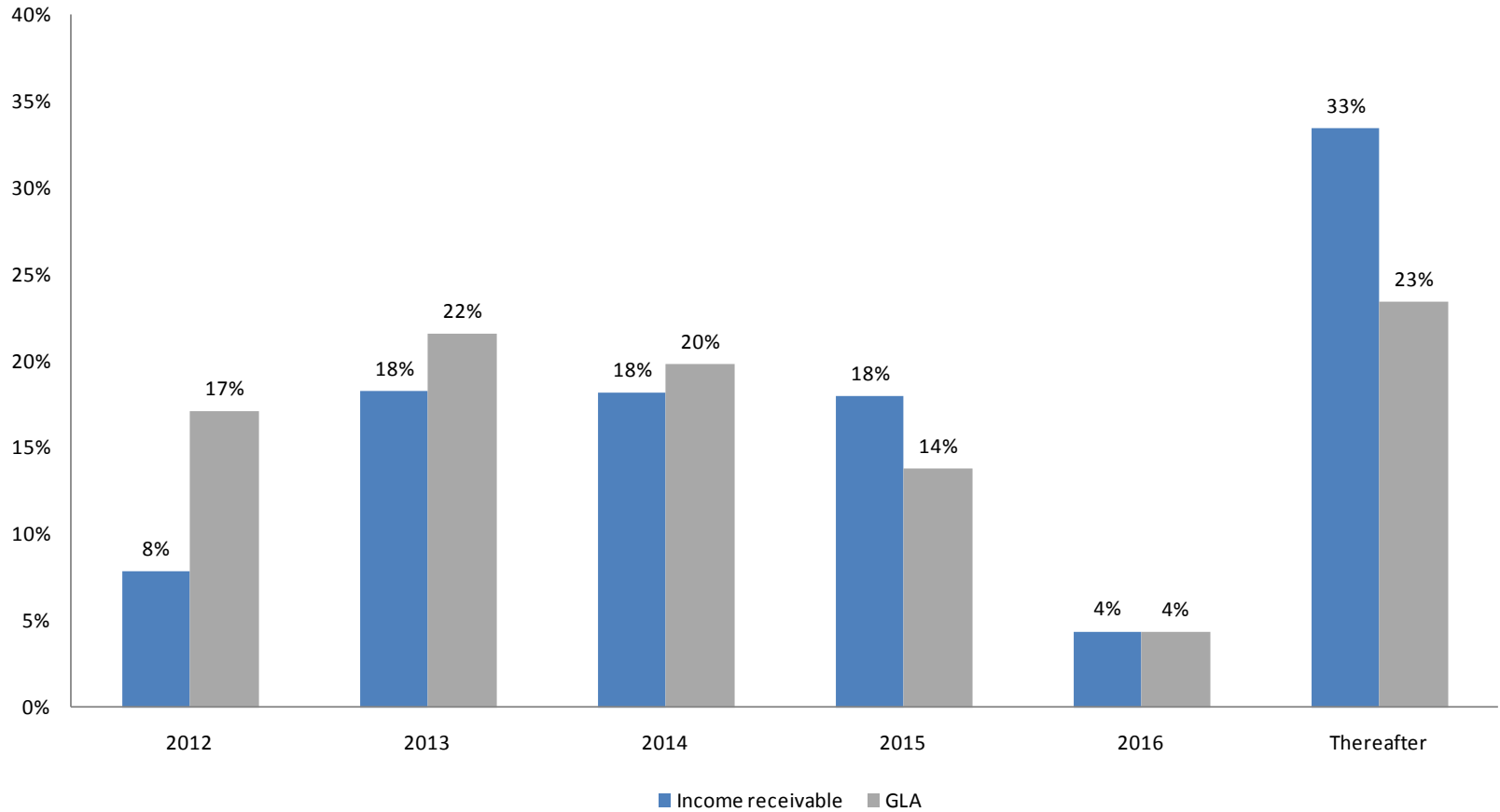
Vacancy profile by sector (by GLA)





# Lease expiry profile

Lease expiry profile (by GLA and Income)



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# Acquisitions

**Innovation**

**Bram Fisher Drive Randburg**

GLA (m <sup>2</sup> )	15,500
Cost	R151m
Valuation	R160m
Lease	10 years
Escalation	8%
Tenant	Innovation
Average gross rent	R78.84/m <sup>2</sup>
Effective date	1 Oct 2011





# Acquisitions

## Scientific

## Malibongwe Drive Kya Sands

GLA (m <sup>2</sup> )	5,733
Cost	R34.9m
Valuation	R34.5m
Lease	7 years
Escalation	8%
Tenant	Scientific
Average gross rent	R54.21/m <sup>2</sup>
Effective date	1 Oct 2011





# Acquisitions



## Great North Road Plaza

## Musina

GLA (m <sup>2</sup> )	13,561
Cost	R145m
Escalation	8%
Average gross rent	R82.23/m <sup>2</sup>
Tenancy	Nationals
	88% by GLA
	83% by Income
Lease expiries	
Shoprite	Sep 2019
Cashbuild	Apr 2020
Woolworths	Apr 2020
Others	5 yrs
Effective date	On transfer





# Acquisitions

## General Electric - redevelopment

## Corporate Park Midrand

GLA (m <sup>2</sup> )	11,180
Cost	R118.8m
Valuation	R123.0m
Lease	8 years
Escalation	8.5%
Tenant	GE SA
Average gross rent	R68.24/m <sup>2</sup>
Effective date	On transfer



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# Prospects



- Key focus areas/ challenges:
  - Tenant retention
  - Managing lease expiries
  - Letting vacant space
- Successes
  - 345 Rivonia
  - Protea Place
  - 5 Walnut Road
- Capital funding
  - Secured bridging facility of R500 million at Jibar plus 225 bps
  - Assessing medium term note programme
- Prospects
  - Full year distribution in line with pre-listing statement forecast of around 90 cents

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# Property portfolio – at listing



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<b>GLA</b>	368,530m <sup>2</sup>	34,424m <sup>2</sup>	89,469m <sup>2</sup>	244,637m <sup>2</sup>
<b>Independent market value</b>	R1,771,000,000	R179,700,000	R1,015,500,000	R575,800,000
<b>Fair Value (incl straight line rental revenue)</b>	R1,708,363,000	R175,346,000	R983,260,000	R549,757,000
<b>Cost to income ratio</b>	25.3%	5.2%	21.2%	34.6%
<b>Price per m<sup>2</sup></b>	R4,603	R5,060	R10,914	R2,231
<b>Property yield</b>	9.4%	9.3%	9.0%	10.2%
<b>Properties</b>		<ul style="list-style-type: none"> <li>▪ Makro Montague Gardens</li> <li>▪ Jet Umtata</li> <li>▪ Shoprite Checkers Thabazimbi</li> <li>▪ Shoprite Checkers Vanderbijlpark</li> </ul>	<ul style="list-style-type: none"> <li>▪ Investec Offices Durban</li> <li>▪ Woolworths House</li> <li>▪ 345 Rivonia Road</li> <li>▪ 373 Pretorius Street</li> <li>▪ Business Connexion</li> <li>▪ 4 Protea Place</li> <li>▪ 5 Walnut Road</li> </ul>	<ul style="list-style-type: none"> <li>▪ 17 Derrick Road</li> <li>▪ 95 Main Reef Road</li> <li>▪ Table Choice Aeroton</li> <li>▪ Alrode Multipark</li> <li>▪ Benoni Multipark</li> <li>▪ Boksburg Minipark</li> <li>▪ Capital Motors</li> <li>▪ Heriotdale Minipark</li> <li>▪ Hycol Mini Units</li> <li>▪ Monsanto</li> <li>▪ Renew It</li> <li>▪ Standard Bank</li> <li>▪ Voltex</li> <li>▪ Gresmac</li> <li>▪ SABB Maitland</li> <li>▪ SABB Mayville</li> <li>▪ Ampaglas Tunney</li> <li>▪ Ampaglas East London</li> </ul>

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