investor presentation.

interim results 30 September 2015

Investec Property Fund Limited
20 November 2015

Out of the Ordinary®

Investec
Property Fund Limited

Contents.

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Out of the Ordinary®

Investec Property Fund Limited

summary.

Highlights

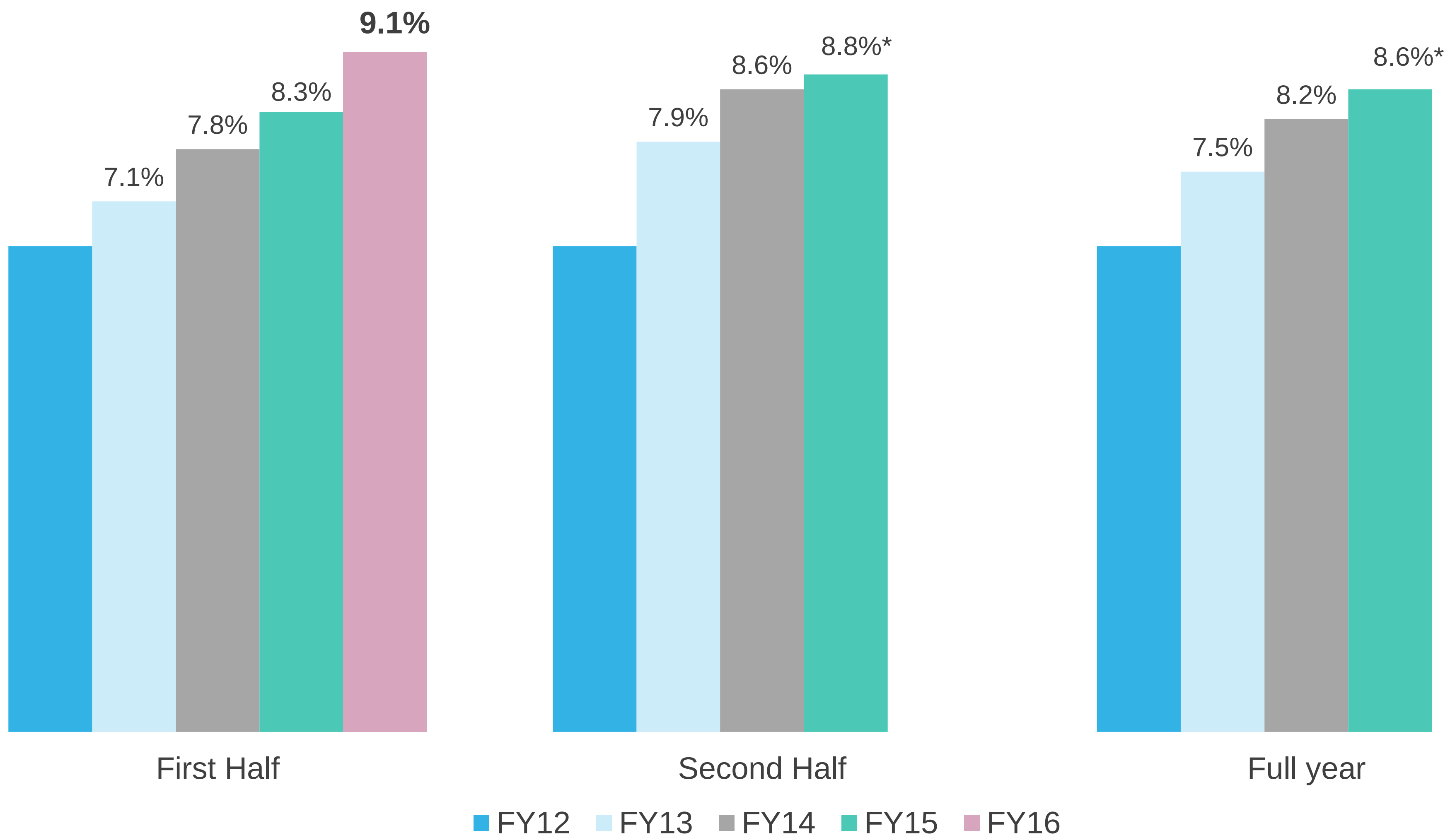
9.1%*	First half dividend growth
2.8%	Vacancy remained flat since 31 March 2015
4.0 years	Long WALE +40% to expire after 5 years
>62 000m²	Space renewed or let YTD;
8.5%	All in cost of funding supported by long dated swap expiry (91% hedged)

R7.9 billion**	Acquisition of Griffin and Zenprop portfolio – to transfer in H2
R16.4bn	Quality portfolio underpinned by real estate fundamentals
+R3.6bn	New debt funding negotiated- to fund Zenprop acquisition
+R3.6bn	R2.6bn -Rights offer announced R0.8bn – Vendor placement R0.2bn – IAPF share transfer

*As noted in acquisition circular, H2 will be impacted by the Zenprop acquisition
**Acquisitions include the announced Griffin and Zenprop transactions

Distribution growth

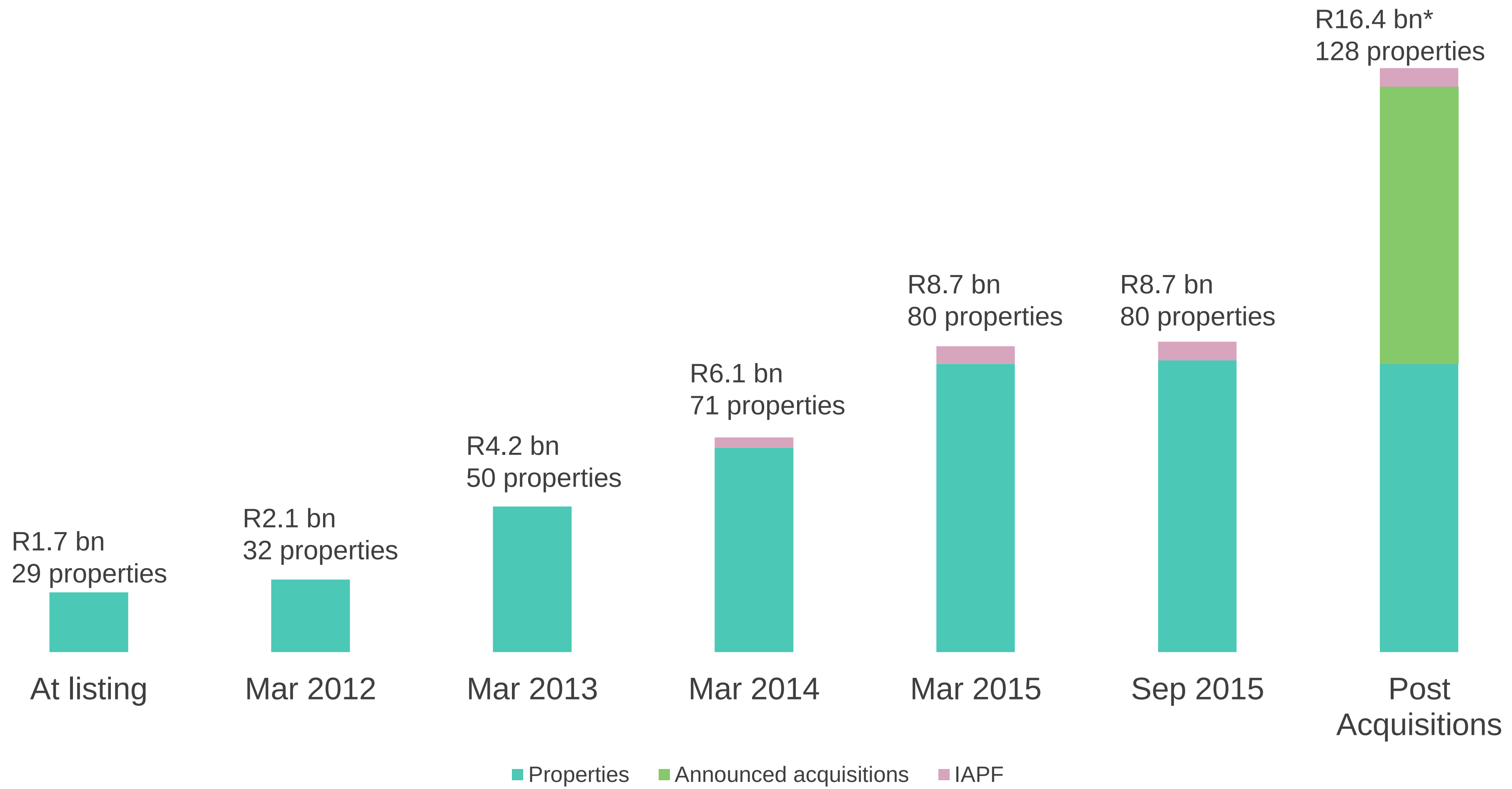
Consistent returns delivered to shareholders



* After the removal of the once-off impact if the IAPF antecedent dividend.

Asset growth

Portfolio growth 9.6x since listing including Griffin & Zenprop



* 'Announced acquisitions' includes the Griffin portfolio (R826m; 22 properties) and Zenprop portfolio (R7.06bn; 26 properties)

Fund Snapshot

Market at 30 September 2015					
Market capitalisation Share price Net asset value Gearing	• R7.0bn • R15.65 • R15.15 • 23.0%				
Portfolio (at 30 September 2015)	**Total**	**Office**	**Industrial**	**Retail**	**Aus**
Number of properties Asset value GLA Vacancy WALE (years)	• 80 • R8.8bn • 835 809 • 2.8% • 4.0 years	• 21 • R3.2bn • 163 562 • 4.9% • 4.5 years	• 26 • R1.5bn • 373 797 • 3.1% • 3.9 years	• 33 • R3.6bn • 298 450 • 1.4% • 3.8 years	• R0.5bn
Portfolio (including Griffin & Z)	**Total**	**Office**	**Industrial**	**Retail**	**Aus**
Number of properties Asset value GLA Vacancy WALE (years)	• 128 • R16.4bn • 1 346 494 • 2.1% • 4.0 years	• 35 • R6.4bn • 278 242 • 3.1% • 4.5 years	• 55 • R3.9bn • 646 325 • 2.1% • 4.4 years	• 38 • R5.8bn • 421 927 • 1.6% • 3.4 years	• R0.3bn

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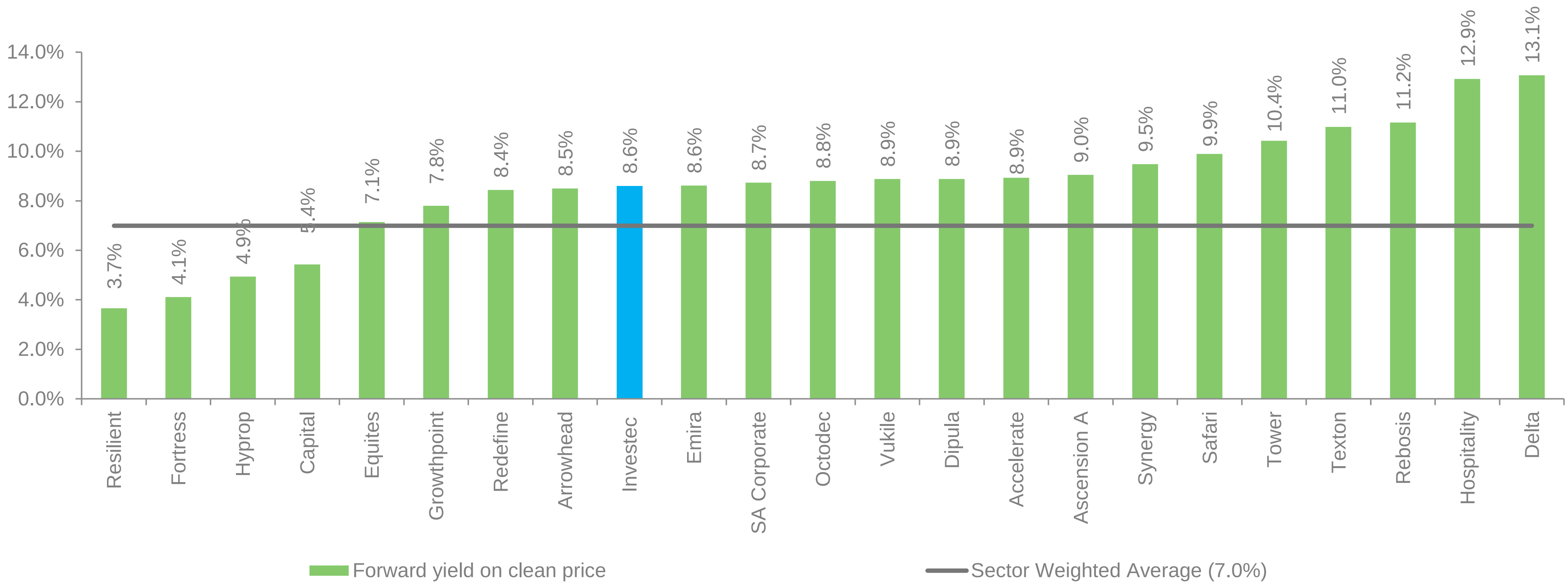
Out of the Ordinary®

Investec

Property Fund Limited

market review.

Property sector valuations



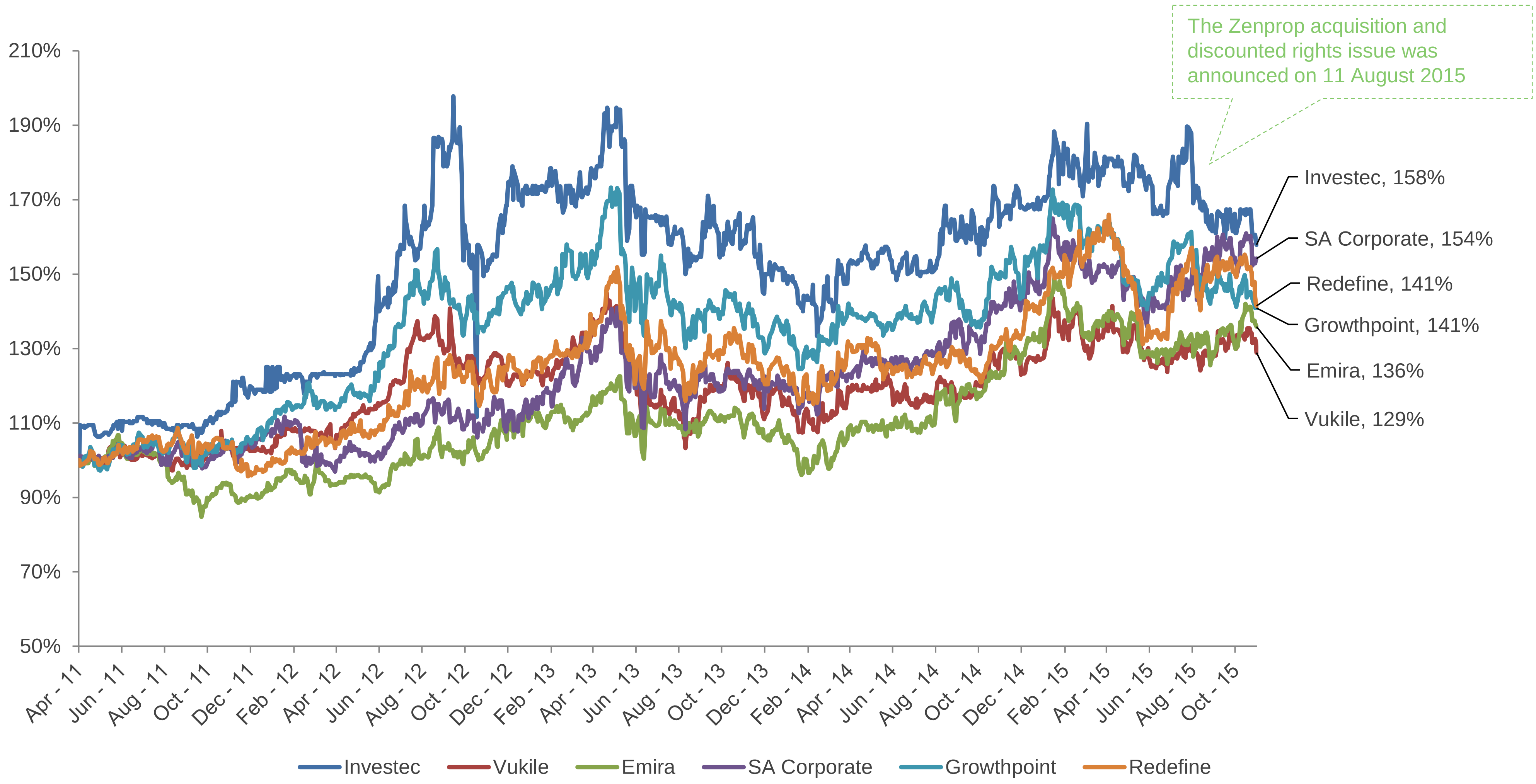
\Gearing	18%	29%	23%	25%	9%	33%	37%	32%	23%	33%	30%	41%	27%	36%	35%	39%	40%	17%	36%	39%	48%	36%	47%
Market Cap (R m)	45,100	25,355	29,278	31,960	2,092	67,193	51,016	8,424	7,120	9,052	9,777	6,258	11,624	4,481	5,030	1,618	1,197	1,426	2,242	3,471	5,819	2,148	4,295

Source: INET Bridge as at November 2015

Dividend growth

IPF performance vs. peers since listing

Superior returns over long term



Source: INET Bridge as at 12 November 2015

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property portfolio.

Property Highlights

The Fund continues to deliver on its objective of focusing on real estate fundamentals

+8.8%[1]	Strong base NPI growth – focus on underlying property fundamentals
> 40%	Leases expiring after 5 years
+2.8%	Vacancy remains flat since year end
> 62 000m²	Space let or renewed during the period at positive reversion
4.0 years[2]	Weighted average lease expiry across the portfolio
8.1%	Escalations negotiated on new lets and expiries
8.1%	Average in-force escalations across the portfolio
83%	Space that has expired has been renewed or re-let

1. Base portfolio of R6.4bn
2. Post acquisition of Zenprop and Griffin, WALE remains at 4.0 years

Letting activity

Continued ability to achieve above market escalations & positive reversion

23 546m² Opening vacancy

\+ **61 915m²** Expiries & cancellations

\+ **780m²** Added vacancy# (through extension)

− **(37 588m²)** Renewals

− **(24 840m²)** New lets*

= **23 813m²** Closing vacancy

* 13 814m² of new lets were made immediately after expiry period.
* 11 026m2 of new lets related to m2 in the opening vacancy.
\# This primarily related to vacancy acquired in Dihlabeng extension.

Letting activity

Continued ability to achieve above market escalations & positive reversion

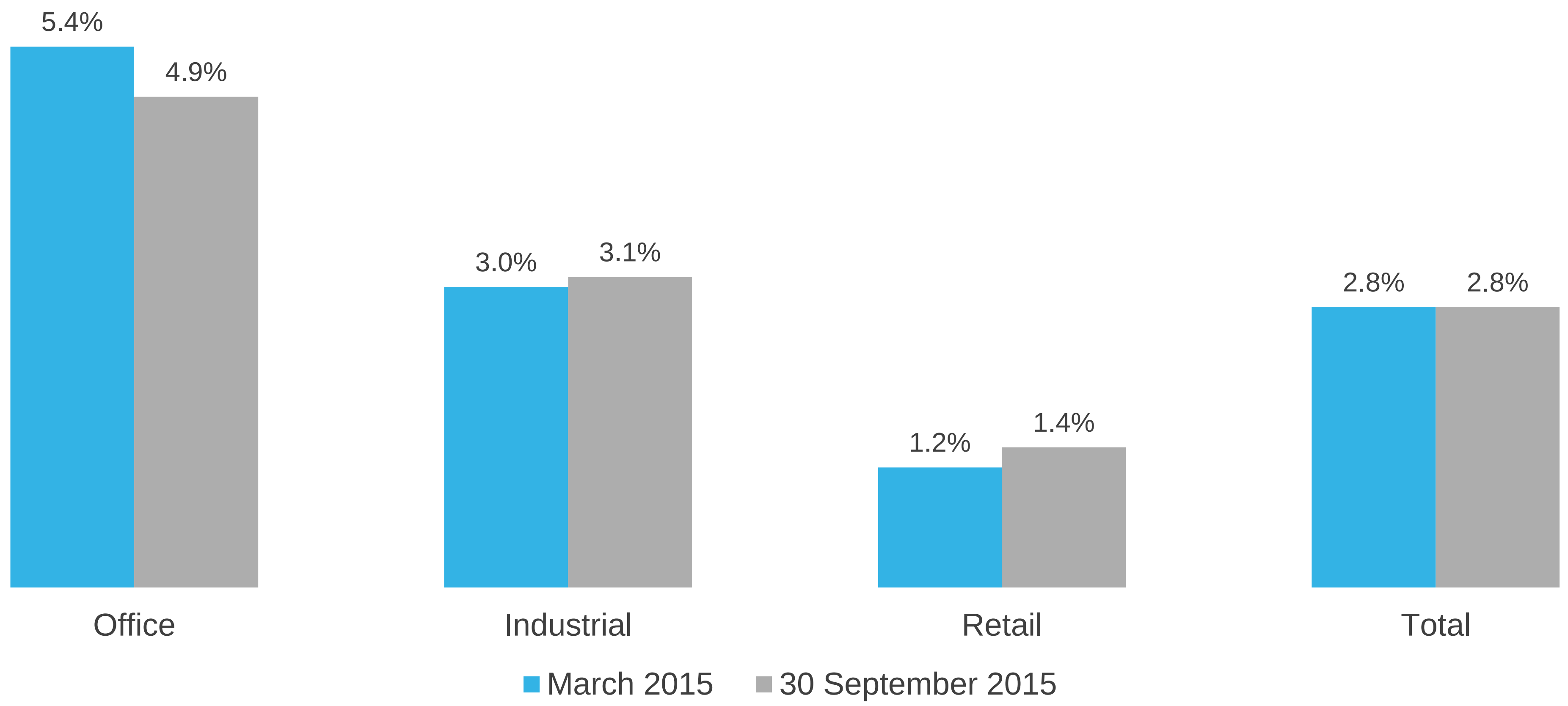
- 83% of space expiring in the period was either renewed with existing tenants or let to new tenants.

	Expiries	Renewals & new lets	Expiry rental	New rental	Rental reversion[1]	Average escalation
	GLA	GLA	R/m^2	R/m^2	%	%
Office	5 882	5 778	163.37	175.21	7.2	8.6
Industrial	42 885	42 489	53.35	54.11	1.4	8.1
Retail	13 148	14 161	153.26	165.45	8.0	7.9
Total	61 915	62 428				8.1

1. *The low reversion is driven by a cancellation of 11 236m^2 re-let at a similar level.*

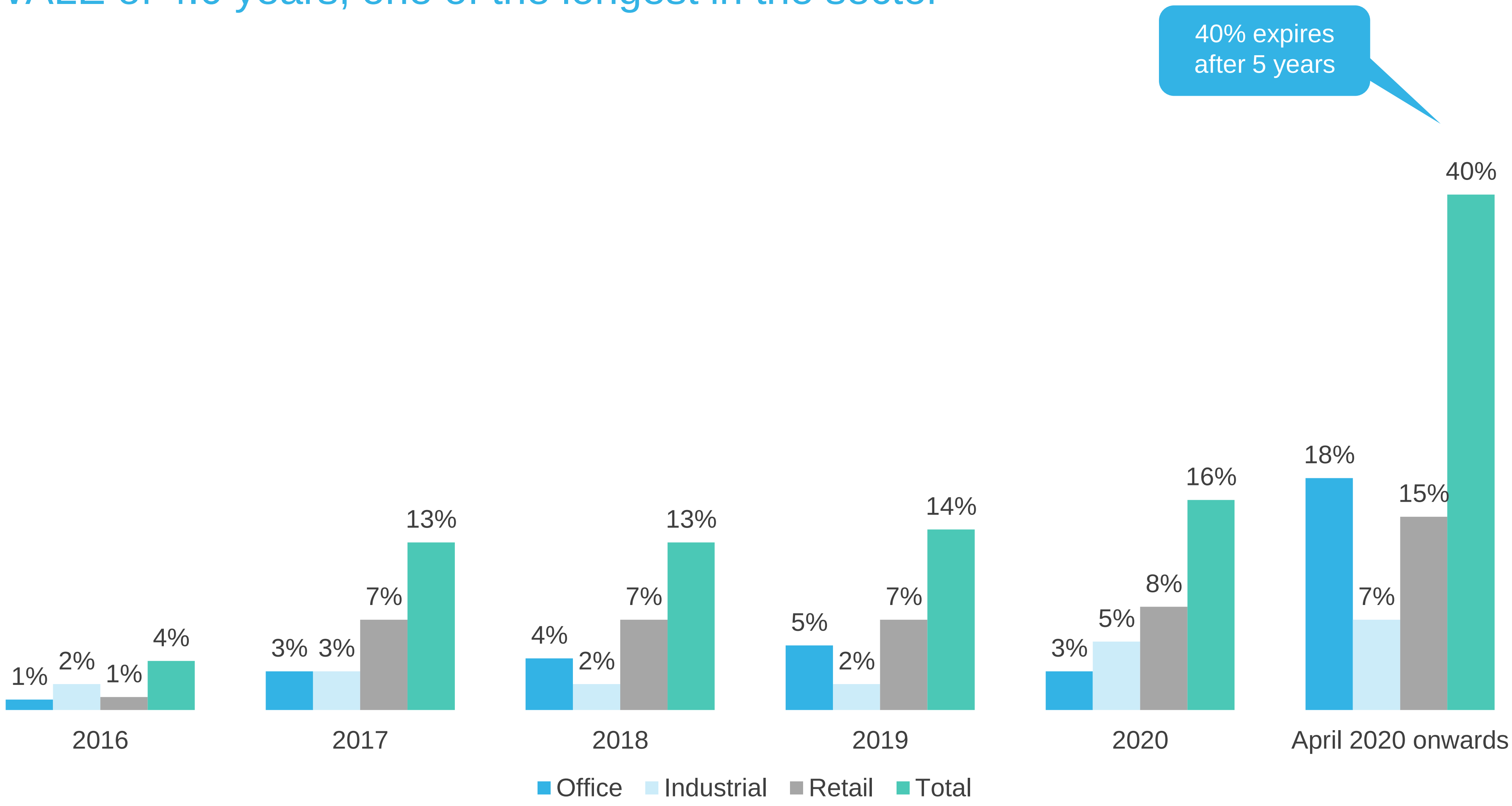
Vacancy levels (GLA)

Vacancy levels remain flat, with space consistently being let with positive reversions



Lease expiry profile (revenue)

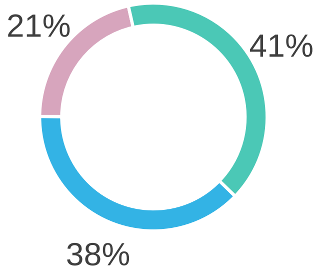
WALE of 4.0 years, one of the longest in the sector



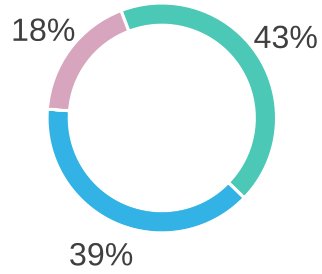
Portfolio composition by sector

Current portfolio

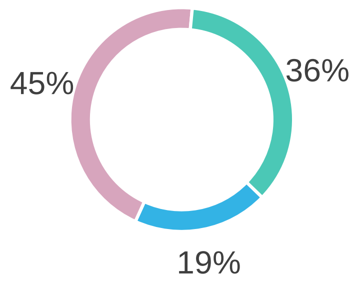
By revenue



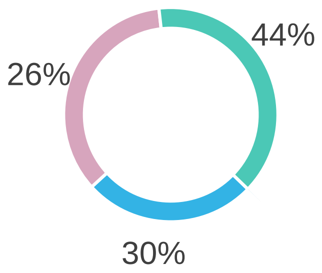
By asset value

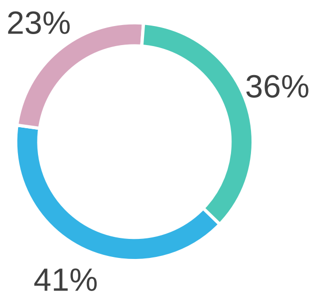


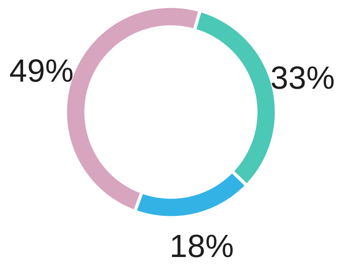
By GLA



Post acquisitions*







■ Office ■ Industrial ■ Retail

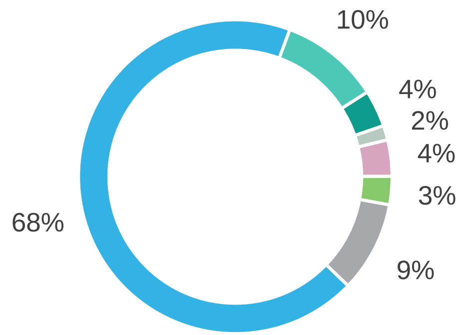
* Post acquisition of Griffin and Zenprop acquisition

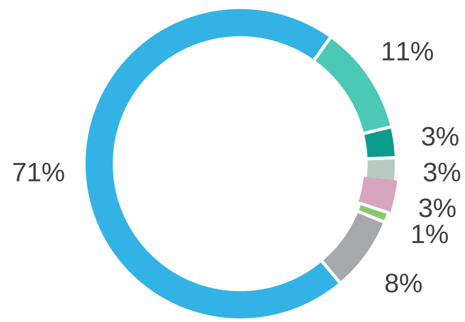
Portfolio composition by geography*

Geographic spread by revenue*

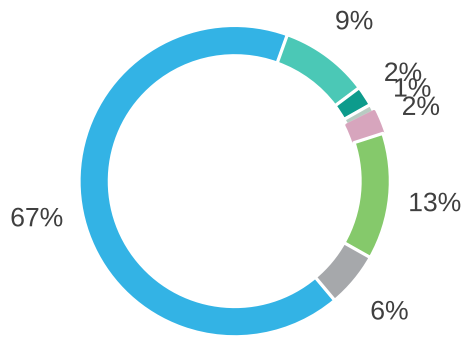
Geographic spread by GLA

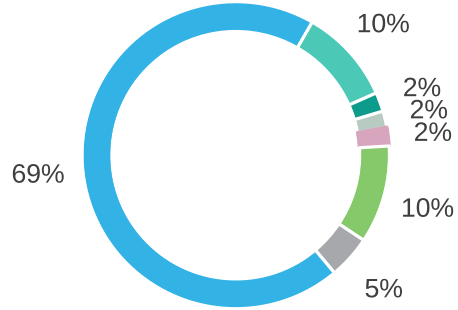
Current portfolio





Post acquisitions*





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

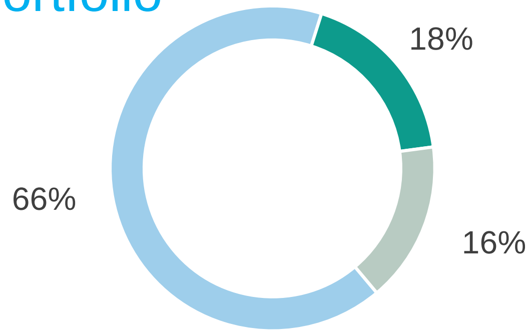
"Other" includes Eastern Cape, North West and Northern Cape

* Post acquisition of Griffin and Zenprop acquisition

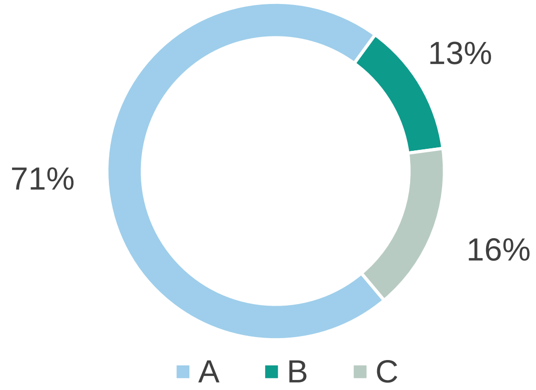
Tenant composition (by revenue)

84% of tenants are listed, large nationals or professional firms

Current portfolio



Post acquisitions*



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

* Post acquisition of Griffin and Zenprop acquisition

	Pre acquisition		
Rank	Tenant	Monthly gross revenue	% total portfolio
		R'm	%
1	Massmart	4.7	6.8
2	Investec	4.3	6.1
3	Shoprite Checkers Group	3.1	4.5
4	Woolworths	2.8	4.0
5	Bidvest	2.1	3.0
6	Barloworld	2.0	2.8
7	Innovation	1.8	2.5
8	Foschini Group	1.6	2.2
9	Edcon Group	1.5	2.2
10	Fluxmans Attorneys	1.3	1.8
	Subtotal	25.1	36
	Remaining tenants	44.4	64
	Grand Total	69.5	100%

Total portfolio

Positive base NPI growth of 8.8%, driven by top line revenue growth

Base NPI growth underpinned by contractual escalations of 8.0%, positive reversions on renewals and re-lets, marginal reduction in vacancy and improved rates recoveries.

Net cost to income ratios have remained relatively flat versus prior year through active cost management

Acquisitions performing well

	Actual 30 Sep 2015	Actual 30 Sep 2014	+/-
	R'000	R'000	%
Base net property income	282 454	259 627	8.8
Acquisitions	76 471	15 496	
Disposals	1 531	919	
Net income	360 456	276 039	30.6
Net cost to income ratio	17.9	17.9	
Arrears as % of collectibles[1]	0.7	0.7	
Average in-force escalations	8.0	8.1	
WALE (years)	4.0 years	4.3 years	
Vacancy %	2.8	3.0	

1. Arrears remain low at 0.7% of collectables (net of receipts since close off and provisions). Provision for bad debt covers all debt older than 60 days, any tenants whose status is legal and any tenants that management have identified as a potential bad debt risk.

Office portfolio

- Consistent positive reversions negotiated and reduced vacancy
- Minimal letting risk in the next three years
- Low exposure to over-supplied or weakening nodes (e.g. Sandton)
- Zenprop portfolio will further enhance the quality and defensiveness of the office portfolio
  - 80% blue chip tenants
  - Maintains long WALE of 4.5 years
- Cost to income ratios have improved through higher recoveries
- 64% single tenanted with a WALE of 5.5 years

	Actual 30 Sep 2015	Actual 30 Sep 2014	+/-
	R'000	R'000	%
Net income	140 791	106 197	32.6
Net cost to income ratio	14.6	15.3	
Arrears as % of collectibles	0.1	0.1	
Average in-force escalations	8.0	7.9	
WALE (years)	4.5 years	5.6 years	
Vacancy %	4.9	6.7	

Industrial portfolio

- Sector under pressure – tenants contracting and consolidations occurring
- Demand for functional space at competitive prices remains
- More than 42 000m^2 let during the period at positive reversions with the exception of one tenant
- Vacancy flat year on year, despite challenging environment
- Arrears under control through active engagement with tenant base
- Reversions under pressure

	Actual 30 Sep 2015	Actual 30 Sep 2014	+/-
	R'000	R'000	
Net income	76 856	65 322	17.6
Net cost to income ratio	17.7[1]	15.9	
Arrears as % of collectibles	0.8	1.2	
Average in-force escalations	8.3	8.7	
WALE (years)	4.0 years	3.8 years	
Vacancy %	3.1	3.0	

1. Cost to income ratio has ticked up due to marginal increase in vacancy and bad debts which have subsequently been paid.

Retail portfolio

- High quality, niche or dominant centres – remains almost fully let
- Ability to negotiate positive reversions in renewal cycles due to underlying fundamentals
- Strong relationships with national tenant base
- Cost to income ratios maintained year on year
- Focused asset management – value extraction from acquisitions
- Dihlabeng extension completed in July 2015, R86m and Balfour refurbishment at practical completion, R62m spent.
- 20 478m2 extension at Musina, JV with Moolman. IPF share R200m at 8.25% yield

	Actual 30 Sep 2015	Actual 30 Sep 2014	+/-
	R'000	R'000	
Net income	142 809	104 520	36.6
Net cost to income ratio	20.2	20.1	
Arrears as % of collectibles	1.1	0.9	
Average in-force escalations	7.8	7.7	
WALE (years)	3.8 years	4.2 years	
Vacancy %	1.4	1.1	

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Out of the Ordinary®

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financial review.

Financial highlights

9.1%	Dividend growth on prior year 59.63cps
8.5%	All-in cost of funding pre Zenprop.
9.4%	IAPF growth in distribution (ZAR)
91%	Hedged with a swap maturity of 3.3 years pre Zenprop.
R1.2bn	New swaps locked in for Zenprop with a swap expiry of 4.8 years at average rate of 7.79%
+R3.6bn	New term funding secured to part fund the Zenprop acquisition at average margin of 1.75% and expiry of 5.4 years
4.1 years	Debt maturity profile post Zenprop (extended from 2.3 years pre Zenprop)

Income Statement to 30 September 2015

	Actual 30 Sep 2015	Actual 30 Sep 2014	+/-
	R'm	R'm	%
Revenue	438.9	336.2	30.5
Straight line rental adjustment	68.8	45.6	50.9
Revenue	**507.8**	**381.8**	**33.0**
Property expenses	(78.5)	(60.2)	(30.4)
Net property income	**429.3**	**321.6**	**33.5**
Fund operating expenses[1]	(7.3)	(5.1)	(43.1)
Asset management fee[2]	(21.2)	(16.5)	28.5
Net finance costs[3]	(87.2)	(57.3)	52.2
Net income from IAPF[4]	19.6	8.5	130.6
Net fair value adjustments[5]	36.5	(14.7)	348.3
Profit on disposal	2.6	-	-
Taxation	(0.8)	(0.2)	300.0
Profit	**371.2**	**236.3**	**57.1**

1. Year on year fund operating expenses have increased due to size of portfolio.
2. Higher asset management fee as a result of the VWAP for the year higher than prior year and R1.9bn acquisitions during the course of FY15
3. Net finance costs have increased in line with acquisitions that closed in H2 of 2015.
4. Holding in IAPF increased in H2 2015 as well as growth in IAPF. Distribution growth at average hedge rate amounted to 9.4% in ZAR terms.
5. FV adjustments driven by increase in IAPF share price from R10.97 at 31 March to R11.59 at end September, as well as the positive movement of the swap curve and offset by FX curve.

Distribution recon to 31 March 2015

9.1% distribution growth

	Actual 30 Sep 2015	Actual 30 Sep 2014	+/-
	R'm	R'm	%
Profit	**371.2**	**236.3**	**57.1**
Less: Net fair value adjustments	(36.5)	14.4	
Less: profit on disposal	(2.6)	-	
Less: straight line rental adjustment	(68.8)	(45.6)	
Antecedent dividend*	2.0	3.5	
Total dividend to be declared	**265.3**	**208.6**	
Number of shares	445.0	382.2	
Interim dividend per share	59.63	54.65	9.1

* Antecedent dividend relates to DRIP shares (8.3 million shares)
Note – 35.7m Griffin shares issued to IBL on 28 October 2015 on a clean basis. IBL will receive distribution and return to IPF.

Balance Sheet

	30 Sep 2015 R'm	31 March 2014 R'm	+/-
Assets	**9 099**	**8 832**	**267**
Investment property	8 323	8 202	121
Investment in IAPF	530	502	28
Trade and other receivables	102	67	35
Cash and cash equivalents	144	61	83
Total assets	**9 099**	**8 832**	**267**
Shareholders interest	**6 857**	**6 616**	**241**
Stated capital	5 814	5 678	136
Retained earnings	1 043	938	105
Liabilities	**2 242**	**2 216**	**26**
Long term borrowings	1 795	1 718	77
Short term borrowings	240	334	(94)
Derivative financial instruments	6	15	(9)
Trade and other payables	201	149	52
Total equity and liabilities	**9 099**	**8 832**	**267**

Capital management

Balance sheet well placed

	30 September 2015		31 March 2014	
Investments	R8.8 bn		R8.7 bn	
Total debt Available bank facilities	R2.0 bn R894m		R2.1 bn R865m	
Gearing Interest cover ratio	23.0% 4.5x		23.6% 4.4x	
All in cost of funding	8.5%		8.5%	
Hedged position	91%		83%	
% properties secured % properties with triggers	R2.3bn R3.2bn	26% 37%	R2.3bn R3.2bn	26% 37%
Expiry profiles - Debt - Swaps	 2.2 years 3.4 years		 2.8 years 3.8 years	
Sources of debt funding - Bank - Corporate Bonds - Commercial Paper	 39% 51% 10%		 38% 52% 10%	

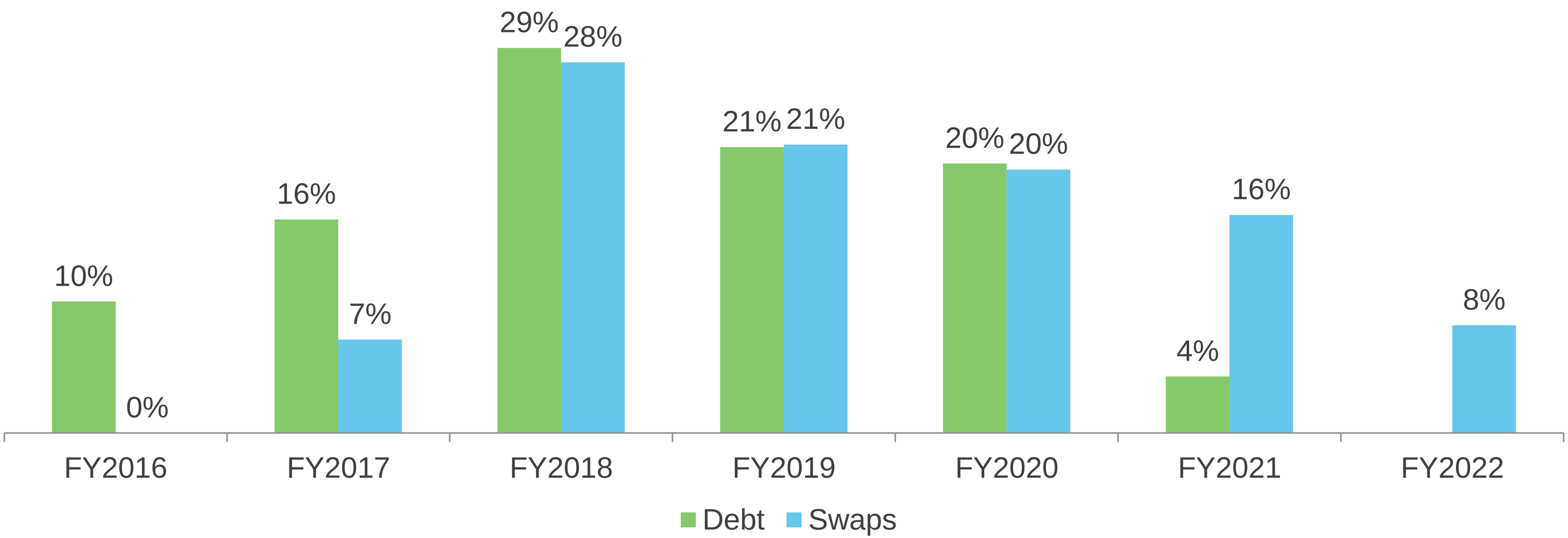
Funding Facilities – 30 September 2015

Active capital management

	Facility	Drawn 30 Sept 2015	Available	Expiry	Rate
	R'm	R'm	R'm		
DMTN – Tranche 1[1]		100		April 18	JIBAR + 150bp
DMTN – Tranche 2[1]		40		April 16	JIBAR + 155bp
DMTN – Tranche 3[1]		50		April 17	JIBAR + 165bp
DMTN – Tranche 6[1]		226		April 17	Fixed at 8.8%
DMTN – Tranche 7		150		June 17	JIBAR + 140bp
DMTN – Tranche 8		50		June 18	JIBAR + 158bp
DMTN – Tranche 9		250		June 19	JIBAR + 170bp
DMTN – Tranche 10		85		October 16	JIBAR + 135bp
DMTN – Tranche 11		85		October 18	JIBAR + 173bp
Commercial Paper[2]		200		October 15	JIBAR + 39.5bp
Total DMTN Programme	**3000**	**1 236**	**1 764**		
Nedbank Tranche 1[1]	250	200	50	October 18	JIBAR + 170bp
Standard Bank Tranche 1[1]	250	200	50	October 16	JIBAR + 155bp
Investec Bridge	200	-	200	April 16	JIBAR + 225bp
Investec General banking facility[3]	300	-	300	April 16	JIBAR + 90bps
Nedbank Tranche 2	200	160	40	August 19	JIBAR + 175bp
Standard Bank Tranche 2	200	160	40	August 17	JIBAR + 155bp
Investec Development loan	100	36	64	August 20	JIBAR + 190bp
Nedbank Tranche 3	200	50	150	May 20	JIBAR + 175bp
Total Bank Debt	**1 500**	**806**	**894**		

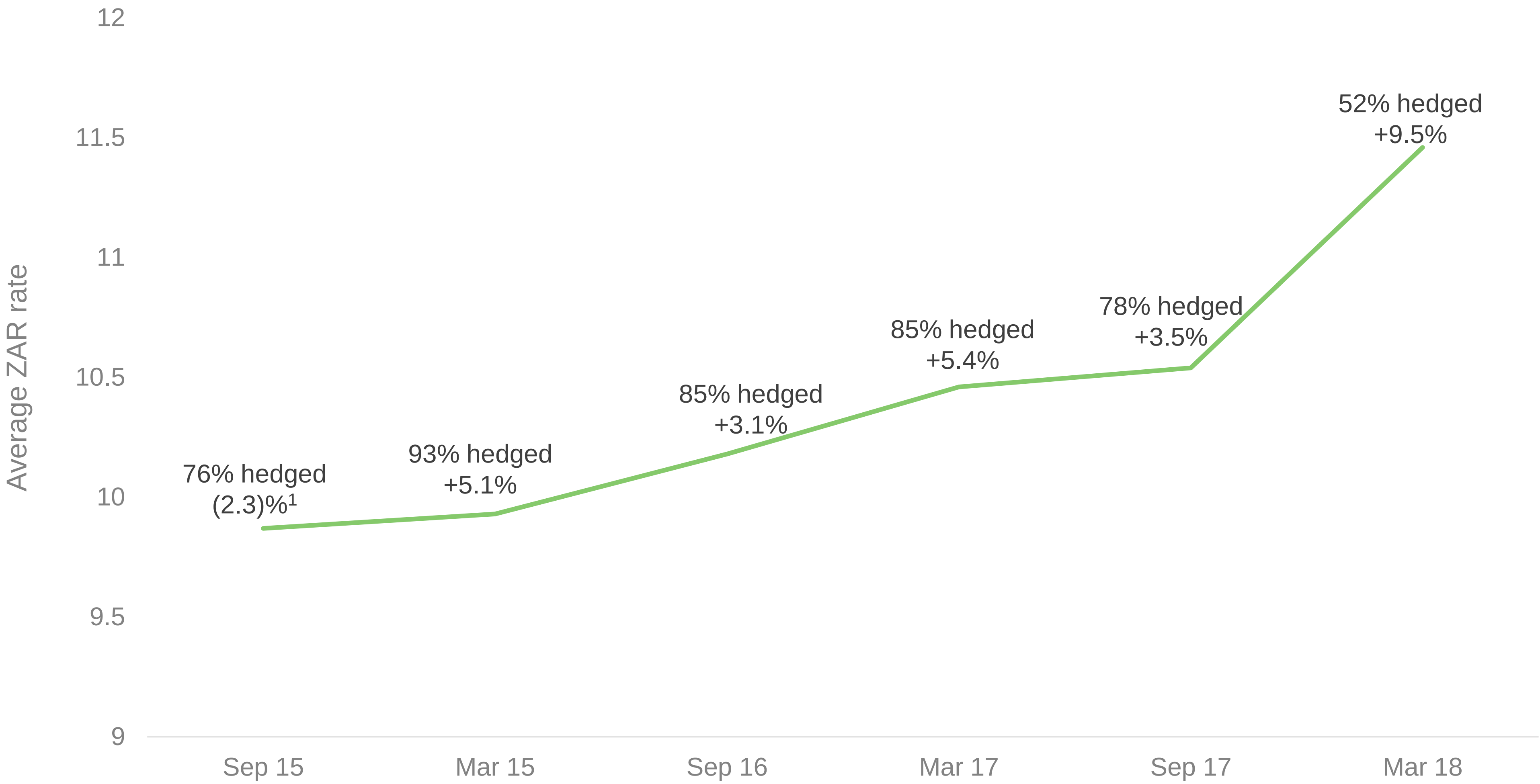
1. Secured
2. Auction on 27 Oct 2015
3. Draw specific

Debt and swap maturity profile
at 30 September 2015



Foreign currency hedging (AUD)

Management continue to monitor the AUD/ZAR rate and enter forwards to lock in growth



1. FECs entered into when the ZAR/AUD of c. R9.20

5

Zenprop acquisition update and rights offer status.

Zenprop transaction update

The Fund announced the R7.06 billion Zenprop acquisition on 11 August	▪ Iconic R7.06 billion portfolio ▪ Excellent property fundamentals adding to the quality, defensiveness and income predictability of the Fund
Competition Tribunal approval expected by end of November	▪ No material queries raised and Tribunal approval expected by end November
Rights offer	▪ Rights offer to open on 30 November with cash received on 14 December*
The Fund will pay a special dividend prior to the rights offer in order to avoid diluting pre-rights offer shareholders	▪ IPF will pay a "Clean Out Dividend" before the rights offer to allow all existing shareholders to receive their share of accrued income until the rights offer date, irrespective of whether or not they elect to participate in the rights offer ("**Clean Out Dividend**"). ▪ Shareholders will all rank equally for future entitlement to dividends after the rights offer ▪ The Clean Out Dividend payment date is linked to the Rights Offer record date and will be paid to all of the shareholders in the register on the date prior to the listing of the rights offer shares (11 December*) ▪ The Clean Out Dividend will be calculated as the *pro rata* of the dividend from the existing IPF and Griffin portfolios for the period 1 October 2015 to record date of the Rights offer.
Rights offer price equates to a FY16 yield of c. 8.3%	▪ 171,032,683 rights offer shares – rights offer ratio of 35.57696 per 100 IPF shares at ex-dividend price of R15. ▪ Rights offer price implies FY16 yield: 8.2%
Irrevocable commitments received for 37.4% of the rights offer (from Investec and directors) with the remaining 62.6% (c. R1.61bn) effectively underwritten by Zenprop. In addition, Coronation (25.5%) has provided a letter of commitment	▪ The transaction consideration (including transaction costs of 1%) will be funded as follows:

Settlement	**% of total consideration**	**# of shares (IPF or IAPF)**	**# of rights offer shares**	**% of rights offer**	**Rand**
Cash	50.0%				3,565,490,245
Issue of IPF shares to Zenprop	11.2%	48,455,482			800,000,000
Transfer of IAPF shares to Zenprop	2.8%	17,271,157			200,000,000
Rights offer	36.0%		171,032,683	100.0%	2,565,490,245
IBL irrevocable undertaking	11.2%		53,300,338	31.2%	799,505,070
Directors' irrevocable undertaking	2.2%		10,675,190	6.2%	160,127,850
Underwritten by Zenprop	22.5%		107,057,155	62.6%	1,605,857,325
	100.0%				7,130,980,490

* Provided Competition Authority approval is likely by end November / beginning December

New debt - Zenprop

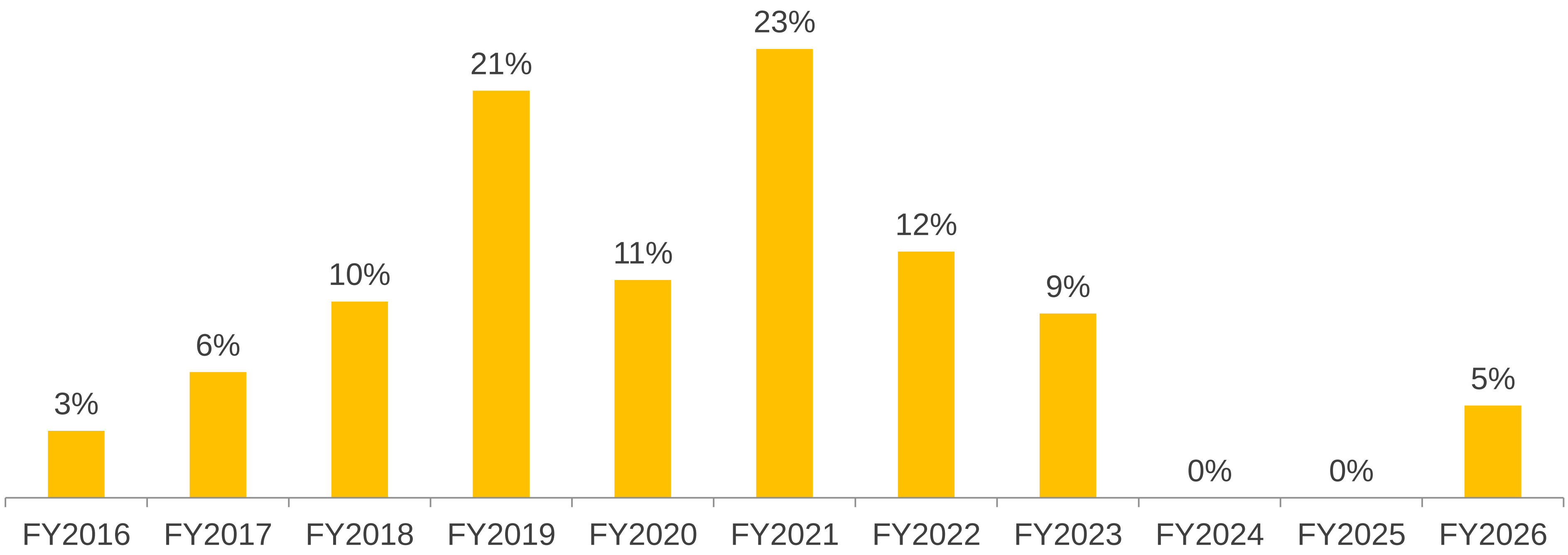
Significant levels of interest received from investors

	New debt metrics	Post acquisition Overall debt metrics
Total debt	R3.65 bn	R5.9 bn
Gearing	50%	35.0%
Encumbrance ratio	48%	36%
% debt unsecured	52%	60%
Average credit margin	1.75%	1.68%
Weighted average debt expiry	5.4 years	4.1 years
Proposed hedged position	70%	75%
Sources of debt funding - Bank - Corporate Bonds - Commercial Paper	 68% 32% -	 59% 38% 3%

* Hedges have been taken out for R1.24bn in 3 – 7 years at a blended fixed rate of 7.79%

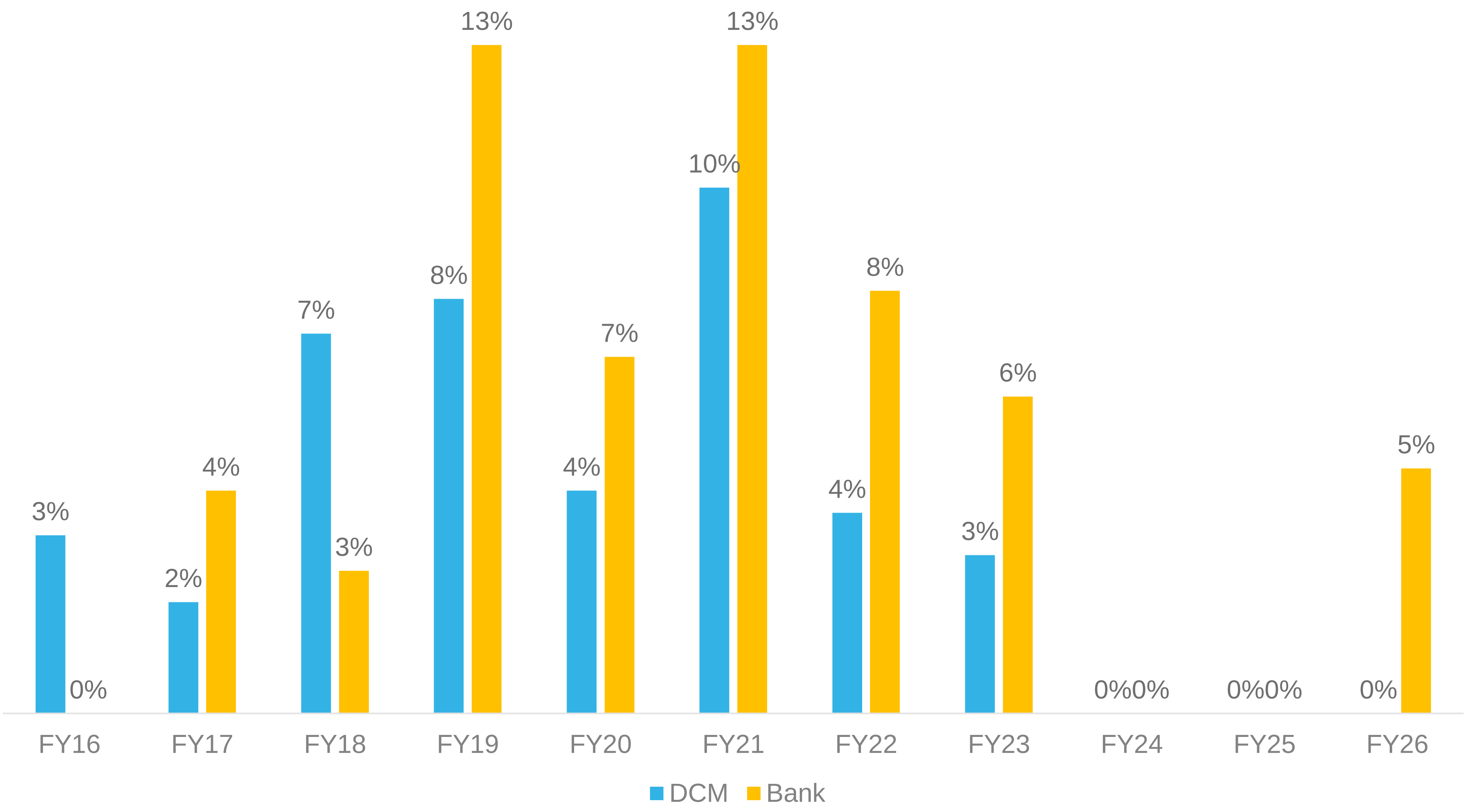
Debt expiry profile post Zenprop

Expiry profile further extended and de-risked



DCM/ Bank split post Zenprop

Risk spread across tenors and across lenders



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conclusion.

Conclusion

1. Quality portfolio of R16.4bn, underpinned by real estate fundamentals,
2. Existing portfolio & Griffin to deliver in line with H1 growth
3. H1 results driven by base portfolio NPI growth and conservative balance sheet management
4. Full year growth will be impacted by the Zenprop transfer date – H2 growth expected to be flat assuming a December transfer date for the Zenprop Acquisition
5. Challenging operating and macro environment
   - Letting of industrial space in a tempered market
   - Pressure on consumer with a direct impact on the retail sector
   - Significant new supply in office sector – tenant driven market, with few new tenants on the horizon
   - Impact of potential increase in global interest rates, continued commodity cycle and negative emerging market investor sentiment on property sector rating, pricing and capital markets
   - The portfolio is well positioned to deliver sustainable returns in this challenging environment due to the strength of its tenant covenants, long WALE and contractual escalations.
6. Management will continue to consider value and quality enhancing acquisition opportunities; however management focus for the next six months is:
   - Bedding down and integrating Griffin and Zenprop transactions
   - Maximizing operating efficiencies
   - Client retention

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