

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)

FINANCIAL RESULTS 2019

Reviewed preliminary condensed
consolidated financial results
Investec Property Fund Limited

KEY HIGHLIGHTS FOR THE YEAR ENDED 31 MARCH 2019

5.1%
Normalised full year
distribution growth

142.3 cps
(March 2018: 135.4 cps(1))

2.4%
vacancy reduced in a
challenging environment
(March 2018: 4.0%)

94.2%
of space expired in the period
renewed or re-let at an average
reversion of negative 6.9%

R3.7 billion
debt re-finance concluded.
(resulting in an extended expiry profile)

Balance sheet composition

South Africa	Europe
84.8%	8.0%

Australia	U.K.
6.1%	1.1%

3.9%
increase in net asset value
driven by the performance
of offshore investments

3.5 years
weighted average debt expiry increased
(March 2018: 2.7 years)

7.9%
all in cost of funding decreased
(March 2018: 8.6%)

EUR 26.0%
total returns from Pan-European
logistics portfolio
11.6% income yield
14.4% capital uplift

(1) Excluding 3.1cps Investec Australia Property Fund once off rights
offer dividend.

(2) Including strategic development vacancy 3.0% (March 2018: 4.8%).

THE YEAR IN REVIEW

Full year distribution growth of 5.1% - in line with guidance; majority of distribution growth driven by Pan-European logistics investment.

South Africa

- Macro-economic environment remains challenging - expectation of further deterioration into FY2020
- Like-for-like net property income growth of 0.8% - reflective of local market conditions
- Edcon rental concession agreed - no impact on FY2019 but will impact FY2020 dividend growth by 1%
- Agreed share repurchase by Ingenuity - will deliver a 29% profit and provides clarity to shareholders

Offshore

- Offshore exposure increased to 15.2%
 - EUR88.4 million deployed into the Pan-European logistics platform during the year
- Pan-European logistics platform performance ahead of deal plan with 26% total return (in Euro) - driven by strong leasing activity, quality on-the-ground team and well-positioned asset base
- Additional EUR64.5 million committed to new Pan-European light industrial platform post year end - will complement the existing logistics strategy, provide further offshore exposure and deliver earnings accretion for shareholders
- Potential sell down of 10% of Investec Australia Property Fund - proceeds will be recycled on an earnings and net asset value ('NAV') enhancing basis

Balance sheet

- LTV of 35.9% and R3.7 billion refinancing completed in H2
- Continual assessment of capital allocation to manage gearing and ensure capital deployment into assets that generate the most attractive risk adjusted return
- R0.5 billion of South African property sold during the year and R0.6 billion earmarked to be recycled to reduce leverage or support European expansion activity

Fund is well positioned to take advantage of market dynamics

Guidance for the next 12 months of 3-5% dps growth, despite the impact of the Edcon restructure

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Reviewed Year ended	Audited Year ended
R'000	Notes	31 March 2019	31 March 2018
Revenue, excluding straight-line rental revenue adjustment		1 812 380	1 810 542
Straight-line rental revenue adjustment		31 944	52 698

Revenue		1 844 324	1 863 240
Property expenses		(340 461)	(303 356)
Net property income		1 503 863	1 559 884
Other operating expenses		(95 619)	(72 604)
Operating profit		1 408 244	1 487 280
Fair value and foreign exchange adjustments	2	406 657	230 684
Expected credit losses	5	(30 000)	-
(Loss)/profit on disposal of investment property		(19 896)	2 655
Income from other investments(1)		116 854	107 530
Finance costs		(618 710)	(590 360)
Finance income(2)		18 579	19 771
Finance income from associate(2)		30 058	-
Finance income from loans to associates at fair value through profit or loss		129 354	-
Profit before taxation		1 441 140	1 257 560
Taxation	6	(15 176)	(9 870)
Total comprehensive income attributable to equity holders		1 425 964	1 247 690
Distribution reconciliation			
Total comprehensive income attributable to equity holders		1 425 964	1 247 690
Less: Straight-line rental revenue adjustment		(31 944)	(52 698)
Fair value adjustments and foreign exchange gains/(losses)		(406 657)	(230 684)
Loss/(profit) on disposal of investment property		19 896	(2 655)
Izandla mezzanine interest not received		(10 464)	(800)
Add: Investment dividend accrual (net of withholding tax ('WHT'))(1)		2 330	30 124
Notional cost of funding Ingenuity acquisition(3)		8 794	7 576
Expected credit losses		30 000	-
Deferred taxation		8 380	2 765
Antecedent dividend(4)		1 553	2 867
Less: Interim dividend paid		(506 615)	(491 018)
Final dividend		541 237	513 167
Number of shares			
Shares in issue		736 290 993	731 400 437
Weighted average number of shares in issue		735 275 468	722 796 837
Cents			
Total dividend per share(5)		142.32	138.53
Final dividend per share		73.51	70.16
Interim dividend per share		68.81	68.37
Basic and diluted earnings per share		193.94	172.62
Headline earnings per share	1	199.84	106.41

- (1) Investec Property Fund Limited ('the Fund' or 'IPF') considers the expected future Investec Australia Property Fund ('IAPF') dividend and the Investec Argo Property Fund ('U.K. Fund' or 'U.K. Investment') (legal name 'Nestor Investment Holdings Limited') dividend, relating to the earnings from the current period, to be part of the distributable earnings for the current period. Accordingly an adjustment is made to match the anticipated income of the distribution to the period to which the distribution relates.
- (2) Finance income is calculated on the effective interest rate method.
- (3) The Fund's investment into Ingenuity Property Investments Limited ('Ingenuity') was made on a total return basis. From a distribution perspective, the Fund's policy in relation to total return is to add back the funding cost of the investment, net of dividends received.
- (4) The antecedent dividend arises from the share issue of 4 890 556 shares in June 2018 (prior year: 13 250 270 shares issued in November 2017).
- (5) Excluding the once-off antecedent dividend received from IAPF of R22.2 million in FY2018, the normalised dividend per share for the prior year is 135.43 cents per share, resulting in normalised growth of 5.1% year-on-year.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Notes	Reviewed	Audited
		31 March 2019	31 March 2018
ASSETS			
Non-current assets		20 374 809	19 085 578
Investment property	3	16 212 471	17 004 260
Straight-line rental revenue adjustment		488 049	476 955
Derivative financial instruments	4	55 074	39 141
Other investments	4	1 627 463	1 357 987
Equity accounted investment in and loans to associate	5	212 197	207 235
Loans to associates at fair value through profit or loss(1)	4	1 779 555	-
Current assets		711 498	749 642
Trade and other receivables		286 414	218 866
Cash and cash equivalents(2)		382 940	507 338

Current portion of derivative financial instruments	4	42 144	23 438
Non-current assets held-for-sale	7	583 660	117 654
Total assets		21 669 967	19 952 874
EQUITY AND LIABILITIES			
Shareholders' interest		13 131 073	12 643 769
Stated capital		10 264 843	10 186 582
Retained earnings		2 866 230	2 457 187
Non-current liabilities		7 083 551	6 032 267
Long-term borrowings	8	6 841 296	5 917 743
Derivative financial instruments	4	225 724	106 373
Deferred taxation	6	16 531	8 151
Current liabilities		1 455 343	1 276 838
Trade and other payables		346 053	401 397
Current portion of long-term borrowings	8	1 103 872	839 000
Current portion of derivative financial instruments	4	5 418	36 441
Total equity and liabilities		21 669 967	19 952 874
Shares in issue		736 290 993	731 400 437
Net asset value per share (cents)		1 783	1 729

- (1) Loans to associates have arisen in the current year due to the investment into the Pan-European Logistics ('PEL') portfolio. Investec Property Fund Offshore Investments Proprietary Limited ('IPFO') is a wholly-owned subsidiary of Investec Property Fund Limited. IPFO consolidates AREG Hexagon Co-Invest Vehicle II, L.P. ('AREG L.P.') which in turn owns 42.9% of the share capital of two associate entities in Luxembourg, namely Hexagon Holdco S.a.r.l and Hexagon Holdco S.a.r.l. 2. ('Hexagon') These entities hold property companies which invest into direct real estate in various jurisdictions across Europe. The investment into AREG L.P. earns variable interest returns based on the returns in the underlying property companies. The loan amount also includes a convertible loan granted to Izandla Property Fund Proprietary Limited ('Izandla') of R93.7 million.
- (2) The cash balance includes restricted cash relating to tenant deposits of R52.7 million as well as cash received in advance for April 2019 rentals of R35.4 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Reviewed		Audited	
	Year ended		Year ended	
	31 March 2019		31 March 2018	
Cash generated from operations	1 249 131	1 320 763	1 320 763	1 320 763
Finance income received	18 579	18 971	18 971	18 971
Finance costs paid	(627 952)	(593 255)	(593 255)	(593 255)
Income from investments (net of WHT)	110 058	100 425	100 425	100 425
Finance income from associates	110 181	-	-	-
Dividends paid to shareholders	(1 019 788)	(979 167)	(979 167)	(979 167)
Net cash outflow from operating activities	(159 791)	(132 263)	(132 263)	(132 263)
Capital expenditure and acquisitions of investment property	(182 031)	(358 103)	(358 103)	(358 103)
Proceeds on disposal of investment property	500 478	672 444	672 444	672 444
Investment in Ingenuity	-	(20 755)	(20 755)	(20 755)
Investment in U.K. Fund	(11 471)	(173 329)	(173 329)	(173 329)
Investment in Izandla	(115 637)	(188 988)	(188 988)	(188 988)
Loans to Hexagon	(1 380 803)	-	-	-
Net cash outflow from investing activities	(1 189 464)	(68 731)	(68 731)	(68 731)
Shares issued, net of costs	81 128	207 319	207 319	207 319
Term loans raised	-	200 000	200 000	200 000
Term loans repaid	(2 324 740)	(121 432)	(121 432)	(121 432)
Commercial paper issued and repaid (net)	178 000	12 000	12 000	12 000
Corporate bonds issued	2 815 000	800 000	800 000	800 000
Corporate bonds repaid	(365 000)	(526 000)	(526 000)	(526 000)
Foreign debt raised	840 469	-	-	-
Derivative financial instruments settled	-	(22 932)	(22 932)	(22 932)
Net cash inflow from financing activities	1 224 857	548 955	548 955	548 955
Net (decrease)/increase in cash and cash equivalents	(124 398)	347 961	347 961	347 961
Cash and cash equivalents at the beginning of the year	507 338	159 377	159 377	159 377
Cash and cash equivalents at the end of the year	382 940	507 338	507 338	507 338

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Stated capital	Retained earnings	Total equity
Balance at 31 March 2017	9 999 838	2 168 089	12 167 927
Total comprehensive income attributable to equity holders	-	1 247 690	1 247 690
Shares issued net of costs	207 319	-	207 319

Dividends declared and paid	-	(979 167)	(979 167)
Transfer between reserves(1)	(20 575)	20 575	-
Balance at 31 March 2018	10 186 582	2 457 187	12 643 769
Total comprehensive income attributable to equity holders	-	1 425 964	1 425 964
Shares issued net of costs	81 128	-	81 128
Dividends declared and paid	-	(1 019 788)	(1 019 788)
Transfer between reserves(2)	(2 867)	2 867	-
Balance at 31 March 2019	10 264 843	2 866 230	13 131 073

(1) Results from antecedent dividends in relation to shares issued in March 2017 and November 2017.

(2) Results from antecedent dividends in relation to shares issued in June 2018.

CONSOLIDATED SEGMENTAL INFORMATION

Segmental analysis

The Fund determines and presents operating segments based on the information that is provided internally to the Executive Management Committee ('Exco'), the Fund's operating decision-making forum. The Fund is comprised of seven segments, namely Retail, Office, Industrial, South African investment portfolio, Australia, U.K. and Europe. The operating segment's operating results are reviewed regularly by Exco to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment	Brief description of segment
Office	The office portfolio consists of 31 properties which includes single and multi-tenanted P, A and B grade office space.
Industrial	The industrial portfolio consists of 38 properties which includes warehousing, standard units, high grade industrial, high-tech industrial and manufacturing.
Retail	The retail portfolio consists of 33 properties, comprising shopping centres as well as retail warehouses, motor dealerships and high street properties.
South Africa - Investment portfolio	The local investment portfolio consists of a 35% share of an empowerment vehicle, Izandla valued at R0.3 billion and a 9.2% share in Ingenuity valued at R0.1 billion which the Fund has agreed to sell back to Ingenuity for 29% above original purchase price.
Australia	A 20.9% investment into IAPF which is inward listed on the JSE and valued at R1.3 billion.
U.K.	A 10% investment into the U.K. Fund valued at R0.2 billion.
Europe	A 42.9% investment into a PEL portfolio valued at R1.7 billion. This portfolio consists of 25 properties located in six jurisdictions across Europe.

New segments have been identified in the current year as a result of the increase in the materiality of various investments, previously not allocated to individual segments. Comparatives have been restated to be presented on a consistent basis.

Profit or loss and assets and liabilities disclosure

R'000	South African property portfolio				Investment portfolio				
	Office	Industrial	Retail	Total/ Fund Level	South African investment portfolio	Australia	U.K.	Europe	Total
2019									
Revenue, excluding straight-line rental revenue adjustment	685 132	425 544	701 704	1 812 380					1 812 380
Straight-line rental revenue adjustment	183	13 766	17 995	31 944					31 944
Revenue	685 315	439 310	719 699	1 844 324					1 844 324
Property expenses	(146 548)	(64 433)	(129 480)	(340 461)					(340 461)
Net property income	538 767	374 877	590 219	1 503 863					1 503 863
Other operating expenses				(95 619)					(95 619)
Operating profit				1 408 244					1 408 244
Fair value adjustments on derivatives				48 942	-	(88 529)	(13 468)	(672)	(53 727)
Fair value adjustments on investment property				(15 490)					(15 490)
Fair value adjustments on investments					16 471	220 323	-	195 334	432 128
Net foreign exchange gains					-	-	19 277	24 469	43 746
Expected credit losses					(30 000)	-	-	-	(30 000)

(Loss)/profit on disposal of investment property				(19 896)					(19 896)
Income from other investments					-	104 406	12 448	-	116 854
Finance costs				(618 710)					(618 710)
Finance income				18 579					18 579
Finance income from associate					30 058	-	-	-	30 058
Finance income from loans to associates at fair value through profit or loss ('FVTPL')					4 669	-	-	124 685	129 354
Profit before taxation									1 441 140
ASSETS									
Non-current assets									20 319 735
Investment property	6 031 857	3 482 404	6 698 210	16 212 471					16 212 471
Straight-line rental revenue adjustment				488 049					488 049
Other investments					133 048	1 271 867	222 548	-	1 627 463
Equity accounted investment in and loans to associate					212 197	-	-	-	212 197
Loans to associates at FVTPL					93 798	-	-	1 685 757	1 779 555
Current assets									669 354
Trade and other receivables				286 414					286 414
Cash and cash equivalents				382 940					382 940
Non-current assets held for sale	13 000	175 050	395 610	583 660					583 660
Total assets									21 572 749
LIABILITIES									
Non-current liabilities									6 991 751
Long-term borrowings				6 841 296					6 841 296
Net derivative financial instruments				45 076	-	72 824	8 856	7 168	133 924
Deferred taxation				16 531					16 531
Current liabilities									1 449 925
Trade and other payables				346 053					346 053
Current portion of long-term borrowings				1 103 872					1 103 872
Total liabilities									8 441 676

Profit or loss and assets and liabilities disclosure

South African property portfolio

Investment portfolio

R'000

2018	Office	Industrial	Retail	Total/ Fund Level	South African investment Portfolio	Australia	U.K.	Total
Material profit or loss disclosures								
Revenue, excluding straight-line rental revenue adjustment	699 193	431 003	680 346	1 810 542				1 810 542
Straight-line rental revenue adjustment	9 056	22 121	21 521	52 698				52 698
Revenue	708 249	453 124	701 867	1 863 240				1 863 240
Property expenses	(118 990)	(60 414)	(123 952)	(303 356)				(303 356)
Net property income	589 259	392 710	577 915	1 559 884				1 559 884
Other operating expenses				(72 604)				(72 604)
Operating profit				1 487 280				1 487 280
Fair value adjustments on derivatives				-	(75 568)	63 076	(118)	(12 610)
Fair value adjustments on investment property				475 868				475 868
Fair value adjustments on investments				-	(6 127)	(244 919)	25 596	(225 450)
Foreign exchange losses				-	-	-	(7 124)	(7 124)
(Loss)/profit on disposal of investment property				2 655				2 655
Income from other investments				-	-	102 132	5 398	107 530
Finance costs				(590 360)				(590 360)
Finance income				19 771				19 771
Profit before taxation								1 257 560
ASSETS								
Non-current assets								19 046 437
Investment property	6 203 687	3 952 113	6 848 460	17 004 260				17 004 260
Straight-line rental revenue adjustment				476 955				476 955

Other investments	-	114 642	1 051 545	191 800	1 357 987
Equity accounted investment in and loans to associate	-	207 235	-	-	207 235
Current assets					726 204
Trade and other receivables		218 866			218 866
Cash and cash equivalents		507 338			507 338
Non-current assets held for sale	21 034	81 066	15 554	117 654	117 654
Total assets					19 890 295
LIABILITIES					
Non-current liabilities					5 845 659
Long-term borrowings		5 917 743			5 917 743
Net derivative financial instruments		(100 551)	-	15 704	4 612
Deferred taxation		8 151			8 151
Current liabilities					1 240 397
Trade and other payables		401 397			401 397
Current portion of long-term borrowings		839 000			839 000
Total liabilities					7 086 056

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
1. Headline earnings		
1.1 Reconciliation of basic earnings to headline earnings		
Total comprehensive income attributable to equity holders	1 425 964	1 247 690
Adjusted for: Fair value adjustments on investment property	15 490	(475 868)
Fair value adjustment on investment property in associate	7 996	-
Loss/(profit) on disposal of investment property	19 896	(2 655)
Headline earnings attributable to shareholders	1 469 346	769 167
Headline earnings per share	199.84	106.41
1.2 Reconciliation of total dividend per share to normalised dividend per share		
Interim dividend	506 615	491 018
Less: IAPF antecedent dividend	-	(22 277)
Normalised interim dividend	506 615	468 741
Shares in issue at interim reporting period	736 290 993	718 150 167
Normalised interim dividend per share	68.81	65.27
Final dividend per share	73.51	70.16
Total normalised dividend per share	142.32	135.43
Total normalised dividend per share growth	5.1%	
2. Fair value and foreign exchange adjustments		
Fair value adjustments on derivative instruments	(53 727)	(12 610)
Fair value adjustments on investment property	(15 490)	475 868
Fair value adjustment on investments(1)	256 071	(232 574)
Fair value adjustments on Hexagon loans(1,2,3)	259 292	-
Foreign exchange translation losses on items not at fair value	(39 489)	-
	406 657	230 684

(1) Included in fair value adjustments are foreign exchange gains and losses on items measured at fair value.

(2) The value of this loan is linked to the value of the properties in the underlying European logistics portfolio. Therefore, the movement in the value of the loan is driven by the change in values of the properties.

(3) The fair value adjustment is net of the fair value adjustment relating to other long-term borrowings. Refer to note 4.5.

3. Fair value of investment property

The Fund's policy is to assess the value of investment properties at each reporting period. During the year ended 31 March 2019, the assessment resulted in a net downward revaluation of R15.5 million (March 2018: upward revaluation of R475.9 million). The directors' valuation method is the income capitalisation method which is a generally accepted methodology used in the industry. Each property is required to be revalued externally every three years. In the interest of transparency, the Fund elected to increase the number of properties that are revalued externally from one-third to one-half of total properties and to use a second valuer. As

a result, 50 properties (49% of the portfolio) were revalued externally in the current year. 27 properties were valued by Mills Fitchet Magnus Penny Proprietary Limited and 23 by Spectrum Valuations and Asset Solutions Proprietary Limited. Both valuers are registered in terms of Section 19 of the Property Valuers Professional Act, No. 47 of 2000.

4. Financial instruments

Financial instruments held at fair value by the Fund include the Investment in IAPF, the Investment in Ingenuity, the U.K. Investment, the loans relating to the investment in the PEL platform, the Izandla convertible loan, derivatives, and certain long term borrowings.

- * The valuations of IAPF and Ingenuity are based on the closing share price times the number of shares held at the reporting date, which is a level 1 valuation.
- * The U.K. investment is an unlisted company and their shares are not traded on a regulated exchange, therefore there are significant unobservable inputs used to determine the fair value, making it a level 3 valuation.
- * The profit participating loans ('PPL') receivable and payable are valued based on the value of the underlying investment properties. There are significant unobservable inputs used to determine the fair value of these loans, making them level 3 valuations.
- * The Izandla convertible loan is based on the present value of future cash flows plus the value of the option to convert, making it a level 3 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.

Refer to note 4.4 for detail on the fair value hierarchy.

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

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
4.1 Listed investments		
Investment in IAPF	1 271 867	1 051 544
% holding	20.9%	20.9%
Investment in Ingenuity	133 048	114 643
% holding	9.2%	9.2%
Total fair value	1 404 915	1 166 187

The Fund carries its investments in IAPF and Ingenuity at fair value through profit or loss. IAPF is classified as an associate and Ingenuity is classified as an investment.

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
4.2 Unlisted investments		
U.K. investment	222 548	191 800
% holding	10.0%	10.0%

The Fund carries its U.K. investment at fair value through profit or loss and classifies it as an investment.

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
4.3 Loans to equity accounted associates at fair value through profit or loss		
PEL platform		
Finance income accrual	36 110	-
Loans to Hexagon	1 649 647	-

IPFO has invested into the PEL platform which has advanced PPL's to Hexagon. The return and repayment of PPL's owed by the Hexagon entities comprises 42.9% of the net rental income earned on leasing the investment properties held by the underlying property companies. The Hexagon entities have an obligation to deliver all returns to AREG L.P. via the PPL's and therefore the equity of this associate is valued at nil.

Izandla

Convertible shareholder loan

The convertible shareholder loan was provided to part fund the Sasol development, with the option of conversion to equity upon completion of the development.

The carrying amount of the Izandla convertible loan approximates the fair value.

Total

93 798 -
1 779 555 -

R'000	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
4.4 Fair value hierarchy at 31 March 2019					
Assets					
Investment in IAPF	1 271 867	1 271 867	-	-	-
Investment in Ingenuity	133 048	133 048	-	-	-
Investment in the U.K. Fund	222 548	-	-	222 548	-
Equity accounted investment in and loans to associate	-	-	-	-	178 955
Loans to equity accounted associates at FVtPL	1 779 555	-	-	1 779 555	-
Other investments					
Derivative financial instruments	97 218	-	97 218	-	-
Trade and other receivables(1)	-	-	-	-	155 795
Cash and cash equivalents	-	-	-	-	382 940
Total financial assets	3 504 236	1 404 915	97 218	2 002 103	717 690
Derivative financial instruments	231 142	-	231 142	-	-
Long-term borrowings (including current)	77 320	-	-	77 320	7 867 848
Trade and other payables(2)	-	-	-	-	300 258
Total financial liabilities	308 462	-	231 142	77 320	8 168 106
R'000	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
4.4 Fair value hierarchy at 31 March 2018					
Assets					
Investment in IAPF	1 051 544	1 051 544	-	-	-
Investment in Ingenuity	114 643	114 643	-	-	-
Investment in the U.K. Fund	191 800	-	-	191 800	-
Equity accounted investment in and loans to associate	-	-	-	-	188 988
Other investments					
Derivative financial instruments	62 579	-	62 579	-	-
Trade and other receivables(1)	-	-	-	-	133 456
Cash and cash equivalents	-	-	-	-	507 338
Total financial assets	1 420 566	1 166 187	62 579	191 800	829 782
Derivative financial instruments	142 814	-	142 814	-	-
Long-term borrowings (including current)	-	-	-	-	6 756 743
Trade and other payables(2)	-	-	-	-	332 454
Total financial liabilities	142 814	-	142 814	-	7 089 197

(1) Trade and other receivables exclude prepayments which are non-financial instruments.

(2) Trade and other payables exclude revenue received in advance and value added tax as these are non-financial instruments.

R'000	U.K. investment(1)	Izandla convertible loan(2)	Hexagon loan(3)	Long-term borrowings(4)
4.5 Level 3 valuations at 31 March 2019				
The level 3 valuations are reconciled as follows:				
Balance at the beginning of the year	191 800	-	-	-
Acquisition	11 471	93 798	1 416 914	(67 769)
Fair value and forex gains/(losses)	19 277	-	268 843	(9 551)
Balance at the end of the year	222 548	93 798	1 685 757	(77 320)

- (1) The change in fair value of the underlying investment is immaterial and the majority of the movement arises from changes in exchange rates. If the value of the underlying properties changed by 5%, the investment value would move by R21 million.
- (2) The fair value of the conversion option of this loan is linked to the value of Izandla. If this changed by 5%, the value of the loan would move by R0.2 million.
- (3) The fair value gain on the Hexagon loans arose from the revaluation of the underlying properties in the PEL portfolio. The entire property portfolio was externally valued at 31 December 2018 by CBRE Limited. The fair value gain on the loan receivable is R203.2 million. If the fair value of the underlying properties was 5% higher or lower, the fair value of the Hexagon loans would be R158 million higher/lower than the reported closing balance.
- (4) Long-term borrowings includes other Euro Funding of EUR4.7 million. The value of the loan is linked to the performance of the underlying properties in the Pan-European portfolio. If the fair value of underlying properties changed by 5%, the value of the loan would move by R11 million.

R'000	U.K. investment	Izandla convertible loan	Hexagon loan	Long-term borrowings
Level 3 valuations at 31 March 2018				
The level 3 valuation of the U.K. investment is reconciled as follows:				
Opening balance	-	-	-	-
Acquisition	173 329	-	-	-
Fair value gain and forex loss	18 471	-	-	-
Closing balance	191 800	-	-	-

Valuation techniques used to derive level 3 fair value

The significant unobservable inputs used to derive the fair value measurements are those relating to the valuation of underlying investment properties. The table below includes the following descriptions and definitions relating to key unobservable inputs made in determining fair value:

Expected rental value ('ERV')	The rent at which space could be let in the market conditions prevailing at the date of valuation.
Equivalent yield	The equivalent yield is defined as the internal rate of return of the cash flow from the property, assuming a rise to ERV at the next review, but with no further rental growth.
Long-term vacancy rate	The ERV of the expected long-term average structural vacant space divided by the ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area.
Significant unobservable inputs	Relationship between unobservable inputs and fair value measurement
Expected rental value ('ERV')	Increases in ERV would increase estimated fair value.
Equivalent yield	Increases/decrease in the equivalent yield would result in decreases/increases in the estimated fair value.
Long-term vacancy rate	Increases/decreases in the long-term vacancy rate would result in decreases/increases in the estimated fair value.

The fair value of the underlying property portfolio has been determined using the income capitalisation method.

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
5. Equity accounted investment in and loans to associate		
Izandla		
Equity	33 242	18 247
Loans	178 955	188 988
Senior mezzanine	117 658	110 786
Junior mezzanine	91 297	78 202
Expected credit losses	(30 000)	-
	212 197	207 235

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
6. Taxation		
6.1 Deferred taxation		
Balance at the beginning of the year	8 151	5 386
Gain on fair value of investments	8 380	2 765
Balance at the end of the year	16 531	8 151

A deferred tax liability arose on the fair value gain through profit or loss on Ingenuity and the U.K. investment as a result of these investments not being classified as REITs. The Fund holds less than 20% of Ingenuity and the U.K. investment and therefore these investments do not meet the definition of a 'property company' as defined under S25BB of the Income Tax Act. On disposal of the investments, the Fund would be subject to capital gains tax. As such deferred tax has been recognised on the unrealised fair value gains.

6.2 Withholding taxation		
Withholding tax on IAPF dividend	6 796	7 105

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
7. Non-current assets held-for-sale		
Office	13 000	21 034
Industrial	175 050	81 066
Retail	395 610	15 554
Balance at the end of the year	583 660	117 654

The Fund will be selling 12 buildings with settlement taking place within 12 months of reporting date for a consideration of R583.7 million and has presented those assets as non-current assets held for sale.

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
8. Long-term borrowings		
The balance at the end of the year comprises		
Long-term borrowings	6 841 296	5 972 119
Long-term borrowings	6 788 205	5 917 743
Interest accrual on borrowings(1)	53 091	54 376
Short-term borrowings(2)	1 103 872	839 000
Total borrowings	7 945 168	6 811 119

(1) Included in trade and other payables in 2018 and subsequently moved to borrowings in 2019.

(2) Short-term borrowings are de-risked by the availability of revolving credit facilities and short-term headroom facilities of approximately R1.8 billion.

	Reviewed Year ended 31 March 2019	Audited Year ended 31 March 2018
R'000		
9. Related parties		
The table below shows the transactions and balances (not disclosed elsewhere) that the Fund has with related parties:		
Investec Property Proprietary Limited		
Asset management fees	(75 533)	(60 702)
Letting commissions	(21 705)	(14 078)
Property acquisitions(1)	-	(154 949)
Transaction fees	(5 415)	-
U.K. Investment		
Acquisition of 10% of the equity of a joint venture within the Investec Group(2)	(11 471)	(173 329)
Dividend received	11 643	5 397
Izandla Property Fund		
Net proceeds from sale of properties	-	314 111
Movement in equity investment	14 995	18 247
Movement in loans receivable (including convertible loan)	113 765	188 988
Finance income from associates	30 058	2 338
Finance income from loans to associates at fair value through profit or loss	4 669	-
Expected credit losses	(30 000)	-
AREG L.P/Hexagon(3)		
Loans to Hexagon entities	1 685 757	-
Finance income from loans to associate at fair value through profit or loss	124 685	-
Investec Bank Limited Group		
Cash and cash equivalents(4)	192 714	128 083
Borrowings(4)	(362 281)	(441 615)
Fair value of derivative instruments(4)	(119 949)	(60 292)
Nominal value of swap derivatives	(5 340 255)	(4 678 057)
Nominal value of FECs	465 260	515 232
Rentals received	66 462	61 724
Interest received(5)	9 261	7 859
Sponsor fees paid	(193)	(170)
Corporate advisory and structuring fees paid	(3 138)	(1 250)
Interest paid on related party borrowings	(48 562)	(52 881)
Settlement of swap derivatives	-	(16 933)
Net interest received on cross currency swaps	31 323	24 135
Interest paid on interest rate swaps	(21 494)	(21 825)

(1) Property acquisitions were concluded at market value.

(2) Direct equity investment, not acquisition of equity from Investec Bank Limited Group.

(3) AREG.L.P is a related party as it is a subsidiary of IPFO.

(4) Included in carrying values as per the statement of financial position.

(5) Interest is earned at the overnight safex call rate of 6.30% (FY2018: 6.55%).

10. Subsequent events

- Post 31 March 2019, the Fund has rolled R152 million and R300 million of three-month commercial paper at margin of 45.5 and 50.0 basis points respectively.
- The Fund settled R0.7 billion of secured debt which released R2.3 billion of properties as security.
- The Fund invested a further EUR8.2 million into the PEL platform on 17 April 2019 to part fund the acquisition of 3 buildings in the Netherlands and 1 building in France.
- The Fund has made available 45 million units in IAPF in order to support the IAPF listing announced on 3 May 2019.
- The Fund has agreed to the sale of its shares in Ingenuity, as part of a specific repurchase agreement, for R1.08 per share, which is a 29% increase on the purchase price. The sale is conditional upon Ingenuity shareholder approvals.
- On 3 May 2019 the Fund announced an investment into a Pan-European light industrial ('PELI') platform. The Fund will own 25% of the holding company and make an initial investment of EUR10.2 million. The Fund has committed a total of EUR64.5 million into the PELI which is expected to be deployed within the next two years. Further details have been included on page 23 of this announcement.

COMMENTARY

Introduction

Investec Property Fund Limited ('the Fund' or 'IPF') is a South African Real Estate Investment Trust and comprises an investment portfolio of direct and indirect real estate investments in South Africa, Australia, the U.K. and Europe.

The portfolio of assets is high quality and geographically diverse, as shown in the table below:

Investment	Description	% of the balance sheet
South African property portfolio	102 buildings held directly in the South African portfolio, valued at R17.3 billion;	83%
SA investment - Izandla	A 35% share of an empowerment property fund, Izandla Property Fund Proprietary Limited ('Izandla'), valued at R0.3 billion;	1%
SA investment - Ingenuity	A 9.2% share in Ingenuity Property Investments Limited ('Ingenuity') valued at R0.1 billion which the Fund has conditionally agreed to sell back to Ingenuity for 29% above original purchase price;	1%
European investment	A 42.9% investment into a Pan-European logistics ('PEL') portfolio valued at R1.7 billion. This portfolio consists of 25 properties located in 6 jurisdictions across Western Europe;	8%
Australian investment	A 20.9% investment into Investec Australia Property Fund ('IAPF') which is inward listed on the JSE and valued at R1.3 billion; and	6%
U.K. investment	A 10% investment into the Investec Argo Property Fund ('U.K. Investment') valued at R0.2 billion.	1%

The South African market has been very challenging, with consumers under pressure, limited new clients, lack of demand for office space and manufacturing being depressed. Due to the strong performance of the Fund teams' efforts, underpinned by quality assets, the Fund is satisfied with the performance of the South African portfolio albeit at 0.8% growth. The Fund remains optimistic about the long term growth prospects in the South African market and therefore the majority of the balance sheet remains on local soil. In the short to medium term, growth is likely to be underpinned by the offshore investments.

The Fund is committed to making progress on its four strategic objectives which will ultimately translate into increased value for all stakeholders:

- Revenue security and growth;
- Client service excellence;
- Value add asset management and capital allocation; and
- Cost efficiency and system optimisation.

Financial results

The board of directors is pleased to announce a final dividend of 73.51 cents per share ('cps') for the six months ended 31 March 2019, bringing the total dividend for the year to 142.32 cps (FY2018: 138.53 cps, normalised 135.43 cps). The prior year interim dividend included a once-off antecedent dividend received from IAPF relating to the final H2 dividend for FY2017 received on the shares subscribed for in the February 2017 rights offer. On a normalised basis, year-on-year dividend per share ('dps') growth was 5.1%.

The distribution growth has largely been driven by the investment into and the performance of the PEL platform. The investment was underpinned by strong property fundamentals and value has been unlocked by a dedicated, on-the-ground management team with a proven track record in the European logistics sector.

The South African portfolio delivered base net property income ('NPI') growth of 0.8% (March 2018: 5.7%) in an extremely challenging and weak local economic and operating environment. Against a backdrop of business consolidations, liquidations, and constrained consumer spending, the South African portfolio remained robust in terms of its key operating metrics.

The letting in the South African property portfolio is testament to the quality of the assets and pro-active asset management that resulted in a decrease in vacancy from last year to 2.4% (March 2018: 4.0%). This vacancy excludes pockets of space held vacant for development (if included, the vacancy ratio would be 3.0% (March 2018: 4.8%)).

The Fund re-let or renewed 88% (252 716m(2)) of total space available to let for the year. This includes the letting of 64% (38 440m(2)) of opening vacancy. Of the leases that expired during the period, 94% (214 276m(2)) was let at an average negative reversion of 6.9%, reflective of the current letting environment. It is also a result of new lets concluded in properties which were purchased at above market rentals (for which top slice price adjustments were made on acquisition). In addition, 33% of FY2020 expiries have already been let or renewed which further de-

risks the Fund for the year ahead. The weighted average lease expiry ('WALE') on letting concluded was 3.3 years and the average contractual escalation was 7.7%. Incentives offered in order to let space were low at 1.7% of the value of the leases.

The total portfolio cost to income ratio increased to 18.8% (March 2018: 16.8%). This ratio is expected to remain at similar levels in the short- to medium-term until such time as revenue growth increases closer to escalation rates. In the current market the revenue growth is suppressed by void periods and negative reversions in the office and industrial portfolios.

Key drivers of the lower base net property income and the increased cost to income ratio were:

1. 2.6% core rental growth which is lower than contractual escalations due to void periods and lower rental reversions;
2. An increase in variable costs of 33.5% driven by letting commissions and tenant installation incentives;
3. Offset by fixed costs which increased below inflation at 3.4%;
4. Gross utility costs (water and electricity) increased by 4.9% while gross recoveries increased 8.3%; and
5. Gross rates expense increased by 25.8% as a result of significant municipal revaluation in the office portfolio, while rates recoveries only increased by 16.2% due to leakage from void periods.

There has been limited local acquisition activity during the year, with the focus locally being on better extracting value from the existing South African portfolio and deploying capital into the PEL platform. The Fund made a total commitment of EUR150 million into the platform and in the current year made an initial investment of EUR65.8 million (excluding costs) in May 2018 with further investments during the year of EUR10.1 million and EUR7.8 million invested subsequent to year end. This brings the total investment to date to EUR83.7 million, and the Fund has committed to a further equity investment of EUR18.9 million to fund additional acquisitions. This will leave an equity commitment of EUR47.4 million post completion of these transactions.

The investment was part funded through R500.5 million derived from the disposal of four South African properties (yielding 7.1%). The Fund has earmarked a further c.R600 million of South African properties for sale within the next 12 months. Once sold those proceeds will be deployed in the PEL platform or the newly announced PELI platform that are expected to generate attractive risk-adjusted returns.

On 3 May 2019 the Fund announced that it had concluded agreements to invest up to EUR64.5 million into a PELI platform expected to be deployed over the next two years. The Fund will have an initial 25% share in the platform and the initial investment will amount to EUR10.2 million. At full deployment, total equity contributed by IPF and Ares will amount to EUR150 million with IPF's equity participation representing 42.9% through a ratcheted equity investment mechanism. The initial portfolio is expected to comprise 21 primarily light industrial properties, of which four assets located in the Netherlands have already been acquired. A further 17 properties located across France and Germany have been identified. The initial portfolio is expected to generate an unlevered initial asset yield of 7.2% which is expected to grow to a fully let expected rental value ('ERV') yield of 8.2%, an investment return of 9.6%.

The Fund's investment into IAPF generated a significant contribution to net asset value ('NAV') growth in the current year as a result of a 21% increase in the IAPF unit price. IAPF is now trading around NAV which resulted in an uplift of R220.3 million on the Fund's investment. On a post withholding tax ('WHT') basis, IAPF delivered distribution growth of 1.2% in AUD which translated to 4.0% in ZAR due to forward exchange contracts ('FEC's') that were in place.

As announced on 3 May 2019, IAPF intends to list on the ASX. The Fund has agreed to make available up to 45 million IAPF units currently held by the Fund, at the final subscription price determined under the institutional bookbuild.

IAPF remains a key investment for the Fund and should all the units made available under the sale be transferred, the Fund would still retain a c. 10% investment in IAPF. The potential proceeds from the proposed partial sale of IAPF units will likely be utilised to further de-lever the Fund's balance sheet and/or be deployed into the PEL and recently announced PELI strategies.

The U.K. Fund delivered an income yield of 5.4% and NAV growth of 10.4% during the year as a result of proactive asset management. The portfolio is well positioned for the future and provides a solid base platform from which to grow a strong U.K. focused property platform. The portfolio is currently valued at GBP233.8 million and has a weighted average unexpired lease term ('WAULT') of 11.7 years, vacancy ratio of 2.2% and weighted average debt and swap expiry of 3.7 and 7.7 years respectively.

The Fund's NAV has increased by 3.9% during the year. This was primarily driven by the upward revaluation of the IAPF investment (R220.3 million), and the Fund's share of the revaluation of the underlying properties in the PEL portfolio (R203.2 million). This was offset by a R15.5 million (0.1%) downward revaluation of the South African property portfolio, reflective of the challenging local market.

Balance sheet and treasury management remains a fundamental focus area and the Fund continues to adopt a conservative approach to its balance sheet position. During the year R3.7 billion of bank refinancing was completed which significantly reduced refinance risk over the next two years and extended the debt expiry profile from 2.7 years to 3.5 years. Debt expiring in the next 18 months amounts to R1.1 billion, with agreements already in place to refinance 23% of this and R1.2 billion of unutilised, committed facilities in place to mitigate the risk of the remaining R0.85 billion. Subsequent to year end, over R1 billion of interest rate swaps were restructured which extended the swap expiry by eight months to 3.4 years from 2.8 years at no additional cost to the Fund. The average cost of funding reduced from 8.6% to 7.9% due to an increase in the percentage of foreign debt utilised to fund the European investments.

IPF has a recognised brand as a result of its association to the Investec Group and a track record in property given the experience of Investec

Property Proprietary Limited ('the Manager'). Just as Investec's clients have high service level expectations, so too do the Fund's clients. The Fund's high quality service delivery is a way of differentiating the business in a fairly commoditised industry. Furthermore, the Fund has a legacy of hands-on property skills and will be actively deploying resources to ensure that the IPF portfolio remains distinctive and relevant in the markets in which the Fund operates.

South African property portfolio

The South African direct property portfolio accounts for 83% of the Fund's balance sheet investments and this remains the core focus of the dedicated South African based team who have the local knowledge and expertise to unlock value for shareholders. The Fund's current property portfolio consists of a diverse base of 102 quality and well located properties with an average value per property of R169 million. (March 2018: R167 million). The Fund aims to ensure that it owns best of breed assets that will provide a platform to underpin long-term shareholder returns.

The table below presents a snapshot of the property portfolio as at 31 March 2019:

Portfolio	Total		Office		Industrial		Retail	
	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18
Number of properties	102	106	31	32	38	40	33	34
Asset value (Rbn)	17.3	17.6	6.3	6.5	3.7	4.1	7.3	7.0
Base growth	0.8%	5.7%	(2.6%)	4.7%	(1.0%)	4.4%	5.6%	7.8%
Cost to income	18.8%	16.8%	21.4%	17.0%	15.1%	14.0%	18.5%	18.2%
GLA	1 197 921	1 240 851	249 243	251 678	531 501	574 262	417 177	414 911
Vacancy(1)	2.4%	4.0%	7.3%	5.4%	1.2%	5.7%	1.0%	1.1%
WALE (years)	2.8	3.3	2.8	3.3	2.9	3.7	2.9	3.0
In-force escalations	7.6%	7.6%	8.0%	8.0%	7.7%	7.9%	7.3%	7.3%

(1) Excludes planned vacancy in the retail portfolio for development of 9 000m(2) (March 2018: 8 636m(2)). If included the portfolio vacancy would be 3.0% (March 2018: 4.8%) and the retail vacancy ratio would be 2.6% (March 2018: 3.3%).

Letting activity

The Fund has re-let or renewed 94% of space that expired in the current year at a negative reversion of 6.9% which is reflective of the current market but in line with the Fund's strategy to fill space rather than have void periods. The level of incentives offered to let space has increased in the current year but still remains low at 1.7% of total lease value.

The table below reflects the letting activity for the year to date:

	Expiries and cancellations	Renewals and new lets	% of expiries and cancellations let	Gross expiry rental R/m(2)	Gross new rental R/m(2)	Rental reversion %	Average escalation %	WALE years	Incentive % lease value	Retention %
Office	52 914	45 674	86.3	193	166	(13.9)1	7.9	5.0	4.5	68.2
Industrial	116 314	110 983	95.4	61	57	(6.4)2	7.9	1.9	1.2	47.24
Retail	58 280	57 619	98.9	155	159	2.63	7.1	4.8	1.1	91.3
Subtotal	227 508	214 276	94.2	115	107	(6.9)	7.7	3.3	1.9	62.9
Opening vacancy	59 902	38 440	64.2	n/a	67	n/a	7.0	5.6	0.8	n/a
Total	287 410	252 716	87.9	115	102	(6.9)	7.6	3.7	1.7	62.9

- (1) Negative reversion driven by the current letting environment and new letting concluded at properties purchased above market rentals (for which top slice price adjustments were made at acquisition with the benefit of higher initial yields e.g. 3 and 4 Sandown Valley Crescent) has driven the negative reversion.
- (2) Long-term leases where expiry rentals had escalated above current market, renewed at market.
- (3) Reversion subdued due to renewals concluded with two national clients of five and seven years respectively. Excluding these renewals, the balance of letting activity reflected growth of 5.3%.
- (4) Low retention due to two clients not renewing 8 549m(2) and 21 441m(2) respectively. The first was acquired by a large multi-national with multiple facilities and the operations were consolidated and the second, due to consolidated business operations and reduced space. Both spaces have however been re-let.

Sectoral performance

Office

The Fund's office portfolio comprises high quality and well-located properties. The market has been subdued as a result of rental growth remaining under pressure with visible or foreseeable oversupply across all major offices nodes, in particular Sandton, Bryanston and within the next 18 months, Rosebank. No demand led drivers are evident in the current market, however the Fund believes it has the skills and the

portfolio to create solutions that are attractive to clients.

Vacancies have increased to 7.3% (March 2018: 5.4%), driven by a large vacancy in Sandton that became available at end February 2019 as well as the Firs which is undergoing refurbishment. This is expected to reduce below 6% shortly after financial year-end.

The office sector re-let or renewed 86% (45 674m(2)) of space expiring during the financial year and let a further 24% (3 328m(2)) of the opening vacancy. This further demonstrates the quality of the underlying portfolio.

The downward pressure on rentals with longer void period and increased incentive costs for landlords to secure clients has resulted in negative NPI growth of 2.6%. The portfolio has experienced a large increase in its cost to income ratio due to significant increases in rates valuations on a number of properties, and substantially higher leasing associated costs relative to the prior period.

The Fund's Sandton portfolio is defensive with a WALE of 3.5 years and expiries of only 4 434m(2) in FY2020, with renewals already concluded on this space.

Looking forward, the Fund has already concluded leases on 29% of the space expiring in FY2020, albeit at negative reversions of 10.4%, which is an improvement on FY2019 reversions. A further 28% is either under offer or in advanced stages of negotiation.

Industrial

The industrial sector has properties with good fundamentals in strategically located nodes. It has however not been immune to the current economic climate, which has resulted in an exceptionally tough operating environment, with smaller business, specifically in the manufacturing sector, being the worst affected.

A lack of business confidence and economic uncertainty has translated into clients being unwilling or unable to commit to long-term leases and therefore a sizable portion of the letting activity has been concluded on a relatively short-term basis.

Rentals remain under pressure. The expiry rentals are now at the end of long rental cycles where landlords have benefited from compounding contractual escalations that have outstripped the market rental growth. This has resulted in negative rental reversions. This remains a fact of life in all landlord property portfolios, however, thus far the Fund's experienced management team has managed to navigate this cycle, and has been successful in keeping vacancies at low levels.

Despite the weak demand environment, the sector has continued to display its desirability and defensiveness with 95% of the 116 313m(2) expiring during the year being renewed or re-let at a negative reversion of 6.4% and an average WALE of 1.9 years. The low WALE is a result of flexible short-term deals (with cancellation flexibility in favour of the Fund) concluded on c.46 000m(2). The opening vacancy (32 051m(2)) was 100% let with a WALE of 5.8 years resulting in a decreased vacancy for the sector of 1.2% (March 2018: 5.7%). Furthermore, 37% of FY2020 expiries have already been concluded at reversions in line with FY2019. A further 18% of space is currently under offer or in advanced stages of negotiation.

The sector's cost to income ratio remains under pressure due to the weak tenant demand environment resulting in longer void periods. Although costs are well controlled and have only increased by 3.5% (excluding rates expense), the cost to income ratio has increased to 15.1% (March 2018: 14.0%) due to lower revenue growth. This ratio is expected to remain at similar levels until the macro-economic conditions improve and allow for rental growth. The cost base has also been impacted by bad debts given the pressure on local businesses.

The overall arrears position is largely attributable to a single client that has recently gone into voluntary business rescue. The Fund is working closely with the client to assist with the turnaround of the business in order to recover the Fund's arrears.

Retail

The retail portfolio is robust and defensive and is the best performing sector within the Fund. The sector has performed well despite the lack of economic growth. This has been achieved through a focused strategy of maintaining a significant proportion of national clients (currently 81%) to ensure the assets are able to trade through periods of subdued consumer spending.

The retail sector has displayed defensive characteristics through a very challenging market with centre turnover growth being reported at 2.7% on the total portfolio at the end of March 2019. This has reflected an upward trend since a low of 1.9% in March 2018. Excluding Design Quarter (planned refurbishment) and Balfour (severely impacted by the Rea Vaya road works), year-on-year turnover growth reflected 4.1% in March 2019.

The Fund's retail base portfolio reported NPI growth of 5.6% which is testament to the quality of the underlying portfolio. The net cost to income ratio has increased only marginally from 18.2% to 18.5%, supported by the tightly controlled fixed costs which only increased by 1.1%.

Leasing activity during the period has been very positive with 99% (57 619m(2)) of space expiring during the full year renewed and re-let and a further 23% (3 061 m(2)) of opening vacancy let. Average reversions of positive 2.6% and in-force escalations of 7.1% were achieved on this letting. Excluding strategic development vacancies at Design Quarter and Devland Silverlakes, the sector's vacancy remains extremely low at 1.0% (March 2018: 1.2%). Including the strategic development vacancies, this would increase to 2.6% (March 2018: 3.3%).

The Fund will be participating in the Edcon restructure and has opted to receive reduced rental income over the next two years, commencing

on 1 May 2019. On a portfolio basis, exposure to the Edcon Group represents less than 2% of the Fund's revenue. It is anticipated that the reduction in rental income will amount to R9.8 million per annum, from FY2020. There was no impact for the year ended 31 March 2019.

The Fund has purchased the Highlands Mall, a strategically located strip mall on the corner of Louis Botha Avenue and Athol Street in Highlands North. This acquisition provides an exciting opportunity for the Fund to significantly strengthen the Balfour Mall precinct. The intention is to create a space in which the target market is able to 'live, socialise and play' in a safe and secure environment while providing a solution for middle income earners to live and work within close proximity.

Trade receivables

The total arrears as a percentage of collectables has reduced to 2.9% from 3.1% (March 2018). This ratio includes clients that are subject to legal proceedings (if excluded, the ratio is 1.4%, March 2018: 1.1%). If Edcon arrears are excluded the arrears percentage reduces to 2.8% (and 1.3% excluding legal tenants) in the current year.

Total geographic spread

South Africa	85%
UK	1%
Europe	8%
Australia	6%

SA sectorial spread

Office	36%
Industrial	22%
Retail	42%

Local investments

Ingenuity

The Fund announced on 17 April 2019 that Ingenuity will seek shareholder approval to repurchase all the shares held by IPF for R1.08 per share. The sale is expected to be completed by July 2019. If approved, this will reflect a 29% gain on the average purchase price of the Ingenuity shares and an 8.2% increase on the value including the distribution add back of the notional capitalisation of interest. The Fund will continue to add back the cost of the funding to the distribution until the date of sale.

The sale of the shares provides shareholders with clarity over the Fund's investment into Ingenuity and simplifies the distribution statement going forward.

Izandla

The Fund invested a further R115.6 million into Izandla (R15.0 million equity, R6.9 million senior mezzanine loan, and R93.7 million convertible shareholder loan) to support the acquisition of a property in Hatfield and the development of a logistics facility for Sasol on the back of a 15 year lease. Izandla is currently raising equity to fund an identified pipeline and IPF will look to convert some or all of the mezzanine debt into equity at that point. The shareholder loan to Izandla to support the development of the Sasol facility, is also likely to be imminently refinanced by external funds and/or the anticipated equity raising proceeds.

Offshore investments

Australia (listed)

The Fund's investment in IAPF amounts to R1.3 billion, representing 20.9% of IAPF (March 2018: 20.9%). The increase in the IAPF share price to R12.70 reflects a 21% increase from March 2018 and positively contributed to the NAV growth of the Fund for the year. In AUD and on a post WHT basis, IAPF delivered distribution growth of 1.2% which resulted in growth of 4% in ZAR.

The Fund continues to employ a conservative approach to hedging of both the income and capital risk of the investment. The Fund increased its AUD cross-currency swap ('CCS') exposure post year-end by AUD10 million, to maintain 50% of the value of the investment hedged by way of CCS's. In terms of income, the Fund has hedged 100% of its anticipated distributions over a five year period at a range of between R11.02 and R13.85. The Fund manages this position on an ongoing basis.

As announced on 3 May 2019, IAPF intends to list on the ASX. In conjunction with the listing, IAPF is seeking to raise approximately AUD100 million mainly from the Australian capital markets. The final subscription price is expected to be within the indicative price range of AUD1.30 to AUD1.35 per unit. The proceeds from the offer will be used by IAPF to repay debt and pay the costs associated with the offer. The Fund has agreed to make available up to 45 million IAPF units at the final subscription price determined under the institutional bookbuild for the purposes of satisfying oversubscriptions from certain institutional investors. If the offer is not oversubscribed, no IAPF units will be transferred under the sale. The transfer of any IAPF units under the sale is expected to occur around the date that new IAPF units are allotted under the offer.

IAPF remains a key investment for the Fund and should all the units made available under the sale be transferred, the Fund would still retain

a c.10% investment in IAPF. The proceeds of the sale will be utilised to further de-lever the Fund's balance sheet and/or be recycled into the Pan-European strategy.

As a result of the listing, IAPF has informed unitholders that they will be adjusting their distribution pay-out ratios to align with other ASX listed REITs and best practice in Australia. The Fund is supportive of this change as it does not impact the total return to investors as the reduced distribution will increase NAV. This change also enhances IAPF's ability to secure Australian capital further enhancing their ability to support future growth. IAPF's change in distribution policy will impact the Fund's FY2020 distribution growth by c. 1% (on the assumption that the full 45 million units made available under the sale are sold). This has been taken into account in the provision of the guidance referred to in this announcement.

United Kingdom (unlisted)

The Fund's investment into the U.K. Fund remains small, with its 10% shareholding amounting to R222.5 million (GBP 10.6 million cost). The investment provides optionality to the Fund should an opportunity exist to increase its exposure to the U.K. real estate market.

The U.K. Fund delivered an income return of 5.4% and NAV growth of 10.4% resulting from several asset management initiatives, including:

- The regearing of the Sainsbury's, Swansea lease to 30 years;
- The sale of the Sainsbury's, Worcester property at a 14.7% premium to book value;
- The repositioning and tenanting of the Edmonton, North London industrial facility; and
- Upward rental reversions of 22% being achieved across 1 282m(2) of industrial space that was renewed or relet during the year.

41% of the value of the investment is hedged by way of CCS's. The Fund has hedged 100% of its distributions over a five-year period at a range of between R19.42 and R25.57.

Pan-European logistics portfolio (unlisted)

During the year the Fund acquired a 42.9% interest in a Pan-European logistics platform and committed to investing up to EUR150 million into the platform over the next four years. Including the Fund's commitment, a total of EUR350 million has been committed to the platform. The investment will assist in the timely aggregation of a scaled and diversified logistics portfolio across Europe and once the equity has been fully deployed, will result in a logistics platform of c. EUR900 million.

Pan-European logistics portfolio	IPF equity investment (EUR'm)	Date	Country	GLA (m(2))	Property value (EUR'm)
Initial portfolio	65.8	May 2018	France, Germany, Italy, Poland, Netherlands, Spain	975 165	423.0
Acquisitions	10.1				
Combs-la-Ville	1.8	September 2018	France	22 966	11.5
Elbeuf	0.8	September 2018	France	9 649	5.1
Dortmund	3.4	February 2019	Germany	25 783	15.8
Monchengladbach	4.1	February 2019	Germany	10 618	19.4
Invested at 31 March 2019(1)	75.9				
Acquisitions and commitments post year-end	26.7				
Schipol	2.1	April 2019	Netherlands	17 557	23.2
Bergen	3.1	April 2019	Netherlands	20 957	16.7
Venlo	3.2	April 2019	Netherlands	25 704	18.1
Marseille	9.2	April 2019	France	65 354	51.6
VRE	5.3	May 2019(2)	Poland	51 595	30.0
Warsaw	1.3	May 2019(2)	Poland	11 109	7.3
Tiel	1.2	May 2019(2)	Netherlands	9 900	7.1
Triad: Hanover	1.3	May 2019(2)	Germany	24 551	13.4
Total deployed/committed	102.6				
Total commitment	150.0				
Remaining commitment	47.4				

(1) Excludes bridge funding of EUR9.0 million provided.

(2) Anticipated date of transfer.

The initial portfolio of 22 logistics properties with an asset value of EUR423 million was acquired by the platform in May 2018 with IPF contributing EUR65.9 million of initial equity (excluding transaction costs). This seed portfolio was acquired on an unlevered net initial yield of 6.0%, generating an initial investment yield of approximately 10.5%. The portfolio has generated returns of 11.6% in Euros and 11.9% in ZAR, with the outperformance driven by strong leasing activity, shorter void periods and lower incentives. The underlying properties were externally revalued twice during the year and saw an uplift of 12.5% which translated into a capital uplift for IPF in Euros of 14.4% (ZAR 16.3%), further supporting the

investment rationale into this platform.

Subsequent to the Fund's initial investment, the Fund invested a further EUR10.1 million to support the acquisition of four further properties across the Netherlands and Germany during the second half of the year (with one French asset sold). The acquisitions are expected to deliver a similar investment return to the initial portfolio.

Metrics	March 2019	At acquisition
Income return p.a. (EUR)	11.6%	10.5%
WALE (years)	4.5	3.2
Vacancy	5.1%	10.1%
Number of properties	25	22

53% of the value of the investment is hedged by CCS's and Euro denominated loans (weighted average debt and swap expiry of 2.8 years which was extended past year-end.). The Fund has hedged 100% of its contracted distributions over a five-year period at a range of between R15.39 and R20.60.

Pan-European light industrial portfolio (unlisted)

Post year-end, the Fund announced that it had concluded agreements to acquire an initial investment into a PELI portfolio. As part of this agreement the Fund will acquire an initial 25% in a platform that will focus on investments across the Northern corridor of Western Europe, with specific focus on France, Germany and the Netherlands.

Similar to IPF's current investment in its Pan-European logistics platform, the Fund will invest alongside the same funds and segregated mandates managed by Ares Management and the in-country asset management will be executed by Urban Real Estate Partners ('UREP') - the team that has successfully executed the initial strategy of the logistics platform.

The portfolio is expected to comprise 21 primarily light industrial properties, of which 4 assets located in the Netherlands have already been acquired. A further 17 properties located across France and Germany have been identified and is in advanced negotiations with the vendors thereof with a view to concluding these acquisitions by the end of May 2019. The gross asset value attributable to the initial portfolio will be EUR116 million and the Fund's initial equity contribution will be EUR10.2 million. The portfolio will be 90% let with an initial asset yield of 7.2% which is expected to grow to a fully let ERV yield of 8.2%, and is expected to have an aggregate GLA of 151 401m(2) and a WAULT of 3.3 years with weighted average annual rental income of EUR5.4/m(2).

Whilst this core light industrial property investment strategy is premised on a similar macroeconomic theme to the logistics platform, it will be based on the following more unique principles:

- focus on the Northern corridor of Western Europe, with liquid and transparent property markets;
- micro-location - target assets within close proximity/last mile to cities with high concentrations of industry and consumers, as well as limited land availability;
- high quality assets and strong property fundamentals - assets below 20 years of age which provide maximum occupational flexibility for storage, distribution and general warehousing and expansion potential;
- target assets with pricing that reflects a discount to replacement cost and/or offer active asset management opportunities requiring specialist management skills which UREP possesses through the experience of the management team gained during their time at Hansteen Holdings Plc. Paul Rodgers headed up the Hansteen European property portfolio and successfully facilitated the sale of their Dutch and German assets to Blackstone for EUR1.3 billion;
- target building size typically less than 10 000m(2) whereas logistics platform targets larger unit sizes;
- robust cash flows - target cash yielding assets with good occupancy history that offer potential for attractive cash on cash yields;
- diversified multi-let tenant base ranging from large national through to small and SME tenants which provides diversification of underlying cash flows; and
- the ability to upwardly manage rentals given supply/demand dynamics and in-country asset management experience.

Once leveraged at a holding company level, the investment is anticipated to deliver an average Euro-denominated investment return of approximately 9.6% to the Fund and total returns that significantly exceed the Fund's cost of capital.

Inclusive of the initial investment, IPF has committed a total of EUR64.5 million into this light industrial platform which is expected to be deployed within the next two years, with each subsequent investment increasing IPF's equity interest in the platform. The portfolio's gross asset value will amount to between EUR375 million-EUR500 million, dependent on the level of gearing utilised at a property level.

The transaction is complementary to the Fund's existing investment into the Pan-European logistics platform and further enhances the Fund's presence in a very strong segment of the real estate market across Europe. The strategy will look to benefit from growth of e-commerce across Europe and its expected impact on last mile logistics. Furthermore, the transaction is consistent with the Fund's investment strategy of continuously assessing real estate opportunities in various geographies with an attractive risk-adjusted return profile and recycling capital into investments that maximise long-term returns.

The initial investment will be funded through a combination of existing ZAR debt facilities and either Euro debt facilities or CCS's. The blended funding cost is anticipated to be approximately 5%.

The Fund will hedge out all the income from the initial investment that is not naturally hedged by way of Euro funding by entering into FEC's over a period of three to five years. It is anticipated that these FEC's will provide the Fund with between 6% to 7% embedded growth on the hedged income over the hedged period.

Balance sheet and risk management

Balance sheet and risk management remains a fundamental focus area for the Fund.

	March 2019*	March 2018
Average all in cost of funding(1)	7.90%	8.60%
Average debt margin - ZAR(2)	1.67%	1.64%
Average swap rate - ZAR	7.57%	7.56%
Average all in fixed rate - AUD	4.61%	4.71%
Average all in fixed rate - GBP	2.36%	2.32%
Average all in fixed rate - EUR (incl. CCS)	1.99%	n/a
Debt maturity (years)	3.5	2.7
Swap maturity (years)	3.4	3.8
Hedge percentage	84.0%	84.0%
Gearing(3)	35.9%	32.6%
Encumbrance ratio(4)	26.9%	33.5%
% debt secured(5)	33.7%	34.6%
% CCS of AUD investment	50.0%	51.0%
% CCS of GBP investment	41.0%	50.0%
% Foreign debt and CCS of EUR investment	53.0%	n/a
Sources of funding		
DMTN	45%	42%
Commercial Paper	6%	4%
Bank	8%	54%
Foreign	13%	-
HQLA	28%	-

(1) Reduced as a result of Euro debt introduced in FY2019.

(2) Increase due to debt refinancing.

(3) Gearing shown net of cash.

(4) Secured assets as a percentage of total investments - reduced due to repayment of R0.7 billion bank debt post year end.

(5) Secured debt as a percentage of total debt facilities - reduced due to debt refinancing.

* Metrics include post year end debt and swap movements.

Balance sheet and treasury management remains a fundamental focus area and the Fund continues to adopt a conservative approach to its balance sheet position. Maintaining long-term certainty of cost and access to adequate liquidity is of paramount importance in the current environment.

The Fund's gearing ratio is 35.9% at 31 March 2019 (31 March 2018: 32.6%), increasing as a result of the capital deployment into Europe. The Fund's targeted gearing ratio is below 35% and can be achieved through active capital recycling, where necessary.

There is a continued drive to fund long-term assets with long-term borrowings and to conservatively manage refinancing and credit risk. This is achieved through maintaining a diversified funding portfolio with the banks and capital markets and early engagement with lenders as far as possible. The following factors are considered in all debt raising decisions including, but not limited to, margin, flexibility, security and committed revolving facilities.

During the year, the Fund completed a R3.7 billion bank refinancing, significantly reducing refinance risk by refinancing all bank debt maturing within the next two years and opportunistically refinancing some longer term debt on more attractive terms in the capital markets. The combined refinancing has extended the Fund's weighted average debt expiry to 3.5 years from 2.7 years at March 2018 and reduced the Fund's encumbrance ratio to 26.9% (March 2018: 33.5%). This provides significant flexibility in terms of future funding initiatives. The reduction in encumbrance ratio was due to active debt management, release of mortgaged properties where possible and the early refinance of R700 million of secured debt (included in the R3.7 billion refinancing). This has also reduced the level of secured debt to 33.7% (March 2018: 34.6%), further strengthening the balance sheet.

IPF currently has R1.8 billion of available undrawn bank and cash facilities. R1.1 billion of the bank facilities are committed and provide the Fund with adequate liquidity to alleviate any refinancing risks over the next 12 months.

The Fund's weighted average cost of funding reduced to 7.9% (March 2018: 8.6%) as a result of the Euro debt introduced to fund the Pan-European investment. On a like-for-like basis, this would have remained at similar levels reported at 31 March 2018.

The Fund is active in its treasury management and maintains a focused strategy of attaining the lowest rate for the longest tenor. Post balance

sheet date the Fund took advantage of a more favourable interest rate curve and restructured over R1 billion of interest rate swaps thereby extending the total swap profile by eight months at no additional cost to the Fund. The Fund also entered into an additional AUD10 million of CCS's, in order to maintain a 50% hedge on the capital invested into Australia and took advantage of lower AUD fixed rates reducing AUD funding to 4.6% (March 2018 4.7%).

Including cross currency interest rate swaps ('CCIRS'), the Fund's interest rate exposure is 84% hedged at 31 March 2019 (March 2018: 84%) with a weighted average term of 3.4 years (March 2018: 3.8 years).

The conservative balance sheet strategy and active management has resulted in the Fund's ability to maintain strong credit metrics and its corporate rating was upgraded to A+(ZA) from A(ZA) in August 2018.

Capital allocation

Capital allocation is a fundamental focus of the business, and capital is allocated for the best return to shareholders.

Rm	March 2019	March 2018
Deployment funded by:		
Proceeds from SA property disposals	500.5	672.4
Equity	81.1	207.3
Debt raised/(repaid)	1 108.4	(138.8)
	1 690.0	740.9
Deployment into:		
PEL platform	(1 380.9)	-
Izandla	(115.6)	(188.9)
UK Fund	(11.5)	(173.3)
Ingenuity	-	(20.7)
SA property portfolio projects and capital expenditure (prior year includes acquisitions)	(182.0)	(358.0)
	(1 690.0)	(740.9)

The proceeds from disposals arose from the sale of four buildings in the South African portfolio at a blended yield of 7.1% and were re-deployed into the PEL platform generating an income return of 11.9%. A further 12 properties have been earmarked for sale with expected proceeds of approximately R0.6 billion and proceeds from the partial sale of the investment in IAPF is expected to generate a further R0.6 billion. This will be efficiently recycled on an earnings enhancing basis and/or used to reduce gearing.

The twelve properties held for sale include:

	Grade	GLA m(2)	Carrying Value Rm
Industrial			
Beechwood House	High-Tech	5 677	37.0
British American Tobacco	Warehousing	13 417	80.0
Capital Motors (McCarthy Pretoria)	Warehousing	7 011	23.1
Scientific Building	High-Tech	5 733	35.0
Office			
International SOS	B	3 604	13.0
Retail			
Boxer Cofimvaba	Retail warehouse	1 045	6.9
Builders Warehouse Polokwane	Retail warehouse	8 829	101.5
Builders Warehouse Witbank	Retail warehouse	5 512	85.0
Devland Oudtshoorn	Retail warehouse	2 742	8.0
Masscash Kimberley	Retail warehouse	5 850	34.2
Nonkqubela	Local convenience	2 939	20.0
Nonquebela Link Mall	Neighbourhood	7 836	140.0
Total		70 195	583.7

Capital expenditure

During the year, the Fund spent R182.0 million on capital projects, refurbishments and maintenance capex. This includes R46.1 million on sustainability projects which generated an average return of 14%. Project spend included R74.7 million on the Fleurdal Mall extension, Design Quarter refurbishment and Firs refresh. The Firs and Fleurdal projects are near completion whilst the Design Quarter project is in the final stages of its Stage 2 feasibility.

Of the R46.1 million spent on sustainability in the current year, R43.2 million was spent on solar PV projects. Earmarked spend for FY2020 is R90.8 million of which 90% is return generating.

The Fund has committed to capital expenditure relating to redevelopment and refurbishment projects (R156.0 million), the purchase of a shopping centre (R51.0 million) and sustainability projects (R28.2 million).

Dividend re-investment programme

The board is considering offering a dividend re-investment alternative in which a shareholder would be entitled to elect to re-invest the cash dividend in return for IPF shares, failing which they will receive the cash dividend in respect of all or part of their shareholdings. A further announcement will be made in this regard on or before 28 May 2019.

Financial assistance

Shareholders are advised that at the annual general meeting of the Fund held on 20 August 2018, shareholders approved and passed a special resolution in terms of Section 45 of the Companies Act No 71 of 2008, as amended ('the Act') authorising the Fund to provide financial assistance to among others, related or inter-related companies of the Fund.

Investec Property Fund Limited ('the Company') provided financial assistance to its subsidiary IPFO, which was created in order to hold the Fund's offshore investments.

Shareholders are hereby notified that in terms of S45(5)(b) of the Companies Act No 71 of 2008, as amended, the board of directors of the Company authorised the issue of guarantees and suretyships to third parties for finance and other facilities granted by those third parties to wholly-owned subsidiaries of the Company during the period 1 April 2018 to 31 March 2019.

The board has confirmed that, after considering the reasonable foreseeable financial circumstances of the Company, it is satisfied that immediately after providing such financial assistance, the Company would satisfy the solvency and liquidity test, as contemplated in terms of Section 4 of the Act, and that the terms under which such financial assistance was given were fair and reasonable to the Company.

Shareholding

At 31 March 2019, Investec Group, Coronation Fund Managers, Public Investment Corporation, STANLIB Asset Management and Investec Asset Management are the only shareholders holding in excess of 5% of the Fund's total shares in issue.

Rank	Beneficial shareholder	Shareholding	Shareholding	Change
		at 31 March 2019	at 31 March 2018	
1	Investec Group*	26.6%	26.8%	(0.2)
2	Coronation Fund Managers	10.3%	16.4%	(6.1)
3	Investec Asset Management	7.6%	5.4%	2.2
4	Government Employees Pension Fund	6.4%	6.4%	-
5	STANLIB Asset Management	3.6%	5.9%	(2.3)

* Includes Investec Limited and Investec Bank Limited.

Prospects and guidance

As communicated in the trading update, the short-term outlook in South Africa remains challenging and is expected to impact the performance of the Fund's South African portfolio in the short-term. The impact of the Edcon restructure will further adversely affect the earnings base in the next 12 months with the Fund anticipating a c. 1% impact on distribution as a result of the restructuring. Taking this all into account, the Fund expects the South African portfolio to deliver NPI growth similar to FY2019 during the forthcoming year.

The Pan-European logistics platform is expected to continue to provide earnings accretion to the Fund during the year ending 31 March 2020, with earnings further supported by the accretive nature of the recently announced Pan-European light industrial investment. Additional capital deployment into both platforms and continued successful execution of the underlying strategy in terms of leasing and asset management provides further opportunity for earnings growth.

The partial sale of the Fund's investment in IAPF and subsequent redeployment into the Fund's two European platforms are evidence of efficient capital recycling. If successful, earnings should be further enhanced although this may be offset by the reduction in the Fund's earnings from its remaining stake in IAPF resulting from its change in distribution policy.

Taking the above into account, the Fund expects to deliver dividend growth per share for the financial year ending 31 March 2020 of between 3% and 5%, with the upper end of the range dependent on the level of capital deployed into European pipeline opportunities during the year.

In providing this guidance, the Fund has assumed no material change to the operating environment and that no material tenant failures take place.

This forecast has not been reviewed or audited on by the Fund's independent external auditor.

On behalf of the Board of Investec Property Fund Limited

Sam Hackner
Non-executive Chairman

Andrew Wooler and Darryl Mayers
Joint Chief executive officers

13 May 2019

Basis of accounting

The reviewed preliminary condensed consolidated financial information for the year ended 31 March 2019 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 No. 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 year ended 31 March 2019 are consistent with those adopted in the financial statements for the year ended 31 March 2018, other than the adoption of those standards that became effective in the current period, including IFRS 9 ('Financial Assets and Financial Liabilities') and IFRS 15 ('Revenue for Contracts with Customers'), which had no material impact on the financial results. These reviewed preliminary condensed consolidated financial statements have been prepared under the supervision of Jenna Sprenger CA(SA).

Review conclusion

Ernst & Young Inc., the Fund's independent auditor, have reviewed the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, consolidated segmental information and notes to the condensed consolidated financial results, as set out on pages 2 to 14 of the preliminary 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.

Final dividend

Notice is hereby given of the declaration of final dividend number 17 ('Cash dividend') of 73.50878 cents per share for the period 1 October 2018 to 31 March 2019.

Other information:

- The dividend has been declared from income reserves.
- A dividend withholding tax of 20% will be applicable on the dividend portion to all shareholders who are not exempt.
- The issued share capital at the declaration date is 736 290 993 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 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 the CSDP or broker, as the case may be, in respect of uncertificated Shares, or the Fund, in respect of certificated Shares, a declaration by the beneficial owner (in such form as may be prescribed by the Commissioner) that the dividend is exempt from dividends tax in terms of section 64F and a written undertaking (in such form as may be prescribed by the Commissioner) to forthwith inform the CSDP, broker or the Fund, as the case may be, should the circumstances affecting the exemption change or if the beneficial owner ceases to be the beneficial owner.

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 date determined by the regulated intermediary, or if no date is determined, by the date of payment of the dividend.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable in South Africa as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) 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 22 February 2017, any dividend received by a non-resident from a REIT are subject to Dividend Tax at 20%, 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 20%, the net dividend amount due to non-resident shareholders is 58.80702 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 by the beneficial owner (in such form as may be prescribed by the Commissioner) that the dividend is subject to a reduced rate as a result of the application of the DTA; and

- A written undertaking (in such form as may be prescribed by the Commissioner) to forthwith inform, the CSDP, broker or the Fund, as the case may be, should the circumstances affecting the reduced rate change or if the beneficial owner ceases to be the beneficial owner.

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 the date determined by the regulated intermediary, or if no date is determined, by the date of payment of the dividend, if such documents have not already been submitted.

Other information:

- As at the date of this circular, the ordinary issued share capital of Investec Property Fund is 736 290 993 ordinary Shares of no par value before any election to reinvest the cash dividend
- Income Tax Reference Number of Investec Property Fund: 9332/719/16/1
- Shareholders are encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Summary of the salient dates relating to the Cash Dividend:

2019

Declaration of dividend	Tuesday, 14 May
Circular and form of election posted to shareholders and announced on SENS	Tuesday, 28 May
Last day to withdraw the Share Re-Investment Alternative	Monday, 3 June
Announcement of Share Re-Investment Alternative issue price and finalisation information ('Finalisation Date')	Tuesday, 4 June
Last day to trade in order to participate in the election to receive shares in terms of the Share Re-Investment Alternative or to receive a cash dividend ("LDT")	Tuesday, 11 June
Shares trade ex-dividend	Wednesday, 12 June
Listing of maximum possible number of Share Re-Investment Alternative shares commences on the JSE	Friday, 14 June
Last day to elect to receive the Share re-Investment Alternative at 12:00	Friday, 14 June
Record date for shareholders to receive dividend	Friday, 14 June
Announcement of results of Cash Dividend and Share Re-Investment Alternative on SENS	Tuesday, 18 June
For shareholders electing the Cash Distribution cheques posted to Certificated Shareholders and accounts credited by CSDP or broker to Dematerialised Shareholders electing the Cash Dividend on or about Share certificates posted to Certificated Shareholders and accounts credited by CSDP or broker to Dematerialised Shareholders electing to Share Re-Investment Alternative on	Tuesday, 18 June
Adjustment to the maximum number of shares listed on or about	Thursday, 20 June Friday, 21 June

Notes:

1. Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 12 June 2019 and close of trade on Friday, 14 June 2019.
2. The above dates and times are subject to change. Any changes will be released on SENS.

Investec Bank Limited
Company Secretary

13 May 2019

COMPANY INFORMATION

Directors

S Hackner (Chairman)#
SR Leon (Deputy Chairman)#
A Wooler (Joint Chief executive officer)
DJ Mayers (Joint Chief executive officer)
JC Sprenger (Chief financial officer)
N Riley#
LLM Giuricich#
S Mahomed#*
CN Mashaba#*
MM Ngoasheng#*
KL Shuenyane#*
P Hourquebie#*

Non-executive
* Independent

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)
Rosebank Towers, 15 Biermann Avenue
Rosebank, Johannesburg, 2196

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