Annual report
2015

Investec Property Fund Limited integrated
annual report and financial statements

Investec
Property Fund Limited

About this report

Cross referencing tools:

Audited information

Denotes information in the risk, remuneration and directors' reports that forms part of the group's audited annual financial statements.

Reporting standard

Denotes our consideration of a reporting standard.

Page references

Refers readers to information elsewhere in this report.

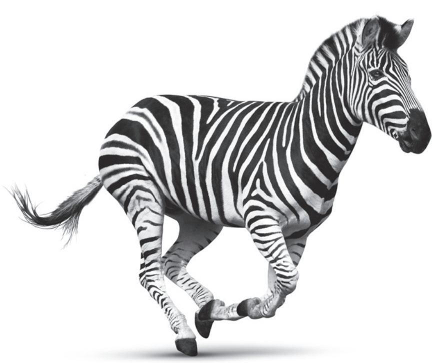
Retail properties

Website

Indicates that additional information is available on our website: www.investecpropertyfund.com

Office properties

Industrial properties



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Overview of Investec Property Fund Limited

About us

The Fund aims to maximise sustainable returns to shareholders by investing in a diverse portfolio of quality properties in the office, industrial and retail property sectors. The Fund's focus is to make sound investment decisions based on property fundamentals.

Investec Property Fund Limited ("IPF or The Fund") is a South African Real Estate Investment Trust, which listed on the JSE in the Real Estate Holdings and Development Sector on 14 April 2011 and currently comprises a portfolio of 80 properties in South Africa with a total gross lettable area ("GLA") of 831 990m² valued at R8.2 billion and a R0.5 billion investment in Investec Australia Property Fund Limited ("IAPF").

The Investec Property (Pty) Ltd ("Investec Property") management team has a long history of success in the listed property sector dating back to the mid-1990s. The senior management team and board is highly experienced not only in direct real estate but in the listed space as well.

The driving force behind the Fund is a combination of experienced, entrepreneurial and young professionals who are committed to achieving the Fund's objectives, while maintaining strong adherence to the principles of sound corporate governance and long-term sustainability.

Four years ago when the Fund listed on the JSE, the property portfolio comprised 29 properties in South Africa with a total GLA of 369 189m², and a value of R1.7 billion. Subsequent to listing, the portfolio has grown to a value of R8.7 billion, to include 80 properties with a GLA of 831 990m² valued at R8.2 billion and a R500 million investment in IAPF.

Investment property comprises land and buildings held to generate rental income and capital growth over the long term. Should any properties no longer meet the Fund's investment criteria the properties will then be sold and the capital redeployed.

Whilst the Fund is an independently listed company, it shares a common ethos and ethical foundation with Investec. A common brand and culture provide the foundation for ethics and governance principles adopted by the Fund. The Fund also recognises the importance of the vast network that its relationship with Investec brings. Direct property acquisition activity during the year amounted to R1.9 billion, of which approximately R1.1 billion was acquired directly from Investec Property, a subsidiary of Investec Limited, which substantiates the benefit of the Fund's association with the broader Investec group. The Fund is managed and operated by Investec Property in terms of an asset management and property management agreement.

* *All references to management, employees, compliance and internal audit refers to that of the Manager, Investec Property.*

Our highlights for the year

Full year dividend of 119.15cps
growth of 10.1%

Growth in net asset value per share
8.3%
Underpinned by sustainable increase in net property income

Strong base portfolio net income growth
9.4%
Continued focus on property fundamentals

Acquisitions concluded
R2.1bn
Driving 42% growth year on year

New debt and equity raised
R2.3bn
Diversity of funding sources

Conservative balance sheet management
23.6%
Low gearing – capacity to pursue quality acquisitions

Efficient interest rate management
8.5% cost of funding
83% hedged
3.8 year swap expiry

Long WALE of
4.4 years
37% of leases expiring after 5 years

Vacancy
2.8%
Remains low

Tenant retention on expiries
79%
Critical focus of asset management team

Timeline

Listed on the JSE

Financial highlights

R1.7bn
29 properties

R2.1bn
32 properties

HIGHLIGHTS
- Accessed debt capital markets
- R1bn DMTN programme
- Rights offer R1.5bn

LARGE ACQUISITIONS
Guiricich Portfolio R0.7bn
Investec Portfolio R0.7bn

R4.2bn
50 properties

HIGHLIGHTS
- REIT status (1 April 2013)
- Converted capital structure to all equity
- Extended DMTN programme to R3bn
- Bank funding – R500m
- Bookbuild – R600m in November 2013

LARGE ACQUISITIONS
RPP transaction R0.6 billion

14 April 2011	Year ended March 2012			Year ended March 2013		
Listing price R9.50	**DPU** 93.02c	**NAV** R10.89	**Gearing** 6.3%	**DPU** 99.99c	**NAV** R12.43	**Gearing** 10.7%

Non-financial Highlights

Respectful to the environment
- Investec Durban (see page 37)

- Corporate rating A-
- Secured rating AA-

Sustainability initiatives
- Powerfactor corrections
- Bulk check meter readings
- Energy efficient lighting used as replacements when performing repairs and maintenance at all buildings
- Tracking kwh consumption per building

R6.1bn

IAPF
R288m

69 properties

2015 HIGHLIGHTS
- Maiden Dividend Re-investment programme
  82% SUBSCRIBED
- Accessed Debt capital markets R620m
- R200m commercial paper issue
- R290m bookbuild in November 2014

R8.7bn

IAPF
R502m

80 properties

LARGE ACQUISITIONS
- IP Portfolio R0.9 billion
- Dihlabeng Mall R370m

Fleurdal Mall


Diesel Road


Nicol Main

DPS 108.20c	**NAV** R13.98	**Gearing** 16.8%
DPS 119.15c	**NAV** R15.15	**Gearing** 23.6%

New CEO Nick Riley effective 1 April 2015

Year ended March **2014**

Year ended March **2015**

Year ended March **2016**

BBBEE
- Level Three contributer 2014

International exposure
- Invested in IAPF Australia in October 2013 – cost R235m

Energy efficient building
- 30 Jellicoe

CSI
Balfour Entrepreneurship Project

Introduced in 2015
CSI
- Shanduka Project
- Nonqubela Link Project

Introduced in 2015
Capex Project : Balfour Mall refurbishment → **To be completed in FY2016**

Introduced in 2015
Capex Project: Dihlabeng extension → **To be completed in FY2016**



The Firs

Major tenants | The Grillhouse, Allianz, Regus instant offices

Carrying value
R354.3 million
GLA – 13 085m²

Acquisition date
1 October 2012

Occupancy
100%

Fleurdal

Major tenants | Checkers, Pepkor, Pick n Pay

Carrying value
R311.0 million
GLA – 24 370m²

Acquisition date
1 February 2015

Occupancy
100%

Operational KPIs

Number of properties

2015	2014
80	69

Weighted average lease expiry

2015	2014
4.4 years	4.3 years

Cost to income ratios

	2015	2014
Total	28.2%	30.1%
Office	22.0%	23.9%
Industrial	26.2%	30.2%
Retail	34.8%	34.7%

In-force escalations

2015	2014
8.0%	8.1%

Vacancy

2015	2014
2.8%	2.6%

Financial KPIs

Dividend per share (full year)

2015	2014
119.15	108.20

Portfolio size

2015	2014
R8.7bn	R6.1bn

Gearing

2015	2014
23.6%	16.8%

Funding cost

2015	2014
8.5%	8.5%

Weighted average debt expiry

2015	2014
2.7 years	2.8 years

Weighted average swap expiry

2015	2014
3.8 years	4.3 years

Hedged percentage

2015	2014
83%	84%

Market capitalisation

2015	2014
R7.4bn	R5.2bn

Offshore exposure

2015	2014
5.8%	4.4%

Shares in issue

2015	2014
436 690 118*	365 576 663

* *Includes 331 034 shares to be issued which were issued post year end.*

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Executive reports

The board of directors is pleased to announce an 10.1% increase in the full year dividend to 119.15 cents per share (cps) for the year ended 31 March 2015 (31 March 2014: 108.20 cps).

This impressive performance has been achieved by the Fund in a challenging economic environment which is testament to the quality and defensive nature of the property portfolio.

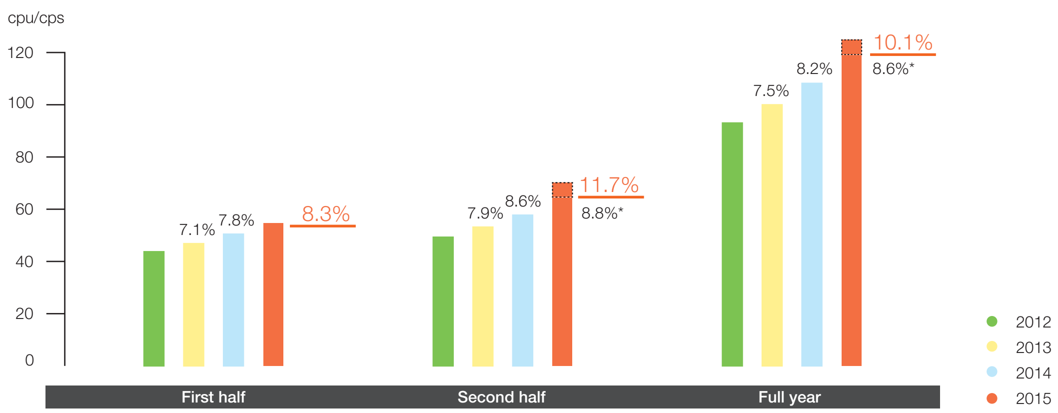
Market conditions

The last 12 months has been challenging for the South African economy. However a slow growth environment has meant that, on the whole, the listed property stocks have performed strongly on the expectation that interest rates will remain lower for longer. Investors seeking a growing income stream continue to favour property as an investment opportunity that provides a fairly stable income stream combined with capital appreciation. Despite the tough prevailing consumer environment, property has remained defensive with listed property counters continuing to grow distributions. In addition, yields between large cap stocks and small to medium cap stocks have widened as investors are willing to pay for quality stock and liquidity and consequently IPF is well rated amongst its peers, testament to the quality of its underlying portfolio.

Investors are now also looking for foreign property exposure and these Funds have experienced higher ratings driven by the desire by investors to access property returns in hard currency (e.g. pounds, US dollars, AUD dollars and euros). IPF increased its investment in IAPF during 2015.
IAPF has an experienced management team on the ground who understands the Australian market. IAPF also has a quality and robust portfolio and management has built the business with a similar philosophy to IPF, with a focus on the underlying property fundamentals. This strategy will ensure that the investment in IAPF is not just about the spread of property yield over debt and will see growth coming out of a stable and robust portfolio.

The fallout from the unsecured lending crisis (and the collapse of African Bank and Ellerines) continues to be monitored, with different money market funds disclosing the extent of their exposure. IPF has always maintained flexibility in its sources of funding without committing to predetermined funding ratios, ensuring banking lines are well maintained and impacts and effects on debt capital markets are well understood. Another consequence of the Ellerines collapse is the cancellation of the leases for the space that had been occupied. The Fund has managed to use the Ellerines failure to its advantage, having relet all the space with a positive rental

Historical dividend growth



* Growth in distribution normalised to exclude effect of IAPF antecedent dividend.

reversion of 17% and has managed to re-let 97% of the affected space, with the remaining 3% in final negotiations.

Portfolio strength

The Fund acquired R1.9 billion of direct property during the financial year and also increased its investment in IAPF by R222 million in October 2014. These acquisitions resulted in the portfolio of the Fund and the investment in IAPF increasing to R8.7 billion, a 42% year on year growth and representing 5.1 times growth since listing four years ago. The growth of the Fund has not come at the expense of quality, evidenced by the continued distribution and net asset value growth, supported by robust underlying property fundamentals.

The extent of the acquisition activity in the year evidences the Fund's ability to compete for quality assets in a challenging environment. Approximately R1.1 billion was acquired directly from Investec Property, a subsidiary of Investec Limited, which substantiates the benefit of the Fund's association with the broader Investec Group.

The Fund is focused on the property fundamentals and will only distribute net rental income and interest preferring to keep capital profits and fair value adjustments to bolster the balance sheet.

It has achieved growth through its base net property income and active asset management. The strong net property income base growth of 9.4% was generated from:

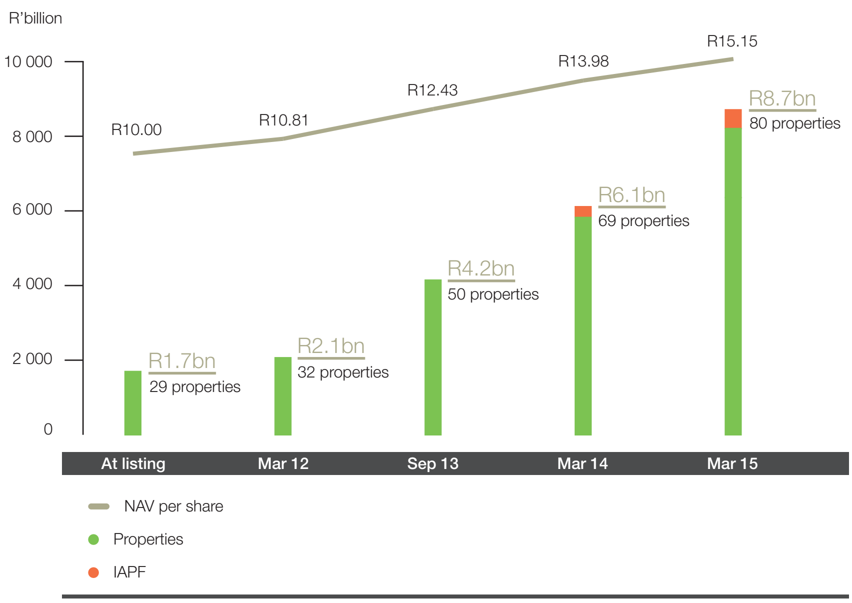
- Contractual in-force escalations of 8.0%;
- 79% retention ratio on expiries;
- Positive reversions and 8.4% average escalations on renewals and new lets;
- Maintaining a low portfolio vacancy of 2.8%; and
- Strong letting activity in the prior year that generated 11% positive reversions.

The above performance is underpinned by a weighted average lease expiry ("WALE") of 4.4 years, being one of the longest in the sector.

In addition to the impressive net property income performance, the Fund has also achieved:

- An 8.1% growth in distribution received from the Fund's R502 million investment in IAPF;
- And an increased average gearing during the year from 16.8% to 23.6% and;
- Efficient interest rate management by maintaining its cost of funding at 8.5%.

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



Governance

As set out on pages 39 to 44 in this report, the Fund's board, management and employees of the Manager are committed to upholding the disclosure, transparency and listing rules of all the applicable regulations, statutes, (including the JSE listings requirements), and the King Code of Governance Principles for South Africa (King III).

Thus all stakeholders can take assurance from the fact that the Fund is being managed ethically and in compliance with the latest legislation, regulations and best practice.

During the current year the board and its members committed themselves to undergo a board evaluation review, a process by which all the members of the board assess whether or not the board and its committees are carrying out the prescribed duties with the requisite skill, knowledge and due care. This process was carried out by the lead independent director through a series of questionnaires and follow up one-on-one meetings with each board member and results communicated to the board for action, where applicable.

Sustainability

Sustainability is about building IPF to ensure we have a positive impact on the economic and social progress of communities and on the environment, while growing and preserving our tenants' business and stakeholders' interests based on strong relationships of trust. IPF acknowledges its responsibility to its stakeholders, the environment and the community at large and consistently focuses on continual improvement of our business and environmental sustainability.

The Fund is committed to broad-based black economic empowerment ("BEE") and our approach continues to involve a strong focus on the procurement processes of our property managers and social-economic development initiatives. We are pleased to inform our stakeholders that the Fund was awarded a **"Level 3"** rating in terms of the Property Sector Charter, as independently verified by Empowerdex. The Fund will look to expand initiatives in the forthcoming year.

Changes to the board

In July 2014, shareholders were informed of the unfortunate and untimely passing of Michael Crawford, the Lead Independent non-executive director of the Fund.

Graham Rosenthal has assumed the role of Lead Independent non-executive director and Moss Ngoasheng has been appointed as a member of the Audit Committee.

In January 2015, shareholders were advised that Sam Leon, who served as CEO on the Board of the Investec Property Fund since its successful listing on 14 April 2011, was to assume the role of non-executive Deputy Chairman from 1 April 2015. Nick Riley has been appointed to assume his responsibilities as CEO.

Sam Leon started with Investec Property in 1991 and, along with myself and our teams, has been instrumental in the growth and success of Investec Property and the various property funds over the last 20 years, including the establishment and growth of IPF.

Nick joined Investec Property in April 2014 as part of the Fund's executive management team. Prior to joining the Fund, Nick spent nine years in Investec Corporate Finance where he was a senior investment banker responsible for a number of Investec's key client relationships, including holding responsibility for all clients within the real estate sector. Nick has an in-depth knowledge of the real estate sector and the capital markets in which it operates through the execution of a combined value of R70 billion in real estate transactions during his time as an investment banker. Nick has big boots to fill and I look forward to working with him for many years. I have no doubt that he will be a valuable and diligent CEO.

I would like to thank Sam for his invaluable contribution towards Investec Property in general and to the growth and success of the Fund in particular. Sam's continuing involvement will ensure that his wealth of expertise and knowledge will be retained and we will be able to continue to tap into his property intellect.

On 18 June 2015, shareholders were advised that Khumo Shuenyane has been appointed to the board as an independent non-executive director. He was also appointed as a member of the audit and risk committee. Khumo is a member of the Institute of Chartered Accountants in England and Wales with over 23 years of experience in finance, mergers and acquisitions, private equity and corporate strategy. I look forward to Khumo's contribution and welcome him to the Board.

Going concern

The board has performed a thorough review of the Fund's budgets and cash flow forecasts for FY16 and, based on this review, the borrowing and financial position of the Fund and the property environment in general, the board is satisfied that the Fund continues to be a going concern and has applied this principle in preparation of the financials.

Prospects

The Fund expects dividend growth to remain in line with core historical performance.

This forecast is based on the assumptions that the Fund remains substantially unchanged, the macro-economic environment will not deteriorate markedly, no major corporate failures will occur, budgeted renewals will be concluded, that clients will be able to absorb the recovery of rising rates and utility costs and that the ZAR/AUD exchange rate remains at similar levels to the current levels. Budgeted rental income was based on contractual escalations and market-related renewals.

Acknowledgements

My appreciation is extended to the board for their commitment, support and active contribution to the significant growth of the Fund in the last 12 months. A specific thank you must be given to Sam Leon who was a cornerstone of the Fund since listing and whose contribution has been invaluable. Thank you to the management and employees of the Manager who have been fundamental to the strong performance of the Fund.

Chief Executice Officer's report

Since listing in 2011 the Fund has grown its asset base more than five times, establishing a quality portfolio of scale combined with sustainable capital and income growth for shareholders. The focus on property fundaments and quality real estate and active hands-on asset management has allowed us to ride through the cycles and provide consistent growth and return to our shareholders.

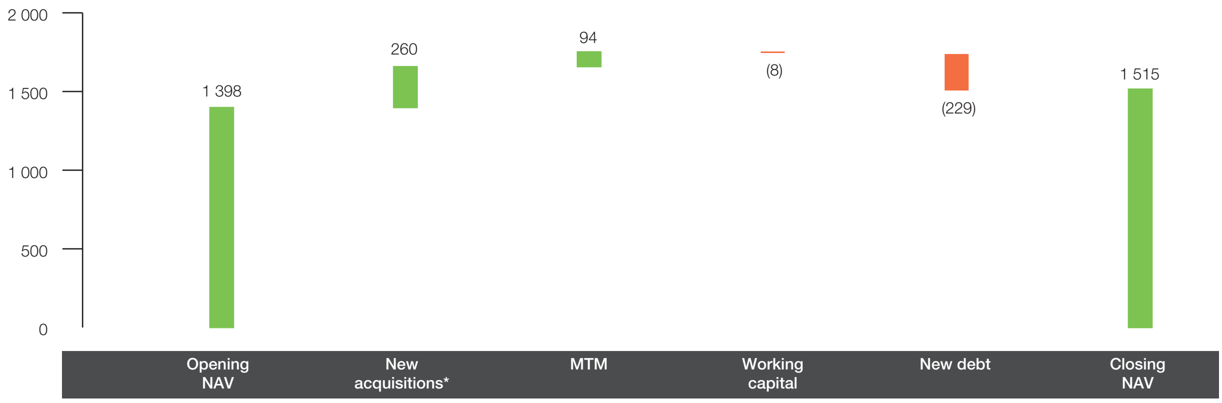
The Fund has again achieved a gratifying performance in its 2015 financial year with distribution growth of 10.1% underpinned by the performance of the base portfolio which saw 9.4% growth in net property income.

The Fund's portfolio increased by R2.1 billion due to R1.9 billion of direct property acquisitions and a further R222 million investment in IAPF taking the Fund to R8.7 billion, a 42% growth year on year.

Net asset value per share growth of 8.3% was further driven by underlying property performance with a 7.6% positive revaluation of the base portfolio and 5.6% overall.

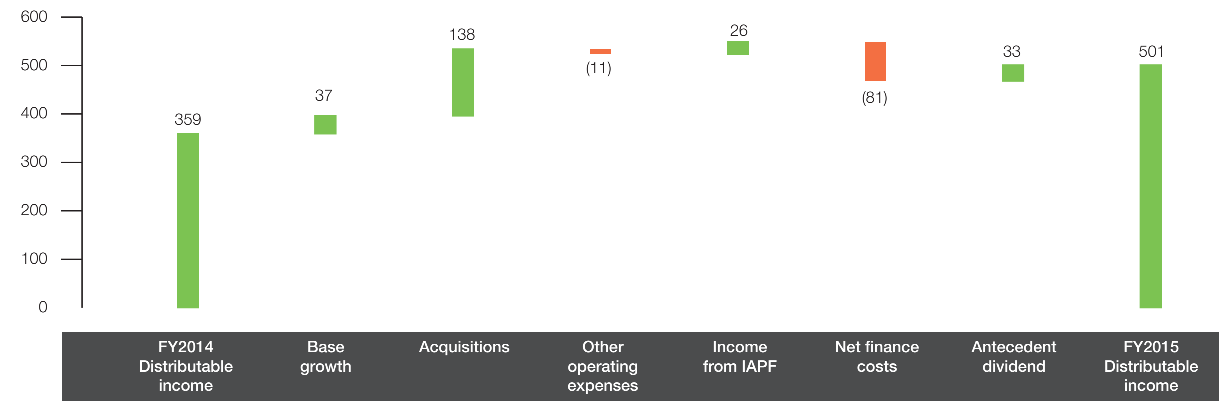
Net asset value bridge

Cents per share



Distributable income bridge

Cents per share



Growth in distributable income is supported by focused property asset management which has delivered both growth on the net income line as well as an improved cost to income ratio to 28.2% from 30.1% in 2014. We are committed to ongoing pragmatic operating efficiencies which improve the tenants cost of occupation. The Fund has a long weighted average lease expiry (WALE) profile of 4.4 years, with 37 % of leases expiring after five years and a low vacancy of 2.8%. This, *inter alia,* allows visibility of at least the next four years and provides the ability to ride through the cycles and is testament to the solidity of the platform provided by the strength of the underlying properties. In force escalations of 8.0% and a quality tenant base whereby 84% of revenue is derived from listed companies, large to medium corporates and substantial professional firms will support future growth.

Earnings reconciliation

The Fund's stated philosophy since listing was to focus on sound property fundamentals, core net property income growth and the transparent distribution of earnings. In 2015, the dividend per share and earnings per share were impacted by once off items, namely the antecedent portion of the interim distribution received from IAPF and the change from a debenture to an all equity structure as part of the Fund's conversion to a REIT in the prior year. The reconciliation below demonstrates the adjusted dividend per share and adjusted earnings per share if these once off items are excluded.

Acquisition activity

IPF remains committed to the acquisition of quality property assets, based with good real estate fundamentals and long-term sustainability. While it acknowledges the advantages of scale having grown assets more than five times since listing it will not bulk up for its own sake but will aggressively pursue opportunities that meet its criteria notwithstanding that it may have a short-term dilutionary effect.

The Fund has always maintained a low gearing which has given us the firepower to move quickly and the ability to unlock quality acquisitions when identified. At 31 March 2015, the Fund's gearing was 23.6%, allowing capacity for growth of R1 billion to move to a gearing of 35%. The Fund also recognises the need to begin recycling some of its smaller assets that no longer meet the quality that The Fund seeks and this process has already begun in identifying and marketing some of the smaller industrial assets.

Sizeable assets brought into the portfolio include 30 Jellicoe Avenue, Rosebank. The property is a recently completed award winning P-grade office building located in a strong growth area, in the hub of Rosebank's commercial and retail node. The building's major tenant is the national law firm Fluxmans (50.5% GLA) with over eight years remaining on its lease. The remaining tenant base consists of well known local South African and international corporations adding to the strength of the tenant mix of the Fund's existing portfolio.

Key performance indicators

Portfolio size

2015	2014
R8.7bn	R6.1bn

Dividend per share

2015	2014
119.15 cps	108.20 cps

Cost to income ratio

2015	2014
28.2%	30.1%

The Nicol Main acquisitions represent the final two buildings in the Nicol Main Office Park, which consists of five individual single tenanted AAA-grade office blocks located in the hub of Bryanston's retail and commercial node. The office park location is prime being situated directly across from the Nicolway shopping centre with street frontages to both William Nicol and Main Road. The node has established itself as a premium office and retail market which is home to corporate and regional head offices such as Microsoft, Nestle, Tiger Brands, Mutual and Federal, Samsung and Adcorp. These acquisitions add to the Fund's other investments in the node.

	Actual 31 Mar 2015 cps	Actual 31 Mar 2014 cps	+/- %
Full year dividend per share	119.15	108.20	10.1
IAPF antecedent dividend	(1.65)	–	
Base dividend per share	**117.50**	**108.20**	**8.6**
Earnings per share	225.80	153.30	47.3
Adjustments for change in capital structure	–	36.26	
Adjusted earnings per share	**225.90**	**189.56**	**19.1**

Dihlabeng Mall in Bethlehem and Fleurdal Mall in Bloemfontein are high quality retail assets and are dominant in their respective nodes complementing the Funds retail portfolio which has performed particularly well. The Fund immediately embarked on a 6 000 m^2 expansion of Dihlabeng Mall anchored by a full line Woolworths now nearing completion and is also investigating an expansion of Fleurdal Mall where it has spare bulk and demand from national chains is high.

Property performance

Portfolio	Total	Office	Industrial	Retail
Number of properties	80	21	26	33
Asset value	R8.2bn	R3.2bn	R1.5bn	R3.5bn
GLA	831 990	164 159	374 114	293 717
Vacancy	2.8%	5.2%	3.0%	1.2%
WALE (years)	4.4	4.9	4.0	4.1

The Fund's current property portfolio consists of a diverse base of 80 quality retail, office and industrial properties with an average value of R102 million. The portfolio's income stream is underpinned by contractual escalations of 8.0% and a strong tenant base which is demonstrated by its property base net property income growth of 9.4%.

Top 10 properties	Sector	Book value (R'm)	% of portfolio by value	Total area (m^2)	% of portfolio by area
Balfour Mall	Retail	422.0	5.1	32 647	3.9
Bethlehem – Dihlabeng Mall	Retail	410.0	5.0	26 210*	3.2
The Firs	Office	354.3	4.3	13 085	1.6
30 Jellicoe	Office	351.9	4.3	10 750	1.3
Alrode Multipark	Industrial	347.3	4.2	90 762	10.9
Woolworths House	Office	343.4	4.2	30 435	3.7
Nicol Main	Office	317.0	3.9	11 898	2.2
Fleurdal Mall	Retail	311.0	3.8	24 370	2.9
Kriel Mall	Retail	280.3	3.4	21 511	2.6
Investec Durban	Office	257.3	3.1	6 543	0.8
Total		3 394.5	41.3	268 211	33.1

* Dihlabeng's GLA excludes 6000 m^2 extension to be completed in July 2015

Receivables have been tightly managed during the period and at period end gross arrears were R5.3 million, representing 0.6% of total collectables over the period (31 March 2014: 0.3%). All debtors greater than 60 days were fully provided for.

Letting activity

The Fund is relentless in its hands on approach to asset management. It has renewed or relet 92% of expired space amounting to more than 76 000 m^2 during the period and despite the challenging economic climate has managed to achieve tenant retention of 79% and positive reversions and escalations of 8.4% on renewals.

The letting and renewal activity in the Fund's retail sector has been particularly strong, with average positive reversions of 10.3% achieved. These are largely driven by letting and renewals in the Funds robust retail portfolio with it's focus to seeking retail investments that are dominant in their sub-markets or niche.

The Fund's lease expiry profile, which is one of the longest in the sector remains robust and defensive with a WALE of 4.4 years by revenue and provides visibility of the Fund's net property income in a challenging operating environment.

The letting activity in the current and prior year has driven the positive net property income performance across each sector. This year's net property income reflects some of the positive reversions achieved in the prior year letting, with the industrial portfolio base net property income showing 12.3% growth.

Investment in IAPF

The Fund's investment in IAPF amounts to R502 million, representing 5.8% of the Fund's total portfolio and 18.6% of IAPF.

IAPF delivered annualised full-year distribution growth of 11% post withholding tax which was translated into ZAR growth of 8.1%. IAPF has been successful in executing its communicated strategy of deploying its capital into quality Australian real estate. The attractive hard currency growth in distribution is evidence of the quality and diversity of the portfolio and the effect of the increase in leverage of IAPF.

Capital Management

The Fund's balance sheet remains well positioned for growth with a conservative gearing of 23.6%. The active and efficient interest rate risk management strategy is evident in the Fund's current average cost of funding of 8.5% which is underpinned by a current hedged position of 83% and a swap maturity profile of 3.8 years. The Fund's corporate rating was reaffirmed in July 2014 at A- with a positive outlook whilst the secured rating was reaffirmed in April 2015 as AA-, reinforcing the Fund's balance sheet strength.

The Fund has always maintained flexibility in its sources of funding without committing to predetermined funding ratios between debt capital markets and bank funding, ensuring banking lines are well maintained and changes in the debt capital markets fully understood. There is a continued strategy to fund long-term assets with long-term funding and to conservatively manage refinancing and credit risk.

The Fund has been successful in raising R2.3bn of new funding during the year. This has been raised in the form of:

- R500 million new bank debt facilities on an unsecured basis – average margin of 170bps above three-month JIBAR and average tenor of 4.4 years;
- R620 million of corporate bonds on an unsecured basis – average margin of 157 basis points above three-month JIBAR and average tenure of 3.8 years;
- R200 million three-month commercial paper – rolled several times during the year at an average rate of 33bps above three-month JIBAR; and
- R1.0 billion of equity was raised at an average forward yield of 8.1%.

Targets from 2015

We are gratified that the Fund's objectives for the year were largely achieved and often exceeded:

- The Fund has outperformed its budget by achieving positive rental reversions, good escalations through active letting and tenant retention. This is supported by ongoing appropriate expenditure to maintain the Funds properties as "best of breed" in their sub – markets and thus also achieving positive growth in property values.
  - The Fund continued to be aggressively acquisitive and significantly grew its asset base while remaining true to its commitment to quality and sustainability
  - The Fund's balance sheet remains conservatively managed and able to support future growth with gearing at 23.6%, whilst interest rate risk continues to be mitigated with hedging of 83% and a 3.8 year swap expiry profile
  - Including the acquisitions announced subsequent to year end the Fund has essentially met its vision at listing of achieving R10 billion in quality assets within five years
  - Streamlined and improved systems and move the underlying property management away from Growthpoint which was no longer appropriate
  - Costs have been managed conservatively and the Fund has made inroads in cost benchmarking and sustainability
  - Expanded the team in all areas of competence and effect succession planning ahead of the growth curve
  - The Fund's asset management team has put in place initiatives with its tenants such as the tenant touch point program to grow the Funds relationship with its tenants and anticipate their needs and concerns
  - The Funds management has committed to increase its investor communication both formal presentations and road shows as well as informal direct communication to better understand their needs and provide investors with a full understanding of the business
  - The Fund increased its investment in IAPF and which saw better growth than budgeted
  - The Fund has put in place a number of forwards to hedge against currency risk and ensure growth from IAPF going forward
  - The Fund has a number of sustainability benchmarking programmes in place which are continuously being improved and grown.

Looking ahead and priorities for 2016

The portfolio is well placed to deliver sustainable growth into 2016 and beyond. The Funds core of defensive assets, a quality tenant base with listed companies, large corporates, nationals and large professional firms comprising 84% of revenue and a WALE of 4.4 years provides visibility of income going forward. This and the Fund's historical performance is evidence of the Funds ability to be robust in what could be a challenging operating and macro environment.

The Fund intends to remain strongly acquisitive in 2016 and acknowledges that it will have to be aggressive in pricing to meet its investment criteria of quality and sustainability. It thus needs to position itself for the impacts of any potential increase in global interest rates and its impact on the property sector rating and capital markets. Management has a thorough understanding of capital markets, an efficient debt structure and a conservative balance sheet which will buffer against market volatility.

The Fund also faces some challenges in 2016 in that circa 7 % of its space is due for renewal or re – letting, a large percentage of which sits in the industrial portfolio which has seen positive results in the last 24 months. The IPF track record in the past has already proven its ability to overcome such challenges, still achieving positive reversions and higher than average escalations in tough operating environments. The asset management team is already in advanced negotiations for much of the space coming up in 2016.

It has become increasingly important for the Fund to continue to manage costs which impacts on both the Fund and its tenants cost of occupation and this is now a clear strategic imperative. A major driver of escalating costs lies in utilities and in addition to ongoing energy saving initiatives the Fund is investigating broader efficient power generating projects and is setting up a specialist business unit focused purely on managing utility costs.

From a management perspective the Fund is well placed to continue to grow the business and has continued to invest in people by growing the team in both capacity and skills during the year. The Fund has a significantly experienced Board who are always available for guidance and a strong and passionate team driving the growth going forward.

Acknowledgements

The Fund's management is gratified with the performance for the past year, are pleased to have delivered consistently on its objectives since listing only four years ago and will continue to strive to provide long – term sustainable income and capital returns to it's shareholders.

In this process we would like to acknowledge our tenants who are our clients, our investors, our suppliers and all our stakeholders without whom the Fund could not operate or succeed.

It is appropriate in this Annual Report to express my appreciation for the opportunity, together with Sam Hackner, my colleague of over two decades, to build another quality property Fund in IPF, which has been an immensely challenging and exciting four years and I look forward to continuing to add value in my new role.

My gratitude to our very effective Board and sub committees for their ongoing support and guidance. A special acknowledgement is due to the entire Investec management team under Nick Riley, Andrew Wooler and Laetitia Steynberg for their dedication, hard work, innovation and contribution to our achievements in this short space of time. The Fund continues to benefit immensely from the Investec connection in all respects.

I wish Nick Riley and his team every success going forward.

Directorate

Executive directors

Nicholas P Riley (36)

Chief executive officer
BCom (Cum Laude), B Com Hons, CA(SA), CFA, PLD (Harvard)

Committees: Social and ethics, standing invitation to all committee meetings

Nick Riley joined the Fund on 1 April 2014, as part of the Fund's executive management team and on 1 April 2015 he assumed the role of chief executive officer. Prior to joining the Fund, Nick spent nine years in Investec Corporate Finance focusing on mergers and acquisitions and equity capital markets. As a senior banker Nick was responsible for a number of Investec's key client relationships, including holding responsibility for all clients within the real estate sector. Nick has an in depth knowledge of the real estate sector and the capital markets in which it operates through the execution of a combined value of R70 billion in real estate transactions during his time as an investment banker.

David AJ Donald (65)

Chief financial officer
BCom, H Dip Taxation Law, CA(SA)

Committee: Audit and risk

Dave Donald has significant experience in accounting and finance and is currently a director of Investec Property (Pty) Ltd, a position held since 2001, where he is responsible for operational, accounting and finance functions. From 1983 to 1997, he was a partner at Coopers & Lybrand in Johannesburg.

Non-executive directors

Sam Hackner (59)

Non-executive chairman
BCom (Hons), Dip Acc, CA(SA)

Committees: Investment (chairman), standing invitation to all committee meetings

Sam Hackner has over 34 years of experience in the property industry and as at 31 March 2014, stepped down as chief executive officer to become the Chairman of Investec's Global Property business. He chairs all deal, investment and credit forums for Investec Property. In 2003 he was appointed chairman of Growthpoint, the largest property REIT listed on the JSE. Mr Hackner resigned as chairman of Growthpoint in July 2008, a year after the property management and asset management functions were sold by Investec to Growthpoint. He is currently chairman of Investec Property Fund, which listed on the JSE in April 2011 and has grown more than 300% since listing. He is also a member of the board of directors and advisory board of the Investec GLL Global Special Opportunities Real Estate Fund, a €375 million Luxembourg-based fund for investment in global real estate.

Samuel R Leon (65)

Non-executive deputy chairman
LLB (London)

Committees: Investment, standing invitation to all committee meetings

Sam Leon has over 38 years of experience across all sectors of the property industry with 24 years at Investec Property (Pty) Ltd, firstly as a director, then managing director and currently as deputy chairman. He was a founder of the transformation of Growthpoint into South Africa's largest listed property REIT and was a director until Investec sold its interests in October 2007. Sam was also a director of specialist listed property fund Metboard Properties Limited, until it was sold to Growthpoint in April 2007, as well as a board member of SAPOA (the South African Property Industry body). Mr Leon retired as chief executive officer of Investec Property Fund on 31 March 2015, having held this position since Investec Property Fund listed on the JSE in April 2011. He remains on the Board as non-executive deputy chairman. Mr Leon is also on the board of the Investec GLL Global Special Opportunities Real Estate Fund, a €375 million Luxembourg-based fund for investment in global real estate and a non-executive director and key driver of Investec Australia Property Fund which listed on the JSE in October 2013.

Luigi LM Giuricich (54)

Non-executive director
BCompt (Hons), CA(SA)

Committee: Investment

Luigi Giuricich completed his articles at Peat Marwick Mitchell and Co (now KPMG). He has over 27 years of experience across all sectors of the construction and property sectors. Starting as the financial director of the S. Giuricich group of companies in 1990, he currently holds numerous directorships of group and associate companies.

Independent non-executive directors

Constance M Mashaba (53)

Independent non-executive director
BCom (Hons) Business Management

Committee: Audit and risk, Social and ethics

Constance Mashaba has been with Black Like Me Products since inception in 1985, working as their financial manager. She took over as managing director in 2005. She has been a board member of Deutsche Bank Africa Foundation since 2009. Ms Mashaba served as a trustee of Deutsche Bank Africa Foundation from 2009 to 2014. She also serves as non-executive chairman of The Energy Company (Pty) Ltd and as a non-executive director of African Equity Corporation (Pty) Ltd. She has a BCom (Hons) in Business Management and a certificate in marketing communication from the AAA School of Advertising. Ms Mashaba has attended an executive leadership programme at Harvard Business School and is a fellow member of the Institute of Directors of SA.

Moses M Ngoasheng (58)

Independent non-executive director
BA Economics and Politics, BSoc Sci (Hons), MPhil

Committees: Investment, nominations, Social and ethics (chairman)

Moses Ngoasheng previously worked in the ANC's economics department until 1993 when he joined Gencor's Group Strategy Department. The following year he founded an investment company, Safika Holdings (Pty) Ltd, of which he is currently the chief executive officer. In 1995, he was requested by deputy president Thabo Mbeki to become his economic adviser. When Mr Mbeki was made president in 1999, Mr Ngoasheng became economic adviser to the President. In 2000, he returned to Safika as chairman and assisted in building the company into a substantial business.

Graham R Rosenthal (70)

Lead Independent non-executive director
CA(SA)

Committees: Audit and risk (chairman), Nominations

Graham Rosenthal spent his entire professional career with Arthur Andersen and its predecessors, retiring as an international partner in 2000 after having been in charge of their South African audit and business advisory practice. He currently serves as a non-executive director and chair of the audit committees of two listed companies, serves as a non-executive member of credit committees of the Investec Group and as a trustee of their staff share schemes.

Suliman Mahomed (66)
Independent non-executive director

Committee: Investment

Suliman Mahomed has over 37 years' experience in the investment and development of commercial property. He is presently chairman and chief executive officer of the Solly's Group of companies, including Solly's Discount World, Solly Noor Properties and Computron.

Khumo L Shuenyane (44)
Independent non-executive director

B.Soc.Sci (International studies with Economics) CA(UK)

Committees: Audit and Risk

Khumo Shuenyane has over 23 years of experience in finance, mergers and acquisitions, private equity and corporate strategy. He currently allocates his time between pursing various private equity opportunities and serving as an independent non-executive director on the boards of Investec Limited, Investec plc, and Investec Bank Limited.

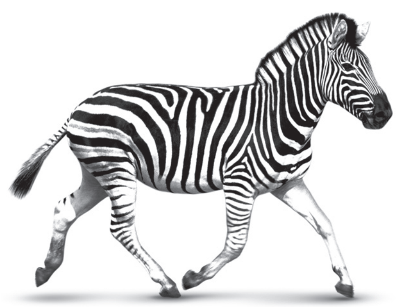
Between 2007 and 2013 Khumo served as Group Chief Mergers and Acquisitions Officer for MTN Group Limited. He was a member of the MTN Group Executive Committee and was responsible for M&A activity considered and pursued by MTN Group and its major operations.

Khumo was previously head of Direct Investments at Investec Bank Limited and a member of the Executive Committee of Investec's South African operations. Prior to taking responsibility for the Direct Investments division in 2005, he was a member of Investec's Corporate Finance division for seven years.

Prior to joining Investec in 1998 Khumo worked for Arthur Andersen for six years from 1992 during which time he qualified as a member of the Institute of Chartered Accountants in England and Wales in 1995. He further completed a degree in Economics and International Studies at the University of Birmingham in 1992 and completed an International Executive Programme at Insead in France and Singapore in 2004.

3

Business review and strategy



Investec Property Fund is focused on distributing clean dividend growth derived from net property income and a portfolio of quality real estate and investments.

Out of the ordinary

1

Focused property fundamentals

- Net property income growth is the core of the business
- Long term focus
- Location and quality of buildings
- Tenant covenants
- Long-term lease expiries and escalation
- Above inflation escalations

2

Growth (over time)

- Focused on niche opportunities
- Capex projects are focused on simple extensions or income enhancing improvements
- Purchasing quality assets
- Not bulking up for its own sake
- Will make dilutionary acquisitions for quality property when appropriate

3

Intense asset management

- Active hands on asset management
- Track record of impressive letting activity
- High level service to tenant base
- The Fund's properties to be "best of breed" in their sub markets
- Efficient cost base
- Tenant retention is a major focus

4

Balance sheet management

- Conservative balance sheet management
- Low gearing with firepower for growth
- Hedging strategy in place to ensure sustainability of growth

5

Relationships and management team

- Leverage off the Investec network
- Building sustainable relationships with all stakeholders
- Passionate and driven
- Extensive industry experience
- Pioneers in the listed space since 1999

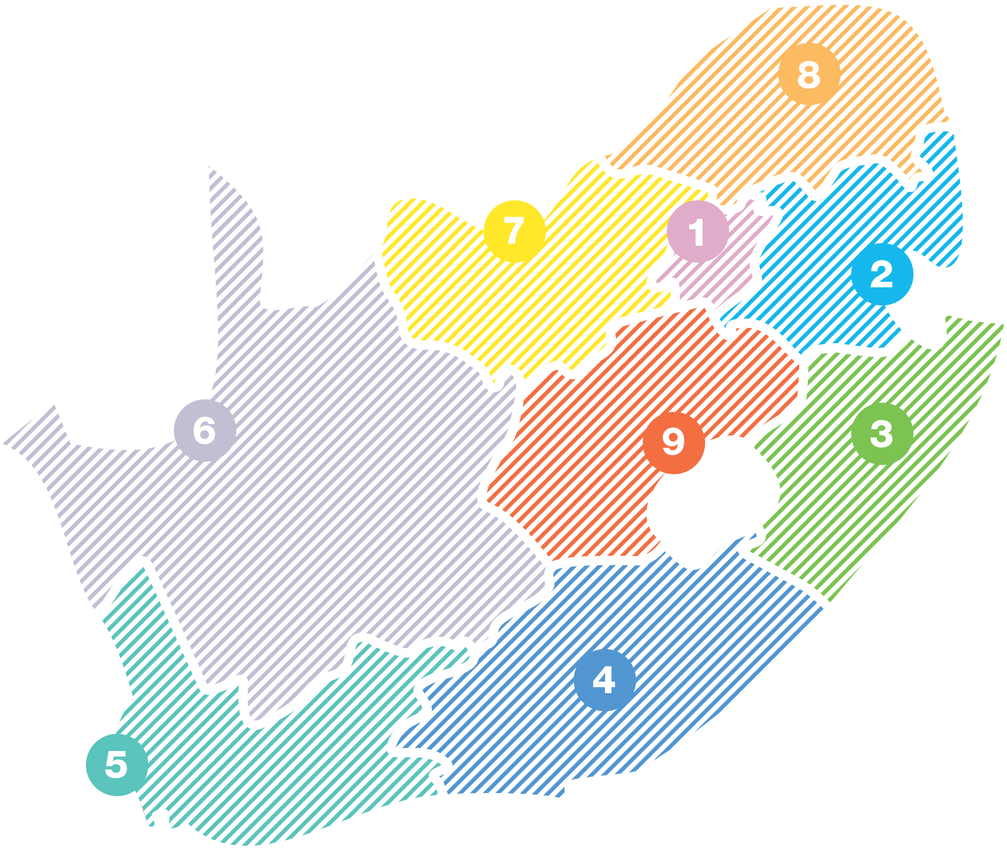
6

Sustainability

- Sustainable business practices
- Environmental sustainability
- Commitment to broad-based empowerment
- Corporate social investment ("CSI") initiatives launched

Our property landscape

	Retail properties	Office properties	Industrial properties
1 Gauteng	x17	x16	x22
2 Mpumalanga	x2		
3 KwaZulu-Natal	x1	x1	
4 Eastern Cape	x2		x1
5 Western Cape	x3	x4	x3
6 Northern Cape	x1		
7 Northwest	x1		
8 Limpopo	x3		
9 Free State	x3		



Property key

- Retail properties
- Office properties
- Industrial properties

Our current strategy

To provide:

– sustainable returns for investors;

– an optimal capital structures, with firepower for growth;

– quality tenants, low vacancy and growth in rental income stream;

– a competitive and attractive portfolio for all stakeholders (creating value socially, environmentally and economically); and

– achieving consistent dividend growth, growing net asset value, and increasing earnings per share.

1 Focused property fundamentals

Property portfolio review

The base portfolio has shown positive growth of 9.4% year on year driven by cost containment, letting activity and a low overall vacancy at year end of 2.8%. This growth is testament to the strength of the underlying properties, a focused asset management approach as well as an in-depth understanding of the buildings and environments in which they operate.

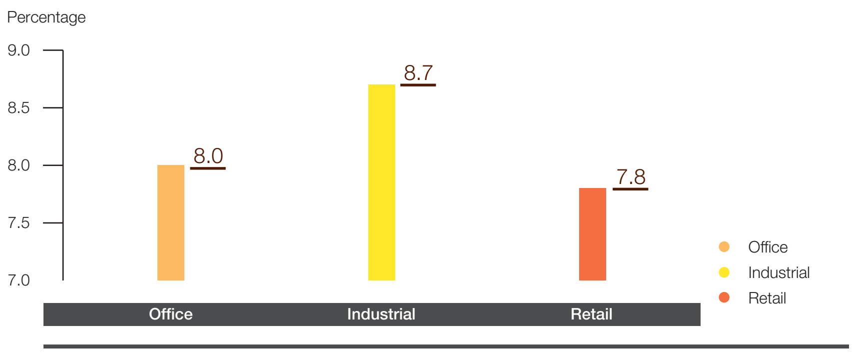
KPIs

	2015	2014
Number of properties	80	69
Asset value	R8.2bn	R5.8bn
GLA	831 990m²	693 256 m²
Vacancy	2.8%	2.6%
WALE (years)	4.4 years	4.2 years
In-force escalations	8.0%	8.1%
Cost to income ratio	28.2%	30.1%

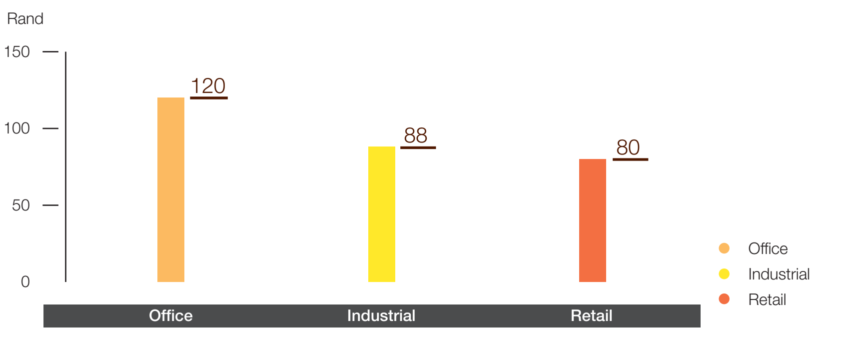
The portfolio consists of a diverse base of 80 properties in South Africa spread across the office, industrial and retail sectors and across South Africa.

The Fund does not have a sector specific acquisition strategy and has always invested in property with long-term growth prospects and where the property fundamentals stack up.

Weighted average rental escalation (GLA)

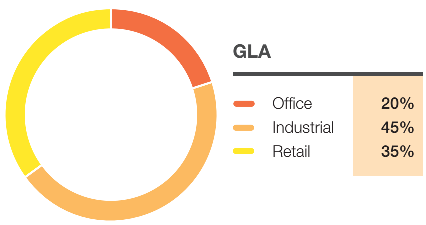


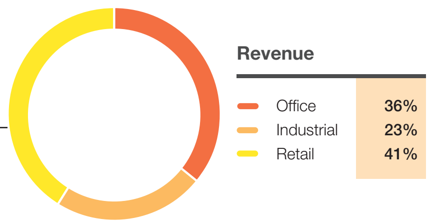
Weighted average gross rental* per square metre

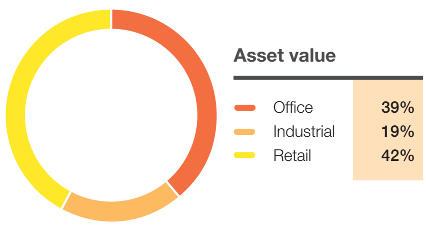


* *Gross rental includes rental, operating cost recovery, rates recovery and excludes parking income, utility recoveries and any other recoveries.*

Sectoral spread – 2015







Office sector review

KPIs

Office	2015	2014
Number of properties	21	17
Asset value	R3.2bn	R2.0bn
GLA	164 159m²	136 617m²
Vacancy	5.2%	5.1%
WALE (years)	4.9 years	5.6 years
In-force escalations	8.0%	8.0%
Cost to income	22.0%	23.9%

Office highlights

Marked growth in asset base with quality income streams

+R668m

Single tenants all A-grade Defensive portfolio – single tenants have a WALE of

6.4 years

Overview

IPF's office properties are situated in prime nodes across South Africa. The Fund's office portfolio is 65% let to A-grade tenants with a balanced tenant mix of 45% of single-tenants and 55% multi-tenants. The net property income is underpinned by a WALE of 4.9 years.

2015 in review

The office sector had a marked growth of R668 million in its asset base in the current year. This has grown the portfolio with quality income streams and quality tenants. The properties purchased are robust and well located and add to the strength of the Fund's office portfolio.

The IPF office sector has had a pleasing performance in the current year and a growth on its base net property income of 7.4% year on year. This was supported by an improved cost to income ratio, low arrears and average in-force escalations of 8.0%. At year-end, office vacancy remained low at 5.2%, almost entirely due to the vacancy of one small building.

Maintaining good relationships with tenants is a critical component and asset managers invest a significant portion of their time better understanding tenant requirements, this in turn will result in early renewals and an extension of the WALE that currently sits at 4.9 years.

Please refer to page 26 where acquisitions are discussed in more detail.

Nicol Main Office

Major tenants | Continental outdoor media | Yum | JLT Insurance | Joe Public

Carrying value
R317.0 million
GLA – 11 898m²

Acquisition date
31 March 2014

Occupancy
100%

Woolworths House

Single tenants | Woolworths

Carrying value
R343.4 million
GLA – 30 435m²

Acquisition date
1 April 2011

Occupancy
100%

1 Focused property fundamentals (continued)

Industrial highlights

Base net property income growth – full benefit of prior year letting
12.3%

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

Industrial sector review

KPIs

Industrial	2015	2014
Number of properties	26	25
Asset value	R1.5bn	R1.3bn
GLA	374 114m²	334 402m²
Vacancy	3.0%	2.0%
WALE (years)	4.0 years	3.5 years
In-force escalations	8.6%	8.7%
Cost to income ratio	26.2%	30.2%

Overview

The industrial portfolio consists of a mix of newer as well as well maintained older buildings that compete strongly in their market. These buildings are well located with good access, appropriately priced and "best of breed" in their submarkets.

2015 performance

The Fund's industrial portfolio delivered like-for-like growth of 12.3%, primarily driven by the full impact of strong letting activity in the prior year. The Fund has again revealed its continued ability to let space in a challenging environment and has let more than 51 000m² in the current year. These were all let with positive reversions with the exception of a large clothing manufacturer in the Western Cape.

The Fund is actively engaging with tenants in its industrial multiparks to ensure any potential tenant weakness is managed well in advance.

Approximately 50 000m² is due coming up for renewal in 2016, the majority of which is in advanced negotiation. Smaller tenants are under pressure from a stagnating economy and are seeking functional space at competitive rentals which IPF is targeting.

As the Fund continues to grow it will also look to sell assets that no longer meet the quality requirements of its portfolio and replace them with assets of a higher quality in an effort to consistently improve the quality of the portfolio.

General Electric

Major tenant | General Electric

Carrying value
R145.3 million
GLA – 11 180m²

Acquisition date
25 July 2012

Occupancy
100%

Martin & Martin

Major tenant | Martin & Martin

Carrying value
R90.0 million
GLA – 19 972m²

Acquisition date
12 December 2013

Occupancy
100%

1 Focused property fundamentals (continued)

Retail sector review

KPIs

Retail	2015	2014
Number of properties	33	27
Asset value	R3.5bn	R2.1bn
GLA	293 717m²	222 239m²
Vacancy	1.2%	2.0%
WALE (years)	4.1 years	3.7 years
In-force escalations	7.8%	7.8%
Cost to income	34.8%	34.7%

Retail highlights

Strong positive reversions on renewal cycle

+10.3%

Focused aquisition in niche markets

+R1bn

Overview

The retail portfolio is made up of 52% shopping centres, 26% big box, 15% motor dealerships and 7% high street by asset value, all of which are high quality, niche or dominant in their submarket. Furthermore all retail properties are dominated by large nationals in excess of 80% with little reliance on line shops.

2015 performance

The retail portfolio has seen base net property income growth of 9.2%. This is driven by a reduction in vacancy by 0.8% and 10.3% positive reversions negotiated on new space. The strong underlying performance is evidenced by the 9% reversions and 8% escalations achieved at shopping centres where the national component exceeds 80%.

Letting activity	Renewals and new lets GLA	Expiry rental R/m²	New rental R/m²	Rental reversion %	Retail GLA %	Escalation %
Shopping Centre	14 883	161.45	176.04	9.0	5.1	8.0
High Street	5 276	119.33	127.64	7.0	1.8	8.7
Big box	1 296	90.96	120.01	31.9	0.4	10.0
Total	21 455	145.74	160.75	10.3	7.3	8.2

The Fund continually aims to reduce the costs of operating the centres and thereby also containing the tenants' cost of occupation.

The Balfour refurbishment is an example of where the Fund is investing capital to enhance the shopping experience and improve its positioning.

During the year the Fund acquired a further R1bn of retail assets increasing the Fund's exposure to the sector. The acquisitions included two shopping centres (Dihlabeng and Fleurdal Mall), both dominent in their respective markets, two well located motor dealerships in Gauteng and two smaller single stores, tenanted by nationals.

All centres now have foot counters installed thereby enhancing the Fund's ability to manage and market the centres.

McCarthy Menlyn

Major tenant | McCarthy, Bidvest Group

Carrying value R117.7 million

GLA – 7 346m²

Acquisition date 15 May 2014 | Occupancy 100%

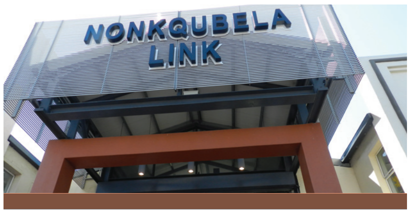
Great North Plaza

Major tenants | Cashbuild, Foschini, Shoprite, Woolworths

Carrying value R215.1 million

GLA – 13 561m²

Acquisition date 6 June 2012 | Occupancy 100%



Nonqubela Link

Major tenants | Medicross, Pepkor, Shoprite Checkers

Carrying value R125.4 million

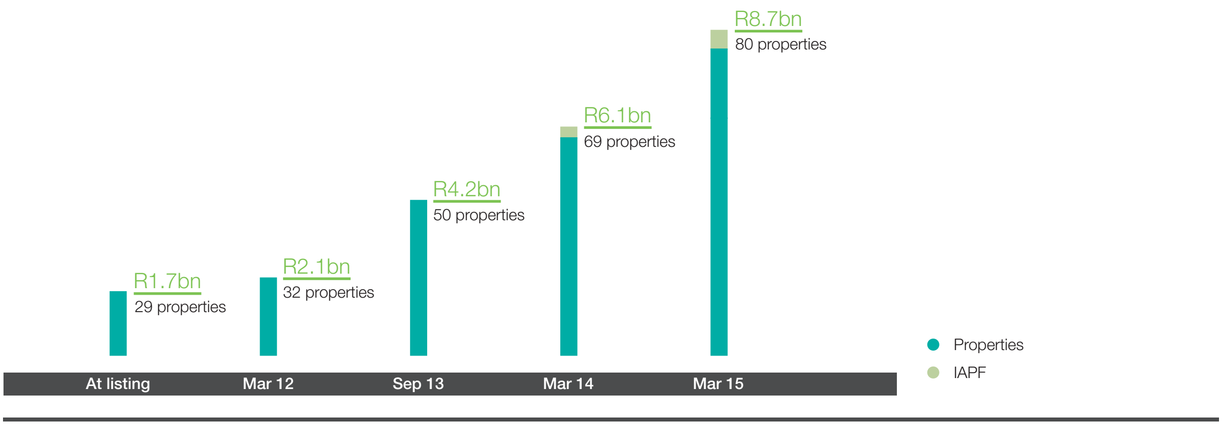
GLA – 7 874m²

Acquisition date 14 December 2012 | Occupancy 96.6%

2 Growth (over time)

The portfolio has grown 5.1 times since listing in 2011. With quality assets meeting its investment criteria of sustainability and growth in income and capital over the long term. As stated at the outset, the Fund may acquire assets that are initially dilutive if it meets its criteria.

Asset growth



Acquisitions		Cost (R'm)	GLA (m²)	Sector	Yield (%)	Date of transfer
1.	30 Jellicoe Avenue	351.5	10 750	Office	8.0	Feb-15
2.	Barinors Tyger Valley	91.0	5 394	Office	8.5	May-14
3.	Nicol Main E, Bryanston	74.7	3 152	Office	8.3	Nov-14
4.	Nicol Main D, Bryanston	50.0	2 095	Office	8.3	Jul-14
5.	Intercare, Fourways	48.0	2 740	Office	9.1	Sep-14
6.	34 Ingesol Road, Menlyn	46.7	2 376	Office	8.6	Feb-15
7.	Mafuri House, Bryanston	9.0	682	Office	8.9	Apr-14
8.	Diesel Road, Isando	112.0	22 057	Industrial	9.3	Feb-15
9.	52 Jakaranda, Centurion	44.5	19 998	Industrial	9.1	Feb-15
10.	Dihlabeng Mall	370.1	26 210	Retail	8.0	Jul-14
11.	Fleurdal Mall	310.5	24 370	Retail	8.0	Feb-15
12.	Toyota Menlyn	126.4	6 709	Retail	8.3	Mar-15
13.	McCarthy Menlyn	115.4	7 346	Retail	7.8	May-14
14.	Foschini, JHB CBD	77.4	6 305	Retail	9.0	Jun-14
15.	Edcon, Carletonville	23.7	3 811	Retail	9.0	Sep-14
		1 850.9	143 995		8.2	

During the year, the Fund acquired R1.9 billion of direct property at a through yield of 8.2%. The majority of these are single tenanted and tenanted by listed national/ international tenants. They also have above average rental escalations which adds to the quality of our underlying in-force escalation of 8.0%. The income is underpinned by a high quality tenant mix with long lease profiles and limited vacancies (which are covered by rental guarantees).

Sizeable office assets substantially include 30 Jellicoe Avenue, Rosebank. The property is a recently completed award winning P-grade office building located in a strong growth area, in the hub of Rosebank's commercial and retail node. The building's major tenant is the national law firm Fluxmans (50.5% GLA) with over eight years remaining on its lease. The remaining tenant base consists of well known local South African and international corporations adding to the strength of the tenant mix of the Fund's existing portfolio. The Nicol Main acquisitions represent the final two buildings in the Nicol Main Office Park, which consists of five individual single tenanted AAA-grade office blocks located in the centre of Bryanston's retail and commercial node. The office park is well situated directly across from the Nicolway shopping centre with street frontages to both William Nicol and Main Road. The node has established itself as a premium niche office and retail market which is home to corporate and offices such as Microsoft, Nestlé, Tiger Brands, Mutual and Federal, Samsung and Adcorp. These acquisitions add to the Fund's other investments in the node.

Industrial assets include 52 Jakaranda, tenanted by RMD Kwikform with a WALE of 7.4 years on acquisition date. RMD Kwikform is an international company operating in 15 countries in the construction industry. Diesel Road, is also single tenanted, by Caterpillar, a subsidiary of Barlow World, also listed on the New York Stock Exchange.

Dihlabeng Mall in Bethlehem and Fleurdal Mall in Bloemfontein are dominant regional retail centres in their respective nodes. Both centres enjoy a national tenancy in excess of 80%.

The new acquisitions complement the base property portfolio and contribute to the strength of the existing real estate fundamentals.

Dihlabeng

Major tenants | Shoprite, Pick n Pay, Massmart, Foschini

Carrying value
R410.0 million

GLA* – 26 506m²
*Excluding 6000m² extension

Acquisition date 29 July 2014 | **Occupancy** 99.4%

Capital projects

Dihlabeng extension

A 6 000m² extension of the Dihlabeng Mall is under way which includes a 3 286m² full-line Woolworths store, a new Spitz store, Cape Union Mart with the balance of the space under offers with other nationals.

The extension improves the national representation in the centre and will further entrench the dominance of the centre in the region.

The R90 million extension will be completed in July 2015.

Balfour refurbishment

The refurbishment comprised a total exterior refurbishment, an interior upgrade, repositioning of tenants and a reconfiguration of certain areas in order to enhance the flow of the centre and improve convenience to consumers and retailers alike.

Although not yet completed, the refurbishment has already proved to be a catalyst in attracting other nationals such as Pick n Pay Clothing and a free standing Tyger Wheel and Tyre trading as Tyres and More.

Consumer response received for the improved visibility, accessibility and convenience of parking has been positive and the Fund believes that the project has stabilised tenancies and created a platform for improved tenant positioning and trading.

The centre houses over 86 shops spread over two levels. These stores consist of not only numerous large national chains, but also house several specialist stores.

Balfour

Major tenants | Virgin Group Edcon, Shoprite

Carrying value
R422.0 million

GLA – 32 646m²

Acquisition date 1 November 2012 | **Occupancy** 98%

Business review and strategy

3

3 Intense asset management

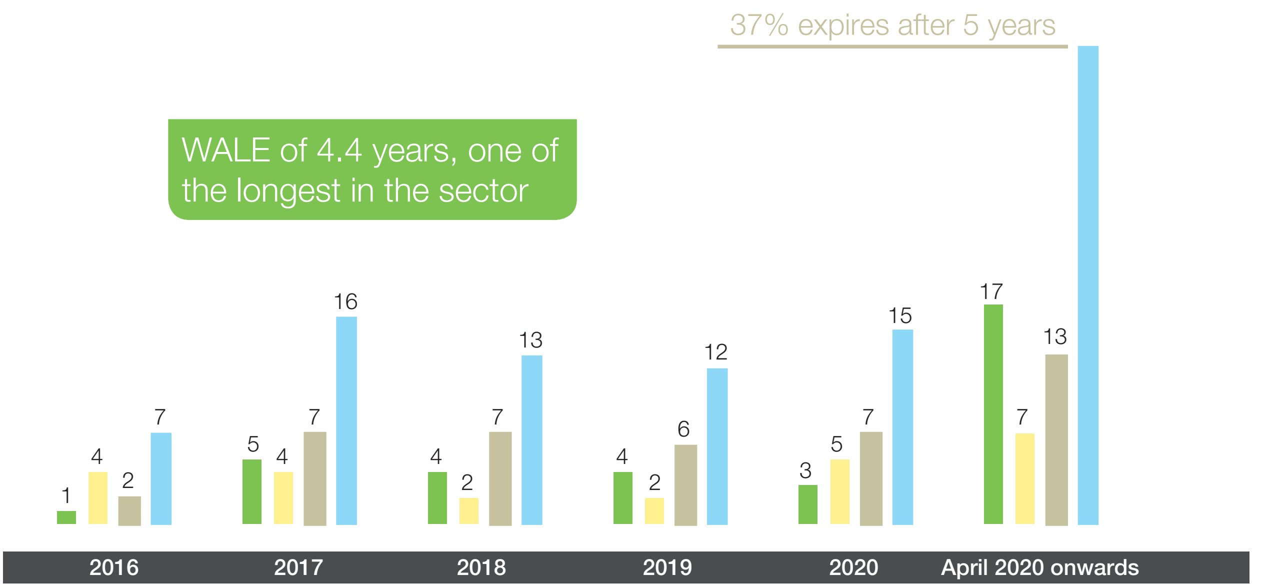
The Fund has always believed in a strategy of active asset management, and delivering long-term sustainable income and capital growth and tenant satisfaction and retention. The asset management team continuously engages with tenants and is able to assist them in meeting their goals in conjunction with the Fund's own interests. Base portfolio net property income growth amounted to 9.4% for the 2015 financial year. This was largely driven by:

- The Fund renewed or relet 92% of expired space during the period and despite the challenging economic climate managed to achieve tenant retention of 79%, positive rental reversions; and
- The Fund achieved average escalations of 8.4% on renewals.The letting and renewal activity in the Fund's retail sector has been particularly strong, with average positive reversions of 10.3% achieved.The Fund's lease expiry profile, which is one of the longest in the sector remains robust and defensive with a WALE of 4.4 years by revenue, and provides visibility of the Fund's net property income in a challenging operating environment;
- The base portfolio has achieved positive growth of 9.4%; as well as
- a low closing vacancy of 2.8%.

	Expiries and cancellations GLA	Renewals and new lets GLA	Expiry rental R/m²	New rental R/m²	Rental reversion %	Average escalation %
Office[1]	4 879	3 731	134.03	139.07	3.8%	8.8%
Industrial[2]	55 682	51 084	37.58	37.18	(1.1%)	8.7%
Retail[3]	22 533	21 455	145.74	160.75	10.3%	8.2%
Total	83 094	76 270				8.4%

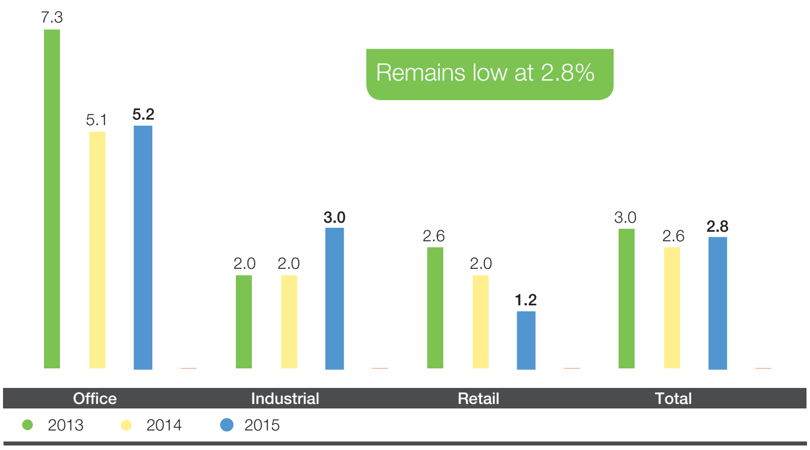
[1] Space that became available during 2015 in the office sector amounted to 3.0% of Office GLA and at the end of the year only 0.7% remained unlet.
[2] A positive reversion of 11.2% for the industrial sector was achieved if the renewal of one large manufacturing tenant of 13 552m² is excluded.
[3] Positive retail reversion driven by letting in shopping centres.

Lease expiry %



3 Intense asset management (continued)

Vacancy (%)



Since listing, the Fund has continually managed its vacancy factor and this is driven by:

- building relationships with tenants;
- understanding and servicing tenant requirements and understanding tenant position well in advance of renewal dates;
- keeping buildings in good quality condition, with ongoing maintenance and capital expenditure ahead of time; and
- the Fund's continual drive to decrease the cost of occupation for tenants to improve tenant retention and attract an improved tenant mix.

Ellerines is a very good example of active asset management, as the Fund was able to secure net lets with an overall positive reversion of 17% and has managed to relet 97% of the affected space, with the remaining 3% in final negotiations.

This also demonstrated the strength of the underlying properties as the space affected was in buildings with high demand and where vacancy is limited.

Ellerines

Property	New tenant	Expiry GLA	Expiry rental R/m²	New rental R/m²	Rental reversion %
Bryanston – Dial a bed	Maserati	2 246	122.49	136.47	11.4%
Bryanston – Wetherleys	Mia Bella	2 539	115.25	115.50	0.2%
Kriel Mall – Beares	Pep Home	270	86.28	125.00	44.9%
Kriel Mall – Ellerines	OK Furniture	505	83.98	102.35	21.9%
Nonqubela Link – Ellerines	Sililu/Best Furniture	266	171.94	180.00	4.7%
Nonqubela Link – Ellerines	African Bank	110	171.94	220.00	28.0%
Total		5 936			16.9%

4 Balance sheet management

Highlights

Conservative balance sheet management
23.6% gearing
– positioned for growth

Headroom preserved and sources diversified
new funding + R2.3bn

Secure cost of funding
8.5%
underpinned by 3.8 year swap profile

KPIs

Capital management

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

Achievements in 2015

Balance sheet

The Fund's balance sheet remains well positioned for growth with a conservative gearing of 23.6%. The active and efficient interest rate risk management strategy is evident in the Fund's current average cost of funding of 8.5% which is underpinned by a current hedged position of 83% and a swap maturity profile of 3.8 years.

The Fund's corporate rating was reaffirmed in July 2014 at A – with a positive outlook whilst the secured rating was reaffirmed in April 2015 as AA –, reinforcing the Fund's balance sheet strength.

The Fund has always maintained flexibility in its sources of funding without committing to predetermined funding ratios, ensuring banking lines are well maintained and changes in the debt capital markets fully understood. There is a continued strategy to fund long-term assets with long-term funding and to conservatively manage refinancing and credit risk.

During the year, the Fund was able to achieve growth through an:

- Increased average gearing during the year;
- Efficient interest rate management by maintaining its cost of funding at 8.5%; and
- Hedging of 83% with a swap expiry profile of 3.8 years.

Swap facilities	Swaps[3] Rm	Rate %	Weighted average swap expiry (years)
Balance at 31 March 2014	1 131	7.70	4.3[4]
New and restructured swaps	390	7.76	5.1[4]
Forward starting swaps	200	6.91	4.9
	1 721	7.59	4.0
Cross currency swap	163	(4.27)	2.0
Balance at 31 March 2015	1 884	6.57	3.8

[3] *Includes fixed rate loan of R226 million of 8.80%*
[4] *Weighted average swap expiry calculated at date of entering into swap*

Despite a volatile environment, the Fund has been successful in raising R2.3bn of new funding during the year. This has been raised in the form of:

- R500m new bank debt facilities on an unsecured basis – average margin of 170bps above three-month JIBAR and average tenor of 4.4 years;
- R620m of corporate bonds on an unsecured basis – average margin of 157bps above three-month JIBAR and average tenure of 3.8 years;
- R200m three-month commercial paper – rolled several times during the year at an average rate of 33bps above three-month JIBAR; and
- R1.0bn of equity was raised at an average forward yield of 8.1%.

Funding facilities

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

[1] *Balance sheet is shown net of capitalised transaction costs*
[2] *All debt issued in the year on an unsecured basis*

Post year-end the Fund has rolled the commercial paper for a further three months at an attractive margin of 38bps points and refinanced R134 million of corporate bonds with the issue of a new R100 million secured bond at a margin of 150bps for three years and R34 million cash. The Fund has also entered into a new five-year term debt facility with Nedbank for R200 million, unsecured at a margin of 175bp above three-month JIBAR.

Investment in IAPF

The Fund's investment in IAPF amounts to R502 million, representing 5.8% of the Fund's total portfolio and 18.6% of IAPF.

IAPF delivered annualised full-year growth of 11% post withholding tax which was translated into ZAR growth of 8.1%. IAPF has been successful in executing its communicated strategy of deploying its capital into quality Australian real estate. The attractive hard currency growth in distribution is evidence of the broadened quality and diversity of the portfolio and geared growth effect of the increase in leverage of IAPF.

IAPF has an experienced management team on the ground who understands the Australian market. IAPF also has a quality and robust portfolio and management has built the business with a similar philosophy to IPF, with a focus on the underlying property fundamentals. IAPF has almost no letting risk in the near term. This strategy will ensure that the investment in IAPF is not just a spread of property yield over debt in year one and will see growth coming out of a stable and robust portfolio.

The Fund manages its exposure to exchange rate risk on its distributions received from IAPF by actively hedging future income and locking in future growth from IAPF through taking out forward exchange rate cover. The Fund has hedged approximately AUD$2.35 million of income to December 2017 at exchange rates ranging between R9.47 and R10.68/1 AUD$.

The Fund has also entered into a cross currency swap which has enabled the Fund to convert its ZAR debt of R170 million used to partially fund the rights offer subscription in October 2014 into AUD debt funding of AUD17.2 million and lock in an attractive AUD funding cost of 3.4% after its restructure in January 2015.

5 Relationships and management team

Investec network and relationships

The Fund believes that its relationship and the access that it has to Investec and the Investec network is a key competitive advantage.

During the current year, approximately R1.1 billion of the R1.9 billion acquisitions came through the Investec network. IPF is able to leverage benefit in many aspects, including capital and development projects where Investec Property has substantial expertise.

Investec has consistenly supported the growth of the Fund through the sale of shares. In 2015 it sold down circa 53 million IPF shares to create capacity to take up 35 million shares (R525 million) which it received as a consideration fo the sale of the IP Portfolio to the Fund. This has been repeated in the recently announced Griffin transaction. It also took up circa 7 million shares in the 2014 dividend re-investment plan and circa 3 million in the 2015 dividend re-investment plan.

There is extensive knowledge and expertise within the Investec Group across many disiplines which the Fund is able to leverage off.

Experienced management team

Driven by the Fund's growth since listing, and following its ethos of expanding skills and capability ahead of the growth curve, management continues to bolster operating teams across all disciplines. Although still a relatively small team, at a senior executive and board level there is a wealth of experience with over a hundred years combined property experience.

The team upholds the core values and ethics of all Investec staff members. They uphold principles of responsible behaviour and integrity along with commerciality.

The advantage of having a small, agile but talented team allows the Fund the flexibility to take advantage of opportunities quickly. Its leverage within the Investec Group means that if an opportunity presents itself it can upskill quickly to take advantage of it.

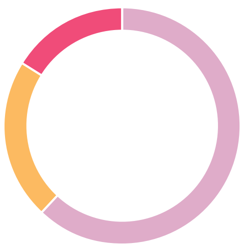
Tenants

Close relationships with our tenants provide stable and visible income and underpins the core of our business.

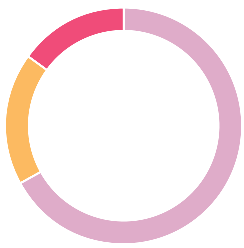
The Fund has a quality tenant base predominantly made up of large corporates, listed companies or nationals.

During the year, the Fund has introduced programmes such as the "Tenant Touchpoint Programme", whereby it uses its database of tenants to engage through various means of communication, establishing a better understanding of their needs and ultimately creating an open and constructive relationship. The Fund believes that servicing the tenant as a core focus will bring more customer loyalty and create a sustainable tenant base in years to come.

Tenant composition



31 March 2015	by GLA
A	62%
B	22%
C	16%



31 March 2015	by revenue
A	67%
B	18%
C	15%

Investors

The Fund aims to deliver sustainable returns to investors year on year. Investors provide the financial capital that enable the Fund to grow its business and grow these returns. The Fund therefore communicates with its investors through roadshows, investor presentations, circulars and SENS announcements.

Funders

The Fund engages with debt funders continually, updating them on the growth of the business and its performance to date. Meeting with funders continuously means that the Fund and its partners are able to mutually benefit from its growth.

Our communities

Investec Property has a number of CSI initiatives in place with the communities that its properties affect. Investec as a whole believes in a process of upliftment through education and thus the Fund aims to uphold this through its initiatives.

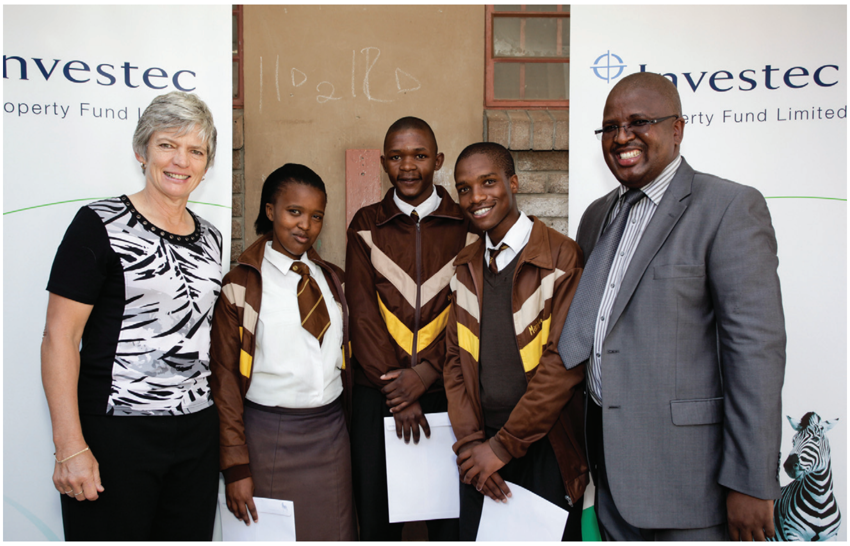
More information in respect of these initiatives has been detailed in the sustainability report on page 34.

Property brokers

The IPF asset managers continually build relationships with property brokers. By sharing our understanding of our tenants and our buildings we are able to let space more effectively and to grow our income streams. The Fund updates its website and distributes relevant information to brokers on a regular basis.

Suppliers and service providers

Service providers play an important role in maintaining the quality and condition of the assets. A good working relationship is required for the best delivery of these services. Active engagement with our property managers and the service providers that they in turn employ is critical to our business and is ongoing.



6 Sustainability

Sustainable business practices and environmental sustainability

Our sustainability goals reflect our culture of continuous advancement and reaffirm our belief that sustainability in its broadest sense is about managing and positioning the business for the long term.

Our approach, in line with King III guidelines and our own business strategy, reflects a balanced economic, social and environmental model resulting in sustainable investments that provide financial growth in the long term.

Sustainability objectives cannot be achieved instantaneously but are rather a process of introducing selected initiatives over time.

Sustainability hinges on the integration between social and environmental strategies outweighing the cost and providing positive impact on financial performance.

The Fund has considered the impact on its stakeholders in each area and committed to providing positive returns in all areas.

Environmentally, the Fund has implemented a number of cost saving initiatives to reduce the impact of properties on the environment. The implementation of time of use and power factor corrections has seen the usage and cost of electricity reduce over the last three financial years.

The Fund aims to reduce the operating costs of its buildings and thereby also contain the tenants' cost of occupation.

Automating the measurement of operating costs is a priority for the Fund as the ability to benchmark internally as well as against the industry is crucial to understanding our business.

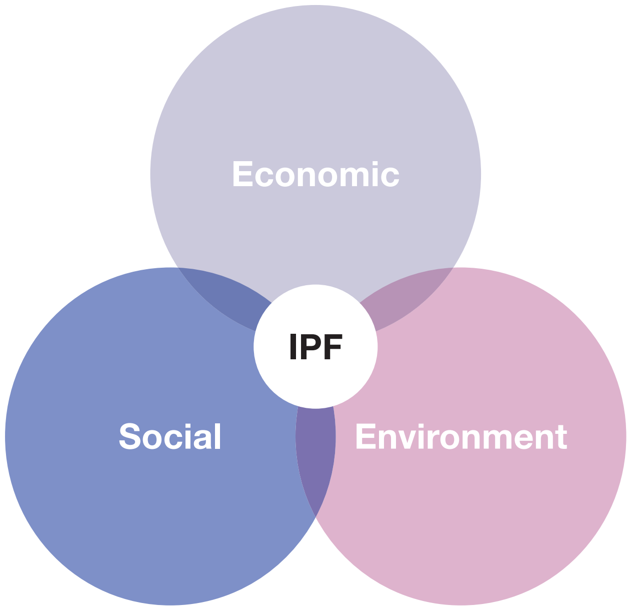
At its retail centres, the Fund has introduced recycling projects, and receives rebates, improving the overall efficiency and achieving its goal to re-use.

From an asset management perspective, green initiatives are considered from responsible suppliers for all repairs and maintenance and capital expenditure, broadly reducing costs for tenants.

During the year the Fund installed bulk check meters for electricity consumption across most of its properties, and has budgeted to install water bulk check meters in the next financial year.

The current Eskom crisis and the increasing cost of electricity has brought power generation front of mind to all of our stakeholders. Looking forward to our priorities for the future, the Fund has identified a number of solar projects, in conjunction with a partner that will both decrease the power we pull from the grid by generating its own additional power.

The above demonstrates an acute awareness of the need for longevity and sustainable business practices that will ultimately lead to operational efficiencies across the portfolio.



The Fund achieved a level 3 BBBEE score based on its 2014 financial results.

The Fund is committed to broad-based black economic empowerment (BBBEE) including focusing on procurement processes and those of its suppliers. The Fund aims to ensure procurement is done to maximise both returns and BEE rating.

With the demographic and social change within South Africa over the last 20 years of democracy, the understanding and relationship with our stakeholders has become increasingly important. The Fund attributes a great amount of its success to the underlying relationships that it has with investors, tenants, suppliers and its communities as well as being able to leverage off the Investec network.

During the year the Fund has introduced programs such as the Tenant Touch Point Program, whereby it uses its database of tenants to reach out and engage with tenants through various means of communication, establishing a better understanding of their needs and ultimately creating an open and honest relationship. The Fund believes that regarding the tenant as the client customer will ensure loyalty and create a sustainable tenant base for years to come.

South Africa still faces many challenges. We engage with our communities through a number of CSI initiatives such as the Nonqubela Link project which provides an opportunity for students who have performed exceptionally well in their matric exams to attend a tertiary institution.

Working with the Fund's tenant, Shanduka, we have contributed by means of a rental rebate, is for the Shanduka learning and development centre.

The Fund will look for ways to roll out similar projects at other properties and the schools or establishments in their catchment areas.

Overall we believe our properties impact the communities in which they are situated and strengthening those communities is advantageous to the Fund and all its stakeholders.

With the growth of the Fund, sustainability becomes increasingly important, but what is critical is that while our social and environmental responsibilities are discharged, we still invest in projects that are capable of being economically viable, and provide a return to stakeholders.

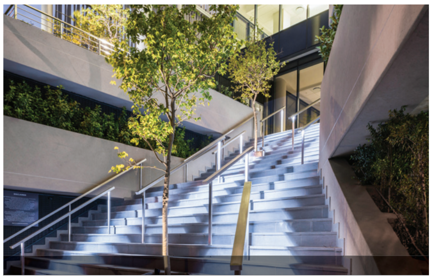
Through a sustainable cost saving and operational efficiencies and managing downside risk we are able to remain innovative, grow our relationships and provide a more stable earnings growth for our investors.

Property feature – 30 Jellicoe

"Our energy efficient initiative" – 30 Jellicoe Avenue, Rosebank.

The concept of sustainability has evolved whereby society is looking for space that makes use of renewable energy technologies, does not impact the environment and costs less. The emphasis is on creating space where people want to spend their time which means creating spaces with open and free air flow, high light and space for social networking.

It is with the above in mind that the Fund is proud to introduce 30 Jellicoe – our newly acquired energy efficient building. It was purchased with an effective date of 1 February 2015. We believe it demonstrates a forward looking sustainability approach that will present what the market will look for in the years to come.



30 Jellicoe

Major tenants | Fluxmans

Carrying value
R351.8 million
GLA – 10 663m²

Acquisition date
1 February 2015

Occupancy
100%[1]

[1] *Including rent guarantee*

- Situated with immediate access to both the Gautrain and a nearby taxi rank, the building has 1st world accessibility.
- North facing with passive solar shading to mitigate direct sunlight, glare and heat gain.
- Thermal comfort is achieved through elegant double glazing.
- Water is spared through dual flushed toilets and low flow tap fittings.
- Energy efficient lighting throughout the building, through the use of LED and energy efficient light bulbs.
- Motion detection lights throughout
- Gen2 regenerative power usage technology is used to power the lifts.
- State of the art and efficient air-conditioning
- Indigenous trees and plants create green space.

6 Sustainability (continued)
Property feature – Investec Durban

"Respectful to the environment" – Investec Durban

Investec Bank Limited in the KwaZulu-Natal region is situated in a bespoke P-grade building, tailor-made to suit the Bank's needs. The building is situated in Umhlanga, a prime business node of the region. It is envisioned to become the vibrant hub of future growth of the area. The office is located with superb visibility and access, situated at the new M41 interchange.

Three storeys with basement and visitors' parking, it has 180 degree views that maximise the sea frontage from the balconies.

Along the lines of the sustainability initiatives, the building is epitomised by clean lines, airy volume, movement and transparency creating a sense of energy and vibrant interaction space. The building's interior also incorporates top-notch customised finishes. The use of water plays a key element to the external environment of the building.

Investec Durban

Major tenants | Investec

Carrying value
R257.3 million
GLA – 6 543m²

Acquisition date
1 April 2011

Occupancy
100%

- Glass innovations to manage heat and cooling, and to manage natural light to its best effect
- Motion detection lights throughout
- Water is spared through a water recycling initiative and advanced building management system including dual flushed toilets and low flow tap fittings
- Energy saving escalators with "idling mode" helps to reduce energy by up to 40%
- Indigenous flora planted throughout the building
- Bicycle racks and showers made available for those who wish to cycle to the office

4

Corporate governance and risk management

Corporate governance

Sound corporate governance is a cornerstone of the Fund's values, culture, processes, functions and organisational structure. The business is structured in a manner that ensures that the Fund's values and ethics remain embedded in all business processes. The Fund continually strives to enhance these structures and processes and a written statement of values serves as the Fund's code of ethics.

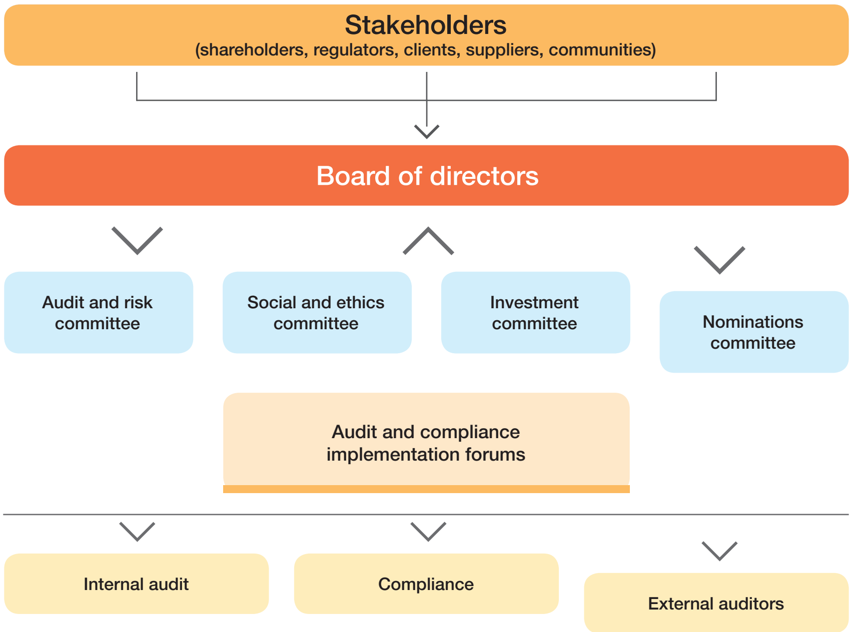
Our culture and values

Underpinning legislative, regulatory and best practice requirements are Investec's values and philosophies which provide the framework against which we measure behaviour and conduct to ensure the highest levels of corporate governance. Our values require that directors and employees act with integrity, displaying consistent and uncompromising moral strength and conduct in order to promote and maintain trust amongst all our stakeholders.

Board statement

The board, management and employees of Investec Property, the Manager of the Fund, are fully committed to complying with all applicable regulatory requirements as well as the King Code of Governance Principles for South Africa (King III). As a listed entity, we are also obliged to comply with the JSE listings requirements. Stakeholders can rest assured at all times, that we are managed ethically and in compliance with current legislation and regulation in accordance with recognised best practice.

Given the common brand, the Investec group's values and philosophies are the benchmark against which we measure behaviour and practices.



King III

The board is of the opinion that, in the year under review, the Fund has complied with the majority of the King III principles. This is evidenced by the information disclosed throughout this report. An overview of all the principles and the extent of their application is illustrated on pages 87 to 90.

Investec/The Fund does not currently apply the King III principle of independent assurance of the Sustainability reporting and disclosure by an external expert.

The audit committee has overseen the integrated annual report, including sustainability disclosures, which have been verified by the Internal Audit division.

We recognise the importance of sustainability reporting and the need for verification of our efforts in this area. However, this is a developmental area and we will aim to commission external verification as the Fund grows and this discipline evolves into the future.

Governance framework

The Fund has adopted a risk and governance structure which allows for the operation of the various board committees.

A diagram of the governance framework is depicted above. The roles and responsibilities of the various board committees can be found on page 43 of the corporate governance report.

Financial reporting and going concern

The board is required to confirm that it is satisfied that the Fund has adequate resources to continue in business for the foreseeable future.

The assumptions underlying the going concern statement are discussed at the time of the approval of the annual financial statements by the board. These include:

- Budgeting and forecasts
- Profitability
- Capital
- Liquidity.

In addition, the directors are responsible for monitoring and reviewing the preparation, integrity and reliability of the annual financial statements, accounting policies and the information contained in the integrated annual report.

In undertaking this responsibility, the directors are supported by an ongoing process for identifying, evaluating and managing the significant risks the Fund faces in preparing financial and other information contained in this integrated annual report. The process is implemented by management and independently monitored for effectiveness by the audit and risk and other sub-committees of the board.

Our annual financial statements are prepared on a going concern basis, taking into consideration:

- The Fund's strategy and prevailing market conditions and business environment
- Nature and complexity of our business
- Risks we assume, and their management and mitigation
- Key business and control processes in operation
- Credit rating and access to capital
- Needs of all our stakeholders
- Operational soundness
- Accounting policies adopted
- Corporate governance practices
- Desire to provide relevant and clear disclosures
- Operation of board committee support structures.

The board is of the opinion, based on its knowledge of the workings of the Fund and the key processes in operation and specific enquiries, that there are adequate resources to support the Fund as a going concern for the foreseeable future.

Furthermore, the board is of the opinion that the risk management processes and systems of internal control are effective.

Internal control

Risks and controls are reviewed and monitored regularly for relevance and effectiveness. The audit and risk committee assists the board in this regard. Robust risk management practices are promoted by the group risk management function, which is independent of operational management. The board recognises its responsibility for the overall risk and control framework and for the ongoing review of its effectiveness.

Internal control is designed to mitigate, not eliminate, significant risks faced. It is recognised that such a system provides reasonable, but not absolute, assurance against material error, omission, misstatement or loss. This is achieved through a combination of risk identification, evaluation and monitoring processes, appropriate decision and oversight forums, and assurance and control functions such as risk management, internal audit and compliance. These ongoing processes were in place throughout the year under review and up to the date of approval of the integrated annual report and accounts.

Internal Audit reports any control recommendations to senior management, Group Risk Management and the audit and risk committee. Appropriate processes, including review by the audit and compliance implementation forums, ensure that timely corrective action is taken on matters raised by Internal Audit.

Internal financial controls

Internal financial controls are based on established policies and procedures. Management is responsible for implementing internal financial controls by ensuring that personnel are suitably qualified, that appropriate segregation exists between duties, and that there is a suitable level of independent review. These areas are monitored by the board through the audit and risk committee and are independently assessed by Internal Audit and Compliance.

Processes are in place to monitor internal control effectiveness, identify and report material breakdowns, and ensure that timely and appropriate corrective action is taken.

The board of directors

The board is ultimately responsible for the financial performance and corporate governance of the Fund.

The board together with the constituted board committees are responsible for assessing and managing risk policies and philosophies, ensuring appropriate internal controls, overseeing major capital expenditure, acquisitions and disposals, approving the establishment of businesses and approving the introduction of new products and services. In fulfilling its responsibilities, the board together with management implements the plans and strategies.

The board seeks to exercise leadership, integrity and judgement in pursuit of strategic goals and objectives, to achieve long-term sustainability, growth and prosperity. It provides leadership within a framework of prudent and effective controls which ensures that risks are assessed and properly managed.

The board is guided by a board charter, which provides a framework within which the board operates as well as the type of decisions to be taken by the board and which should be delegated to management.

The board:

- Approves the Fund's strategy
- Ensures that the Fund complies with the applicable laws and considers adherence to non-binding rules and standards
- Is responsible for the governance of risk, including that of information technology (IT)
- Acts as focal point for and custodian of corporate governance
- Provides effective leadership based on an ethical foundation
- Ensures the Fund is and is seen to be a responsible corporate citizen.

The board meets its objectives by reviewing and guiding corporate strategy, setting the values and standards, promoting high standards of corporate governance, approving key policies and objectives and ensuring that obligations to its shareholders and other stakeholders are understood and met. By understanding the key risks, determining our risk tolerance and approving and reviewing the processes in operation, the board seeks to mitigate risk from materialising.

Certain matters are specifically reserved for the board. To achieve its objectives, the board may delegate certain of its duties and functions to various board committees, or the CEO, without abdicating its own responsibilities:

- The board has formally defined and documented, by way of terms of reference, the authority it has delegated to the various board committees
- In fulfilling its responsibilities, the board is supported by management in implementing the plans and strategies approved by the board.

Furthermore, directly or through its sub-committees, the board:

- Assesses the quantitative and qualitative aspects of performance through a comprehensive system of financial and non-financial monitoring involving an annual budget process, detailed monthly reporting, regular review of forecasts and regular management strategic and operational updates
- Approves annual budgets, capital plans, projections and business plans
- Monitors compliance with relevant laws, regulations and codes of business practice
- Ensures there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders and monitors our communication with all stakeholders and disclosures made to ensure transparent and effective communication
- Identifies and monitors key risk areas and key performance indicators
- Reviews processes and procedures to ensure the effectiveness of internal systems of control
- Ensures we adopt sustainable business practices, including our social and environmental activities
- Assisted by the audit committee, ensures appropriate IT governance processes are in place, and ensures that the process is aligned to the performance and sustainability objectives of the board
- Ensures information assets are managed effectively
- Ensures the appropriate risk governance, including IT, are in place including continual risk monitoring by management, determines the levels of risk tolerance and that risk assessments are performed on a continual basis
- Ensures the integrity of the company's integrated annual report, which includes sustainability reporting
- Ensures the induction and ongoing training and development of directors
- Evaluates the performance of senior management and considers succession planning.

Membership

During the course of the year under review, the board comprised two executive directors and six non-executive directors. At 31 March 2015, the board was compliant with Chapter 2, Principle 2.18 of King III in that the majority of non-executive directors were independent.

A summary of the factors the board uses to determine the independence of non-executive directors is detailed below:

Chairman and chief executive officer

The roles of the chairman and chief executive officer are distinct and separate with a clear division of responsibilities that has been approved by the board. The chairman leads the board and is responsible for ensuring that the board receives accurate, timely and clear information to ensure that directors can perform their duties effectively.

Lead independent director

Graham R Rosenthal is the lead independent director (LID) appointed in accordance with King III to overcome any potential issues arising from the existence of a non-independent chairman. He is available to address any concerns or questions from shareholders and non-executive directors.

Company secretaries

The company secretarial role is performed by Investec Bank Limited. The role of company secretary is performed by Niki van Wyk who oversees the company secretarial services rendered by Investec Bank Ltd to Investec Property Fund Ltd. Ms van Wyk is not a director or a shareholder of the Fund and the board is of the opinion that Ms van Wyk maintains an arm's length relationship with the board and the individual directors as envisaged by the JSE listing requirements. The board maintains the view that she is suitably qualified, competent and experienced to perform the role of company secretary.

The company secretary is responsible for the flow of information to the board and its committees and for ensuring compliance with board procedures. All directors have access to the advice and services of the company secretaries whose appointment and removal are a board matter.

Independent advice

Through the chairman or the company secretary, individual directors are entitled to seek professional independent advice on matters related to the exercise of their duties and responsibilities at the expense of the Fund.

Re-election of board members

In accordance with the Memorandum of Incorporation, at least one-third of the non-executive directors will retire at each annual general meeting.

Tenure

The board is of the view that none of the current non-executive directors has served on the board for a period which materially interferes with their ability to act in the Fund's best interests. The board is of the view that the non-executive directors are independent of management and promote the interests of stakeholders. The balance of executive and non-executive directors is such that there is a clear division of responsibility to ensure a balance of power, such that no one individual or group can dominate board processes or have unfettered powers of decision-making.

Skills, knowledge, experience and attributes of directors

The board considers that the skills, knowledge, experience and attributes of the directors as a whole are appropriate for their responsibilities and our activities. The directors bring a range of skills to the board including:

- International business and operational experience
- Understanding of the economics of the sectors in which we operate
- Knowledge of the regulatory environments in which the Fund operates
- Financial, accounting, legal and property experience and knowledge.

The skills and experience profile of the board and its committees are regularly reviewed to ensure an appropriate and relevant composition from a governance, succession and effectiveness perspective.

Board and directors' performance evaluation

The performance of the board, its committees and individual directors are formally evaluated on an annual basis against recognised standards of corporate governance and covers all areas of the board's processes and responsibilities.

The performance evaluation process takes place both formally and informally, through personal observations and discussions, and/or in the form of evaluation questionnaires. The results are considered and deliberated upon by the board.

The LID holds one-on-one meetings with each director to discuss the results of the formal and informal evaluations and, in particular, to seek comments on strengths and developmental areas of the members, the chairman and the board as a whole.

Individual training and development needs are discussed with each board member and any requests for training are communicated to the company secretaries for implementation.

Terms of appointment

On appointment, non-executive directors are provided with a letter of appointment. The letter sets out, among other things, duties, responsibilities and expected time commitments, details of our policy on obtaining independent advice and, where appropriate, details of the board committees of which the non-executive director is a member.

Ongoing training and development

On appointment, directors are provided with an induction pack and participate in an induction programme tailored to their needs, to ensure they become familiar with the business operations, senior management, our business environment and internal controls, policies, processes and systems for managing risk.

Directors' ongoing training and development is a standing board agenda item, including updates on various training and development initiatives. Board members receive regular formal presentations on regulatory and governance matters as well as on the business and support functions.

Remuneration

Details of the directors' remuneration is set out below.

The Fund is managed by an external management company, Investec Property (the Manager), and therefore has no employees or personnel of its own.

The executive directors are not remunerated by the Fund. Instead, they are remunerated by the Manager, which in turn derives its income from the asset management fee paid to the Manager by the Fund.

The remuneration of non-executive directors is determined according to the number of board and sub-committee meetings attended by the non-executive directors during the financial year. The fees payable to the non-executive directors are fully disclosed and subject to the approval of the company's shareholders.

The proposed remuneration of non-executive directors for the year ending 31 March 2016 is set out below.

	Board meeting	Audit and risk committee meeting*	Social and ethics committee meeting*	Investment committee meeting*	Committee resolutions
Amount	R27 825	R16 695	R16 695	R16 695	R5 565

** An additional R5 565 is paid to the chairman of these committees.*

Board meetings

The board of the Fund meets at least four times annually. Six board meetings were held during the reporting period.

The chairman is responsible for setting the agenda for each meeting, in consultation with the chief executive officer and the company secretaries. Comprehensive information packs on matters to be considered by the board are provided to directors in advance of the meetings.

Directors	Indepen-dent	Years of service	Board	Audit and risk committee	Investment committee*	Social and ethics committee	Nominations committee**
Executive directors							
Sam Hackner (chairman)	No	4 years	6 (6)		–		
Samuel R Leon (chief executive officer)	No	4 years	6 (6)		–	2 (2)	
David AJ Donald (chief financial officer)	No	4 years	6 (6)	*			
Non-executive directors							
Michael P Crawford #		4 years	1 (6)	0 (4)	–		–
Constance M Mashaba		3 years, 6 months	6 (6)	4 (4)		2 (2)	
Graham R Rosenthal (LID)		3 years, 7 months	5 (6)	4 (4)	–		–
Moses M Ngoasheng	Yes	3 years, 6 months	4 (6)	2 (4)[1]	–	2 (2)	–
Suliman Mahomed	Yes	2 years, 11 months	6 (6)		–		
Luigi LM Giuricich	Yes	2 years, 4 months	6 (6)	*			

** By invitation.*
*** the nominations committee had informal discussions and passed a formal resolution in the current year.*
^ various resolutions were passed by the Investment Committee during the current year and related party transactions were approved at the board meetings held (which was attended by the Investment Committee members).
 # deceased 30 June 2014
1 appointed 12 August 2014

Directors' dealings

Directors' dealings in the securities of IPF are subject to a policy based on regulatory requirements and governance best practice. All directors' dealings require the prior approval of the compliance function and the chairman or, in the chairman's absence, the LID or another independent director. All dealings of persons discharging management responsibilities require approval by line management, the compliance division and the chairman.

Board committees

The board is empowered to delegate to various board and executive committees. The committees have specific terms of reference, appropriately skilled members and access to specialist advice when necessary.

Board committees and responsibilities

Board of directors

- Approves the Fund's strategy
- Ensures that the Fund complies with all applicable laws
- Is responsible for the governance of risk, including that of information technology (IT)
- Acts as focal point for, and custodian of, corporate governance
- Provides effective leadership based upon an ethical foundation
- Approves the terms of reference of board committees
- Ensures the Fund operates as a responsible corporate citizen.

Remuneration committee

The board is of the view that a remuneration committee is not required. The operations of the Fund are undertaken by the Manager; accordingly the Fund does not have any employees. The executive directors are employed by the Manager and are not remunerated for their services as directors of the Fund. The remuneration of the non-executive directors is determined by the board.

Audit and risk committee

The audit and risk committee's role and responsibilities include:

- Reviewing reports and annual financial statements and the integrated annual report
- Reviewing the appropriateness of accounting policies and application
- Overseeing the external audit process
- Considering the external audit scope
- Reviewing internal audit plans, reports, capacity and capability
- Ensuring compliance with legal requirements, accounting standards and the JSE listings requirements
- Ensuring the finance functions of the Manager, as they pertain to the Fund, are adequately skilled, resourced and experienced
- Ensuring the expertise and experience of the financial director is appropriate
- Ensuring the effectiveness of the internal financial controls
- Ensuring that the external auditors are independent.

Social and ethics committee

Since the functions of the committee are universal in nature, the board resolved to constitute the committee to monitor the activities of the Fund. There is a significant degree of overlap between matters dealt with by the audit and risk committee and the social and ethics committee.

The chairman of the audit and risk committee or his delegate is tasked with tabling a report at the SEC to give assurance in relation to the compliance function, control framework, procedure and processes as well as any other matters where there may be an overlap with issues dealt with by the audit and risk committee or attending meetings of the SEC to provide feedback.

Nominations committee

The nominations committee's role and responsibilities include:

- Identifying and nominating suitable candidates to fill vacancies on the board
- Determining and evaluating the adequacy, efficiency and appropriateness of the corporate governance structure and practices
- Establishing and maintaining a board directorship continuity programme to:
  - review the performance of and planning for successors to the executive directors and chairperson of the board
  - ensure the continued presence of non-executive directors
  - conduct an annual self-assessment of the board
- Regularly reviewing the structure, size and composition (including the skills, knowledge and experience) of the board
- Making recommendations to the board with regard to any proposed board changes
- Making recommendations to the board for the retention of a current director.

Board committees and responsibilities (continued)

Investment committee

The investment committee's role and responsibilities include:

- Review and approve any proposed
  - acquisitions or disposals of investment properties or related investments
  - development or redevelopment opportunities
  - any other investments or disinvestments for which the board may require investment committee approval
- Ensure all investment proposals approved by them are in the best interests of the Fund
- Assess whether any proposed deal is capable of causing significant risk, conflict of interest or embarrassment to the Fund.

Risk Management

Our comprehensive risk management process involves identifying, quantifying, managing and mitigating the risks associated with the business.

Risk awareness, control and compliance are embedded in all our day-to-day activities. Investec Group Risk Management monitors, manages and reports on our risks to ensure it is within the stated risk appetite as mandated by the board of directors through the operational risk function. The Fund is ultimately responsible for specific risks that arise.

We monitor and control risk exposure through Operational, Compliance and Legal Risk reporting teams. This approach is core to assuming a tolerable risk and reward profile, helping us to pursue sustainable growth across our business.

Operational risk

We endeavour to manage operational risk exposures and events by maintaining and embedding an operational risk management framework which supports sound operational risk management practices.

Policies and procedures are developed at an Investec group level to ensure that operational risk is managed in an appropriate and consistent manner. The embedded risk managers (ERMs) manage operational risk through review, challenge and escalation of issues. Significant risk exposures and events are subject to action and escalation by the ERMs in terms of the operational risk appetite policy. This policy sets out the operational risk exposure that the group is willing to accept or retain.

With oversight from the board, management implements and embeds policies and procedures to manage operational risk and ensures alignment with the approved risk appetite.

Insurance

The Fund maintains the requisite insurance to cover key insurable risks. The insurance process and Risk Management and Group Insurance Risk Management ensure that there is an exchange of information in order to enhance the mitigation of operational risks.

Business continuity management

In the event of a major disruption, an incident management framework is used to manage the disruption. Continuity is achieved through an orchestrated response, which includes relocating impacted business to the designated recovery site(s). Dedicated resources ensure all governance processes are in place with business and technology teams responsible for activating and managing the recovery process.

The group conducts regular exercises and testing of recovery procedures to ensure that its recovery capability remains appropriate.

Legal risk management

Legal risk is the risk of loss resulting from any of our rights not being fully enforceable or from our obligations not being properly performed. This includes our rights and obligations under contracts entered into with counterparties.

We seek to actively mitigate these risks by identifying them, setting minimum standards for their management and allocating clear responsibility for such management to legal risk managers, as well as ensuring compliance through proactive monitoring.

Overall responsibility for this policy rests with the board. The board delegates responsibility for implementation of the policy to the head of legal risk.

Risk management

Risk	Impact	Mitigation
Operational risk due to inadequate or failed internal processes	Loss or volatility of earnings	• Promotion of appropriate and relevant operational risk management practices
Business continuity risk	Loss of important management information, delays in billing and collections in revenue or payment of expenditure resulting in client queries and inaccurate expenses	• The Manager forms part of the Investec global business continuity management capability which focuses on building an appropriate level of resilience into Investec's operations to mitigate the risk of severe operational disruptions occurring and with information security being a key area of focus. Regular testing exercises are conducted annually, to ensure that its recovery capability remains appropriate. • The property management process is sub-contracted to the various property management companies, which adopt a similar process to mitigate the risk of operational disruptions at its business. The Fund has confirmed these processes with the property management companies.
Interest rate risk	Movements in interest rates will result in increased borrowing costs, and hence reduce the distributable earnings	• At least 75% of the borrowings are hedged using interest rate swaps • Monitoring of the costs of borrowings and restructuring the borrowings whenever appropriate.
Liquidity risk	Loss of important management information, delays in billing and collections in revenue or payment of expenditure resulting in client queries and inaccurate expenses	• Manage our cash flows and monitor the liquidity needs via accurate forecasts of cash requirements • Manage the maturity of debt to ensure evenly spread • Ensure there is a contingency funding plan (the R500 million bridge loan facility).
Investment risk	• Buying properties at prices above market rates • Making investments where the yield does not cover the cost of financing • Capital erosion • Reduction of distributable earnings	• Investment committee reviews and approves all investments with reference to internal valuations and forecasts • Detailed due diligence process • Ensuring a fairly conservative approach seeking to acquire properties that offer good value with consistent and reliable income streams.
Poor service from the property managers (Broll, Finlays, Periscopic and Hermans and Romans)	• Client dissatisfaction and non-renewal of leases	• Service level agreements with the property managers outlining minimum service levels expected • Constant and open communication with the property managers to ensure their goals are aligned with those of the Fund • Communication with clients to identify any deficiencies in the quality of service.

Risk management (continued)

Risk	Impact	Mitigation
Vacancies	• Loss of revenue • Decreased distributable earnings	• Monitoring the tenancy schedules to ensure vacancies are known about in advance • Asset managers continually looking for prospective clients and meeting their needs.
Lease expiries concentrated in a single period	• Erosion of rental income and increases in property holding costs • Increases in tenant installation and letting commissions • Potential of discounting the rental rates to below market rates	• Monitoring the lease expiry profiles • Concentration of management on tenant retention and renewals • Dedicated team of external brokers focused on securing long-term leases.
Reputational risk and conflicts of interest	• Reputation tarnished and return to shareholders reduced • Investments inappropriate due to conflicts of interests	• Board of directors committed to integrity and honesty • Board-approved policy statement in place to ensure that we comply with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy • Investment committee comprises a majority of independent directors to mitigate any potential conflicts of interest that may arise when considering acquisition opportunities from the Investec group.
Property damage or destruction risk	• Unforeseen damage to properties could increase expenses and thus reduce the distributable earnings	• The Manager maintains adequate insurance to cover key insurable risks of the Fund
Regulatory and compliance risk	• Potential non-compliance with any regulatory requirements may result in reputational risk and possible penalties	• The board members endeavour to comply with the highest professional standards of integrity and behavior, which builds trust • The Investec Group Compliance and Group Legal functions ensure that the Fund and the Manager continuously comply with existing and emerging regulations that impact on its operations.
Information security risk	• Leaks of information could result in reputational risk and loss of clients	• Strong controls are in place over information systems and data management • Group ERM focuses on ensuring confidentiality, integrity and integrity of information.
Foreign exchange risk	• Volatility of distributions from investments in foreign entities declaring distributions in currencies other than Rands	• Hedging strategies are implemented by taking out forward exchange contracts and swap derivatives to offset currency variation.

Risk	Impact	Mitigation
Business continuity	• Major disruption to business or technology	• An incident management framework which achieves continuity through an orchestrated response and relocation of the impacted business to a designated recovery site. • The group conducts regular exercises and testing of recovery procedures
Legal risk	• Rights not being enforceable or obligations not performed properly including under contracts with counterparties	• Identification of risks • Setting minimum standards for management • Setting clear responsibility to legal risk managers who report to the board.

Internal Audit

Internal Audit activity is governed by an Internal Audit charter which is approved by the audit committee and is reviewed annually. The charter defines the purpose, authority and responsibilities of the function.

The head of Internal Audit reports to the audit and risk committee and has a direct reporting line to the chairman of the audit committee. He operates independently of executive management but has access to the chief executive officer. The head of Internal Audit is responsible for co-ordinating Internal Audit efforts to ensure coverage is adequate and departmental skills are leveraged to maximise efficiency.

Every year, Internal Audit conducts a formal risk assessment of the entire business from which a comprehensive risk-based audit plan is derived. The assessment and programme are validated by executive management and approved by the audit and risk committee.

Internal Audit also liaises with the external auditors and other assurance providers to enhance efficiencies in terms of combined assurance. The annual plan is reviewed regularly to ensure it remains relevant and responsive, given changes in the operating environment. The audit and risk committee approves any changes to the plan.

Significant control weaknesses are reported, in terms of an escalation protocol, to the assurance forums where remediation procedures and progress are considered and monitored in detail by management.

The audit and risk committee receives a report on significant issues and actions taken by management to enhance related controls. An update on the status of previously raised issues is provided by Internal Audit to the audit and risk committee; if there are concerns in relation to overdue issues these will be escalated to the executive risk review forum to expedite resolution.

Compliance

The Fund endeavours to comply with the highest professional standards of integrity and behaviour, always keeping the interests of our customers and shareholders at the forefront of the corporate agenda. We also seek to establish high standards of compliance practice to build trust and promote the quality of service to our colleagues and clients.

Compliance risk is managed through internal policies and procedures, which include legal, regulatory and operational requirements relevant to the business. In addition to monitoring compliance with the provisions prescribed by the respective regulatory authorities, key compliance functions include ensuring that the business is not being used for money laundering, terrorist financing or market abuse, that customers are fairly treated and afforded the necessary consumer protections and that conflicts of interests are adequately identified and managed.

Property Sector Charter

The board recognises that the objectives of the charter are a vital component of the overall sustainability of the company. It is a stated intention, to develop strategies that address each of the key components of the charter. The Fund is required to comply fully with the charter.

BBBEE Status

The social and ethics committee is responsible for overseeing implementation of the objectives of the charter. In the year under review, Empowerdex was mandated to conduct a formal assessment.

A formal verification of the Fund's BBBEE status took place, with the Fund receiving a level 3 accreditation.

REIT legislation

The Fund is fully compliant with all enacted REIT legislation and regulations. The Fund was approved as a REIT by the JSE with effect from 1 April 2013. The conversion of the Fund's capital structure from a linked unit to an ordinary share was approved by shareholders and was brought into effect during the previous year. The MOI was amended and registered by the CIPC.

Protection of Personal Information Act (POPI)

Once enacted in full, POPI will have a material impact on all aspects of the Fund's business that concern the processing of personal information in respect of our clients.

Competition Commission

All transactions in excess of the prescribed thresholds require Competition Commission approval. All notifications and applications are dealt with by attorneys who specialise in this field of law. The acquisitions during the period, including the Investec Property transactions were approved without conditions.

Communication, public disclosure obligations and stakeholder relations

The board recognises that effective communication is integral to building stakeholders value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial information to primary stakeholders. The aim is to enable stakeholders to make meaningful assessments and informed investment decisions about the Fund.

We endeavour to present a balanced and understandable assessment of our position by addressing material matters of significant interest and concern. We seek to highlight the key risks to which we consider ourselves exposed and our responses to minimise the impact of these risks. Another objective is to show a balance between the positive and negative aspects of our activities in order to achieve a comprehensive and fair account of our performance.

We comply with the disclosure obligations contained in the JSE Listing Rules and with any public disclosure obligations required by the regulators.

Our stakeholders

Goal	Processes to ensure compliance with public disclosure
To comply with the disclosure obligations contained in the applicable JSE listings requirements. The company secretary and our sponsor – the Corporate Finance Division of Investec Bank Limited – ensure that we meet our public disclosure obligations. We have a board approved policy statement in place to ensure that we comply with all relevant public disclosure obligations and uphold the board's communication and disclosure philosophy.	• Significant announcements are released directly to the market primarily via the services offered by the JSE. These documents are also released on our website • Maintenance of a comprehensive investor relations component to the Fund's website, which ensures that all stakeholders readily have access to historical and current information • Executive management meet with the key shareholders at least twice a year, after the release of interim and year-end results • Shareholders are encouraged to attend the annual general meeting and to raise issues and participate in discussions on items included in the notice of the annual general meeting • The chairpersons of the audit and risk, social and ethics, investment and the nominations committees, as well as the LID, attend the annual general meeting to respond to relevant questions • All valid proxy appointments are recorded and counted and, at general meetings, a schedule of the proxy votes cast is available to all shareholders • Separate resolutions are posed on each substantially separate issue and do not bundle resolutions together inappropriately. All resolutions are determined on a poll • Shareholders are required to approve the integrated annual report, accounts and the remuneration of our non-executive directors. The outcome of votes are released on the stock exchange news services (SENS) and posted on our website • The chairperson and the non-executive directors are committed to communicating with shareholder representative bodies to help develop a balanced understanding of their issues and concerns. We will continue to engage these bodies so as to remain informed of emerging governance issues.

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Audited consolidated annual financial statements

Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Investec Property Fund Limited.

These financials comprise:

- Statement of financial position at 31 March 2015
- Statement of comprehensive income for the year ended 31 March 2015
- Statement of changes in equity for the year ended 31 March 2015
- Statement of cash flows for the year ended 31 March 2015
- Notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, and
- Directors' report,

in accordance with International Financial Reporting Standards and the requirements of the Companies Act, as amended.

The directors are also responsible for such internal controls as they determine necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the company's annual financial statements

The annual financial statements of Investec Property Fund Limited, as identified in the first paragraph, were approved by the board of directors on 19 June 2015 and are signed on their behalf by:

Sam Hackner	Samuel R Leon
Chairman	*Deputy chairman*

26 June 2015

Sandton

Certificate of company secretary

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, as amended (the Act), we hereby certify that the company has filed the required returns and notices in terms of the Act for the financial year ended 31 March 2015 and that, to the best of our knowledge and belief, all such returns and notices are true, correct and up to date.

Niki van Wyk
Company secretary
Investec Bank Limited

26 June 2015
Sandton

Independent auditor's report to the Shareholders of Investec Property Fund Limited

Report on the consolidated financial statements

We have audited the consolidated annual financial statements of Investec Property Fund Limited set out on pages 56 to 85, which comprise the statements of financial position as at 31 March 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Investec Property Fund Limited as at 31 March 2015, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated annual financial statements for the year ended 31 March 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst & Young Inc.

Director – Rosanne de Lange
Registered Auditor
Chartered Accountant (SA)

Ernst & Young Inc
102 Rivonia Road
Sandton

26 June 2015

Annual financial statements

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Report of the audit and risk committee

The audit and risk committee of the Fund has pleasure in submitting this report to shareholders as required by the Companies Act No 71 of 2008 (the Companies Act) and as recommended by the King III Code of Governance Principles for South Africa (the King III Code).

The activities of the audit and risk committee (the committee), which comprises three independent non-executive directors, are determined by its terms of reference and mandate as set out on page 43.

The committee is satisfied that it has considered and discharged its responsibilities in terms of its mandate and terms of reference, the King III Code and the Companies Act.

The committee carried out its duties by, inter alia, reviewing the following:

- Internal audit reports
- Financial management reports
- Information technology reports pertaining to financial reporting
- External audit reports
- Management's enterprise risk assessment.

The abovementioned information, together with interaction with the external and internal auditors, management and other invitees attending meetings in an ex officio capacity, enabled the committee to conclude that the risk management process and systems of internal financial control have been designed and were operating effectively during the year.

The committee is satisfied:

- Its members have the requisite financial skills and experience to contribute to its deliberations
- With the independence and effectiveness of the external auditor, including the provision of non-audit services and compliance with the company policy in this regard. Accordingly, the committee nominates Ernst & Young Inc. as independent auditors to continue in office until the conclusion of the 2016 annual general meeting
- The company has complied with the majority of the principles of the King III Code and the JSE listings requirements
- It considered and approved the audit fee payable to the external auditors in respect of the audit for the year ended 31 March 2015 as well as their terms of engagement and scope of the audit
- That the appointment of the external auditor and IFRS adviser are in compliance with the Companies Act, the Auditing Professions Act and the JSE listings requirements
- With the effectiveness of the internal audit function and that the system of internal financial control in all key material aspects is effective and provides reasonable assurance that the financial records may be relied upon for the preparation of the annual financial statements
- With the expertise and experience of the chief financial officer and the overall adequacy and appropriateness of the finance function.

The committee, having fulfilled the oversight role regarding the reporting process and the integrated annual report, recommends the integrated annual report and the annual financial statements at and for the year ended 31 March 2015 for approval by the board of directors.

Graham Rosenthal
Chairman
Audit and risk committee

26 June 2015
Sandton

Annual financial statements

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Directors' report

Investec Property Fund Limited is a South African Real Estate Investment Trust, which listed on the JSE in the Real Estate Holdings and Development Sector on 14 April 2011 and currently comprises a portfolio of 80 properties in South Africa with a total gross lettable area ("GLA") of 831 990m² valued at R8.2 billion and a R502 million investment in Investec Australia Property Fund Limited ("IAPF").

Four years ago when the Fund listed on the JSE, the property portfolio comprised 29 properties in South Africa with a total GLA of 369 189m², acquired for R1.7 billion. The fund acquired R1.9 billion of new property during the financial year and also increased its investment in IAPF by R222 million in October 2014.

Authorised and issued share and debenture capital

The authorised share capital of the Fund is 1 000 000 000 ordinary shares of no par value at 31 March 2015.

The Fund issued 12 488 699 ordinary shares in the DRIP undertaken for the 2014 final dividend, 39 403 756 ordinary shares in part settlement of acquisition considerations (331 034 shares issued on 18 May 2015) and 18 889 966 ordinary shares as part of its accelerated bookbuild undertaken in November 2014. At 31 March 2015 there are 436 690 118 ordinary shares in issue and to be issued.

Financial results

The results of the Fund are set out in the annual financial statements and accompanying notes for the year ended 31 March 2015.

Final dividend

An interim dividend number 7 of 54.65188 cents per share was declared for the six months ended 30 September 2014. The distribution was paid on 15 December 2014.

Shareholders were given notice of a final dividend declaration number 8 of 64.49652 cents per share for the six months ended 31 March 2015. The final distribution was paid on 15 June 2015.

Directors and secretary

Sam Hackner, Constance M Mashaba and Moses M Ngoasheng retire by rotation at the forthcoming annual general meeting in terms of article 22 of the company's Memorandum of Incorporation, and offer themselves for re-election.

Effective 1 April 2015, Sam Leon assumed the role of deputy chairman in a non-executive capacity.

Details of the directors and company secretary can be found on pages 41 and 42 of these consolidated annual financial statements.

Directors' interests in shares

The directors' interests in shares are set out on page 98.

Directors' remuneration

Executive directors who are employed by the Manager will not be remunerated directly by the Fund for their services as directors, as the Fund pays the asset management fee to the Manager.

The remuneration paid to the executive directors for their services as directors of the Fund is paid by the Manager.

The remuneration paid by the Manager to the executive directors for the current financial year for services on behalf of the Fund, and who act as the prescribed officers of the Fund, is as follows:

For the year ended 31 March 2015 R'000	Salary	Total
Director		
Samuel R Leon	2 434	2 434
David AJ Donald	1 082	1 082
Total	3 516	3 516

The remuneration paid by the Fund to the non-executive directors for the current year is as follows:

For the year ended 31 March 2015 R'000	Directors' fees	Total
Director		
Sam Hackner[1]	178.5	178.5
Luigi Giuricich	168.0	168.0
Suliman Mahomed	168.0	168.0
Constance M Mashaba	252.0	252.0
Moses M Ngoasheng	194.3	194.3
Graham R Rosenthal	236.3	236.3
Michael P Crawford	57.8	57.8
Total	1 254.9	1 254.9

[1] *Paid by the Manager*

Corporate governance

The Fund's corporate governance board statement and governance framework are set out on pages 39 to 44.

Audit and risk committee

The audit and risk committee comprising independent non-executive directors meets regularly with the senior management of the Manager, the external auditors, Investec Operational Risk, Investec Internal Audit, Investec Compliance and Investec Finance, to consider the nature and scope of the audit reviews and the effectiveness of our risk and control systems.

Further details on the role and responsibility of the audit and risk committee are set out on page 43.

Auditors

Ernst & Young Inc. have indicated their willingness to continue in office as auditors of Investec Property Fund Limited.

A resolution to appoint them as auditors will be proposed at the annual general meeting scheduled to take place on Wednesday, 29 July 2015.

Contracts

The Fund does not have any contracts with directors.

Interests in subsidiaries

During the year, the Fund has acquired 100% interests in five subsidiaries; namely Spareprops Pty Ltd, Bethlehem Property Development Pty Ltd, Fleurdal Properties Pty Ltd, Erf 145 Isando Properties Pty Ltd, Lekup Property Company No 6 Pty Ltd.

Major shareholders

The largest shareholders of the Fund are set out on page 97.

Shareholder resolutions

At the annual general meeting of shareholders held on 25 July 2014, special resolutions were passed in terms of which:

- A renewable authority was granted to the directors to allot and issue shares for cash in respect of 3.04% of the authorized but unissued shares in terms of the provisions of the Companies Act, No 71 of 2008
- A renewable authority was granted to the company to acquire its own shares in terms of the provisions of the Companies Act, No 71 of 2008
- A renewable authority was granted to the company to approve directors' remuneration in order to comply with the provisions of sections 66(11)(h) and 66(9) of the Companies Act, No 71 of 2008
- A renewable authority was granted to the company to provide financial assistance to subsidiaries and other related entities in order to comply with the provisions of sections 44 and 45 of the Companies Act, No 71 of 2008

At the general meeting of shareholders held on 21 January 2015, ordinary resolutions were passed in terms of which:

- the acquisition of the Investec Property portfolio, a related party transaction was approved
- directors were authorised to issue shares specifically in relation to the Dividend Reinvestment Programme

Accounting policies and disclosure

Accounting policies are set having regard to commercial practice, and comply with applicable South African law and International Financial Reporting Standards.

These policies are set out on pages 64 to 67.

Financial instruments

Detailed information on the Fund's risk management process and policy can be found in the risk management report on pages 45 to 47.

Information on the Fund's use of derivatives and hedges can be found on pages 80 and 84 and in notes 25 and 26.

Management and administration

With effect from 1 April 2011, Investec Property (Pty) Ltd, a wholly owned subsidiary of Investec, has been undertaking, in terms of an asset management and property management agreement, the Fund's asset management and property management activities. Investec Property (Pty) Ltd has, in turn, outsourced all of the property management to property management companies, namely Broll, Finlay, Periscopic and Hermans & Roman.

The asset management fee paid by the Fund to the Manager for the current year amounted to R35.9 million.

Environmental policies

We are committed to pursuing sound environmental policies in all aspects of our business and we seek to encourage and promote good environmental practice with our clients and the communities in which we operate.

Capital commitments

At 31 March 2015, the Fund has committed to capital expenditure of R66.1 million in relation to the Balfour refurbishment and Dihlabeng extension.

Subsequent events

The Fund issued an announcement on 5 June 2015 that it has entered into an agreement to acquire a portfolio of 22 properties for R826 million from Griffin Holdings.

Consolidated statement of comprehensive income

For the year ended 31 March R'000	Notes	2015	2014
Revenue, excluding straight line rental adjustment		725 664	520 862
Straight-line rental adjustment		120 765	45 132
Revenue	2	846 429	565 994
Property expenses	3	(120 559)	(90 586)
Net property income		725 870	475 408
Other operating expenses	4	(42 703)	(32 105)
Operating profit		683 167	443 303
Fair value adjustments	5	293 118	211 610
Profit on sale of investment property		2 444	10 988
Income from investment		32 981	7 354
Finance costs	6	(136 648)	(57 369)
Finance income	7	9 602	10 745
Profit before debenture interest and taxation		884 664	626 631
Debenture interest		–	(119 935)
Profit before taxation		884 664	506 696
Taxation	8	–	39
Profit after taxation		884 664	506 735
Items that may be reclassified to profit and loss:			
Other comprehensive income: (loss)/gain on cash flow hedge		(276)	276
Total comprehensive income attributable to equity holders		884 388	507 011

Number of shares			
Shares in issue and to be issued	14	436 690 118	365 576 663
Weighted average number of shares in issue	10	391 675 867	330 736 792

Cents			
Final dividend per share		64.50	57.74
Interim dividend per share		54.65	50.46
Full year dividend per share	9	119.15	108.20
Basic earnings per share	10	225.87	153.30
Headline earnings per share	10	142.17	142.03

Consolidated statement of financial position

At 31 March R'000	Notes	2015	2014
ASSETS			
Non-current assets		8 706 536	6 117 243
Investment property	11	7 964 158	5 708 131
Straight-line rental adjustment	11	237 467	116 702
Derivative financial instruments		2 815	3 714
Investment	11	502 096	288 696
Current assets		127 960	436 082
Trade and other receivables	12	66 965	77 766
Cash and cash equivalents	13	60 995	358 316
Total assets		8 834 496	6 553 325
EQUITY AND LIABILITIES			
Shareholders' interest		6 615 768	5 112 629
Stated capital		5 677 360	4 645 756
Retained earnings		938 408	466 597
Cash flow hedge reserve		–	276
Non-current liabilities		1 736 164	944 864
Long-term borrowings	16	1 718 109	944 864
Derivative financial instruments		18 055	–
Current liabilities		482 564	495 832
Trade and other payables	17	148 564	415 815
Current portion of non-current liabilities	16	334 000	80 017
Total equity and liabilities		8 834 496	6 553 325
Net asset value per share (cents)		1 515	1 399

Consolidated statement of changes in equity

For the year ended 31 March R'000	Stated capital	Retained earnings	Cash flow hedge reserve	Total shareholders' interest
Balance at 1 April 2013	3 172	–	–	3 172
Capital conversion	4 088 881	–	–	4 088 881
Total comprehensive income attributuable to equity holders	–	506 735	276	507 011
Equity raised	594 000	–	–	594 000
Dividends paid to ordinary shareholders	–	(180 768)	–	(180 768)
Shares to be issued	100 333	–	–	100 333
Transfers between reserves[1]	(140 630)	140 630	–	–
Balance at 31 March 2014	4 645 756	466 597	276	5 112 629
Total comprehensive income attributable to equity holders	–	884 664	(276)	884 388
Shares issued (net of expenses)	1 039 977	–	–	1 039 977
Shares to be issued	4 800	–	–	4 800
Dividends paid to ordinary shareholders	–	(426 026)	–	(426 026)
Transfers between reserves[1]	(13 173)	13 173	–	–
Balance at 31 March 2015	5 677 360	938 408	–	6 615 768

[1] *Relates to antecedent-dividends*

Annual financial statements

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Consolidated statement of cash flows

For the year ended 31 March R'000	Notes	2015	2014
Cash flows from operating activities			
Cash generated from operations	18	613 090	390 903
Finance income received		9 602	10 745
Finance costs paid		(118 258)	(48 494)
Income from investment		24 551	–
Taxation paid		–	(46)
Dividends paid to shareholders		(426 026)	(344 975)
Net cash inflow from operating activities		102 959	8 133
Cash flows from investing activities			
Investment property acquired		(1 589 456)	(972 970)
Investment in IAPF		(222 239)	(235 500)
Proceeds on sale of investment property		11 491	51 423
Additions and improvements to investment properties		(81 913)	(60 500)
Net cash outflow from investing activities		(1 882 117)	(1 217 547)
Cash flows from financing activities			
Term loans raised		285 116	575 000
Commercial paper issued		200 000	–
Corporate bonds issued		620 000	–
Repayment of current loans		(80 000)	–
Proceeds from issue of shares		456 721	594 000
Net cash inflow from financing activities		1 481 837	1 169 000
Net decrease in cash and cash equivalents		(297 321)	(40 414)
Cash and cash equivalents at beginning of year		358 316	398 730
Cash and cash equivalents at end of year	13	60 995	358 316

Segmental analysis

For the year ended 31 March 2015 R'000	Office	Industrial	Retail	Total
Statement of comprehensive income				
Revenue, excluding straight-line rental adjustment	264 784	165 315	295 565	725 664
Straight-line rental adjustment	50 077	13 517	57 171	120 765
Property expenses	(34 747)	(24 296)	(61 516)	(120 559)
Segment results	280 114	154 536	291 220	725 870
Net investment property revaluation	88 335	23 527	215 986	327 848
Total segment results	368 449	178 063	507 206	1 053 718
Other operating expenses				(42 703)
Other fair value adjustments				(34 730)
Income from investment				32 981
Profit on sale of investment property				2 444
Finance costs				(136 648)
Finance income				9 602
Profit before debenture interest and taxation				884 664
Statement of financial position extracts at 31 March 2015				
Investment property balance 1 April 2014	2 394 397	1 343 735	2 086 701	5 824 833
Acquisitions	670 948	156 524	1 023 466	1 850 938
Disposals	63	(9 000)	–	(8 937)
Developments and capital expenditure	3 143	1 616	81 419	86 178
Fair value adjustments	88 335	23 527	215 986	327 848
	3 156 886	1 516 402	3 407 572	8 080 860
Straight-line rental adjustment	50 077	13 517	57 171	120 765
Total assets as at 31 March 2015	3 206 963	1 529 919	3 464 743	8 201 625
Other assets not managed on a segmental basis				632 871
Total assets as at 31 March 2015				8 834 496

For the year ended 31 March R'000	Gauteng	Western Cape	KwaZulu-Natal	Eastern Cape
Statement of comprehensive income				
Revenue, excluding straight-line rental adjustment	496 789	82 991	23 880	8 015
Straight-line rental adjustment	82 960	6 939	2 520	(247)
Property expenses	(80 998)	(10 327)	(116)	(589)
Segment results	498 751	79 603	26 284	7 179
Net investment property revaluation	174 833	28 443	10 330	843
Total segment results	673 584	108 046	36 614	8 022
Statement of financial position extracts at 31 March 2015				
Investment property balance 1 April 2014	4 052 160	694 273	252 600	76 000
Acquisitions	1 079 312	90 997	–	–
Disposals	(8 937)	–	–	–
Developments and capital expenditure	50 447	488	–	4
Fair value adjustments	174 833	28 443	10 330	843
	5 347 815	814 201	262 930	76 847
Straight-line rental adjustment	82 960	6 939	2 520	(247)
Investment property at 31 March 2015	5 430 775	821 140	265 450	76 600
Other assets not managed on a segmental basis				
Total assets as at 31 March 2015				

North West	Free State	Mpumalanga	Limpopo	Northern Cape	Total
1 758	46 731	32 028	30 677	2 795	725 664
47	12 994	8 480	6 643	429	120 765
(29)	(22 210)	(3 594)	(2 437)	(259)	(120 559)
1 776	37 515	36 914	34 883	2 965	725 870
(47)	36 300	37 719	37 806	1 621	327 848
1 729	73 815	74 633	72 689	4 586	1 053 718
18 500	94 500	316 600	293 200	27 000	5 824 833
–	680 629	–	–	–	1 850 938
–	–	–	–	–	(8 937)
–	33 436	1 252	551	–	86 178
(47)	36 300	37 719	37 806	1 621	327 848
18 453	844 865	355 571	331 557	28 621	8 080 860
47	12 994	8 480	6 643	429	120 765
18 500	857 859	364 051	338 200	29 050	8 201 625
					632 871
					8 834 496

For the year ended 31 March 2014 R'000	Office	Industrial	Retail	Total
Statement of comprehensive income				
Revenue, excluding straight-line rental adjustment	174 860	134 470	211 532	520 862
Straight-line rental adjustment	31 631	10 733	2 768	45 132
Property expenses	(28 036)	(21 382)	(41 168)	(90 586)
Segment results	178 455	123 821	173 132	475 408
Net investment property revaluation	33 770	59 232	93 856	186 858
Total segment results	212 225	183 053	266 988	662 266
Other operating expenses				(32 105)
Other fair value adjustments				24 752
Profit on sale of investment property				10 988
Finance costs				(57 369)
Finance income				10 745
Income from investment				7 354
Profit before debenture interest and taxation				626 631
Statement of financial position extracts at 31 March 2014				
Investment property balance 1 April 2013	1 499 200	995 550	1 692 250	4 187 000
Acquisitions	827 927	278 930	288 646	1 395 503
Disposals	–	(40 600)	–	(40 600)
Developments and capital expenditure	1 869	39 890	9 181	50 940
Fair value adjustments	33 770	59 232	93 856	186 858
	2 362 766	1 333 002	2 083 933	5 779 701
Straight-line rental adjustment	31 631	10 733	2 768	45 132
Investment property at 31 March	2 394 397	1 343 735	2 086 701	5 824 833
Other assets not managed on a segmental basis				728 492
Total assets as at 31 March 2014				6 553 325

For the year ended 31 March 2015 R'000	Gauteng	Western Cape	KwaZulu-Natal	Eastern Cape
Statement of comprehensive income				
Revenue, excluding straight-line rental adjustment	360 835	62 572	22 727	7 090
Straight-line rental adjustment	32 821	8 441	4 340	186
Property expenses	(77 204)	(5 289)	(214)	(630)
Segment results	316 452	65 724	26 853	6 646
Net investment property revaluation	154 132	(18 275)	8 646	3 673
Total segment results	470 584	47 449	35 499	10 319
Statement of financial position extracts at 31 March				
Investment property balance 1 April 2013	2 611 446	598 923	244 001	52 276
Acquisitions	1 238 973	101 850	7 613	19 851
Disposals	(28 600)	–	(12 000)	–
Developments and capital expenditure	43 388	3 334	–	14
Fair value adjustments	154 132	(18 275)	8 646	3 673
	4 019 339	685 832	248 260	75 814
Straight-line rental adjustment	32 821	8 441	4 340	186
Investment property at 31 March	4 052 160	694 273	252 600	76 000
Other assets not managed on a segmental basis				
Total assets as at 31 March 2014				

	North West	Free State	Mpumalanga	Limpopo	Northern Cape	Total
	1 674	8 542	29 680	26 402	1 340	520 862
	131	(825)	348	(1 143)	833	45 132
	(61)	(881)	(4 328)	(1 840)	(139)	(90 586)
	1 744	6 836	25 700	23 419	2 034	475 408
	1 369	(2 675)	16 674	24 169	(855)	186 858
	3 113	4 161	42 374	47 588	1 179	662 266
	17 000	98 000	295 354	270 000	–	4 187 000
	–	–	194	–	27 022	1 395 503
	–	–	–	–	–	(40 600)
	–	–	4 030	174	–	50 940
	1 369	(2 675)	16 674	24 169	(855)	186 858
	18 369	95 325	316 252	294 343	26 167	5 779 701
	131	(825)	348	(1 143)	833	45 132
	18 500	94 500	316 600	293 200	27 000	5 824 833
						728 492
						6 553 325

Notes to the consolidated annual financial statements

Summary of accounting policies

Basis of preparation

The consolidated annual financial statements for the year ended 31 March 2015 are prepared in accordance with the International Financial Reporting Standards, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Standards Council, as well as the requirements of the Companies Act.

The annual financial statements have been prepared on a historical cost basis, unless otherwise indicated.

Fair value adjustments, where applicable, do not affect the calculation of distributable earnings per share to the extent that adjustments are made to the carrying values of assets and liabilities.

The annual financial statements are prepared on the going concern basis and the accounting policies set out below have been applied consistently by the Fund.

The preparation of annual financial statements in conformity with IFRS requires the board to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods. Please refer to note 26 for a discussion of these judgements and estimates.

The separate company financial statements are available at request from the company secretary at the registered office.

Accounting for associates

The investment in the IAPF is considered an associate in terms of IAS 28. The Fund has elected to measure the investment at fair value through profit or loss using the venture capital exemption on consolidation and classifying the investment in terms of IAS 39 – *Financial Instruments: Recognition and Measurement* at fair value through profit and loss.

Basis of consolidation

The group financial statements include those of the Fund and entities controlled by the Fund. The Fund controls an entity when:

- The Fund has power over the investee;
- Is exposed to, or has rights to the variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The consolidated financial statements include assets, liabilities, income, expenses and cash flows of the Fund and all entities controlled by the Fund. Intercompany transactions, balances and unrealised profits are eliminated on consolidation.

Segmental reporting

Determination and presentation of operating segments

The Fund has the following operating segments:

- Retail properties
- Office properties
- Industrial properties.

The above segments are derived from the way the business of the Fund is structured and managed. The Fund manages its business in the retail, office and industrial property sectors where resources are specifically allocated to each sector in achieving the Fund's stated objectives.

Segment results include revenue and expenses directly attributable to a segment, and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment. Segment assets and liabilities comprise those assets and liabilities that are directly attributable to the segment on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period on investment property in each segment.

Revenue recognition

Revenue from the letting of investment property in terms of rental agreements comprises gross rental income and recoveries of fixed operating costs, net of value added tax. Rental income is recognised in profit or loss on a straight-line basis over the term of the rental agreement. Recoveries of costs from lessees, where the Fund merely acts as an agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

Other revenue will be recognised at the fair value of the consideration received or receivable.

Revenue is recognised when it can be reliably measured and it is probable that the economic benefits will flow to the Fund.

Interest income

Interest earned on cash invested with financial institutions is recognised in the statement of comprehensive income on an accrual basis using the effective interest method.

Financial instruments

Financial instruments are initially recognised at their fair value plus, for financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities. All other transaction costs are charged to profit or loss in the statement of comprehensive income immediately.

Any gains or losses on these instruments arising from fair value adjustments, where appropriate, do not affect distributable earnings. The Fund recognises financial instruments on the date it commits to purchase or sell such instruments.

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability. The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost less any impairment, which approximates fair value as the effect of discounting is immaterial on these instruments. Any gains or losses on trade and other receivables are charged to profit or loss in the statement of comprehensive income. An estimate is made for credit losses based on a review of all outstanding amounts at the year end. Bad debts are written off as an expense in the statement of comprehensive income during the year in which they are identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in fair value. Cash and cash equivalents are measured at amortised cost.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates fair value as the effect of discounting is immaterial on these instruments. Any gains or losses on trade and other payables are charged to profit or loss in the statement of comprehensive income.

Derivative financial instruments

The Fund utilises derivative financial instruments to mitigate its exposure to interest rate risk arising from its financing activities as well as foreign exchange risk relating to expected inflows from the investment in IAPF. Derivatives used to mitigate interest rate risk are not designated as a hedge for accounting purposes and are accounted for at fair value through profit and loss. Depending on circumstances, on occasion derivatives held to hedge foreign exchange exposure are designated as cash flow hedges for accounting purposes.

All derivative instruments of the Fund are recorded in the statement of financial position at fair value.

In the case of derivatives not designated as hedges, any gains or losses are charged to profit or loss in the statement of comprehensive income. In the case of derivatives designated as cash flow hedges, the ineffective portion of the gain or loss on the hedging instrument shall be recognised in profit and loss immediately and the effective portion recognised in other comprehensive income.

Long-term borrowings

Long-term borrowings are initially recognised at fair value and subsequently at amortised cost.

Other financial liabilities

Non-derivative financial liabilities, other than debentures and trade and other payables, are measured initially and subsequently at fair value, with gains or losses being recognised in profit or loss in the statement of comprehensive income. The fair value is estimated by discounting the future cash payments using the market rate applicable at the reporting date.

Offset

Financial assets and liabilities are offset when there is both an intention to settle on a net basis (or simultaneously) and a currently enforceable legal right to offset exists.

Impairment

Impairment of financial assets

At each statement of financial position date the Fund reviews the carrying values of financial assets for an indication of impairment. For amounts due to the Fund, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. The carrying value is compared to the estimated recoverable amount, with any excess of the carrying value over the recoverable amount impaired and recognised as impairment. Impairment losses are recognised in profit or loss.

In determining whether an impairment loss should be recorded in profit or loss, the Fund makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Investment property

Properties held by the Fund which are held for capital appreciation or rental income are classified as investment properties. Investment properties are carried in the statement of financial position at fair value, with fair value gains and losses recognised in the statement of comprehensive income. Investment property consists of land and buildings, undeveloped land held to earn rental income and capital appreciation over the long term. Properties are measured initially at cost at acquisition, and subsequent additions that will result in future economic benefits and the cost can be measured reliably, are capitalised.

Investment property under construction is measured at fair value. Direct costs relating to major capital projects are capitalised until the properties are brought into commercial operation. Should any properties no longer meet the Fund's investment criteria and are sold; any profits or losses will be of a capital nature.

Subsequent to initial recognition, investment properties are measured at their fair value. Investment property is maintained, upgraded and refurbished, where necessary, in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs which do not give rise to future economic benefits are charged against profit or loss in the statement of comprehensive income.

Independent valuations are obtained on a rotational basis, ensuring that every property is valued at least once every three years by an external independent valuer.

The directors value the remaining properties that have not been independently valued annually on an open market basis.

Directors' valuations are prepared by considering the aggregate of the net annual rental receivable from the properties with market evidence as support. The directors are confident that their valuations accurately represent the fair value.

Gains or losses on subsequent measurement or disposals of investment properties are recognised in profit or loss in the statement of comprehensive income. Such gains or losses are excluded from the calculation and determination of distributable earnings.

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use. Investment property is valued by using the income capitalisation method or current market value determined by recent purchase price.

Impairment

At each statement of financial position date the Fund reviews the carrying value of non-financial assets, other than those measured at fair value, for indication of impairment. The recoverable amount, being the higher of fair value less cost to sell and value in use, is determined for any assets for which an indication of impairment is identified. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable value.

Impairment losses are recognised as an expense in the statement of comprehensive income in the period in which they are identified. Reversal of impairment losses is recognised in income in the period in which the reversal is identified, to the extent that the asset is not revalued to a carrying value above that which would have been calculated without impairment.

Rental agreements

A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a financial lease.

The Fund is party to numerous rental agreements in the capacity as lessor of the investment properties. All rental agreements are operating leases.

Where classified as operating leases, rentals payable/receivable are charged/credited in the statement of comprehensive income on a straight-line basis over the lease term. Contingent rentals (if any) are accrued to the statement of comprehensive income when incurred. This does not affect distributable earnings. Turnover-based rental is recognised when it is due in terms of the relevant rental agreement.

Property-letting commissions and tenant installations

When considered material, letting commissions and tenant installations are written off over the period of the lease to which they relate.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The interest capitalised is calculated using the Fund's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted.

Provisions, contingent liabilities and contingent assets

Provisions are liabilities of uncertain timing or amount, and are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Contingent assets and contingent liabilities are not recognised.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Taxation and deferred tax

Current tax payable is provided on taxable profits at rates that are enacted or substantively enacted and applicable to the relevant period. The Fund is registered as a REIT, and as such will only pay tax on profits not distributed to shareholders. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The Fund converted to a REIT on 16 August 2013. As a result, section 25BB of the Income Tax Act applies to qualifying REIT income and expenses.

The Fund is of the view that the provisions of IAS 12 – *Income Taxes* regarding different tax rates for distributed and undistributed profits are intended to apply where the only significant factor determining the differential tax rate is the retention or distribution of profit.

This view is applied given that this would reflect the economic reality of the Fund as being tax neutral.

The result is that no deferred tax is recognised by the Fund on REIT assets and liabilities.

Related parties

Related parties include any shareholder who is able to exert a significant influence on the operating policies of the Fund. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Fund are also considered to be related parties.

Any party appointed as the asset manager and property asset manager of the Fund is also considered to be a related party.

Ordinary share capital

Ordinary shares are classified as equity.

Dividends

Dividends are recognised when the obligation to make payment arises.

Key management assumptions

In preparation of the annual financial statements, the Fund makes estimations and applies judgment that could affect the reported amount of assets and liabilities within the next financial year. The key area in which judgment is applied lies with the valuation of investment properties. The valuation is performed by capitalising the budgeted net income of a property at the market-related yield applicable at the time assuming a constant yield.

Standards and interpretations applicable to the Fund, not yet effective

The following standards, which may have an impact on the Fund in the future, have been issued but are not yet effective.

IFRS 9 – *Financial Instruments:*

IFRS 15 – *Revenue for contracts with customers*

All other standards and interpretations issued but not yet effective are not expected to have a material impact on the Fund.

Changes in accounting policy and adoption of new standards

Standards that become effective during the year did not have an impact on the Fund.

For the year ended 31 March R'000	2015	2014
2. Revenue		
Contracted rental	608 359	452 124
Assessment rates recovered	40 916	25 663
Contracted operating cost recoveries	28 055	17 341
Other income	44 454	23 572
Turnover rental	3 880	2 162
Revenue, excluding straight-line rental adjustment	725 664	520 862
Straight-line rental adjustment	120 765	45 132
	846 429	565 994

For the year ended 31 March R'000	2015	2014
3. Property expenses		
Assessment rates	53 667	35 098
Cleaning	6 678	3 904
Consulting fees	3 382	514
Electricity – net	(1 856)	(117)
Cost	90 825	70 313
Recovery	(92 681)	(70 430)
Impairment loss relating to tenants and related receivables	3 546	598
Insurance	2 846	2 442
Letting commissions	1 735	3 171
Other property expenses	7 868	14 402
Property management expenses	15 693	11 022
Repairs and maintenance	7 486	7 129
Security	15 047	11 598
Tenant installation costs	666	1 763
Water and municipal charges – net	3 801	(938)
Cost	21 416	10 541
Recovery	(17 615)	(11 479)
	120 559	90 586

For the year ended 31 March R'000	2015	2014
4. Other operating expenses		
Asset management fee	35 872	26 362
Total audit fees	921	953
Total auditor's remuneration	1 216	1 265
Less: Non-attest fees directly attributable to transactions and capitalised	(180)	(312)
Less: Non-attest fees expensed through finance cost	(115)	–
Directors' fees	1 076	1 205
Legal fees	128	95
Other fund expenses	4 706	3 490
	42 703	32 105

For the year ended 31 March

R'000	2015	2014
5. Fair value adjustments		
Investment property revaluation	327 848	186 858
Fair value adjustment – (loss)/gain on derivatives instruments	(18 268)	9 008
Fair value adjustment – (loss)/gain on Investment	(16 462)	45 401
Fair value adjustment before debenture fair value adjustment	293 118	241 267
Debenture fair value adjustment	–	(29 657)
Total fair value adjustment	293 118	211 610

For the year ended 31 March

R'000	2015	2014
6. Finance costs		
Interest on corporate bonds	68 421	36 718
Interest on term debt	40 730	13 007
Interest on commercial paper	12 351	–
Other interest	15 146	7 644
	136 648	57 369

For the year ended 31 March

R'000	2015	2014
7. Finance income		
Interest received from banks	9 602	10 745
	9 602	10 745

For the year ended 31 March

R'000	2015	2014
8. Taxation		
South African normal tax	–	39
Normal tax	–	39
Effective tax rate	0%	0%
Standard tax rate	28%	28%

As a result of REIT legislation and the application of section 25BB of the Income Tax Act, the Fund has no tax expense in the current year. The prior year amount relates to a recovery of tax from pre its REIT conversion.

For the year ended 31 March

R'000	2015	2014
9. Dividend per share		
Profit after taxation	884 664	506 735
Add: Debenture interest	–	119 935
Less: Fair value adjustments	(293 118)	(211 610)
Profit on disposal of investment property	(2 444)	(10 988)
Straight-line rental adjustment	(120 765)	(45 132)
Antecedent dividend	32 530	32 925
Dividend reinvestment programme ("DRIP")	2 850	–
Accelerated bookbuild	13 671	29 225
Vendor placements	16 009	3 700
Distributable earnings	500 867	391 865
Less: Interim dividends paid	(219 222)	(180 768)
Final dividend[1]	281 645	211 097
Shares in issue and to be issued at 31 March	436 690 118	365 576 663
Final dividend per share (cents)	64.50	57.74
Interim dividend per share (cents)	54.65	50.46
Total dividend (cents)	119.15	108.20

[1] *The final dividend was declared on 21 May 2015.*

For the year ended 31 March R'000	2015	2014
10. Earnings per share		
Reconciliation of basic earnings to headline earnings		
Total comprehensive income attributable to equity holders	884 388	507 011
Add/less: other comprehensive income	276	(276)
Less: net fair value adjustment – investment property	(327 848)	(186 858)
Add: net fair value adjustment – debentures	–	29 657
Add: debenture interest paid	–	119 935
Headline earnings attributable to shareholders	556 816	469 469

	Cents	Cents
Basic earnings per share	225.87	153.30
Headline earnings per share	142.17	142.03

	Number of shares	Number of shares
Shares in issue and to be issued at the end of the year	436 690 118	365 576 663
Weighted average number of shares (WANOS) in issue	391 675 867	330 736 792
Reconciliation of weighted average number of shares in issue:		
Shares at beginning of year	365 576 663	317 220 000
Bookbuild	6 883 193	13 033 830
Vendor placements	9 170 549	482 962
Dividend re-investment programme (DRIP)	9 854 097	–
Shares to be issued (issued 18 May 2015)	191 365	–

A further 331 034 shares have been issued post 31 March 2015 in relation to the Intercare transaction. These shares have been included in WANOS due to an effective date of acquisition of 1 September 2014.

During the prior year 7 345 043 shares were issued post 31 March 2014 in exchange for the RPP portfolio. These shares were included in the prior year WANOS as the transaction had an effective date of 7 March 2014.

For the year ended 31 March

R'000	2015	2014
11. Investments		
11.1 Investment property		
Cost	7 219 139	5 294 291
Accumulated fair value adjustment	745 019	413 840
Investment properties as per statement of financial position	7 964 158	5 708 131
Straight-line rental adjustment	237 467	116 702
Carrying value	8 201 625	5 824 833

Under the income capitalisation method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate.

Refer to the segmental analysis on page 60 for a breakdown of investment property on a geographic as well as sectoral basis.

Property to the value of R1.0 billion is held as security for the domestic medium term note (DMTN) programme currently drawn down to a value of R450 million corporate bonds. Property to the value of R1.3 billion is held as security for bank funding drawn down to a value of R500 million. All new funding secured in the current year was done so on an unsecured basis.

All of the investment properties, except for Woolworths House which is held under leasehold terminating in July 2047, are held under freehold interests, and the register of deeds is available for inspection at the registered office.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within level 3 of the fair value hierarchy amount to R327 million (2014: R187 million) and are presented in profit and loss in the line item "fair value adjustments".

Externally valued investment properties as at 31 March 2015 are valued by MRB Gibbons of Mills Fitchet Magnus Penny (Proprietary) Limited (NatDip.Prop.Val.,MIV (SA), Professional Valuer) who is registered in terms of section 19 of the Property Valuers Professional Act, Act No 47 of 2000.

For the year ended 31 March	2015	2014
11.2 Investment		
Holding	18.60%	18.60%
Price at 31 March (cents)	1 097	1 176
Historical cost	457 904	235 500
Accumulated revaluation	28 524	45 401
Forward exchange contracts	–	441
Accrued distribution	15 668	7 354
Total	502 096	288 696

The only investment is an investment in the JSE-listed Investec Australia Property Fund ("IAPF"). IAPF is a trust incorporated in Australia with several property interests in Australia. One of the directors of Investec Property Fund also serve on the board of Investec Property (Pty) Limited, the responsible entity of IAPF, in their personal capacity and not in their capacity as directors of the Fund.

The Fund holds less than 20% of IAPF. Given the representation on the board of directors of IAPF by one director of the Fund; significant influence is evidenced.

As a result of the Fund having significant influence over IAPF, IAPF is classified as an associate in terms of IAS 28.

IAPF is classified as a related party in relation to the Fund in accordance with IAS 24: Related Party Disclosures.

For the year ended 31 March AUD'000	2015	2014
Condensed consolidated statement of financial position of IAPF		
Non-current assets	342 130	154 381
Current assets	3 609	6 657
Non-current liabilities	(81 652)	(22 185)
Current liabilities	(15 383)	(6 795)
Unitholders' interest	248 704	132 058
IPF's carrying amount of the investment (R'000)	502 096	288 696

For the year ended 31 March AUD'000	2015	12 December 2012 to 31 March 2014
Condensed consolidated statement of profit and loss and other comprehensive income for IAPF		
Net property income	21 353	9 682
Fair value adjustments – investment property	2 051	(18)
Other operating expenses	(2 454)	(935)
Net finance cost	(4 608)	(1 236)
Total comprehensive income and profit for the period	16 342	7 493
IPF's share of distribution for the year (R'000)	32 981	7 354

For the year ended 31 March

12. Trade and other receivables

R'000	2015	2014
Rental debtors	7 950	3 624
Impairment of receivables	(2 992)	(832)
Prepaid expenses	18 202	18 100
Municipal deposits	6 475	3 741
Property manager debtor	17 290	17 812
Value-added tax debtor	4 324	574
Sundry debtors	2 839	15 119
Accrued recoveries	12 877	19 628
	66 965	77 766

In calculating the impairment of receivables, consideration is given to all failed rental payments as well as outstanding amounts past due.

For the year ended 31 March

13. Cash and cash equivalents

R'000	2015	2014
Cash set aside for effective date acquisitions	–	322 627
Cash held on call account	60 995	35 689
Cash and cash equivalents	60 995	358 316

For the year ended 31 March R'000	2015	2014
14. Ordinary share capital		
Authorised		
1 000 000 000 ordinary shares	1 000 000	1 000 000
Issued		
Opening issued share capital	365 577	317 220
Dividend reinvestment programme (DRIP)	12 488	–
Bookbuild	18 890	41 012
Vendor placements	39 404	–
Shares in issue at year end	436 359	358 232
Shares to be issued	331	7 345
Total shares issued and to be issued	436 690	365 577

The authorised share capital is one billion ordinary shares with no par value at 31 March 2015.

For the year ended 31 March R'000	2015	2014
15. Debentures		
170 000 000 variable rate, unsecured, subordinated debentures		
Fair value at beginning of year	–	3 940 004
Fair value adjustment of debenture	–	29 657
Fair value adjustment of debenture interest on conversion	–	119 935
Expenses on conversion	–	(715)
Fair value on conversion	–	4 088 881
Fair value at year end	–	–
Issue value	–	3 621 143
Fair value adjustment previous years	–	318 861
Fair value adjustment current year	–	29 657
Debenture interest on conversion	–	119 935
Conversion fee	–	(715)

The capital structure of the company was converted from a linked-unit structure to that of an all-equity structure on 16 August 2013.

For the year ended 31 March R'000	Capital repayment date	Interest rate	2015	2014
16. Borrowings				
Loans – unsecured – bank debt				
Investec bridge – R500 million facility	November 2015	three-month JIBAR + 2.25%	–	80 017
Nedbank – Tranche 2	October 2019	three-month JIBAR +1.75%	200 000	–
Standard Bank – Tranche 2	August 2017	three-month JIBAR + 1.55%	150 000	–
Investec Development Loan	August 2020	three-month JIBAR + 1.90%	14 000	–
Loans – unsecured – DMTN programme				
Commercial Paper	April 2015	three-month JIBAR + 0.38%	200 000	–
Tranche 7	June 2017	three-month JIBAR + 1.40%	150 000	–
Tranche 8	June 2018	three-month JIBAR + 1.58%	50 000	–
Tranche 9	June 2019	three-month JIBAR + 1.70%	250 000	–
Tranche 10	October 2016	three-month JIBAR + 1.35%	85 000	–
Tranche 11	October 2018	three-month JIBAR + 1.73%	85 000	–
Loans – secured – bank debt				
Nedbank – Tranche 1	October 2018	three-month JIBAR + 1.70%	200 000	250 000
Standard Bank – Tranche 1	October 2016	three-month JIBAR + 1.50%	225 000	250 000
Loans – secured – DMTN programme				
Tranche 1	April 2015	three-month JIBAR + 1.40%	134 000	134 000
Tranche 2	April 2016	three-month JIBAR + 1.55%	40 000	40 000
Tranche 3	April 2017	three-month JIBAR + 1.65%	50 000	50 000
Tranche 6	April 2017	Fixed at 8.80%	226 000	226 000
Total long-term borrowings – unsecured			1 184 000	80 017
Total long-term borrowings – secured			875 000	950 000
Total borrowings			2 059 000	1 030 017
Less: amortised fees			(6 891)	(5 136)
Total long-term borrowings			2 052 109	1 024 881
Less portion repayable within the next 12 months			(334 000)	(80 017)
Long-term borrowings			1 718 109	944 864

The Fund has R2.4 billion of available facilities at year end.

Despite a volitile environment, the Fund has been successful in raising R1.3 billion of new debt funding during the year. This has been raised in the form of:

- R500 million new bank debt facilities on an unsecured basis – average margin of 170bps above three-month JIBAR and average tenor of 4.4 years;
- R620 million of corporate bonds on an unsecured basis – average margin of 157bps above three-month JIBAR and average tenor of 3.8 years;
- R200 million three-month commercial paper – rolled several times during the year at an average rate of 33bps above three-month JIBAR, and

Post year-end the Fund has rolled the commercial paper for a further three months at a margin of 38bps above three-month JIBAR and refinanced R134 million of corporate bonds with the issue of new R100 million secured bond at a margin of 150bps for three years and R34 million cash. The Fund has also entered into a new five-year term debt facility with Nedbank for R200 million, unsecured at a margin of 175bps above three-month JIBAR.

Refer to note 11.1 for disclosure of property provided as security for DMTN programme and bank funding.

For the year ended 31 March R'000	2015	2014
17. Trade and other payables		
Accrued expenses	74 580	52 545
Accrued interest	40 037	22 705
Tenant deposits	23 042	14 356
Property management creditor	3 560	537
Trade creditors	7 345	3 045
Acquisitions payable	–	322 627
	148 564	415 815

For the year ended 31 March R'000	2015	2014
18. Cash generated from operations		
Operating profit	683 167	443 303
Straight-line rental adjustment	(120 765)	(45 132)
Non-cash items	4 764	(598)
Working capital movement	45 924	(6 670)
Trade and other receivables	10 801	(24 153)
Current liabilities	35 123	17 483
Cash generated from operations	613 090	390 903

19. Borrowing powers

The borrowing capacity of the Fund is unlimited in terms of its Memorandum of Incorporation.

For the year ended 31 March R'000	2015	2014
20. Capital commitments		
Authorised and contracted	66 100	341 655
	66 100	341 655

The 2015 capital commitments relate to the planned refurbishment of the Balfour Mall and the extension of Dihlabeng Mall, expected to be completed in July 2015. The 2014 capital commitment related to properties that were paid for early in 2015.

For the year ended 31 March R'000	2015	2014
21. Minimum contracted rental		
The Fund leases a number of retail, office and industrial properties under operating leases, which typically run for a period of three years or longer.		
Contractual amounts due in terms of operating lease agreements:		
Less than one year	701 741	481 757
Between one and five years	2 150 869	1 895 895
More than five years	1 148 195	605 570
	4 000 805	2 983 222

Lessees are entitled to the use of the properties leased to them for their own business purposes for the duration of the contracted lease period.

All leases currently take the form of operating leases as per IAS 17 as no lease transfers substantially all the risks and rewards of incidental ownership.

22. Related party transactions

Investec Limited is the largest single shareholder of the Fund and through its wholly owned subsidiary Investec Property, it is the Asset and Property Manager of the Fund. Therefore, Investec Limited and its subsidiaries are related parties to the Fund. All related party transactions are conducted at arm's length.

Set out below are the related party transactions with Investec Limited and its subsidiaries that were concluded during the year.

For the year ended 31 March Acquisition of properties from Investec Property (Pty) Limited	Office	Industrial	Retail	2015	2014
Number of properties	1	1	1	3	10
Gross lettable area (m^2)	2 376	19 998	3 811	26 185	94 862
Cost of acquisition (R'000)	46 747	44 505	23 700	114 952	615 560
Acquisition of companies from Investec Property (Pty) Limited	**Office**	**Industrial**	**Retail**	**2015**	**2014**
Number of properties	1	1	3	5	–
Gross lettable area (m^2)	10 750	22 057	56 885	89 692	–
Cost of acquisition (R'000)	351 534	112 018	533 270	996 822	–

The purchase of these companies does not meet the definition of IFRS 3 Business combinations and was not treated as such.

For the year ended 31 March R'000	2015	2014
Investec Property (Pty) Limited		
Asset management fee	35 872	26 362
Capital expenditure	32 859	16 290
Letting commissions	4 105	3 339
Rental guarantees received[1]	6 155	9 100
Investec Bank Limited		
Investec Bridge – R500 million Facility (amount drawn)[2]	–	80 017
Investec Development loan – R100 million Facility (amount drawn)[2]	14 000	–
Fair value of swap derivative[3]	15 240	3 714
Fair value of foreign exchange contracts	377	445
Cash and cash equivalents	60 995	358 316
Rental received in respect of Investec tenanted buildings	45 485	41 300
Interest received[4]	8 096	10 552
Sponsor fee paid	180	150
Corporate advisory and structuring fees paid	7 585	11 800
Interest paid on related party borrowings	1 618	388
Interest paid on swap derivative	14 829	9 259

[1] *In respect of the unlet space at The Firs and 30 Jellicoe, Investec Property has undertaken to pay the Fund the gross rental in respect of the unlet space for the period up to 30 September 2016 and 31 January 2018, respectively.*

[2] *See note 16 for terms of borrowings.*

[3] *See note 26 for terms of swap derivatives.*

[4] *The Fund holds its call accounts and fixed deposit accounts with Investec Bank Limited and earns interest income thereon.*

Interest is earned at the overnight safex call rate, currently 5.54% (2014: 5.30%).

23. REIT requirements

	REIT status requirements	IPF status
JSE requirements	• Distribute at least 75% of distributable profits	✔
	• Rental income must comprise 75% of revenue	✔
	• Total liabilities cannot exceed 60% of total assets	✔
Taxation requirements	• 75% of gross income must comprise rental income	✔

24. Subsequent events

As per IAS 10 which deals with Events after the Reporting Period, the declaration of the Fund's dividend occurred after the end of the reporting period and is a non-adjusting event.

The Fund issued an announcement on 5 June that it has acquired a portfolio of 22 properties for R826 million from Griffin Holdings.

25. Financial risk management

25.1 Total financial assets and liabilities

The table below sets out the Fund's accounting classification of each class of financial asset and liability at 31 March 2015

At 31 March 2015 R'000	Held for trading	Designated at fair value	Amortised cost	Non-financial instruments	Total
ASSETS					
Non-current assets	2 815	502 096	–	8 201 625	8 706 536
Investment property	–	–	–	7 964 158	7 964 158
Straight-line rental revenue adjustment	–	–	–	237 467	237 467
Derivative financial instruments	2 815	–	–	–	2 815
Investment	–	502 096	–	–	502 096
Current assets	–	–	104 904	23 056	127 960
Trade and other receivables	–	–	43 909	23 056	66 965
Cash and cash equivalents	–	–	60 995	–	60 995
Total assets	2 815	502 096	104 904	8 224 680	8 834 496
LIABILITIES					
Non-current liabilities	18 055	–	1 718 109	–	1 736 164
Long-term borrowings	–	–	1 718 109	–	1 718 109
Derivative financial instruments	18 055	–	–	–	18 055
Current liabilities	–	–	482 564	–	482 564
Trade and other payables	–	–	148 564	–	148 564
Current portion of other non-current liabilities	–	–	334 000	–	334 000
Total liabilities	18 055	–	2 200 673	–	2 218 728

25. Financial risk management
(continued)

25.1 Total financial assets and liabilities
(continued)

The table below sets out the Fund's accounting classification of each class of financial asset and liability at 31 March 2014

At 31 March 2014 R'000	Restated Held for trading	Restated designated at fair value	Restated amortised cost	Restated Non-financial instruments	Total
ASSETS					
Non-current assets	3 714	288 696	–	5 824 833	6 117 243
Investment property	–	–	–	5 708 131	5 708 131
Straight-line rental revenue adjustment	–	–	–	116 702	116 702
Derivative financial instruments	3 714	–	–	–	3 714
Investment	–	288 696	–	–	288 696
Current assets	–	–	417 407	18 675	436 082
Trade and other receivables	–	–	59 091	18 675	77 766
Cash and cash equivalents	–	–	358 316	–	358 316
Total assets	3 714	288 696	417 407	5 843 508	6 553 325
LIABILITIES					
Non-current liabilities	–	–	944 864	–	944 864
Long-term borrowings	–	–	944 864	–	944 864
Current liabilities	–	–	495 788	44	495 832
Trade and other payables	–	–	415 771	–	415 771
Current portion of other non-current liabilities	–	–	80 017	–	80 017
Taxation payable	–	–	–	44	44
Total liabilities	–	–	14 400 652	44	1 440 696

Long-term variable rate borrowings were incorrectly disclosed as carried at fair value through profit and loss in the prior year and interim results. The Fund has always applied amortised cost to these long-term borrowings and there is no impact of the change as disclosed on the primary financial statements of the current or prior financial year. In correcting this, the only item impacted is the fair value disclosures of these financial instruments. The prior financial year has been correctly re-allocated to reflect these as amortised cost financial instruments.

25.2 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method, defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets and liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices). Please refer to note 26.5 for disclosure of significant inputs and measurement methods.

Level 3 – inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

For cash and cash equivalents, trade and other receivables, trade and other payables and variable rate loans which are carried at amortised cost, the carrying value is a reasonable approximation of fair value. In accordance with IFRS 7.29 no disclosure around fair value is required for these items.

The fair value of fixed rate borrowings is R228 million (2014: R228 million). Future cash flows which are discounted using observable interest rate curves at the date when the cash flows take place, which results in a level 2 valuation.

25. Financial risk management (continued)

25.2 Fair value hierarchy (continued)

For the year ended 31 March R'000	Total financial instruments recognised at fair value	Level within the fair value hierarchy Level 1	Level 2	Level 3
2015				
Assets				
Investment	502 096	502 096	–	–
Derivative financial instruments	2 815	–	2 815	–
Total assets	504 911	502 096	2 815	–
LIABILITIES				
Derivative financial instruments	18 055	–	18 055	–
Total liabilities	18 055	–	18 055	–
2014				
Assets				
Investment	288 696	288 696	–	–
Swap derivative	3 714	–	3 714	–
Total assets	292 410	288 696	3 714	–
Total liabilities	–	–	–	–

Details of changes in valuation techniques in current and prior year

There have been no significant changes in valuation techniques during the current or prior year.

There were no significant transfers between Level 1, Level 2 and Level 3 in the current or prior year.

26. Estimation of fair value

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments:

26.1 Investment

The Fund carries its investment in IAPF at fair value. Fair value is based on closing share price times the number of shares held on 31 March.

26.2 Derivatives

Derivative financial instruments consist of interest rate hedging instruments, cross currency hedging as well as foreign exchange hedging instruments. Interest rate hedging instruments are valued by discounting future cash flows using the market rate indicated on the interest rate curve (see definition below) 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.

26.3 Definition of "interest rate curve"

The interest rate curve is the South African swap curve which represents a benchmark interest rate curve for all Jibar-related transactions in the market. Jibar itself is a benchmark short-term interest rate and, as such, the swap curve gives a representation of future expectations of Jibar. It is constructed using both short-dated financial instruments (such as forward rate agreements (FRAs), as well as longer-dated instruments (such as swaps) where the movements in the curve are reflected through price changes of the underlying instruments.

26.4 Fair value hierarchy – Investment property

For all investment property that is measured at fair value, the current use of the property is considered the highest and best use.

Under the income capitalisation method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate.

26. Estimation of fair value (continued)

26.4 Fair value hierarchy – Investment property (continued)

The income capitalisation method is a generally accepted valuation methodology used within the industry. Valuation policies and procedures are agreed upon by management along with the internal valuation department.

26.5 Valuation techniques used to derive Level 3 fair values

For all classes of investment property the significant unobservable inputs listed below are used in the income capitalisation method to determine the fair value measurement at the end of the reporting period.

The following factors influence the equivalent yield applied by management when determining a fair value of a building:

Vacancy rate
Expected rental
Lease term

The table above 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 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/(decreases) in the equivalent yield would result in decreases/(increases) in the estimated fair value (range 8% – 11%)
Long-term vacancy rate	Increases/(decreases) in the long-term vacancy rate would result in decreases/(increases) in the estimated fair value

Given the high tenancy rates of the Fund's property portfolio the long-term vacancy rate may not always be applicable.

There are interrelationships between ERV, the long-term vacancy rate and the equivalent yield. Having a lower (higher) vacancy rate would increase/(decrease) the ERV for a property.

Across the portfolio of properties held at 31 March 2015 it was determined that if the equivalent yield applied per property increases/decreases by 50 basis points the overall value of the portfolio would decrease by 5.2% or increase by 5.7%.

For the year ended 31 March R'000	Designated at fair value Level 1	 Level 2	 Level 3	Total gain or (loss) included in fair value adjustments
2015				
Investment property				
Retail	–	–	3 464 743	215 987
Office	–	–	3 206 963	88 335
Industrial	–	–	1 529 919	23 527
Total	–	–	8 201 625	327 848
2014				
Investment property				
Retail	–	–	2 086 701	93 857
Office	–	–	2 394 397	33 769
Industrial	–	–	1 343 735	59 232
Total	–	–	5 824 833	186 858

26. Estimation of fair value (continued)

26.5 Valuation techniques used to derive level 3 fair values (continued)

Details of changes in valuation techniques

There have been no significant changes in valuation techniques during the year under review.

Significant transfers between Level 1, Level 2 and Level 3

There have been no transfers between hierarchy levels.

Management and the internal valuation team consider the observability of inputs on an annual basis.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

Please refer to the reconciliation of investment property provided under segmental analysis which facilitates full IFRS 13 compliance in combination with the disclosure in this note.

26.6 Other financial risk management considerations

The financial instruments of the Fund consist mainly of cash and cash equivalents, including deposits with banks, borrowings, derivative instruments, trade and other receivables and trade and other payables and dividends. The Fund purchases or issues financial instruments in order to finance operations and to manage the interest rate risks that arise from these operations and the source of funding.

The Fund has exposure to the following risks from its use of financial instruments:

– Credit risk

– Liquidity risk

– Market risk

The Board has overall responsibility for the establishment and oversight of the Fund's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the Fund's risk management policies. The Audit and Risk Committee reports regularly to the Board on its activities.

The Audit and Risk Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund. The Audit and Risk Committee is assisted in its oversight role by Investec Internal Audit, which undertake both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

26.7 Credit risk

Credit risk is the risk of financial loss to the Fund if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from derivatives, as well as trade and other receivables.

Exposure to credit risk

R'000	2015	2014
Trade receivables	66 965	77 766
Swap derivative	2 815	3 714
Cash and cash equivalents	60 995	358 316

Exposure to credit risk is limited as derivatives are entered and cash is held in bank accounts with counterparties who have strong credit ratings and a high percentage tier one capital holdings.

Concentration risk

The majority of the cash and derivative balances are held with Investec Bank Limited and or its subsidiaries. We do not see this as a risk as the bank has a high credit rating.

Trade receivables

The Fund's exposure to credit risk is mainly in respect of clients and is influenced by the individual characteristics of each client. The Fund's widespread client base reduces credit risk. Management has established a credit policy under which each new client is analysed individually for creditworthiness before the Fund's standard payment terms and conditions are offered which include, in the majority of cases, the provision of a deposit of at least one month's rental. When available, the Fund's credit review includes external ratings.

Impairment losses have been recorded for those debts whose recovery was not reasonably assured at year-end. The maximum credit exposure at the reporting date was R5.3 million, of which R2.8 million has been provided for.

26. Estimation of fair value (continued)

26.8 Market risk

Interest rate risk

The Fund is exposed to interest rate risk and adopts a policy of ensuring that at least 75% of its exposure to changes in interest rates on borrowings is on a fixed basis. This is achieved by entering into fixed for variable interest rate swap instruments. All such transactions are carried out within the guidelines set by the Audit and Risk Committee. As a consequence, the Fund is exposed to fair value interest rate risk in respect of the fair value of its interest rate derivative instruments, which will not have an impact on distributions. Short-term receivables and payables and investments are not directly exposed to interest rate risk.

It is estimated that for the year ended 31 March 2015, a 1% increase/decrease in interest rates on the variable rate borrowings would have decreased/increased the Fund's profit after tax by approximately R1.2 million (2014: R2.6million).

At 31 March 2015 83% of interest-bearing borrowings were fixed for a weighted average of 3.8 years.

R'000 Financial year	Net notional amount swap expiring 2015	 2014
2017	135 000	50 000
2018	524 000	138 200
2019	405 000	717 500
2020	370 000	–
2021	306 000	–
2022	151 000	–

In addition The Fund has a fixed-term bond in issue for R226 million expiring in 2018 at a rate of 8.8%.

Currency risk

The Fund is exposed to currency risk as a result of its investment in IAPF. IAPF dividends will be declared in Australian Dollars and this exposes the Fund to changes in the value of the distribution as a result of currency fluctuations. This risk is not material.

For every R1.00 (10.9%) increase/decrease in the ZAR/AUD exchange rate, income from IAPF recognised by the Fund decreases/increases by R0.3 million net of FEC's (2014: R0.1 million).

Share price risk

IPF is exposed to share price risks due to the fact that the Fund holds equity instruments in another entity, IAPF. The changes in the share price of IAFP will cause fair value adjustments and effects the carring value of the investement.

For every R1.00 increase/decrease in the share price of IAPF, the value of the investment that is recognised by Fund increases/decreases by R45.8 million (2014: R25.0 million).

Derivatives

Derivative instruments are used to mitigate the Fund's exposure to any increases in interest rates on variable rate loans. Interest rate swap contracts are entered into whereby the Fund hedges out its variable rate obligation to provide a maximum fixed rate obligation. Details of the interest rate fixed for variable swap instruments are as follows:

Financial institution 31 March 2015	Nominal R'000	Expiry date Financial year	Swap rate
Investec	135 000	2017	0.14%[1]
Investec	524 000	2018	5.87%[1]
Investec	405 000	2019	7.18%
Investec	370 000	2020	7.43%
Investec	306 000	2021	7.66%
Investec	151 000	2022	8.27%
31 March 2014			
Investec	50 000	2017	6.69%
Investec	138 300	2018	7.12%
Investec	717 500	2019	7.54%

[1] *Includes the net inflow effect of a cross currency swap of (3.62%) and (4.81%) respectively.*

26. Estimation of fair value (continued)

26.8 Market risk (continued)

Forward exchange contracts' (FECs) are entered into to mitigate foreign exchange exposure. The details of the FEC instruments are as follows:

Financial institution 31 March 2015	Nominal AUD'000	Expiry date	Weight average exchange rate
Investec	760	June 2015	9.57
Investec	630	Dec 2015	9.81
Investec	300	June 2016	9.88
Investec	200	Dec 2016	10.10
Investec	200	June 2017	10.42
Investec	150	Dec 2017	10.31
31 March 2014			
Investec	700	July 2014	10.01
Investec	750	Dec 2014	10.23

A cross currency swap ("CCS") was entered into to convert ZAR borrowings to hedge the mismatch between currency of borrowing and currency of investment. The details of the CCS are as follows:

Financial institution 31 March 2015	Nominal AUD'000	Expiry date	Rate %
Investec	81	Sept 2016	(3.62)
Investec	81	Sept 2017	(4.81)

When overlayed with ZAR borrowings, the effective rate is 3.83% and 3.02% respectively.

26.9 Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund's policy is to seek to minimise its exposure to liquidity risk by balancing its exposure to interest rate risk and to refinancing risk. In effect the Fund seeks to borrow for as long as possible at the lowest acceptable cost. The Fund regularly reviews the maturity profile of its financial liabilities and will seek to avoid concentration of maturities through the regular replacement of facilities, and by using a selection of maturity dates.

The tables below set out the maturity analysis of the Fund's financial liabilities based on the undiscounted contractual cash flows.

For the year ended 31 March R'000	Within 1 year	1 – 2 years	2 – 5 years	Over 5 years	Total
2015					
Long-term borrowings	381 113	312 113	1 550 466	25 550	2 269 242
Derivatives	130 743	130 743	350 665	111 938	724 089
Trade and other payables	148 564	–	–	–	148 564
Total liabilities	660 420	442 856	1 901 131	137 488	3 141 895
2014					
Long-term borrowings	111 226	163 353	1 037 879	–	1 312 458
Derivatives	60 867	60 867	146 175	–	267 909
Trade and other payables	401 415	–	14 356	–	415 771
Total liabilities	573 508	224 220	1 198 410	–	1 996 138

Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet the funding requirements of the Fund. In terms of covenants with its lenders, the nominal value of interest-bearing borrowings may not exceed 50% of the value of investment property and the interest cover ratio is not less than 2x.

26. Estimation of fair value (continued)

26.9 Liquidity risk (continued)

For the year ended 31 March R'000	2015	2014
Value of investment property and investment in IAPF	8 703 721	6 113 529
Nominal value of interest-bearing borrowing utilised at year-end	2 052 109	1 024 881
Current ratio of interest-bearing borrowings to value of investment property	23.6%	16.8%

27. Capital management

In terms of its Memorandum of incorporation, the Fund has unlimited borrowing capacity. The Fund is funded partly by stated share capital and partly by external borrowings.

In terms of its covenants entered into during the year, the Fund is committed to a maximum value of external borrowings of 50% of the value of investment property and investment assets. In practice, the Fund aims to keep gearing levels between 30% and 40% over the long term. At 31 March 2015, the nominal value of borrowings was equal to 23.6% of the value of investment property.

The Board's policy is to maintain a strong capital base, comprising its shareholders' interest, so as to promote investor, creditor and market confidence and to sustain future development of the business. It is the Fund's stated purpose to deliver medium to long-term sustainable growth in distributions per share. All net profits are distributed on a six-monthly basis. The Board monitors the level of distributions to shareholders and ensures that no profits of a capital nature are distributed. There were no changes in the Fund's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

6

King III checklist

King III checklist

Principle number	Description status	Status
Ethical leadership and corporate citizenship		
1.1	The board should provide effective leadership based on an ethical foundation.	√
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen.	√
1.3	The board should ensure that the company's ethics are managed effectively.	√
Boards and directors		
2.1	The board should act as the focal point for and custodian of corporate governance.	√
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable.	√
2.3	The board should provide effective leadership based on an ethical foundation.	√
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen.	√
2.5	The board should ensure that the company's ethics are managed effectively.	√
2.6	The board should ensure that the company has an effective and independent audit committee.	√
2.7	The board should be responsible for the governance of risk.	√
2.8	The board should be responsible for information technology (IT) governance.	√
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	√
2.10	The board should ensure that there is an effective risk-based internal audit.	√
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation.	√
2.12	The board should ensure the integrity of the company's integrated annual report.	√
2.13	The board should report on the effectiveness of the company's system of internal controls.	√
2.14	The board and its directors should act in the best interests of the company.	√
2.15	The board should consider business rescue proceeding or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act.	√
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board.	√ [1]
2.17	The board should appoint the chief executive officer and establish a framework for the delegation of authority.	√
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent.	√
2.19	Directors should be appointed through a formal process.	√
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes.	√
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary.	√
2.22	The evaluation of the board, its committees and the individual directors should be performed every year.	√

[1] *The board fulfils the King III recommendation with the exception of the chairman being independent, however a Lead Independent Director (LID) was appointed in the form of an independent non-executive director, as required in the case where the chairman is not independent.*

Principle number	Description status	Status
2.23	The board should delegate certain functions to well-structured committees, but without abdicating its own responsibilities.	√
2.24	A governance framework should be agreed between the group and its subsidiary boards.	√
2.25	Companies should remunerate directors and executives fairly and responsibly.	√
2.26	Companies should disclose the remuneration of each individual director and certain senior executives.	√
2.27	Shareholders should approve the company's remuneration policy.	√
Audit and risk committee		
3.1	The board should ensure that the company has an effective and independent audit committee.	√
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors.	√
3.3	The audit committee should be chaired by an independent non-executive director.	√
3.4	The audit committee should oversee integrated annual reporting.	√
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities.	✗ [2]
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function.	√
3.7	The audit committee should be responsible for overseeing the internal audit.	√
3.8	The audit committee should be an integral component of the risk management process.	√
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process.	√
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties.	√
The governance of risk		
4.1	The board should be responsible for the governance of risk.	√
4.2	The board should determine the levels of risk tolerance.	√
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities.	√
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan.	√
4.5	The board should ensure that risk assessments are performed on a continual basis.	√
4.6	The board should ensure that the frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks.	√
4.7	The board should ensure that management considers and implements appropriate risk responses.	√
4.8	The board should ensure continual risk monitoring by management.	√
4.9	The board should receive assurance regarding the effectiveness of the risk management process.	√
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.	√

[2] *Please refer to page 43 for more detail.*

Principle number	Description status	Status
The governance of information technology		
5.1	The board should be responsible for information technology (IT) governance.	√
5.2	IT should be aligned with the performance and sustainability objectives of the company.	√
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework.	√
5.4	The board should monitor and evaluate significant IT investments and expenditure.	√
5.5	IT should form an integral part of the company's risk management.	√
5.6	The board should ensure that information assets are managed effectively.	√
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities.	√
Compliance with laws, codes, rules and standards		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards.	√
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business.	√
6.3	Compliance risk should form an integral part of the company's risk management process.	√
6.4	The board should delegate to management the implementation of an effective compliance framework and processes.	√
Internal audit		
7.1	The board should ensure that there is an effective risk-based internal audit.	√
7.2	Internal audit should follow a risk-based approach to its plan.	√
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management.	√
7.4	The audit committee should be responsible for overseeing internal audit.	√
7.5	Internal audit should be strategically positioned to achieve its objectives.	√

King III checklist (continued)

Principle number	Description status	Status
Stakeholder relationships		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation.	√
8.2	The board should delegate to management to proactively deal with stakeholder relationships.	√
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company.	√
8.4	Companies should ensure the equitable treatment of shareholders.	√
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence.	√
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible.	√
Integrated reporting and disclosure		
9.1	The board should ensure the integrity of the company's integrated annual report.	√
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting.	√
9.3	Sustainability reporting and disclosure should be independently assured.	X

[2] *Please refer to page 43 for more detail.*

7

Property portfolio

Property portfolio

Property name	Physical address	Building grade	Province	Tenancy M/S	GLA 2014 m²	GLA 2015 m²	Effective date of acquisition
Office							
230 15th Road (ex Business Connexion)	230 15th Road, Randjiespark, Midrand	B	Gauteng	S	6 759	6 759	2011/04/01
345 Rivonia Road	345 Rivonia Road, Rivonia, Johannesburg	A	Gauteng	M	10 495	10 495	2011/04/01
4 Protea Place	4 Protea Place, Sandown, Sandton	A	Gauteng	M	6 955	6 955	2014/04/01
Innovation Group	192 Bram Fischer Street, Kensington, Randburg, Johannesburg	B	Gauteng	S	15 500	15 500	2011/10/01
Investec Durban	5 Richefond Circle, Ridgeside Office Park, Uhmhlanga Rocks	P	KZN	S	6 543	6 543	2011/04/01
Investec Pretoria	Cnr Atterbury and Klarinet Streets, Menlo Park, Pretoria	P	Gauteng	S	6 301	6 301	2012/11/01
The Firs	193 Oxford Road, Rosebank, Johannesburg	A	Gauteng	M	12 679	13 085	2012/10/01
Woolworths House	93 Longmarket Street, CBD, Cape Town	A	Western Cape	S	30 435	30 435	2011/04/01
5 Bond Street	5 Bond Street, Midrand	A	Gauteng	S	5 870	5 870	2013/05/01
Barinors	99 Jip de Jager Drive, Tyger Valley, Cape Town	A	Western Cape	M	–	5 394	2014/05/02
Bigen Africa	1617 Allan Cormack Street, Pretoria	A	Gauteng	S	5 412	5 412	2013/10/01
Clover Head Office	200 Constantia Drive, Constantia Kloof, Roodepoort	A	Gauteng	S	8 007	8 011	2014/03/07
Greenhill Village	Cnr Nentabos and Botterklapper Streets, Lynwood, Pretoria	A	Gauteng	M	4 713	4 713	2014/03/07
Mafuri House	3 and 5 Eaton Avenue, Bryanston, Johannesburg	B	Gauteng	S	–	–	2014/04/23
Minolta Bellville	4 Mike Pienaar Boulevard, Bellville, Cape Town	B	Western Cape	S	2 166	2 166	2013/05/23
The Braes Office Park	3 and 5 Eaton Avenue, Bryanston, Johannesburg	A	Gauteng	M	4 372	5 054	2014/03/07
Vinebridge	99 Jip de Jager Drive, Tyger Valley, Cape Town	A	Western Cape	M	2 297	2 297	2014/03/07
Wellness Centre	17 Eaton Avenue, Bryanston, Johannesburg	A	Gauteng	M	1 497	1 494	2014/03/07
Nicol Main Building A, B, C, D, E	6 Bruton Road, Bryanston, Johannesburg	P	Gauteng	S	6 616	11 898	2014/03/31
30 Jellicoe	30 Jellicoe Avenue, Rosebank	P	Gauteng	M	–	10 663	2015/02/01
34 Ingersol	Lynnwood Glen, Pretoria	B	Gauteng	S	–	2 376	2015/02/01
Intercare	Cnr Fourways Boulevard and Short Street	B	Gauteng	S	–	2 740	2014/09/01
Office					136 617	164 159	
17 Derrick Road	17 Derrick Road, Spartan, Kempton Park	B	Gauteng	S	5 997	5 997	2011/04/01
5 Endean Road (SOLD)	5 Endean Avenue, City Deep, Ext 4, Johannesburg	C	Gauteng	S	2 342	–	2011/04/01
6 Nywerheid (ex Ampaglas Tunney)	Cnr Nywerheid Street and Evergreen Road, Tunney, Elandsfontein	C	Gauteng	S	4 035	4 035	2011/04/01
8 Flamink (ex Voltex)	8 Flamink Street, Alrode Ext 5, Alrode	B	Gauteng	S	6 837	6 837	2011/04/01
95 Main Reef Road	95 Main Reef Road, Boksburg North, Boksburg	C	Gauteng	M	14 264	14 264	2011/04/01
Aeroton	103 Aeroton Avenue, Aeroton, Johannesburg	B	Gauteng	S	6 994	6 994	2011/04/01
Alrode Multipark	1 Potgieter Street, Alrode Ext 8, Alberton	B	Gauteng	M	90 762	90 762	2011/04/01
Ampaglas, East London	11 Schoof Street, Wilsonia, East London	C	Western Cape	S	5 802	5 802	2011/04/01
Benoni Multipark	1 van Dyk Road, Benoni Ext 12, Benoni	C	Gauteng	M	40 960	40 960	2011/04/01
Boksburg Minipark	38 Hamba Gahle, Boksburg North, Boksburg	C	Gauteng	M	9 151	9 151	2011/04/01
British American Tobacco	285 Maggs Street, Waltloo, Pretoria	B	Gauteng	S	13 170	13 170	2011/12/01
Capital Motors	Cnr Visagie Street and Prince's Park Avenue, Pretoria CBD	B	Gauteng	S	7 463	7 463	2011/04/01
General Electric	130 Gazelle Street, Northmid Corporate Park, Midrand	A	Gauteng	S	11 180	11 180	2012/07/25
Gresmac	118 Bofors Circle, Epping Ext 4, Cape Town	B	Western Cape	M	13 395	13 395	2011/04/01
Heriotdale Minipark	8 Bessemer Street, Heriotdale, Johannesburg	C	Gauteng	M	4 851	4 851	2011/04/01
Hycol Mini Units	6 – 10 Carey Street, Wynberg, Ext 1, Sandton	C	Gauteng	M	2 350	2 350	2011/04/01
Makro Montague Gardens	7 Montague Drive, Montague Gardens, Cape Town	A	Western Cape	S	11 236	11 236	2011/04/01
Renew It	26 Old Pretoria Road, Wynberg, Sandton	B	Gauteng	S	5 013	5 013	2011/04/01
SABB Maitland	35 9th Avenue, Maitland, Cape Town	C	Western Cape	M	16 017	16 017	2011/04/01
Scientific Building	Itaky Avenue, Cosmo City, Kya Sands, Randburg	A	Gauteng	S	5 733	5 733	2011/10/01
Monsanto (SOLD)	Nuffield, Springs	B	Gauteng	S	–	–	2011/04/01
SABB Mayville (SOLD)	Mayville, Durban	C	KwaZulu-Natal	S	–	–	2011/04/01
Minolta Highveld	14A Esdoring Nook, Techno Park, Highveld, Pretoria	A	Gauteng	S	2 955	2 955	2013/05/23
52 Jakaranda	Hennopspark, Pretoria	B	Gauteng	S	–	19 998	2015/02/01
Diesel Road	Isando	C	Gauteng	S	–	22 057	2015/02/01
SA Ladder	32 Potgieter Street, Alrode, Gauteng	C	Gauteng	S	25 000	25 000	2013/04/09
Martin & Martin	9 Quality Street, Isando, Johannesburg	B	Gauteng	S	19 972	19 972	2013/12/12
Linbro Park	30 Third Road, Frankenwald, Linbro Park, Johannesburg	B	Gauteng	S	3 246	3 246	2014/03/07
Beechwood House	33 Bearing Crescent, Silverton, Pretoria	B	Gauteng	S	5 677	5 677	2014/03/07
Industrial					334 402	374 114	

1 *Gross rental includes rental, operating cost recovery, rates recovery and excludes parking income, utility recoveries and any other recoveries.*

Carrying value/ (Fair value) directors' valuation 31 March 2014	Additions at cost FY2015 R	Total capitalised cost year to 31 March 2015 (including acquisition costs)	Disposals and disposal costs FY2015 R	Revaluation (Impairment) FY2015	Carrying value/ (Fair value) directors' valuation 31 March 2015	Valuation per square meter 31 March 2015	Average[1] gross rental per square meter at 31 March 2015	Occupancy rate 31 March 2014	Occupancy rate 31 March 2015
40 000 000	–	(474 507)	49 274	475 233	40 050 000	5 925	–	0.0%	0.0%
110 000 000	–	93 154	–	18 256 846	128 350 000	12 230	124	100.0%	90.3%
130 500 000	–	140 568	–	10 709 432	141 350 000	20 324	146	100.0%	100.0%
202 000 000	–	–	–	–	202 000 000	13 032	100	100.0%	100.0%
245 000 000	–	–	–	12 250 000	257 250 000	39 317	293	100.0%	100.0%
178 000 000	–	7 000	–	8 893 000	186 900 000	29 664	180	100.0%	100.0%
337 000 000	–	985 141	–	16 314 859	354 300 000	27 077	234	100.0%	100.0%
319 000 000	–	–	–	24 400 000	343 400 000	11 283	79	100.0%	100.0%
118 360 306	–	–	–	8 889 694	127 250 000	21 678	154	100.0%	100.0%
–	90 996 194	181 936	–	21 870	91 200 000	16 908	183	–	100.0%
125 100 000	–	–	–	5 800 000	130 900 000	24 189	183	100.0%	100.0%
141 166 770	–	142 624	–	8 940 606	150 250 000	18 755	121	100.0%	100.0%
92 343 722	–	98 191	–	2 058 087	94 500 000	20 050	146	100.0%	100.0%
–	9 000 000	313 858	13 593	22 549	9 350 000	–	–	–	100.0%
24 600 000	–	12 000	–	3 188 000	27 800 000	12 835	104	100.0%	100.0%
83 719 471	–	133 551	–	4 776 978	88 630 000	17 537	128	100.0%	86.5%
41 192 039	–	48 242	–	20	41 240 300	17 956	130	100.0%	100.0%
27 892 595	–	37 656	–	19 749	27 950 000	18 708	162	100.0%	91.5%
178 339 716	124 671 499	1 009 072	–	12 939 714	316 960 000	26 640	136	100.0%	100.0%
–	351 533 713	285 151	–	31 136	351 850 000	32 997	273	–	100.0%
–	46 746 665	87 438	–	(34 103)	46 800 000	19 697	127	–	100.0%
–	48 000 000	42 204	–	457 796	48 500 000	17 701	169	–	100.0%
2 394 214 618	670 948 071	3 143 278	62 867	138 411 466	3 206 780 300	19 535	132		94.8%
19 800 000	–	26 075	–	1 023 925	20 850 000	3 477	37	–	n/a
9 000 000	–	–	(9 000 000)	–	–	–	–	100.0%	n/a
25 500 000	–	7 000	–	593 000	26 100 000	6 468	56	100.0%	100.0%
29 855 000	–	6 275	–	1 338 725	31 200 000	4 563	34	100.0%	100.0%
27 500 000	–	(42 400)	–	19 442 400	46 900 000	3 288	33	95.4%	93.7%
29 500 000	–	302 162	–	197 838	30 000 000	4 289	46	100.0%	100.0%
334 000 000	–	1 335 720	–	11 964 280	347 300 000	3 826	39	99.5%	99.5%
9 500 000	–	–	–	–	9 500 000	1 637	16	100.0%	100.0%
108 000 000	–	(94 975)	–	2 244 975	110 150 000	2 689	31	92.1%	88.7%
21 400 000	–	(21 528	–	(3 428 472)	17 950 000	1 962	29	82.0%	62.8%
48 000 000	–	(444 695	–	2 944 695	50 500 000	3 834	36	100.0%	100.0%
21 400 000	–	91 200	–	8 800	21 500 000	2 881	29	100.0%	100.0%
137 500 000	–	–	–	7 800 000	145 300 000	12 996	87	100.0%	100.0%
34 000 000	–	13 270	–	6 186 730	40 200 000	3 001	31	100.0%	86.6%
13 800 000	–	20 425	–	(20 425)	13 800 000	2 845	40	87.5%	100.0%
7 900 000	–	–	–	–	7 900 000	3 362	43	91.7%	91.7%
78 500 000	–	–	–	(12 500 000)	66 000 000	5 874	81	100.0%	100.0%
29 500 000	–	–	–	–	29 500 000	5 885	52	100.0%	100.0%
40 000 000	–	(77 166)	–	1 577 166	41 500 000	2 591	25	100.0%	100.0%
40 600 000	–	1 750	–	(1 750)	40 600 000	7 082	66	100.0%	100.0%
–	–	–	–	–	–	–	–	–	n/a
–	–	–	–	–	–	–	–	–	n/a
36 200 000	–	76 171	–	1 723 829	38 000 000	12 860	99	100.0%	100.0%
–	44 504 763	43 597	–	1 640	44 550 000	2 228	18	–	100.0%
–	112 018 396	111 758	–	19 846	112 150 000	5 085	267	–	100.0%
75 000 000	–	163 924	–	2 186 076	77 350 000	3 094	32	100.0%	100.0%
88 500 000	–	–	–	1 500 000	90 000 000	4 506	35	100.0%	100.0%
28 152 750	–	38 230	–	(7 790 980)	20 400 000	6 285	79	100.0%	100.0%
50 809 260	–	59 516	–	31 224	50 900 000	8 966	79	100.0%	100.0%
1 343 917 011	156 523 159	1 616 310	(9 000 000)	37 043 520	1 530 100 000	4 090	39	98.0%	97.0%

Property portfolio (continued)

Property name	Physical address	Building grade	Province	Tenancy M/S	GLA 2014 m²	GLA 2015 m²	Effective date of acquisition
Balfour Mall	Cnr Johannesburg Road and Louis Botha Avenue, Highlands North, Kensington	A	Gauteng	M	36 451	32 646	2012/11/01
BMW, Boksburg North	Cnr North Rand and Pond Roads, Bardene, Boksburg North	A	Gauteng	S	7 526	7 526	2012/12/20
Bryanston Boulavard	Cnr William Nicol and Bryanston Drive, Bryanston, Johannesburg	A	Gauteng	M	5 795	5 795	2012/12/20
Builders Warehouse, Bloemfontein	349 Curi Avenue, Bloemfontein	A	Free State	M	9 378	9 378	2012/12/20
Builders Warehouse, Polokwane	161 Crescent Drive, Polokwane	A	Limpopo	M	8 842	8 894	2012/12/20
Builders Warehouse Tiger Wheel & Tyre, The Glen	5 Lois Road, Gleneagles, Johannesburg	A	Gauteng	M	11 113	11 113	2013/01/15
Builders Warehouse, Witbank	Mandela Street, President Park, Emalahleni	A	Mpumalanga	S	5 512	5 512	2013/01/08
Builders Warehouse Zambesi Pretoria	371 Veda Avenue, Montana, Pretoria	A	Gauteng	S	8 907	8 907	2013/01/29
Great North Road Plaza	Cnr N1, Smelter Avenue and Harper Road, Musina, Limpopo	A	Limpopo	M	13 561	13 561	2012/06/06
Jet Umtata	C/o 58 York Road and 15 Owen Street, Umtata	B	Eastern Cape	M	3 721	3 721	2012/04/01
Kriel Mall	Bronwyn Street, Kriel	B	Mpumalanga	M	21 359	21 511	2012/12/11
Nissan, Roodepoort	47 Ontdekkers Road, Roodepoort	A	Gauteng	S	4 893	4 893	2012/12/18
Nonkqubela Link Mall	1 Sulani Drive, Khayelitsha, Western Cape	A	Western Cape	M	7 874	7 876	2012/12/14
Plastic Land, Fourways	Cnr Sunrise Boulevard and William Nicol Drive, Fourways, Johannesburg	A	Gauteng	S	1 296	1 296	2013/01/18
Shoprite Checkers, Thabazimbi	Vanderbijl Street, Thabazimbi Ext 6, Thabazimbi	B	North West	S	4 125	4 125	2011/04/01
Shoprite Checkers, Vanderbijlpark	165 Jan van Riebeck Avenue, CBD, Vanderbijilpark	B	Gauteng	S	15 497	15 497	2011/04/01
Super Group, Greenstone	Cnr Van Riebeeck and Aitken Street, Edenvale	A	Gauteng	S	5 686	5 686	2013/02/05
Tile World Supa Quick, Fourways	Cnr Sunrise Boulevard and William Nicol Drive, Fourways	A	Gauteng	M	2 400	2 400	2013/01/23
Unitrans, Polokwane	204 Tagore Street, Polokwane	B	Limpopo	S	4 322	4 322	2012/12/20
VW McCarthy, Roodepoort	Hendrik Potgieter Rd and Jim Fouche Drive, Constantia, Roodepoort	A	Gauteng	S	2 595	2 595	2013/01/07
Boxer Cofimaba	Stand No. 2298, Main Street, Cofimvaba, Eastern Cape	C	Eastern Cape	S	1 045	1 045	2013/10/01
Cashbuild, Nongoma	Lot 451, Old Main Road, Nongoma, KwaZulu-Natal	C	KZN	S	2 202	2 202	2013/10/01
Devland, Oudtshoorn	243 High Street, Oudtshoorn	C	Western Cape	M	2 742	2 742	2013/10/01
Devland, Silverlakes	Cnr Solomon Mahlangu Drive and Bendeman Boulevard, Silverlakes, Pretoria	B	Gauteng	M	12 492	12 492	2013/10/01
Masscash Kimberley	4, 4a and 6 Cecil Sussman Road, Kimberley	B	Northern Cape	S	5 850	5 850	2013/10/01
Zenth Park, East Rand	265 North Rand Road, Boksburg	C	Gauteng	M	14 144	14 144	2013/10/01
Khayelitsha 2	Sulani Drive, Khayelitsha	C	Western Cape	M	2 911	2 939	2013/10/01
McCarthy Menlyn	Corner of Garsfontein Road and January Masilela Drive, Menlyn	B	Gauteng	S	–	7 346	2014/05/15
Foschini	Franwell House, 105 President Street, Johannesburg	C	Gauteng	S	–	6 305	2014/06/02
Bethlehem	Corner of Paul Laesecke Avenue and Preekstoel Road, Bethlehem	A	Free State	M	–	26 508	2014/07/29
Bethlehem Land			Free State		–		2014/07/29
Fleurdal Mall	Fleurdal Bloemfontein	B	Free State	M	–	24 370	2015/02/01
Edcon	Corner Flint, Halite and Gold Streets, Carletonville	C	Gauteng	S	–	3 811	2014/09/01
Toyota Menlyn	Cnr of Garsfontein Road and January Masilela Drive, Menlyn, Pretoria (adjacent to McCarthy Menlyn)	A	Gauteng	S	–	6 709	2015/03/30
Retail					222 239	293 717	
Total					693 258	831 990	

1 Gross rental includes rental, operating cost recovery, rates recovery and excludes parking income, utility recoveries and any other recoveries.

Carrying value/ (Fair value) directors' valuation 31 March 2014	Additions at cost FY2015 R	Total capitalised cost year to 31 March 2015 (including acquisition costs)	Disposals and disposal costs FY2015 R	Revaluation (Impairment) FY2015	Carrying value/ (Fair value) directors' valuation 31 March 2015	Valuation per square meter 31 March 2015	Average[1] gross rental per square meter at 31 March 2015	Occupancy rate 31 March 2014	Occupancy rate 31 March 2015
348 820 600	–	44 806 202	–	28 373 198	422 000 000	12 926	154	91.0%	98.0%
74 000 000	–	7 000	–	5 943 000	79 950 000	10 623	80	100.0%	100.0%
73 500 000	–	269 582	–	14 730 418	88 500 000	15 272	105	100.0%	100.0%
94 500 000	–	7 000	–	7 493 000	102 000 000	10 877	82	100.0%	100.0%
92 500 000	–	–	–	2 250 000	94 750 000	10 653	81	100.0%	100.0%
135 000 000	–	7 000	–	11 743 000	146 750 000	13 205	93	100.0%	100.0%
80 600 000	–	–	–	3 150 000	83 750 000	15 194	109	100.0%	100.0%
104 000 000	–	–	–	3 000 000	107 000 000	12 013	96	100.0%	100.0%
178 500 000	–	550 558	–	36 049 442	215 100 000	15 862	118	100.0%	100.0%
60 500 000	–	–	–	–	60 500 000	16 259	140	100.0%	100.0%
236 000 000	–	1 251 573	–	43 048 427	280 300 000	13 031	96	97.4%	94.5%
36 500 000	–	–	–	8 350 000	44 850 000	9 166	77	100.0%	100.0%
111 000 000	–	311 350	–	14 088 650	125 400 000	15 922	135	100.0%	96.6%
15 850 000	–	–	–	3 400 000	19 250 000	14 853	109	100.0%	100.0%
18 500 000	–	–	–	–	18 500 000	4 485	36	100.0%	100.0%
41 050 000	–	–	–	–	41 050 000	2 649	18	100.0%	100.0%
61 500 000	–	7 000	–	11 928 400	73 435 400	12 915	108	100.0%	100.0%
30 700 000	–	–	–	4 800 000	35 500 000	14 792	113	100.0%	100.0%
22 200 000	–	–	–	6 150 000	28 350 000	6 559	54	100.0%	100.0%
30 700 000	–	–	–	3 250 000	33 950 000	13 083	108	100.0%	100.0%
6 000 000	–	3 950	–	596 050	6 600 000	6 316	50	100.0%	100.0%
7 600 000	–	–	–	600 000	8 200 000	3 724	30	100.0%	100.0%
13 800 000	–	–	–	(4 500 000)	9 300 000	3 392	33	75.2%	75.2%
76 200 000	–	97 280	–	11 652 720	87 950 000	7 041	64	100.0%	95.4%
27 000 000	–	–	–	2 050 000	29 050 000	4 966	40	100.0%	100.0%
78 000 000	–	55 253	–	6 444 747	84 500 000	5 974	47	100.0%	100.0%
32 180 449	–	–	–	2 919 551	35 100 000	11 943	112	100.0%	97.6%
–	115 350 000	362 434	–	1 987 566	117 700 000	16 022	102	–	100.0%
–	77 407 713	31 524	–	60 763	77 500 000	12 292	133	–	100.0%
–	368 126 513	155 437	–	41 718 050	410 000 000	15 467	165	–	99.4%
–	2 000 000	32 858 826	–	–	34 858 826			–	100.0%
–	310 502 594	415 033	–	82 373	311 000 000	12 762	312	–	100.0%
–	23 700 000	82 585	–	2 217 416	26 000 000	6 822	60	–	100.0%
–	126 378 838	139 878	–	(418 716)	126 100 000	18 796	–	–	100.0%
2 086 701 049	1 023 465 659	81 419 463	–	273 158 055	3 464 744 226	11 796	88	98.0%	98.8%
5 824 832 677	1 850 936 889	86 179 051	(8 937 132)	448 613 041	8 201 624 526	9 858	74	97.4%	97.2%

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Shareholder information

Shareholder analysis

Spread of shareholders at 31 March 2015

Holdings	Number of shareholdings	% of total shareholdings	Number of shares in issue	% of issued capital
1 – 10 000 shares	1 910	63.85	6 692 971	1.54
10 001 – 50 000 shares	661	22.10	14 530 642	3.33
50 001 – 100 000 shares	150	5.02	10 798 752	2.47
100 001 shares and over	270	9.03	404 336 718	92.66
	2 991	100.00	436 359 083	100.00

Shareholder classification at 31 March 2015

	Number of shareholdings	Number of shares	% holding
Public shareholders[1]	2 975	270 390 073	61.97
Non-public shareholders	16	165 969 010	38.03
Executive directors	2	4 111 128	0.94
Non-executive directors	2	11 621 188	2.66
Independent non-executive directors	3	151 505	0.03
Directorate of the manager	5	1 955 405	0.45
Holding company	4	148 129 784	33.95
	2 991	436 359 083	100.00

[1] *Per JSE Listings Requirements' definitions.*

Largest shareholders at 31 March 2015

Beneficial shareholder	Number of shares held	% holding
Investec Ltd	148 129 784	33.95
Coronation Fund Managers	95 997 801	22.00
Public Investment Corporation	19 388 601	4.44
S Giuricich Holdings[2]	17 448 666	4.00
Investment Solutions	14 626 142	3.35
STANLIB	12 252 915	2.81
Arzteversorgung Niedersachsen	9 645 551	2.21
Prudential	7 884 558	1.81
Sanlam	7 550 670	1.73
Old Mutual	7 381 094	1.69
Hackner, S	7 053 865	1.62
RPP	6 293 890	1.44
Absa	6 162 840	1.41
Leon, SR	4 026 089	0.92
Nedbank Group	3 676 854	0.84
MMI Holdings Ltd	3 095 779	0.71
Transnet Pension Fund	2 788 938	0.64
Eskom Pension and Provident Fund	2 425 360	0.56
PPS	2 149 441	0.49
Liberty Group	2 080 747	0.48
Total	380 059 585	87.10

[2] *Includes the 4 567 323 shares held by L Giuricich.*

Directors' interest in shares at 31 March

	2015	2014
Executive directors		
Leon, SR	4 026 089	4 026 089
Donald, DAJ	85 039	85 039
Non-executive directors		
Hackner, S	7 053 865	7 053 865
Giuricich, L*^	4 567 323	4 250 000
Independent non-executive directors		
Ngoasheng, MM	85 977	82 500
Mashaba, CM	62 529	60 000
Rosenthal, GR	2 999	2 999
Total	15 883 821	15 560 492

* *Non-beneficial indirect holding of 17 448 666.*

^ *Indirectly held through S Giuricich and related companies.*

Share statistics at 31 March

	2015	2014
Closing market price (Rm)		
Year-end	17.01	14.49
High	18.09	18.69
Low	14.00	12.50
Shares in issue (million)	437	358
Market capitalisation (R'million)	7 428	5 191
Daily average volume of shares traded	448 122	159 999

Shareholder' diary

Financial year-end	31 March 2015
Publication of financial results	21 May 2015
Final distribution paid to shareholders	15 June 2015
Annual report posted to shareholders	30 June 2015
Annual general meeting	29 July 2015

Distributions

An interim dividend number 7 of 54.65188 cents per share (after applying dividend withholding tax of 15% would provide a net dividend of 46.45410 cents per share) was declared for the six months ended 30 September 2014. The distribution was paid on Monday, 15 December 2014.

Shareholders were given notice of a final dividend declaration number 8 of 64.49652 cents per share (after applying dividend withholding tax of 15% would provide a net dividend of 54.8220 cents per share) for the six months ended 31 March 2015. The final distribution was paid on Monday, 15 June 2015.

Distribution details

Distributions	Distribution number	2015 cents
Six months ended		
30 September 2014	7	54.65188
31 March 2015	8	64.49652
Total		119.14840

Notice of annual general meeting

Investec Property Fund Limited

(Incorporated in the Republic of South Africa)
(Registration number 2008/011366/06)
Share code: IPF | ISIN: ZAE000180915
(the Fund or the company)

Directors of the Fund

Sam Hackner (chairman, non-executive)
Nicholas P Riley (chief executive officer)
Samuel R Leon (deputy chairman, non-executive)
David AJ Donald (chief financial officer)
Luigi LM Giuricich (non-executive)
Suliman Mahomed (independent non-executive)
Constance M Mashaba (independent non-executive)
Moses M Ngoasheng (independent non-executive)
Graham R Rosenthal (independent non-executive)
Khumo L Shuenyane (independent non-executive)

Notice is hereby given that the annual general meeting of the Fund will be held in the 2nd Floor Executive Boardroom, Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton 2196 at 09:00 on Wednesday, 29 July 2015 to: (i) deal with such business as may lawfully be dealt with at the meeting, and (ii) consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of the Fund as set out hereunder.

Kindly note that in terms of section 63(1) of the Companies Act No 71 of 2008, as amended (the Act), meeting participants (including proxies) will be required to provide reasonable satisfactory identification before being entitled to participate in or vote at the annual general meeting. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

Electronic participation

Shareholders entitled to attend and vote at the annual general meeting, or proxies of such shareholders, shall be entitled to participate in the meeting (but not vote) by electronic communication. Should a shareholder wish to participate in the meeting by electronic communication, the shareholder concerned should advise the company thereof by submitting via registered mail addressed to the company (for the attention of the company secretary, PO Box 78949, Sandton, 2196) relevant contact details, as well as full details of the shareholder's title to relevant securities issued by the company accompanied with proof of identity, in the form of certified copies of identity documents and share certificates (if in certificated form) or written confirmation from the shareholder's CSDP confirming the shareholder's title to dematerialised shares (if in dematerialised form), to reach the company by no later than 09:00 on Wednesday, 22 July 2015. Upon receipt of the required information by the company, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholder who wishes to utilise the facility. Shareholders making use of the electronic participation facility are requested to submit their proxy forms to the company, as directed in this notice, as voting at the annual general meeting will not be enabled via electronic means.

Record dates, proxies and voting

In terms of sections 59(1)(a) and (b) of the Act, the board of the company has set the record date for the purpose of determining which shareholders are entitled to:

- Receive notice of the annual general meeting (being the date on which a shareholder must be registered in the company's securities register as a shareholder in order to receive notice of the annual general meeting) as Friday, 26 June 2015
- Participate in and vote at the annual general meeting (being the date on which the shareholder must be registered in the company's securities register as a shareholder in order to participate in and vote at the annual general meeting) as Friday, 24 July 2015.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration, and who are entitled to attend, participate in and vote at the annual general meeting, are entitled to appoint a proxy (or more than one proxy in respect of different shares held by them) to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or a poll. It is requested that proxy forms be forwarded so as to reach the transfer secretaries in South Africa by no later than 48 (forty-eight) hours before the commencement of the annual general meeting. If shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration, and who are entitled to attend, participate in and vote at the annual general meeting, do not deliver proxy forms to the transfer secretaries in South Africa by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the annual general meeting immediately prior to the exercising of the shareholders' rights at the annual general meeting, in accordance with the instructions therein, with the chairman of the annual general meeting.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with 'own name' registration, should contact their CSDP or broker in the manner and within the time stipulated in the agreement entered into between them and their CSDP or broker:

- To furnish them with their voting instructions, or
- In the event that they wish to attend the annual general meeting, to obtain the necessary letter of representation to do so.

Every shareholder present in person or represented by proxy and entitled to vote shall, on a show of hands, have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for each share such shareholder holds.

Presentation of annual financial statements

To present to shareholders:

- The audited annual financial statements of the Fund for the year ended 31 March 2015, together with the reports of the directors and the auditors
- The report by the chairman of the audit and risk committee
- The report by the chairman of the social and ethics committee.

The complete set of the audited annual financial statements, together with the above-mentioned reports, are set out on pages 50 to 85 of the 2015 integrated annual report.

To consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions of the Fund:

1. To elect Nicholas P Riley, as a director of the Fund in accordance with the provisions of the Memorandum of Incorporation of the Fund.
2. To elect Khumo L Shuenyane, as a director of the Fund in accordance with the provisions of the Memorandum of Incorporation of the Fund.
3. To re-elect Sam Hackner, as a director of the Fund in accordance with the provisions of the Memorandum of Incorporation of the Fund.
4. To re-elect Constance M Mashaba, as a director of the Fund in accordance with the provisions of the Memorandum of Incorporation of the Fund.
5. To re-elect Moses M Ngoasheng, as a director of the Fund in accordance with the provisions of the Memorandum of Incorporation of the Fund.

   Messrs Hackner and Ngoasheng and Ms Mashaba are due to retire by rotation.

   For brief biographical details of the directors to be elected or re-elected refer to page 17 of the 2015 integrated annual report.
6. To elect Constance M Mashaba as a member of the audit and risk committee, with effect from the end of this annual general meeting, in terms of section 94(2) of the Act, subject to her re-election as a director pursuant to resolution No 4.
7. To elect Moses M Ngoashengas a member of the audit and risk committee, with effect from the end of this annual general meeting, in terms of section 94(2) of the Act, subject to his re-election as a director pursuant to resolution No 5.
8. To elect Graham R Rosenthal as a member of the audit and risk committee, with effect from the end of this annual general meeting, in terms of section 94(2) of the Act.
9. To elect Khumo L Shuenyane, as a member of the audit and risk committee, with effect from the end of this annual general meeting, in terms of section 94(2) of the Act.

   The members of the audit and risk committee have been nominated by the board of the Fund for election as members of the Fund's audit and risk committee in terms of section 94(2) of the Act. The board has reviewed the proposed composition of the audit and risk committee against the requirements of the Act and the Regulations under the Act and has confirmed that if all the individuals referred to above are elected, the committee will comply with the relevant requirements and have the necessary knowledge, skills and experience to enable it to perform its duties in terms of the Act.
10. To re-appoint Ernst & Young Inc., 102 Rivonia Road, Sandton, 2196 South Africa (Private Bag X14, Northlands 2116, South Africa) as independent external auditors of the Fund, until such time as the conclusion of the next annual general meeting of the Fund.

    In terms of section 90(1) of the Act, each year at its annual general meeting, the company must appoint an auditor who complies with the requirements of section 90(2) of the Act. Following a detailed review, which included an assessment of its independence, the current audit and risk committee of the company has recommended that Ernst & Young Inc. be reappointed as the auditors of the company.
11. To authorise any director or the company secretary of the Fund to do all things and sign all documents which may be necessary to carry into effect the resolutions contained in this notice to the extent the same have been passed and, where applicable, filed.
12. Ordinary resolution: Directors' authority to issue shares specifically in relation to a Dividend Reinvestment Plan:

Resolved that:

- to the extent required by and subject to the provisions of the Act and the Listing Criteria of the JSE Limited, the Directors be and they are hereby authorised by way of a specific standing authority to issue ordinary shares of no par value (ordinary shares) as and when they deem appropriate, for the exclusive purpose of affording shareholders the opportunity from time to time to elect to reinvest their dividends into new ordinary shares of the company.

13. Ordinary resolution: Directors' authority to allot and issue authorised but unissued shares in relation to the Griffin transaction:

Resolved that:

- to the extent required by and subject to the Memorandum of Incorporation of the Fund, the Act and the Listings Requirements of the JSE Limited (JSE Listings Requirements), each as presently constituted and as amended from time to time, the directors of the Fund are authorised, as they in their discretion think fit, to allot and issue 35 761 709 of the Fund's authorised but unissued shares for the specific purpose to settle part of the purchase consideration for the portfolio of properties acquired from the Griffin Holdings Group as announced on 5 June 2015, such authority to expire one month after the transaction is declared unconditional or at the next annual general meeting of the Fund (which ever date is the later). In terms of the company's Memorandum of Incorporation, read with the JSE Listings Requirements, the shareholders of the company may authorise the directors to, *inter alia*, issue any unissued shares of the company, as the directors in their discretion think fit.

14. Ordinary resolution: Authorising the directors to allot and issue authorised but unissued shares:

Resolved that:

- to the extent required by and subject to the Memorandum of Incorporation of the Fund, the Act and the Listings Requirements of the JSE Limited (JSE Listings Requirements), each as presently constituted and as amended from time to time, the directors of the Fund are authorised, as they in their discretion think fit, to allot and issue 44 497 833 (8.02%) of the authorised but unissued shares in the Fund, which equates to 10% of the shares in issue, to such person(s) and upon such terms and conditions as the directors may determine, such authority to not exceed 10% of the shares in issue at the date of the AGM when read in conjunction with Resolution 15 (Special Resolution 1) and to expire at the next annual general meeting of the Fund. In terms of the company's Memorandum of Incorporation, read with the JSE Listings Requirements, the shareholders of the company may authorise the directors to, *inter alia*, issue any unissued shares of the company, as the directors in their discretion think fit.

The directors have decided to seek annual renewal of this authority in accordance with best practice. The exercise of the authority will be subject to the provisions of the Act and the JSE Listings Requirements. The directors consider it advantageous to attain the authority to enable the company to take advantage of any business opportunity that may arise in future.

15. Special resolution No 1: Directors' authority to allot and issue shares for cash in respect of 22 248 916 (4.01%) of the unissued shares:

Resolved that:

- to the extent required by, and subject to the Listings Requirements of the JSE Limited (JSE Listings Requirements), the Fund's Memorandum of Incorporation and the Companies Act No 71 of 2008, as amended (the Act), each as presently constituted and as amended from time to time, the directors of the Fund are authorised by way of a general authority, which authority shall not extend beyond the date of the next annual general meeting of the Fund to be held in 2016 or the date of the expiry of 15 (fifteen) months from the date of the annual general meeting of the Fund convened for 29 July 2015, whichever period is shorter, to allot and issue 22 248 916 shares for cash (i.e. other than by way of rights offer, to the existing shareholders in proportion to their then existing holdings), such authority to not exceed 10% of the shares in issue at the date of the AGM when read in conjunction with Resolution 14 subject to the limitations as required by the JSE Listings Requirements from time to time, it being recorded that at 26 June 2015, the JSE Listings Requirements provide, *inter alia*, that:

  (i) a press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of an issue of shares for cash representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to such issue;

  (ii) the issue of shares for cash in the aggregate in any 1 (one) financial year will not exceed 15% (fifteen percent) of the number of the Fund's shares in issue, including instruments which are compulsorily convertible;

  (iii) in determining the price at which an allotment and issue of shares may be made in terms of this authority, the maximum discount permitted will be 5% (five percent) of the weighted average traded price of the shares in question as determined over the 30 (thirty) business days prior to the date that the price of the issue is agreed to between the directors of the Fund and the party subscribing for the shares; and

  (iv) the shares issued for cash must be issued to persons qualifying as 'public shareholders', as defined in the JSE Listings Requirements, and not to 'related parties'.

The directors are seeking an authority to allot and issue up to 22 248 916 (4.01%) of the number of unissued shares for cash which represents 5% (five percent) of the number of the Fund's issued shares as at the date of this notice of annual general meeting, which is in line with the 15% (fifteen percent) permitted in terms of the JSE Listings Requirements.

The authority will be exercised subject to the provisions of the Act, the Fund's Memorandum of Incorporation and the JSE Listings Requirements.

The directors consider it beneficial to obtain the authority to enable the company to take advantage of any business opportunity that may arise in future.

16. Special resolution No 2: Directors' authority to acquire shares:

Resolved that:

- the Fund is authorised (to the extent required), by way of a general authority, which authority shall not extend beyond the date of the next annual general meeting of the Fund to be held in 2016 or the date of the expiry of 15 (fifteen) months from the date of the annual general meeting of the Fund convened for 29 July 2015, whichever period is shorter, to acquire shares issued by the Fund, from any person, upon such terms and conditions and in such number as the directors of the Fund may from time to time decide, but subject to the provisions of the Fund's Memorandum of Incorporation, the Companies Act No 71 of 2008, as amended (the Act), and the listing requirements of the JSE Limited (JSE Listings Requirements), each as presently constituted and as amended from time to time, it being recorded that at 26 June 2015, the JSE Listings Requirements provide, *inter alia*, that:

  (i) any such acquisition of shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;

  (ii) an announcement containing full details of such acquisitions will be published as soon as the Fund has acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of the Fund's shares in issue (at the time that this authority is granted) and for each 3% (three percent) in aggregate of the initial number of such shares acquired thereafter;

  (iii) acquisitions of shares by the Fund in aggregate in any 1 (one) financial year may not exceed 20% (twenty percent) of the Fund's issued shares as at the date of passing of this special resolution No 2;

  (iv) in determining the price at which shares issued by the Fund are acquired by it in terms of this general authority, the maximum price at which such shares may be acquired will be 10% (ten percent) above the weighted average of the market value at which such shares are traded on the JSE as determined over the 5 (five) business days immediately preceding the date of acquisition of such shares, by the Fund;

  (v) at any point in time, the Fund may only appoint 1 (one) agent to effect any acquisition on the Fund's behalf;

(vi) a resolution is passed by the board of directors that it has authorised the acquisition, that the Fund (and where applicable, its subsidiaries) has passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Fund; and

(vii) the Fund may not acquire any shares during a prohibited period as defined by the JSE Listings Requirements unless there is in place a repurchase programme where dates and quantities of securities to be traded during the prohibited period are fixed and full details of the programme have been disclosed in writing to the JSE prior to the commencement of the prohibited period.

Special resolution No 2 is sought to allow the Fund, by way of a general authority, to acquire its own shares in issue from time to time, subject to the Fund's Memorandum of Incorporation, the Act and the JSE Listings Requirements.

At the present time, the directors of the Fund have no specific intention of making any such acquisition, but believe that the Fund should retain the flexibility to take action if future acquisitions are considered desirable and in the best interests of shareholders, taking into account prevailing market conditions. The directors of the Fund are of the opinion that, after considering the effect of such acquisition of shares, if implemented and on the assumption that the maximum of 20% (twenty percent) of the current issued shares of the Fund will be acquired, using the mechanism of the general authority at the maximum price at which the acquisition may take place and having regard to the price of the shares on the JSE at the last practical date prior to the date of the notice of annual general meeting of the Fund convened for 29 July 2015:

- The Fund will be able, in the ordinary course of business, to pay its debt for a period of 12 (twelve) months after the date of the notice of annual general meeting of the Fund convened for 29 July 2015
- The assets of the Fund will be in excess of the liabilities of the Fund, each recognised and measured in accordance with IFRS, for a period of 12 (twelve) months after the date of the notice of annual general meeting of the Fund convened for 29 July 2015
- The Fund will have adequate capital and reserves for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of annual general meeting of the Fund convened for 29 July 2015
- The working capital of the Fund will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of annual general meeting of the Fund convened for 29 July 2015. The Fund will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any acquisition of the Fund's shares on the open market.

Directors' responsibility statement

The directors, whose names appear on pages 17 and 18 of the 2015 integrated annual report, collectively and individually accept full responsibility for the accuracy of the information given pertaining to this special resolution No 2 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the 2015 integrated annual report, there have been no material changes in the affairs or financial position of the Fund since the date of signature of the audit report and up to the date of this notice of annual general meeting of the Fund.

The following additional information is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- Largest shareholders: page 97 of the 2015 integrated annual report
- Directors: pages 17 and 18 of the 2015 integrated annual report
- Issued capital of the Fund: page 74 note 14 of the 2015 integrated annual report.

17. Special resolution No 3: Directors' remuneration

Resolved that:

- in terms of section 66(9) of the Companies Act No 71 of 2008, as amended (the Act), payment of the remuneration of the directors of the Fund for their service as directors be approved as follows:
  - (i) for the period 1 April 2015 to 31 March 2016: as set out on page 42 of the 2015 integrated annual report;
  - (ii) thereafter but only until the expiry of a period of 24 (twenty-four) months from the date of the passing of this special resolution No 3 (or until amended by a special resolution of shareholders prior to the expiry of such period), on the same basis as above, escalated as determined by the board of the Fund, up to a maximum of 5% (five percent) per annum per amount set out as aforesaid.

Special resolution No 3 is proposed to enable the Fund to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Act, which stipulate that remuneration to directors for their service as directors may be paid only in accordance with a special resolution approved by the shareholders within the previous two years.

The remuneration proposed for approval has been determined mindful thereof that the role of non-executive directors is under increasing focus of late with greater accountability and risk attached to the position.

For further information on the proposed directors' remuneration, please refer to page 42 of the annual financial report.

18. Special resolution No 4: Financial assistance to subsidiaries and other related and interrelated entities.

Resolved that:

- to the extent required by the Companies Act No 71 of 2008, as amended (the Act), the board of directors of the Fund may, subject to compliance with the requirements of the Fund's Memorandum of Incorporation, the Act and the listing requirements of the JSE Limited (JSE Listings Requirements), each as presently constituted and as amended from time to time, authorise the Fund to provide direct or indirect financial assistance by way of a loan, guarantee, provision of security or otherwise, to:

  – any of its current and future subsidiaries; and/or

  – any other company or entity that is or becomes related or interrelated to the Fund; and/or

  – any company or entity created for the purpose of providing a guarantee to noteholders under the Fund's Domestic Medium-Term Note Programme

  for the purpose of or in connection with any matter, including, but not limited to:

  – the subscription of any option, or any securities, issued or to be issued by the Fund or a related or interrelated company; or

  – for the purchase of any securities of the Fund or a related or interrelated company; or

  – for the purpose of lending money, guaranteeing a loan or other obligation and securing any debt or obligation; or

  – for the provision of a guarentee by special purpose vehicles to noteholders under the Domestic Medium Term Notes Programme

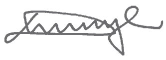
  such authority to endure until the next annual general meeting of the Fund.

Reason:

The Fund would like the ability to provide financial assistance to its subsidiaries and related or interrelated entities and to any company or entity created for the purpose of providing a guarantee to noteholders under the Fund's Domestic Medium-Term Note Programme, for the purpose of or in connection with the subscription of any option, or any securities, issued or to be issued by the Fund or a related or interrelated company, or for the purchase of any securities of the Fund or a related or interrelated company or for the purpose of lending money, guaranteeing a loan or other obligation and securing any debt or obligation of any such company.

Under sections 44 and 45 of the Act, the Fund will require a special resolution to be adopted before such financial assistance may be provided. In the circumstances and in order to, amongst others, ensure that the Fund's related and interrelated companies and entities have access to financing and/or financial backing from the Fund (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 4. It should be noted that this resolution does not authorise financial assistance to a director or a prescribed officer of the company or any company or person related to such a director or prescribed officer.

By order of the board



N van Wyk
Investec Bank Limited
Company secretary

26 June 2015

Registered office
100 Grayston Drive
Sandown
Sandton
2196

PO Box 78949
Sandton
2146

Transfer secretaries
Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001
PO Box 61051
Marshalltown 2107

Form of proxy

Investec Property Fund Limited

(Incorporated in the Republic of South Africa) | (Registration number 2008/011366/06)
Share code: IPF | ISIN: ZAE000180915
(Investec Property Fund or the Fund or the company)

For use by certificated and 'own name' dematerialised shareholders only.

For use by certificated and 'own name' registered dematerialised shareholders of the Fund, recorded in the Fund's securities register at Wednesday, 22 July 2015, in the exercise of their voting rights in respect of the ordinary shares in the capital of the company, at an annual general meeting of the Fund to be held at 09:00 on Wednesday, 29 July 2015 at the 2nd Floor Executive Boardroom, Investec Bank Limited, 100 Grayston Drive, Sandown, Sandton 2196.

I/We: (please print names in full) ______________________________

of (address) ______________________________

being the holder/s of ______________ shares in the Fund, appoint (see note 1):

1. ______________________________ or failing him/her,

2. ______________________________ or failing him/her,

3. the chairman of the annual general meeting,

as my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against such resolutions and/or abstain from voting in respect of the share component of the shares registered in my/our name/s, in accordance with the following instructions (see note 3):

	Number of votes (one vote per share)		
	For	Against	Abstain
Ordinary resolution No 1: To elect Nicholas P Riley as a director of the Fund			
Ordinary resolution No 2: To elect Khumo L Shuenyane, as a director of the Fund			
Ordinary resolution No 3: To re-elect Sam Hackner as a director of the Fund			
Ordinary resolution No 4: To re-elect Constance M Mashaba as a director of the Fund			
Ordinary resolution No 5: To re-elect Moses M Ngoasheng as a director of the Fund			
Ordinary resolution No 6: To elect Constance M Mashaba as a member of the audit and risk committee, subject to her re-election as a director pursuant to ordinary resolution No 4			
Ordinary resolution No 7: To elect Moses M Ngoasheng as a member of the audit and risk committee, subject to his re-election as a director pursuant to ordinary resolution No 5			
Ordinary resolution No 8: To elect Graham R Rosenthal as a member of the audit and risk committee			
Ordinary resolution No 9: To elect Khumo L Shuenyane, as a member of the audit and risk committee			
Ordinary resolution No 10: To re-appoint Ernst & Young Inc. as designated auditors of the Fund for the year to 31 March 2016			
Ordinary resolution No 11: To provide the directors or the company secretary with the authority to take action in respect of the resolutions approved by shareholders			
Ordinary resolution 12: Directors' authority to issue shares specifically in relation to a Dividend Reinvestment Plan			
Ordinary resolution No 13: Directors' authority to allot and issue (35 761 709) authorised but unissued shares in relation to the Griffin transaction:			
Ordinary resolution No 14: Authorising the directors to allot and issue 44 497 833 (8.02%) of the authorised but unissued shares (10.00% of shares in issue)			
Special resolution No 1: To provide the directors with general authority to allot and issue 22 248 916 (4.01%) of the authorised but unissued shares (5.00% of shares in issue) for cash			
Special resolution No 2: To provide the directors with general authority to acquire shares			
Special resolution No 3: Directors' remuneration			
Special resolution No 4: Financial assistance to subsidiaries and other related and interrelated entities			

Form of proxy

Certificated shareholders

If you are a certificated shareholder or have dematerialised your shares with 'own name' registration and you are unable to attend the annual general meeting of the Fund to be held at 09:00 on Wednesday, 29 July 2015 at the 2nd Floor Executive Boardroom, Investec Bank Limited, 100 Grayston Drive Sandown, Sandton 2196 and wish to be represented thereat, you are requested to complete and return this form of proxy in accordance with the instructions contained herein and to lodge it with, or post it to, the Transfer Secretaries, namely Computershare Investor Services (Pty) Ltd, so as to be received by them by no later than 09:00 on Monday, 25 July 2015.

Dematerialised shareholders, other than those with 'own name' registration

If you hold dematerialised shares in the Fund through a CSDP or broker, other than with an 'own name' registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the annual general meeting or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary letter of representation to do so, or should you not wish to attend the annual general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the annual general meeting.

Signed at: on 2015

Signature: Assisted by me where applicable:

Name: Capacity: Signature:

Please read the notes that follow.

Notes to the form of proxy

Notes and summary of rights under section 58 of the Companies Act 2008

1. A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint any one or more individual (who need not be a shareholder of the company) as a proxy to attend, speak and vote in his place at the annual general meeting, provided that, if more than one proxy is concurrently appointed by a shareholder, each proxy is appointed to exercise the rights attached to different shares held by that shareholder. Such shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting 'the chairman of the meeting', provided that any such deletion must be signed in full by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the annual general meeting.

2. A shareholder or his proxy shall have one vote for every share held. You are not obliged either to cast all your votes or to cast all your votes in the same way. Please instruct your proxy how to vote by either:

   - Marking the appropriate box with an 'X' next to the resolution (i.e. in favour of and/or against and/or by way of abstention), in which event the proxy will cast all your votes in the manner so specified, or

   - Setting out the number of votes to be cast in the appropriate box next to the resolution, provided that, if for any resolution the aggregate number of votes to be cast would exceed the total number of shares held, you will be deemed to have given no specific instruction as to how you wish your proxy to vote in respect of that resolution.

   Your proxy will have discretion to vote in respect of your total holding on any resolution on which you have not (or are deemed not to have) given specific instruction as to how to vote and, unless instructed otherwise, on any business which may properly come before the meeting.

3. The date must be filled in on this form of proxy when it is signed.

4. If you are signing in a representative capacity, whether for another person or for an organisation, then, in order for this form to be valid, you must include a power of attorney or other written authority that authorises you to sign (or a certified copy of such power or authority).

5. In the case of a company, the proxy form should either be sealed by the company or signed by a director or an authorised signatory (and the provisions of paragraph 4 shall apply to such authorised signatory).

6. In the case of joint shareholders, only one need sign. If more than one joint shareholder votes, whether in person or by proxy, only the most senior shareholder who casts a vote, whether in person or by proxy, will be counted. For this purpose, seniority is determined by the order in which shareholders' names appear in the securities register for that share.

7. Any alteration or correction made to this form of proxy must be signed in full and not initialed by the signatory or signatories.

8. A minor must be assisted by his/her parent/guardian and the relevant documentary evidence establishing his/her legal capacity must be attached to this form of proxy unless previously recorded by the company or waived by the chairman of the annual general meeting.

9. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.

10. The return of this form of proxy will not prevent you from attending the meeting and voting in person.

11. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.

12. The appointment of a proxy or proxies:

    - Is suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

    - is revocable in which case the shareholder may revoke the proxy appointment by:

      – cancelling it in writing or making a later inconsistent appointment of a proxy

      – delivering a copy of the revocation instrument to the proxy and to the company.

13. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as the appointment remains in effect, any notice that is required by the Companies Act No 71 of 2008, or the company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to:

    - The shareholder, or

    - The proxy or proxies, if the shareholder has directed the company to do so in writing and has paid any reasonable fee charged by the company for doing so.

14. The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used (including any adjournment thereof), unless revoked as contemplated in section 58(5) of the Companies Act.

15. It is requested that this form of proxy be deposited at the company's transfer secretaries:

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg 2001

PO Box 61051
Marshalltown 2107

not later than 09:00 (South African time) on Monday, 29 July 2015

Corporate information

Investec Property Fund Limited

Incorporated in the Republic of South Africa
Registration number 2008/011366/06
Share code: IPF | ISIN: ZAE000180915

Secretary and registered office

C/o Company Secretarial
Investec Bank Limited
100 Grayston Drive
Sandown, Sandton, 2196
PO Box 78949, Sandton, 2196

Internet address

www.investecpropertyfund.com

Auditors

Ernst & Young Inc.
102 Rivonia Road
Sandton
Johannesburg, 2196

Transfer secretaries

Computershare Investor Services (Pty) Ltd
70 Marshall Street
Johannesburg, 2001
PO Box 61051
Marshalltown, 2107
Telephone (27 11) 370 5000

Sponsor

Investec Bank Limited
100 Grayston Drive
Sandown, Sandton, 2196
PO Box 785700
Sandton, 2196

Directorate

Refer to page 17

For queries regarding information in this document:

Investor Relations

Telephone (27 11) 286 7070
e-mail: propertyfund@investec.co.za
Internet address: www.investecpropertyfund.co.za

Preparer

This integrated annual report and annual financial statements have been prepared under the supervision of the chief financial officer, Dave Donald CA(SA).