Investec
Property Fund

OUT OF THE ORDINARY

2021

Financial results

Reviewed interim condensed consolidated financial results

Investec Property Fund Limited

Key highlights

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

Strong performance achieved, driven by stabilisation of SA business and supported by consistent returns from PEL

H1 FY22 distributable income per share ("DIPS") up 11.8% yoy

FY22 DIPS guidance range of 10% – 12%

90% – 95% dividend payout policy maintained

R1bn of properties identified for sale

Offshore exposure maintained at 43% of balance sheet

First property fund to achieve Level 1 BBBEE contributor rating

South Africa

Base NPI up
12.8%
following reduction in COVID relief

Vacancy reduced to
9.4%
(Mar-21: 11.4%)

82.6%
of expiring space re-let at negative 8.1% reversion and WALE of 4.1 years

Stabilisation of portfolio valuation with
0.7%
net writedown to R15.2bn

Europe

Base NPI up
8.3%
driven by positive rental reversion and lower non-recoverable costs

Vacancy reduced to
2.8%
(Mar-21: 4.3%)

60%
of space expiring re-let at 3.4% positive reversion

Portfolio revalued up by
1.9%
to €1.08bn

3.5%
growth in DIPS (in EUR) driven by positive rental growth

5.5%
LFL growth in DIPS (in ZAR)

Group metrics

37.9%	**LTV (Mar-21: 38.3%) Balance sheet remains robust**
52.39cps	**H1 FY22 DIPS**
49.77cps	**H1 FY22 interim dividend declared (+11.8% yoy)**

DISTRIBUTABLE EARNINGS RECONCILIATION

FOR THE PERIOD ENDED 30 SEPTMBER 2021

Half year distributable earnings of 52.39 cents per share - 11.8% increase, in line with guidance and primarily driven by stabilising SA business and strong performance in Europe

R'000	Notes	**Reviewed Six months ended 30 September 2021**	Reclassified[5] Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
Profit/(loss) after taxation		**443 336**	(397 912)	(327 588)
Adjusted for:				
Straight-line rental revenue adjustment		**9 802**	40 901	54 838
Fair value, foreign exchange (gains)/losses and other adjustments[1]		**(29 828)**	627 119	600 688
Loss on disposal of investment property		**2 276**	3 136	2 717
Izandla interest capitalised		**(3 600)**	(1 423)	(4 096)
Investment dividend accrual (net of withholding tax ('WHT'))[2]		**–**	(16 228)	(16 228)
Deferred taxation and capital gains taxation ('CGT')		**–**	19 555	17 978
Equity accounted (earnings)/losses from associate[1,3]		**(292)**	9 974	17 843
Loss after tax for the period from discontinued operations[3]	8.3	**–**	92 106	435 269
Distributable earnings available for distribution		**421 694**	**377 228**	**781 421**
Available H1 Interim distributable earnings[4]		**421 694**	377 228	377 228
Available H2 distributable earnings		**–**	–	404 193
Number of shares				
Shares in issue		**804 918 444**	804 918 444	804 918 444
Weighted average number of shares in issue		**804 918 444**	804 918 444	804 918 444
Cents				
Total available distributable earnings per share[4]		**52.39**	46.87	97.08
Available H2 distributable earnings per share (cents)		**–**	–	50.21
Available H1 Interim distributable earnings per share (cents)[4]		**52.39**	46.87	46.87

1 The Fund disposed of its equity accounted investment in the UK on 31 March 2021. The half and full year comparatives have been re-presented to loss after tax for the period from discontinued operations (see note 8.3 for further detail).

2 Each reporting period, the Fund makes an adjustment to match the distributable income for the period to the period in which it relates. The IAP investment was sold in the prior year of assessment therefore no income was earned for the current period and no adjustment to distributable earnings was made.

3 The Fund equity accounts its investment in Izandla and only distributes earnings declared as a dividend. Any distributions during the current period have been included in distributable income.

4 Increase to comparable period driven largely by the impact of recovery from COVID-19 and increased letting activities. The Fund expects to continue with a 95% payout ratio for the first half of the year. No income tax is payable for half year 2022.

5 30 September 2020 has been re-presented to reflect the UK as a discontinued operation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Notes	**Reviewed Six months ended 30 September 2021**	Reclassified[6] Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
Revenue, before straight line rental revenue adjustment		**766 855**	779 400	1 522 361
Straight-line rental revenue adjustment		**(9 802)**	(40 901)	(54 838)
Revenue[1]		**757 053**	738 499	1 467 523
Property expenses		**(183 728)**	(188 807)	(361 399)
Expected credit losses[2]		**(27 126)**	(40 827)	(51 984)
Net property income		**546 199**	508 865	1 054 140
Other operating expenses		**(55 828)**	(53 359)	(126 600)
Operating profit		**490 371**	455 506	927 540
Fair value, foreign exchange gains/(losses) and other adjustments	2	**29 828**	(627 119)	(600 688)
Loss on disposal of investment property		**(2 276)**	(3 136)	(2 717)
Income from investments	4	**203 387**	215 982	411 750
Finance costs		**(307 980)**	(367 450)	(678 706)
Finance income[3]	5	**29 714**	50 570	86 953
Equity accounted earnings/(losses) from associate		**292**	(9 974)	(17 843)
Profit/(loss) before taxation from continuing operations		**443 336**	(285 621)	126 289
Taxation	6	**–**	(20 185)	(18 608)
Profit/(loss) after taxation from continuing operations		**443 336**	(305 806)	107 681
Discontinued operations		**–**	(92 106)	(435 269)
Loss after tax from discontinued operations[4]	8.3	**–**	(92 106)	(435 269)
Profit/(loss) after tax		**443 336**	(397 912)	(327 588)
Other comprehensive income		**–**	(31 476)	(3 026)
Foreign currency translation losses		**–**	(31 476)	(84 728)
Recycled to profit or loss		**–**	–	81 702
Total comprehensive income attributable to equity holders		**443 336**	(429 388)	(330 614)
Basic and diluted earnings per share from continuing operations (cents)		**55.08**	(37.99)	13.38
Basic and diluted earnings per share from discontinued operation (cents)		**–**	(11.44)	(54.08)
Basic and diluted earnings per share (cents)[5]		**55.08**	(49.44)	(40.70)

1 Revenue positively impacted by improved South African performance. The change in the straight-line rental adjustment is largely impacted by regearing of leases performed in the prior year. Refer to the financial review section of the commentary for further details.
2 Relates to expected credit losses on lease receivables included in revenue. Decrease in the current period due to stabilised operational performance and reduction in COVID-19 defaults and deferrals provided.
3 Calculated using the effective interest rate method.
4 The UK investment was sold on 31 March 2021. The prior period has been re-presented to the discontinued operations line item.
5 Period-on-period increase due to the increase in net property income, significant reduction in interest expense, lower fair value losses of South African properties and foreign exchange gains on investments.
6 30 September 2020 has been re-presented to reflect the UK as a discontinued operation.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Notes	**Reviewed Six months ended 30 September 2021**	Reclassified[5] Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
ASSETS				
Non-current assets		**22 434 715**	23 181 425	23 155 569
Investment property	3	**13 757 789**	14 857 720	14 636 707
Straight-line rental revenue adjustment		**374 189**	414 260	423 551
Derivative financial instruments	7.3	**90 940**	138 382	115 801
Equity accounted investment in associate and joint ventures	8	**17 224**	1 043 932	16 932
Other financial instruments	7.1	**8 194 573**	6 727 131	7 962 578
Current assets		**558 172**	3 912 011	1 467 124
Trade and other receivables[1,2]		**255 841**	370 925	1 027 992
Cash and cash equivalents[3]		**236 116**	375 888	225 590
Current portion of derivative financial instruments	7.3	**66 215**	47 281	213 542
Current portion of other financial instruments	7.1	**–**	3 117 917	–
Non-current assets and assets in disposal group held for sale	9	**1 020 789**	1 954 818	525 152
Total assets		**24 013 676**	29 048 254	25 147 845
EQUITY AND LIABILITIES				
Shareholders' interest		**13 457 757**	13 901 013	13 398 404
Stated capital		**11 133 011**	11 133 011	11 133 011
Retained earnings		**2 324 746**	2 796 452	2 265 393
Foreign currency translation reserve		**–**	(28 450)	–
Non-current liabilities		**8 256 695**	9 012 023	8 352 906
Long-term borrowings	7.2	**7 948 621**	8 013 315	7 822 554
Derivative financial instruments	7.3	**308 074**	998 708	530 352
Current liabilities		**2 299 224**	6 135 218	3 396 535
Trade and other payables		**462 967**	693 155	783 083
Tax payable		**–**	28 212	–
Current portion of long-term borrowings[4]	7.2	**1 717 840**	5 170 694	2 502 755
Current portion of derivative financial instruments	7.3	**118 417**	219 810	110 697
Liabilities in disposal group held for sale	9	**–**	23 347	–
Total equity and liabilities		**24 013 676**	29 048 254	25 147 845
Shares in issue		**804 918 444**	804 918 444	804 918 444
Net asset value per share (cents)		**1 672**	1 727	1 665

1 The Fund reclassified tenant incentives from trade and other receivables to investment property to align with industry practices determined to be more appropriate.
2 Proceeds from the sale of the UK investment of R709 million after forex movements was received during the current period under review.
3 The cash balance includes cash relating to tenant deposits of R71 million (March 2021: R85 million) as well as revenue received in advance of R45 million (March 2021: R30 million).
4 Loans of R370 million were refinanced post year-end.
5 The Fund reclassified tenant incentives from trade and other receivables to investment property to align with industry practices determined to be more appropriate.

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Notes	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
Cash generated from operations	10	**626 676**	307 261	940 182
Finance income received		**18 723**	21 312	67 602
Finance costs paid		**(279 831)**	(394 436)	(684 088)
Income from investments (net of tax)		**112 943**	171 109	287 807
Capital gains tax paid		**–**	–	(26 635)
Dividends paid to shareholders[1]		**(742 349)**	–	(554 344)
Net cash(outflow)/ inflow from operating activities		**(263 838)**	105 246	30 524
Acquisitions of investment property and capital expenditure		**(92 192)**	(72 364)	(113 589)
Proceeds on disposal of investment property		**32 504**	824 289	901 852
Proceeds from disposal of property company equity instruments[2]		**–**	742 168	742 168
Proceeds from sale of joint ventures and associates[3]		**709 277**	–	–
Acquisition of other financial instruments		**–**	(20 631)	(64 775)
Proceeds from other financial instruments[4]		**373 147**	–	2 496 198
Net cash inflow from investing activities[5]		**1 022 736**	1 473 462	3 961 854
Proceeds from borrowings		**2 551 209**	1 115 115	1 988 025
Derivatives settled		**(25 018)**	(126 012)	(80 043)
Repayment of borrowings		**(3 274 563)**	(2 780 775)	(6 318 224)
Net cash outflow from financing activities		**(748 372)**	(1 791 672)	(4 410 242)
Net increase/(decrease) in cash and cash equivalents		**10 526**	(212 964)	(417 864)
Cash and cash equivalents at the beginning of the year		**225 590**	643 072	643 072
Movement in foreign exchange		**–**	(154)	382
Cash and cash equivalents at the end of the year[6]		**236 116**	429 954	225 590

1 Relates to interim and final dividends paid for the 2021 financial year end.
2 Proceeds from the sale of IAP
3 Relates to proceeds received in April 2021 from the sale of the UK investment.
4 Relates to proceeds received in May 2021 from the sale of the PELI investment. Prior year includes proceeds from the repayment of the bridge loan by the PEL platform.
5 In the prior year, proceeds from the sale of the Belgium investment to the PEL platform were reinvested into the platform resulting in a non-cash transaction as the funds were retained in the PEL platform. This includes €38.5m advanced to PEL as part of the bridge loan (note 7.1.4).
6 Prior year includes cash in the Belgium bank account. The Belgium bank account is included in non-current assets and disposal groups held for sale.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Stated capital	Retained earnings	Foreign currency translation reserve	Total equity
Balance at 31 March 2020	**11 133 280**	**3 508 717**	**3 026**	**14 645 023**
Total comprehensive income attributable to equity holders	–	(397 912)	(31 476)	(429 388)
Shares issued net of costs	(269)	–	–	(269)
Dividends declared	–	(314 353)	–	(314 353)
Balance at 30 September 2020	**11 133 011**	**2 796 452**	**(28 450)**	**13 901 013**
Total comprehensive income attributable to equity holders	–	67 298	(53 252)	14 046
Recycling to profit and loss	–	–	81 702	81 702
Dividends declared	–	(598 357)	–	(598 357)
Balance at 31 March 2021	**11 133 011**	**2 265 393**	**–**	**13 398 404**
Total comprehensive income attributable to equity holders	–	443 336	–	443 336
Dividends declared	–	(383 983)	–	(383 983)
Balance at 30 September 2021	**11 133 011**	**2 324 746**	**–**	**13 457 757**

SEGMENTAL ANALYSIS

The group determines and presents operating segments based on the information that is provided internally to the Executive Management Committee (EXCO), the group's operating decision-making forum. As at 30 September 2021, the group is comprised of five segments, namely Retail, Office, Industrial, Europe, and the South African investment portfolio (the UK and IAP segments have been exited in the prior year). An operating segment's operating results are reviewed regularly by Exco to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment	Brief description of segment
SA Retail	The retail portfolio consists of 26 properties, comprising shopping centres as well as retail warehouses, motor dealerships and high street properties.
SA Office	The office portfolio consists of 30 properties which includes P, A and B grade office space.
SA Industrial	The industrial portfolio consists of 32 properties which includes warehousing, standard units, high grade industrial, high-tech industrial and manufacturing.
South Africa - Investment portfolio	The local investment portfolio consists of a 35% share of an empowerment vehicle, Izandla valued at R0.3 billion.
Europe	A 75% investment into a PEL portfolio valued at R6.8 billion. This portfolio consists of 48 properties located in 7 jurisdictions across Europe. Previously included a 25% investment into a PELI portfolio valued at R0.3 billion at 31 March 2021. The investment was sold in April 2021.
UK	The investment was sold at 31 March 2021.
Australia (IAP)	The investment was sold in June 2020.

SEGMENTAL ANALYSIS CONTINUED

R'000	South African property portfolio				Investment portfolio		
30 September 2021	**Office**	**Industrial**	**Retail**	**Total/ fund level**	**South African investment portfolio**	**Europe**	**Total**
Material profit or loss disclosures							
Revenue, before straight line rental revenue adjustment	303 209	169 096	294 550	**766 855**	–	–	**766 855**
Straight-line rental revenue adjustment	(22 926)	4 237	8 887	**(9 802)**	–	–	**(9 802)**
Revenue	280 283	173 333	303 437	**757 053**	–	–	**757 053**
Property expenses	(72 690)	(36 499)	(74 539)	**(183 728)**	–	–	**(183 728)**
Expected credit losses	(14 236)	(4 773)	(8 117)	**(27 126)**	–	–	**(27 126)**
Net property income	193 357	132 061	220 781	**546 199**	–	–	**546 199**
Other operating expenses				**(55 828)**	–	–	**(55 828)**
Operating profit				**490 371**	–	–	**490 371**
Fair value adjustments on derivative instruments				**297 097**	–	(266 690)	**30 407**
Fair value adjustments on investment property				**(109 840)**	–	–	**(109 840)**
Fair value adjustments on investments				**–**	–	89 146	**89 146**
Foreign exchange gains/(losses)				**(11 572)**	–	31 687	**20 115**
Loss on disposal of investment property				**(2 276)**	–	–	**(2 276)**
Income from investments				**–**	–	203 387	**203 387**
Finance costs				**(307 980)**	–	–	**(307 980)**
Finance income				**29 714**	–	–	**29 714**
Equity accounted earnings/(losses) from associate				**–**	292	–	**292**
Profit/(loss) before taxation from continuing operations				**385 514**	292	57 530	**443 336**
Loss after tax for the year from discontinued operations				**–**	–	–	**–**
Profit/(loss) for the year before taxation				**385 514**	292	57 530	**443 336**

SEGMENTAL ANALYSIS CONTINUED

	South African property portfolio				Investment portfolio				
30 September 2020	Office	Industrial	Retail	Total/ fund level	South African investment portfolio	Australia[1]	UK[2]	Europe	Total
	291 054	164 550	284 989	740 593	–	–	–	38 807	779 400
	(22 436)	(6 748)	(11 717)	(40 901)	–	–	–		(40 901)
	268 618	157 802	273 272	699 692	–	–	–	38 807	738 499
	(83 241)	(32 057)	(75 106)	(190 404)	–	–	–	1 597	(188 807)
	(4 160)	(3 397)	(33 270)	(40 827)	–	–	–		(40 827)
	181 217	122 348	164 896	468 461	–	–	–	40 404	508 865
				(53 359)					(53 359)
				415 102	–	–	–	40 404	455 506
				(311 101)	–	–	2 663	(1 882)	(310 320)
				(410 581)	–	–	–	–	(410 581)
				–	–	80 956	–	(2 882)	78 074
				–	–	–	–	15 708	15 708
				(3 136)	–	–	–	–	(3 136)
				–	5 956	28 504	–	181 522	215 982
				(367 450)	–	–	–	–	(367 450)
				50 570	–	–	–	–	50 570
				–	(9 974)	–	–	–	(9 974)
				(626 596)	(4 018)	109 460	2 663	232 870	(285 621)
				–	–	–	(92 106)	–	(92 106)
				(626 596)	(4 018)	109 460	(89 443)	232 870	(377 727)

1 Australia is not a discontinued operation as it is not considered a major line of business.
2 Derivatives are not included in the discontinued operation as the Fund manages its derivative book at a group level.

SEGMENTAL ANALYSIS CONTINUED

R'000	South African property portfolio				Investment portfolio		
30 September 2021	**Office**	**Industrial**	**Retail**	**Total/ fund level**	**South African investment portfolio**	**Europe**	**Total**
ASSETS							
Investment property	5 595 156	2 809 393	5 353 240	**13 757 789**	–	–	**13 757 789**
Straight-line rental revenue adjustment	127 889	97 434	148 866	**374 189**	–	–	**374 189**
Equity accounted investment in associate				**–**	17 224	–	**17 224**
Other financial instruments				**–**	258 501	7 936 072	**8 194 573**
Derivative financial assets[1]				**–**	–	–	**–**
Trade and other receivables				**255 841**	–	–	**255 841**
Cash and cash equivalents				**236 116**	–	–	**236 116**
Non-current assets held for sale	–	473 163	547 626	**1 020 789**	–	–	**1 020 789**
Total assets				**15 644 724**	275 725	7 936 072	**23 856 521**
LIABILITIES							
Long-term borrowings				**8 726 252**	–	940 209	**9 666 461**
Derivative financial liabilities[1]				**227 748**	–	41 588	**269 336**
Trade and other payables				**462 967**	–	–	**462 967**
Total liabilities				**9 416 967**	–	981 797	**10 398 764**

1 Derivatives are shown on a net basis at a segmental level.

SEGMENTAL ANALYSIS CONTINUED

	South African property portfolio				**Investment portfolio**				
31 March 2021	Office	Industrial	Retail	Total/ fund level	South African investment portfolio	Australia[1]	UK[2]	Europe	Total
	5 590 702	3 236 632	5 809 373	14 636 707	–	–	–	–	14 636 707
	150 161	112 008	161 382	423 551	–	–	–	–	423 551
				–	16 932				16 932
				–	254 896	–	–	7 707 682	7 962 578
				–	–	–	–	139 299	139 299
				1 027 992	–	–	–	–	1 027 992
				225 590	–	–	–	–	225 590
	–	25 000	142 000	167 000	–	–	–	358 152	525 152
				16 480 840	271 828	–	–	8 205 133	24 957 801
				9 421 773	–	–	–	903 536	10 325 309
				386 928		9 714	54 363	–	451 005
				783 083	–	–	–	–	783 083
				10 591 784	–	9 714	54 363	903 536	11 559 397

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS

	R'000		**Reviewed Six months ended 30 September 2021**	[3]Reclassified Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
1	**RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS**				
1.1	**BASIC AND DILUTED PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**		**443 336**	(397 912)	(327 588)
	Adjusted for:				
	IAS 40 Fair value adjustment on investment property		**109 840**	410 581	895 910
	IAS 40 Loss on disposal of investment property		**2 276**	3 136	2 717
	IAS 40 Fair value adjustment on investment property in associate[1]		**2 707**	93 215	125 560
	IAS 36 Impairment of investment in associate		**–**	–	6 234
	IAS 28 Loss on contribution to associate[2]		**–**	–	15 340
	IFRS 5 Loss on remeasurement to fair value less cost to sell[3]		**–**	–	250 336
	IAS 21 Forex loss previously recognised in OCI (FCTR)[4]		**–**	–	81 702
	Headline earnings attributable to shareholders		**558 159**	109 020	1 050 211
	Headline and diluted headline earnings per share (cents per share)[5]		**69.34**	13.54	130.47
	Headline and diluted headline earnings per share from continuing operations (cents per share)	1.2	**69.34**	13.72	128.13
	Headline and diluted headline earnings per share from discontinued operations (cents per share)	1.2	**–**	(0.18)	2.34

1 Includes fair value adjustment relating to Izandla and UK in the prior periods.
2 Relates to the IAS 28 contribution to associate (Izandla) through the restructuring of loans in the prior year (see note 7.1.6 for further detail).
3 The UK investment was classified as held for sale in January 2021, and sold in March 2021. The loss in the prior period was as a result of remeasurement of the investment to fair value less costs to sell.
4 Reclassification of foreign currency translation reserve on sale of the Belgium subsidiaries and UK investment in the prior year.
5 Period-on-period increase due to the increase in net property income, significant reduction in interest expense, lower fair value losses of South African properties and foreign exchange gains on investments.

	R'000	**Reviewed Six months ended 30 September 2021**	Reclassified Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
1	**RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS**			
1.2	**BASIC AND DILUTED PROFIT/(LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**	**443 336**	(305 806)	107 681
	Adjustments to HEPS			
	IAS40 Fair value adjustment on investment property	**109 840**	410 581	895 910
	IAS 40 Loss on disposal of investment property	**2 276**	3 136	2 717
	IAS 40 Fair value adjustment on investment property in associate	**2 707**	2 543	5 687
	IAS 21 Forex gain previously recognised in OCI (FCTR)	**–**	–	(2 156)
	IAS 36 impairment of investment in associate	**–**	–	6 234
	IAS 28 Loss on contribution to associate	**–**	–	15 340
	Headline earnings from continuing operations	**558 159**	110 454	1 031 413
	Headline and diluted headline earnings per share from continuing operations (cents per share)	**69.34**	13.72	128.13
	Basic and diluted loss from discontinued operations attributable to ordinary equity holders of the parent	**–**	(92 106)	(435 269)
	Adjustments for:	**–**		
	IAS 40 Fair value adjustment on investment property in associate[1]	**–**	90 672	119 873
	IFRS 5 Loss on remeasurement to fair value less cost to sell[3]	**–**	–	250 336
	IAS 21 Forex loss previously recognised in OCI (FCTR)[4]	**–**	–	83 858
	Headline earnings from discontinued operations	**–**	(1 434)	18 798
	Headline and diluted headline earnings per share from discontinued operations (cents per share)	**–**	(0.18)	2.34

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
2	**FAIR VALUE AND FOREIGN EXCHANGE GAINS/(LOSSES)**			
	Fair value adjustments on derivative instruments[1]	**30 407**	(310 320)	456 799
	Fair value adjustment on investment property (note 3)	**(109 840)**	(410 581)	(895 910)
	Fair value and other adjustment on investments[2]	**–**	80 956	51 964
	Fair value adjustments on loans to associates	**14 995**	368	41 112
	Fair value adjustments and transaction costs on loans to joint ventures and long-term borrowings at fair value[3]	**109 166**	(21 410)	(176 447)
	Foreign exchange translation losses on items not at fair value[4]	**(14 900)**	33 868	(78 206)
		29 828	(627 119)	(600 688)

1 Net mark-to-market (MTM) on derivatives driven by the impact of interest rate derivatives, offset by losses as a result of the weakening of the South African Rand on cross currency swaps and forward exchange contracts.
2 Relates to MTM on the IAP investment and loss on dilution on the restructuring of Izandla loans recognised in the prior periods.
3 Increase driven by revaluation of underlying property and foreign exchange movements as a result of the weakening of the South African Rand against the Euro.
4 The foreign exchange movements relate primarily to foreign currency borrowings.

3 FAIR VALUE OF INVESTMENT PROPERTY

The Fund's policy is to assess the valuation of investment properties at each reporting period. During the period ended 30 September 2021, the assessment resulted in a net downward revaluation of R109.8 million (September 2020: R410.6 million downward revaluation). During the current period, the properties were internally valued by the directors. The directors' valuation method is the income capitalisation method which is a generally accepted methodology used in the industry. For the half-year valuation, rental income remained stable. The overall investment property portfolio is down 3.9% since September 2020 and 0.5% since 31 March 2021. The impact of the COVID-19 pandemic has been taken into consideration in determining the inputs to the valuation technique applied. Refer to note 7.4 for the relationship with each level 3 unobservable input.

	R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
4	**INCOME FROM INVESTMENTS**			
	Income from IAP[1]	**–**	28 504	28 504
	Income from Izandla (interest on loan at fair value through profit or loss)	**–**	5 956	7 166
	Income from European platforms[2]	**203 387**	181 522	376 080
	Total	**203 387**	215 982	411 750

1 The IAP investment was disposed of in June 2020. In the prior year, a dividend amounting to R11.65 million of the cum-dividend price was included in distributable earnings.
2 Increase in current period due to continued strong performance of the PEL investment.

	R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
5	**FINANCE INCOME**			
	Interest income on loans to associates and joint ventures[1]	**24 664**	43 025	75 748
	Interest from banks	**5 050**	7 545	11 205
	Total interest	**29 714**	50 570	86 953

1 Includes interest on bridge loan provided to the PEL platform.

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
6	**TAXATION**			
6.1	**DEFERRED TAXATION**			
	Balance at the beginning of the year	–	8 657	8 657
	Sale of investments	–	(8 657)	(8 657)
	Balance at the end of the year	–	–	–

The Fund would be subject to CGT on disposals of any investment that is not classified as a REIT or where the Fund holds less than 20% of such an investment. Such investments do not meet the definition of a 'property company' as defined under S25BB of the Income Tax Act and therefore deferred tax has been raised on such investments. No deferred tax was raised during the current period of assessment.

	R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
6.2	**WITHHOLDING TAXATION**			
	Withholding tax on IAP dividend	–	630	630
6.3	**CAPITAL GAINS TAXATION**			
	Sale of IAP shares	–	28 212	26 635
	Total taxation charge	–	20 185	18 608

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

7 FINANCIAL INSTRUMENTS

Financial instruments consists of:

- Derivative financial instruments to hedge interest rate and foreign exchange risk at fair value through profit or loss.
- The PEL and PELI profit participating loans ('PPL') receivable and payable and the convertible loan to Izandla measured at fair value through profit or loss.
- Loans to associates and joint ventures and other loans at amortised cost.
- Long-term borrowings at amortised cost.
- Cash and cash equivalents, trade and other receivables, trade and other payables and variable rate loans are at amortised cost.

Refer to note 7.4 for detail on the fair value disclosures of financial instruments.

7.1 OTHER FINANCIAL INSTRUMENTS

	R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	**Audited Year ended 31 March 2021**
	LOANS TO ASSOCIATES AND JOINT VENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS			
7.1.1	**Pan-European logistics investment**			
	Finance income accrual	**77 947**	196 055	274 100
	75% profit participating loan to PEL at fair value	**6 687 066**	5 983 518	6 279 716
	Total fair value	**6 765 013**	6 179 573	6 553 816
	Profit participating liability – effective 10% (refer note 7.2)	**(940 209)**	(877 273)	(903 704)
	IPFO Profit participating loans – effective 65%	**5 824 804**	5 302 300	5 650 112

IPF has an investment into Pan-European logistics (PEL) via profit participating loans. As at 30 September 2021, IPF holds 75% of the PEL platform (FY20: 75%). IPF has joint control over the PEL portfolio and accounts for the investment as a joint venture. IPF is entitled to 75% of the net rental income earned on leasing the investment properties held by the underlying property companies held by PEL. The PEL entities have an obligation to deliver all returns to IPF and its joint venture partner via profit participating loans (PPLs). Therefore the investment is carried as a financial asset at fair value through profit or loss. The equity component of this joint venture is valued at nil.

During the prior period, the Fund disposed of an effective 10% of the PEL investment to Pan-European Logistics Property Holdings Limited. Due to the legal nature and structuring of the PPLs advanced by IPF to the PEL platform and PPLs assumed through the effective sale of its 10% share, the Fund recognises the gross 75% right to receive cash flows as a financial asset and the PPL to Pan-European Logistics Property Holdings Limited as a financial liability (see note 7.4 for disclosures relating to the financial asset and liability).

7.1.2	**Pan-European light industrial investment**			
	Finance income accrual	**–**	18 497	19 216
	Profit participating loan to PELI Holdco at fair value	**–**	251 799	338 936
	Transferred to non-current asset held for sale (note 9)	**–**	–	(358 152)
	Total fair value	**–**	270 296	–

IPF invested into PELI which has advanced loans to PELI Holdco at fair value. The return and repayment of PPLs owed by the PELI Holdco entity comprises 25% of the net rental income earned on leasing the investment properties held by the underlying property companies. The PELI Holdco entity has an obligation to deliver all returns to its investors via the PPLs. Therefore the investment was carried as a financial asset at fair value through profit or loss. The equity of this associate is valued at nil. At 31 March 2021, the PELI investment was classified as held for sale and sold in April 2021. See note 9 for further detail.

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	**Audited Year ended 31 March 2021**
7.1.3	**Izandla**			
	Convertible shareholder loan			
	The convertible shareholder loan was provided to part fund the Sasol development, with the option of conversion to equity upon completion of the development. The loan was converted to a Senior mezzanine loan with no option to convert to equity during the prior financial year and is included under note 7.1.6 in the current period. The converted loan is classified at amortised cost.	**–**	97 808	–
	LOANS AT AMORTISED COST			
7.1.4	**Pan-European logistics investment**			
	Bridge loan to PEL	**1 025 883**	3 082 148	1 020 369
	Interest accrual	**17 546**	35 769	6 554
	Total bridge loan to PEL[1]	**1 043 429**	3 117 917	1 026 923

[1] €58.8m (2021: €58.8m) remains of the bridge loan at the end of the current period. The term of the loan is five years and interest is charged at Euribor (floored at 0) plus a margin of 2.1% (2021: 2.1%).

7.1.5	**Receivable from PEL Co-investor**			
	Interest free receivable[1]	**127 630**	–	126 943
	Total bridge and interest-free loans	**1 171 059**	3 117 917	1 153 866

[1] The receivable from the PEL Co-investor of €8m is interest free and repayable in five years. The receivable is carried at amortised cost and the carrying amount approximates fair value. The receivable was a non-cash transaction as part of the proceeds from the sale of the Belgian properties were advanced to the PEL Co-investor as its portion of the reinvestment into PEL.

7.1.6	**Izandla Mezzanine loans**			
	Senior mezzanine[1]	**197 950**	98 908	197 950
	Junior mezzanine[2]	**60 551**	80 546	56 946
	Total carrying amount*	**258 501**	179 454	254 896

[1] The senior mezzanine loans were provided to part fund the acquisition of the Izandla properties. The initial loans were provided for a period of five years and interest is charged at prime plus 350 basis points. During the prior year, the convertible loan in note 7.1.3 was converted to senior mezzanine to the value of R99 million. The loans have terms of three years and interest is charged at prime plus 300 basis points.

[2] The junior mezzanine loan was provided to part fund the acquisition of the Izandla properties. The loan is provided for a period of five years and interest is charged at prime plus 550 basis points.

* The carrying amounts of these loans approximates their fair values.

	Total other financial instruments	**8 194 573**	9 845 048	7 962 578

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	Reviewed Six months ended 30 September 2021	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
7.2	**BORROWINGS**			
	Long-term borrowings	**7 948 621**	8 013 315	7 822 554
	Long-term borrowings	**6 987 267**	7 148 427	6 923 752
	Profit Participating Loans (PPL) – effective 10% minority interest[1]	**940 209**	877 273	903 704
	Interest accrual on borrowings	**49 967**	26 548	28 688
	Capitalised fees	**(28 822)**	(38 933)	(33 590)
	Short-term borrowings[2]	**1 717 840**	5 170 694	2 502 755
	Total borrowings	**9 666 461**	13 184 009	10 325 309

[1] Relates to the effective 10% share of PEL sold to Pan-European Logistics Property Holdings Limited in September 2020.

[2] Short term borrowings are de-risked by the availability of R2 billion guarantees provided by IPF and cash of R0.2 billion (2021 guarantees of R1.8 billion and cash of R0.2 billion).

7.3	**DERIVATIVES**	**(269 336)**	(1 032 855)	(311 706)

Derivative financial instruments hedge interest rate and foreign exchange risks. The movement in derivatives in the current year is as a result of a profit on interest rate derivatives and the overall reduction in cross currency swaps from the sale of UK investment and the weakening of the South African Rand against the Euro

	R'000	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
7.4	**FAIR VALUE HIERARCHY AT 30 SEPTEMBER 2021**					
	Assets					
	Derivative financial instruments	157 155	–	157 155	–	–
	Other financial instruments	6 765 013	–	–	6 765 013	1 429 560
	Trade and other receivables[1]	–	–	–	–	129 463
	Cash and cash equivalents	–	–	–	–	236 116
	Total financial assets	6 922 168	–	157 155	6 765 013	1 795 139
	Liabilities					
	Derivative financial instruments	426 491	–	426 491	–	–
	Long-term borrowings (including current)	940 209	–	–	940 209	8 726 252
	Trade and other payables[3]	–	–	–	–	417 898
	Total financial liabilities	1 366 700	–	426 491	940 209	9 144 150

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

R'000	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
FAIR VALUE HIERARCHY					
AT 31 MARCH 2021					
Assets					
Derivative financial instruments	329 343	–	329 343	–	–
Other financial instruments	6 553 816	–	–	6 553 816	1 408 762
Trade and other receivables[1]	–	–	–	–	916 131
Cash and cash equivalents	–	–	–	–	225 590
Non-current asset held for sale[2]	358 152	–	–	358 152	–
Total financial assets	7 241 311	**–**	**329 343**	**6 911 968**	2 550 483
Liabilities					
Derivative financial instruments	641 049	–	641 049	–	–
Long-term borrowings (including current)	927 461	–	–	927 461	9 397 848
Trade and other payables[3]	–	–	–	–	744 746
Total financial liabilities	**1 568 510**	**–**	**641 049**	**927 461**	**10 142 594**

1 Trade and other receivables exclude prepayments which are non-financial instruments.
2 The PELI investment is held for sale as at 31 March 2021 but excluded from the measurement criteria of IFRS 5. The PPL investment is measured in terms of IFRS 9.
3 Trade and other payables exclude revenue received in advance and value added tax as these are non-financial instruments.

LEVEL 2 VALUATIONS AT 30 SEPTEMBER 2021

Interest rate hedging instruments are valued by discounting future cash flows using the market rate indicated on the interest rate curve at the dates when the cash flows will take place. Foreign exchange hedging instruments are valued by making reference to market prices for similar instruments and discounting for the effect of the time value of money.

LEVEL 3 VALUATIONS AT 30 SEPTEMBER 2021

R'000 The level 3 valuations are reconciled as follows:	Pan-European logistics investment[1]	Pan-European light industrial investment[2]	Long-term borrowings[3]
Balance at the beginning of the period	**6 553 816**	**358 152**	**(927 461)**
Acquisition/increase in investment	**–**	**–**	**–**
Net interest accrued	**77 947**	**4 433**	**(11 355)**
Fair value and foreign exchange gains and (losses)	**133 250**	**10 562**	**(25 318)**
(Disposal)/repayment	**–**	**(373 147)**	**23 925**
Balance at the end of the period	**6 765 013**	**–**	**(940 209)**

1 The fair value gain (excluding forex losses) of R90m (March 2021: R510m) on the PEL profit participating loans arose from the revaluation of the underlying properties in the PEL portfolio. An external valuation of c. 90% of the portfolio was carried out at 30 September 2021. Refer below for relationship with each unobservable input.
2 The fair value gain on the profit participating loans in the current period (excluding forex losses) of R12m arose from the sale of the PELI portfolio. The underlying properties were externally revalued as at 31 March 2021. The fair value gain on the profit participating loans (excluding forex losses) of R71m arose from the revaluation of the underlying properties in the PELI portfolio at 31 March 2021. This investment was sold in April 2021.
3 Long-term borrowings includes other Euro Funding provided. The value of the loans are linked to the performance of the underlying properties in the Pan-European portfolio (PEL and PELI). Refer below for relationship with each unobservable input.
4 The increase in investment is a non-cash transaction resulting from the reinvestment of the Belgium proceeds into PEL.

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

LEVEL 3 VALUATIONS AT 31 MARCH 2021

R'000 The level 3 valuations are reconciled as follows:	Izandla convertible loan	Pan-European logistics investment[4]	Pan-European light industrial investment[2]	Long-term borrowings
Balance at the beginning of the period	94 569	6 142 054	244 094	(82 016)
Acquisition/increase in investment	–	439 681	64 775	(784 294)
Net interest accrued	4 473	113 689	8 170	(26 312)
Fair value and foreign exchange gains and (losses)	–	(141 609)	41 112	(34 839)
Derecognition on loan modification	(99 042)	–	–	–
Balance at the end of the period	**–**	**6 553 816**	**358 152**	**(927 461)**

LEVEL 3 VALUATIONS AT 30 SEPTEMBER 2021

Valuation techniques used to derive level 3 fair value

The significant unobservable inputs used to derive the fair value measurements are those relating to the valuation of underlying investment properties. The table below includes the following definitions and relationship between the unobservable inputs and fair value measurement:

Expected rental value ('ERV')	The rent at which space could be let in the market conditions prevailing at the date of valuation.
Capitalisation rate	The rate of return that is expected to be generated on the real estate investment property.
Long-term vacancy rate	The ERV of the expected long-term average structural vacant space divided by the ERV of the whole property. Long-term vacancy rate can also be determined based on the percentage of estimated vacant space divided by the total lettable area.

Description	Average Expected rental value per m²	Equivalent Yield range	Weighted average cap rates	Long term vacancy rate	Change in FV ('000) from a 0.25bps Increase/ decrease in cap rate	Change in FV ('000) from a 5% increase/ decrease in expected rental value
Across South African sectors ('R)	**99.0**	**7.6% - 14.2%**	**8.9%**	**1.5%**	**424 533**	**757 506**
SA Retail ('R)	**120.3**	**7.3% - 11.0%**	**8.4%**	**1.4%**	**185 028**	**302 705**
SA Industrial ('R)	**54.2**	**6.5% - 13.4%**	**9.7%**	**1.3%**	**84 817**	**168 749**
SA Office ('R)	**157.6**	**7.2% - 15.1%**	**9.0%**	**1.9%**	**154 688**	**286 052**
Across European countries						
PEL € 1	**4.4**	**3.5% - 5.3%**	**4.3%**	**2.8%**	**45 776**	**52 846**
LEVEL 3 VALUATIONS AT 31 MARCH 2021						
Across South African sectors ('R)	99.2	6.9% – 14.2%	8.9%	1.5%	428 100	751 019
SA Retail ('R)	119.0	7.3% – 11.6%	8.4%	1.4%	174 578	299 597
SA Industrial ('R)	54.8	6.9%– 14.2%	9.7%	1.3%	85 890	166 882
SA Office ('R)	157.7	7.1% – 14.1%	9.0%	1.9%	168 981	284 540
Across European countries						
PEL €	4.4	3.1% – 6.6%	5.3%	3.8%	36 699	41 865
PELI €	5.7	4.3% – 8.3%	6.0%	5.3%	5 584	8 743

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

[1] PEL properties are all industrial. The investment's future cash flows are based on the consolidated returns of a group of properties.

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
8	**EQUITY ACCOUNTED INVESTMENT IN ASSOCIATE AND JOINT VENTURES**			
8.1	**Izandla**			
	Equity accounted investment (35%)	**17 224**	15 310	16 932
	Opening balance	**16 932**	25 284	25 284
	Increase in investment[1]	**–**	–	25 495
	Share of profits/(losses)	**292**	(9 974)	(11 609)
	Impairment of investment	**–**	–	(6 234)
	Loss on contribution to associate	**–**	–	(15 340)
	Dividend received	**–**	–	(664)

[1] Modification of loans treated as a reinvestment into the Izandla investment.

8.2	**UK investment**			
	Equity accounted investment (38%)	**–**	1 028 622	–
	Opening balance	**–**	1 148 316	1 148 316
	Loss on sale of UK (note 8.3)	**–**	–	(250 336)
	Equity accounted losses	**–**	(92 106)	(101 075)
	Foreign currency translation reserve	**–**	(29 834)	(83 858)
	Increase in investment	**–**	2 246	–
	Sale of UK investment	**–**	–	(713 047)
	Equity accounted investment in Associates and Joint Ventures	**17 224**	1 043 932	16 932

		Reviewed Six months ended 30 September 2021	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
8.3	**(Loss)/profit for the year from discontinued operations**			
	On 8 March 2021, the Fund publicly announced the decision of its Board of Directors to sell the investment in the UK, a 38.04% joint venture of the Fund. The investment was classified as held for sale on 31 January 2021. The sale was completed on 31 March 2021. The business of the UK investment represented a separate geographical area of operations. Prior year periods have been re-presented below as follows:			
	Equity accounted earnings	**–**	(92 106)	(101 075)
	Income accrual	**–**	17 684	34 342
	Fair value adjustments	**–**	(109 790)	(135 417)
	Related to remeasurement to fair value less costs to sell	**–**	–	(250 336)
	Foreign currency translation reserve	**–**	–	(83 858)
	Loss for the year from discontinued operations	**–**	(92 106)	(435 269)

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
9 NON-CURRENT ASSETS AND ASSETS IN DISPOSAL GROUP HELD-FOR-SALE			
Investment property			
Office	**–**	6 003	–
Industrial	**473 163**	55 000	25 000
Retail	**547 626**	432 600	142 000
Balance at the end of the year	**1 020 789**	493 603	167 000
The Fund intends to sell 18 buildings with settlement taking place within 12 months of the reporting date for a consideration of R1,021 million (2021: R167 million) and has presented those assets as non-current assets held for sale.			
Investments			
Investment in PELI			
25% holding			
Following the exit from the Australian and UK investments and the Fund's strategy to further consolidate its investment portfolio, the Fund resolved to sell the investment in PELI. As at 31 March 2021 the investment in PELI was held for sale. The investment was sold in April 2021 for net proceeds of R373m (€22.9 million).			
Investment in PELI	**–**	–	358 152
Long term borrowings classified as current liability[1]	**–**	–	(23 925)
Total non-current assets held for sale	**–**	–	358 152

[1] PPL liability to be repaid from proceeds received on sale of PELI.

R'000	**Reviewed Six months ended 30 September 2021**	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
Investment in Belgium			
100% holding			
During the prior year, the Fund reached an agreement to transfer the Belgium properties into the PEL platform at the Fund's acquisition cost of c. €71 million. The transfer became effective on 31 October 2020.			
Assets:			
Investment property	**–**	1 388 952	–
Cash and cash equivalents	**–**	54 066	–
Trade and other receivables	**–**	18 197	–
Assets held for sale	**–**	1 461 215	–
Liabilities:			
Trade and other payables	**–**	(23 347)	–
Total non-current assets and assets in disposal group held for sale	**1 020 789**	1 931 471	525 152
Results for the year			
Revenue	**–**	40 404	–
Expenses	**–**	(27 554)	–
Profit for the year	**–**	12 850	–

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

R'000	Reviewed Six months ended 30 September 2021	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
10 CASH GENERATED FROM OPERATIONS			
Operating profit	**490 371**	455 506	927 540
Straight-line rental revenue adjustment	**9 802**	40 901	54 838
Non-cash items[1]	**49 882**	65 499	99 762
Working capital movement	**76 621**	(254 645)	(141 958)
Decrease/(Increase) in trade and other receivables	**13 682**	(94 324)	21 839
Increase/(Decrease) in trade and other payables	**62 939**	(160 321)	(163 797)
Cash generated from operations	**626 676**	**307 261**	**940 182**

[1] Non-cash items			
Expected credit losses	**27 126**	40 827	51 984
Amortisation of tenant incentives	**12 045**	10 647	22 965
Amortisation of letting commission	**10 711**	14 025	24 813
Total	**49 882**	**65 499**	**99 762**

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	Reviewed Six months ended 30 September 2021	Reviewed Six months ended 30 September 2020	Audited Year ended 31 March 2021
11	**RELATED PARTIES**			
	The table below shows the transactions and balances (not disclosed elsewhere) that the Fund has with related parties:			
	Investec Property Proprietary Limited[1]			
	Asset management fees	**(37 044)**	(67 567)	(83 731)
	Letting commissions and fees	**(22 587)**	(14 500)	(35 528)
	UK Fund			
	Movement in equity investment[2]	**–**	(92 106)	(435 269)
	Izandla Property Fund[3]			
	Movement in equity investment	**292**	(9 974)	(11 609)
	Movement in loans receivable (including convertible loan)	**3 605**	4 190	(18 176)
	Finance income from associates	**13 875**	10 387	23 192
	Finance income from loans to associates at fair value through profit or loss	**–**	5 956	7 167
	Izandla dividend received	**–**	–	(664)
	Impairment of investment	**–**	–	(6 234)
	Loss on dilution	**–**	–	(15 340)
	Pan-European logistics investment[4]			
	Fair value of profit participating loans to PEL entities	**6 687 066**	5 983 518	6 279 716
	Bridge loan to PEL entities	**1 171 059**	3 117 917	1 026 923
	Finance income from joint venture	**77 947**	176 163	274 100
	Pan-European light industrial investment[5]			
	Fair value of profit participating loans to PELI Holdco entity	**–**	251 799	338 936
	Finance income from associate	**–**	7 451	8 260
	Investec Bank Limited Group[6]			
	Cash and cash equivalents[7]	**101 954**	132 371	140 730
	Borrowings	**(351 817)**	(281 232)	(200 608)
	Fair value of derivative instruments[7]	**(173 043)**	(779 458)	(372 931)
	Nominal value of swap derivatives	**(2 905 410)**	(5 506 072)	(4 223 307)
	Nominal value of FEC's	**77 644**	284 064	17 075
	Rentals received	**33 875**	29 953	59 341
	Interest received[8]	**4 051**	6 440	9 207
	Sponsor fees paid	**(270)**	(225)	(225)
	Corporate advisory and structuring fees paid	**(1 508)**	(946)	(6 252)
	Interest paid on related party borrowings	**(9 634)**	(23 070)	(33 659)
	Net interest received on cross currency swaps	**48 830**	29 727	66 080
	Interest paid on interest rate swaps[9]	**(45 245)**	(53 065)	(130 419)

1 Fellow subsidiary and key management entity.
2 Equity accounted loss in prior periods resulting from write down of investment property, negative mark to market on derivatives in associate and remeasurement to non-current asset held for sale.
3 Related party as Izandla is an associate of IPF. The finance income relates to mezzanine loans provided to Izandla. Interest not received of R4m has been capitalised to the loans.
4 Related party as joint venture of IPF.
5 PELI is an associate of IPF.
6 Fellow subsidiary of IPF.
7 Included in carrying values as per the statement of financial position.
8 Interest is earned at the daily negotiated call rate of 3.25% (FY21: 3.25%).
9 Decrease in interest paid due to a 300 basis point cut in Jibar in prior year.

NOTES TO THE REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

12 SUBSEQUENT EVENTS

- The fund declared an interim dividend of 49.77 cents per share on 17 November 2021. In accordance with IPF's status as a REIT, the dividend declared meets the requirements of a qualifying distribution. The Fund has declared all the taxable income and recognised no tax liability. The Fund achieved a payout ratio of 95% to distributable earnings
- The fund refinanced commercial paper amounting to R370m in November 2021

13 VOLUNTARY RECLASSIFICATION

The Fund made the following reclassifications to the line items of the financial statements as part of the continuous improvement to the Funds financial statements and to align to industry practice.

Reclassification of statement of financial position

The Fund reclassified tenant incentives from trade and other receivables to investment property to align with industry practices as it is determined to be more appropriate.

The Fund re-presented the UK as a discontinued operation for 30 September 2020.

The description of loans to associates and joint ventures has been updated to other financial instruments.

Consolidated statement of financial position R'000	**Previously reported Reviewed Period ended 30 September 2020**	**Adjustments**	**Reclassified Reviewed Period ended 30 September 2020**
Fair value of investment property[1]	**14 802 067**	55 653	14 857 720
Non-current assets	**23 125 772**	55 653	23 181 425
Trade and other receivables[1]	**426 578**	(55 653)	370 925
Current assets	**3 967 664**	(55 653)	3 912 011

1 Tenant incentives reclassified from trade and other receivables to investment property to align with industry practice.

Consolidated statement of comprehensive income R'000	**Previously reported Reviewed Period ended 30 September 2020**	**Adjustments**	**Reclassified Reviewed Period ended 30 September 2020**
Equity accounted earnings from associate[2]	**(102 080)**	92 106	(9 974)
Profit/(loss) before taxation from continuing operations	**–**	(285 621)	(285 621)
Profit/(loss) after taxation from continuing operations	**(397 912)**	92 106	(305 806)
(Loss)/Profit after tax for the year from discontinued operations[2]	**–**	(92 106)	(92 106)

2 Reclassified in terms of IFRS 5.34.

REIT BEST PRACTICE RATIOS

IPF presents the SA REIT best practice ratios in response to the second edition of the SA REIT Association's best practice recommendations issued in November 2019. The publication outlines consistent presentation and disclosure of relevant ratios in the SA REIT sector. This will ensure information and definitions are clearly presented, enhancing comparability and consistency across the sector.

R'000	**Sep-21**		**Sep-20**	
SA REIT Funds from Operations (SA REIT FFO) per share	**REIT BPR**	**IPF Ratio**	**REIT BPR**	**IPF Ratio**
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	443 336	443 336	(397 912)	(397 912)
Adjusted for:				
Accounting/specific adjustments:	(4 519)	(4 519)	394 895	394 895
Fair value adjustments to investment property instruments held at fair value through profit or loss	109 840	109 840	410 581	410 581
Fair value adjustments to debt and equity instruments held at fair value through profit or loss	(124 161)	(124 161)	(59 914)	(59 914)
Deferred tax movement recognised in profit or loss	–	–	19 555	19 555
Straight-lining operating lease adjustment	9 802	9 802	40 901	40 901
Adjustments to dividends from equity interests held	–	–	(16 228)	(16 228)
Adjustments arising from investing activities:	2 276	2 276	3 136	3 136
Gains or losses on disposal of investment property and property, plant and equipment	2 276	2 276	3 136	3 136
Foreign exchange and hedging items:	(15 507)	(15 507)	276 452	276 452
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(30 407)	(30 407)	310 320	310 320
Foreign exchange gains or losses relating to capital items – realised and unrealised	14 900	14 900	(33 868)	(33 868)
Other adjustments:	(292)	(292)	102 080	102 080
Adjustments made for equity-accounted entities	(292)	(292)	102 080	102 080
SA REIT FFO:	**425 294**	**425 294**	**378 651**	**378 651**
Number of shares outstanding at end of period (net of treasury shares '000)	804 918	804 918	804 918	804 918
SA REIT FFO per share:	**52.84**	**52.84**	**47.04**	**47.04**
Company-specific adjustments (cents per share)	–	(0.45)		(0.17)
Capitalised interest on loans to associates	–	(3 600)	–	(1 423)
Distributable income per share (cents):	**52.84**	**52.39**	**47.04**	**46.87**

REIT BEST PRACTICE RATIOS CONTINUED

R'000	Sep-21		Sep-20	
SA REIT Net Asset Value (SA REIT NAV)	**REIT BPR**	**IPF Ratio**	**REIT BPR**	**IPF Ratio**
Reported NAV attributable to the parent	13 457 757	13 457 757	13 901 013	13 901 013
Adjustments:				
Dividend to be declared	(400 609)	–	(239 991)	–
SA REIT NAV:	**13 057 148**	**13 457 757**	**13 661 022**	**13 901 013**
Shares outstanding				
Number of shares in issue at period-end (net of treasury shares)	804 918 444	804 918 444	804 918 444	804 918 444
Dilutive number of shares in issue	**804 918 444**	**804 918 444**	**804 918 444**	**804 918 444**
SA REIT NAV cents per share:	**1 622**	**1 672**	**1 697**	**1 727**

	Sep-21		Sep-20	
SA REIT loan-to-value	**REIT BPR**	**IPF ratio**	**REIT BPR**	**IPF ratio**
Gross debt	(9 666 461)	(9 666 461)	(13 184 009)	(13 184 009)
Less:				
Profit participating loans[1]	–	940 209	–	877 273
Cash and cash equivalents	236 116	236 116	375 888	375 888
Add/Less:				
Derivative financial instruments[2]	(426 491)	–	(1 218 518)	–
Net debt	**(9 856 836)**	**(8 490 136)**	**(14 026 639)**	**(11 930 848)**
Total assets – per Statement of Financial Position	24 013 676	24 013 676	29 048 254	29 048 254
Less:				
Cash and cash equivalents	(236 116)	(236 116)	(375 888)	(375 888)
Derivative financial assets	–	(157 155)	–	(185 663)
Trade and other receivables	(255 841)	(255 841)	(370 925)	(370 925)
Profit participating loans[1]	–	(940 209)	–	(877 273)
Carrying amount of property-related assets	**23 521 719**	**22 424 355**	**28 301 441**	**27 238 505**
SA REIT loan-to-value ("SA REIT LTV")	**41.9%**	**37.9%**	**49.6%**	**43.8%**

1 IPF adjusts for profit participating loan liabilities representing the effective interest held by outside shareholders in PEL.
2 The REIT BPR adjusts net debt for the mark to market on derivative financial instruments.

REIT BEST PRACTICE RATIOS CONTINUED

	Sep-21		Sep-20	
SA REIT cost-to-income ratio	**REIT BPR**	**IPF**	**REIT BPR**	**IPF**
Expenses				
Operating expenses per IFRS income statement (includes municipal expenses)[1,2]	305 594	181 077	293 767	182 323
Administrative expenses per IFRS income statement (if directly related to property)	–	–	–	–
Operating costs	**305 594**	**181 077**	**293 767**	**182 323**
Rental income				
Contractual rental income per IFRS income statement (excluding straight-lining)[1,2]	761 888	761 888	709 181	709 181
Utility and operating recoveries per IFRS income statement	124 517	–	111 444	–
Gross rental income	**886 405**	**761 888**	**820 625**	**709 181**
SA REIT cost-to-income ratio	**34.5%**	**23.8%**	**35.8%**	**25.7%**

1 The REIT BPR and IPF ratios are calculated using base net property income (NPI) to ensure that the income and expenses are for a comparable period.
2 IPF calculates cost to income by netting off the recoveries against expenses and not grossing up rental income.

	Sep-21		Sep-20	
Cost of debt	**REIT BPR**	**IPF**	**REIT BPR**	**IPF**
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	5.4%	5.4%	5.3%	5.3%
Fixed interest-rate borrowings				
Weighted average fixed rate	–	–	–	–
Pre-adjusted weighted average cost of debt – CU:	**5.4%**	**5.4%**	**5.3%**	**5.3%**
Adjustments:				
Impact of interest rate derivatives	3.0%	3.0%	2.2%	2.2%
Impact of cross-currency interest rate swaps	(3.3%)	(3.3%)	(0.9%)	(0.9%)
Amortised transaction costs imputed into the effective interest rate	–	–	–	–
All-in weighted average cost of debt – CU:	**5.1%**	**5.1%**	**6.6%**	**6.6%**

		Sep-21		Sep-20	
SA REIT GLA vacancy rate		**REIT BPR**	**IPF**	**REIT BPR**	**IPF**
Gross lettable area of vacant space	A	101 446	101 446	126 379	126 379
Gross lettable area of total property portfolio	B	1 077 001	1 077 001	1 111 190	1 111 190
SA REIT GLA vacancy rate	**(A/B)**	**9.4%**	**9.4%**	**11.4%**	**11.4%**

COMMENTARY

PROFILE AND STRATEGY

IPF is a South African-domiciled REIT and comprises a R21.3bn investment portfolio of direct and indirect real estate investments in South Africa and Europe, where it continues to build scale and relevance. The Fund's investment strategy is premised on being "property purists" i.e. adhering to an investment philosophy of acquiring only quality assets with compelling property fundamentals in targeted sectors in selected geographies where it has in-country, on-the-ground expertise.

In South Africa, the Fund directly owns a portfolio of 88 properties diversified across the retail, industrial and office sectors valued at R15.2bn. The Fund also owns a 35% interest and loans to Izandla valued at R0.3bn. IPF primarily adheres to a core investment strategy and targets investment in quality income-producing assets:

- Retail – niche assets that are the dominant offering within their respective locations.
- Office – assets distinctive in their nodes, on long-dated leases underpinned by quality tenants and strong cash flows.
- Industrial – good-quality functional space in established nodes with consistent/stable demand.

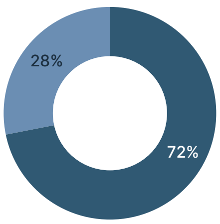
In Europe, the Fund owns an effective 65% interest in a Pan-European portfolio of 48 logistics properties valued at €1.08bn and located in the major logistics corridors of seven European countries, including the core countries of Germany, France and Netherlands, which together comprise 80% of the portfolio. The investment in PEL has resulted in logistics assets now comprising 49% of IPF's total investments on a look-through basis.

The PEL portfolio targets big-box logistics facilities in core Western European markets where it adopts a core-plus/value-add investment strategy to unlock value from both income-producing assets and development opportunities. Structural tailwinds such as ecommerce, supply chain reconfiguration and urbanisation have been driving strong growth in the logistics sector. This sectoral and geographical focus has enabled the Fund to deliver returns throughout the cycles despite negative reversions in the South African market.

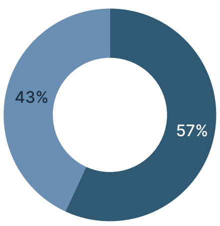
The Fund has strategically simplified its balance sheet in the last 12 months with the exit of its offshore equity interests in IAP, the UK Fund and the PELI investment. IPF's interest in the PEL portfolio (R5.8bn equity) constitutes a material 43% of its balance sheet, on a look-through basis, with the remaining 57% comprised of its SA investments.

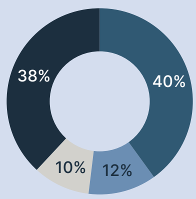
The Fund is externally managed, and in both regions, the Manager has a presence on-the-ground with in-country expertise and therefore adopts a hands-on approach to managing the properties and creating value for shareholders.

IFRS balance sheet construct[1]



Proportionally consolidated



	South African direct property	Pan-European logistics
No. of properties	88	48
Ownership interest	100%	65%
Asset value (local currency)	R15.2bn	€1.08bn
Value of investment (Rbn)	R15.2bn	R5.8bn
GLA (m^2)	1,077,001	1,134,429
WALE to expiry (years)	3.1	5.2
Vacancy by GLA	9.4%	2.8%
Sectoral composition (by asset value)		

[1] *Balance sheet construct excludes PEL shareholder loan*

COMMENTARY CONTINUED

The Fund's primary focus has been on the long-term evolution of the portfolio to best position it to operate in a post-COVID landscape and adapt it to the contrasting environments in each region, i.e. with the local market currently experiencing subdued growth and challenging conditions, and the offshore European logistics sector enjoying positive sector trends that are driving strong growth. This has dictated IPF's longer-term strategic direction with respect to each investment and focus area:

South Africa

- Stabilise earnings and enhance quality of the diversified portfolio
- Pursue disposal of non-core assets, or core assets where there is limited potential for further value unlock, and recycle capital into higher yielding investments
- Remain opportunistic
- Uncertain environment requires a very measured approach that has to be reassessed every few months
- Core focus is currently on leasing activities, client experience and active asset management to restore NPI to pre-COVID levels

European logistics

- Grow the portfolio to a targeted GAV of €2bn to €2.5bn over three to five years
- Simplify structure
- Explore all options to maximise value, including the introduction of third-party capital

Balance sheet

- Simplify and strengthen the balance sheet to create adequate capacity for growth
- Recycle capital on an efficient basis to facilitate the above

FINANCIAL REVIEW

PERFORMANCE HIGHLIGHTS

The first half of the FY22 financial year brought with it encouraging signs of an economic recovery. Despite the disruptions caused by the third wave of the pandemic and the civil unrest, the listed South African property sector rallied over the half-year driven by many REITs achieving normalisation of operations and low positive earnings growth, improved market sentiment, the resumption of dividend payments and even some capital raising.

IPF is pleased to report positive results for the six months under review. H1 FY22 DIPS increased by 11.8% yoy to 52.39cps (Sep-20: 46.87cps) driven by stabilisation of the SA business following a reduction in COVID-relief and supported by solid performance from the Pan-European logistics portfolio. The European logistics sector continues to outperform, driven by structural tailwinds, and the PEL portfolio is well-positioned to take advantage of these favourable market conditions, having captured both positive rental growth and valuation uplift during the interim period.

The strength and quality of the Fund's portfolio has enabled it to deliver attractive returns to shareholders through the cycles. Even through the pandemic, IPF continued its semi-annual dividend payments. In seeking to maintain a consistent dividend payment cycle, the Board has resolved to declare a dividend of 49.77cps (aggregate R401m) for the six months ended 30 September 2021 (Sep-20: 44.52cps; aggregate R358m), representing a dividend payout ratio of 95% and keeping within the targeted 90 – 95% policy.

Having achieved stability in both core regions, the Fund now looks forward to a period of growth. In South Africa, the approach is opportunistic and the Fund will continue to invest in quality assets, with a preference for retail and industrial or logistics assets aligned to its existing strategy. In Europe, the Fund is considering various options to maximise value, including the introduction of third-party capital to support platform growth and to simplify the investment structure.

BALANCE SHEET HIGHLIGHTS

IPF's balance sheet remains healthy going into H2 FY22. Balance sheet strength has been maintained with LTV of 37.9% (Mar-21: 38.3%) and it is the Fund's intention to further reduce this to within a target range of 30 – 35% in the short term through further disposal of non-core tail assets.

During the period, the Fund disposed of two industrial properties valued at R34.7m and is targeting a further R1.0bn of disposals of non-core assets in the next 12 months. Proceeds from the sale of these properties will be used to further reduce gearing and/or be redeployed to fund growth both locally and offshore.

NAV per share increased marginally by 0.4% to R16.72 (Mar-21: R16.65) driven by the revaluation of the PEL portfolio (+1.9%) and profit on sale of the PELI investment, offset by a downward revaluation in the SA portfolio (0.7%).

The Fund has limited refinancing risk in H2 FY22, with R2.3bn of debt refinances completed in H1 and R0.9bn remaining in H2 which is likely to be settled with existing facilities. There is R2.0bn of unutilised committed facilities, providing ample headroom and adequate liquidity to cover upcoming debt maturities.

The Fund's long- and short-term corporate debt rating was maintained at AA- and A1+ respectively, following a rating review in Oct-21, and the stable outlook was re-affirmed.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

COMMENTARY CONTINUED

The Fund achieved a significant transformation milestone over the period as the first JSE-listed REIT to achieve a Level 1 BBBEE contributor rating in Aug-21. The rating is a valuable benefit for IPF's client base, demonstrating the Fund's support for its tenants and commitment to driving transformation forward, and cements its credibility as a landlord of choice in the local market.

PORTFOLIO REVIEW – SOUTH AFRICA

SOUTH AFRICAN DIRECT PROPERTY PORTFOLIO

Overview

The South African direct property portfolio accounts for 57% of the Fund's balance sheet on a look-through basis (but 72% on an IFRS basis). The local portfolio comprises 88 high-quality properties in strategic well-located nodes.

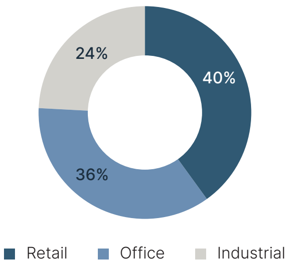
The table below presents a snapshot of the SA property portfolio at 30 September 2021:

	TOTAL		OFFICE		INDUSTRIAL		RETAIL	
Portfolio	**30-Sep-21**	31-Mar-21	**30-Sep-21**	31-Mar-21	**30-Sep-21**	31-Mar-21	**30-Sep-21**	31-Mar-21
Number of properties	**88**	90	**30**	30	**32**	34	**26**	26
Asset value (Rbn)	**15.2**	15.2	**5.7**	5.7	**3.4**	3.4	**6.1**	6.1
Base NPI growth[1]	**12.8%**	(24.4%)	**6.9%**	(21.4%)	**2.6%**	(13.3%)	**28.1%**	(34.3%)
Cost-to-income (excl. bad debts)[1]	**23.8%**	25.7%	**24.0%**	28.5%	**21.3%**	19.2%	**25.0%**	26.6%
GLA	**1 077 001**	1 081 114	**245 803**	245 685	**485 404**	485 771	**345 794**	349 658
Vacancy (by GLA)[2]	**9.4%**	11.4%[2]	**13.9%**	9.7%	**10.5%**	17.2%	**4.4%**	4.3%[2]
WALE (years)	**3.1**	3.2	**3.4**	3.4	**3.0**	2.9	**3.3**	3.2
In-force escalations	**7.4%**	7.4%	**7.6%**	7.6%	**7.5%**	7.5%	**7.0%**	7.0%

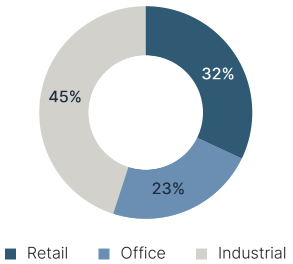
1 Comparative period is Sep-20 for financial metrics
2 Excludes development vacancy in Balfour and DQ malls

The sectoral spread of the SA portfolio is set out below:

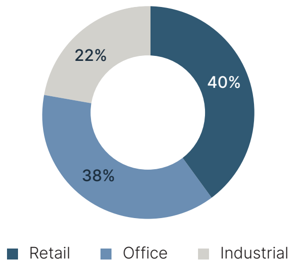
Sectorial spread by revenue



Sectorial spread by GLA



Sectorial spread by asset value



Financial performance

The South African economy continued its recovery over the half-year, albeit at an uneven pace due to the setbacks caused by the pandemic's longest-lasting third wave and the civil unrest. Business confidence is still lagging, impacted by subdued market fundamentals and low growth, but many businesses are now resetting and adapting to the new operating environment, having emerged from an extended period of uncertainty.

IPF's local portfolio remained stable and delivered pleasing base NPI growth of 12.8% yoy (Sep-20: negative 24.4%), driven by:

- a reduction in the COVID-relief programme – R9m of rental discounts granted in H1 FY22 (vs. R55m discounts during H1 FY21);
- strong letting activity with SA vacancy reduced to 9.4% (Mar-21: 11.4%) and on track to achieve the vacancy target of c.6% set at FY21 year-end;
- lower negative reversions and shorter void periods; and
- a resilient tenant base, as evidenced by a sustained high 98% average rent collection rate and lower bad debt provision expense.

The retail sector recorded the greatest improvement with base NPI growth of 28.1% yoy (Sep-20: negative 34.3%), as a result of the decline in concessions granted in the sector.

COMMENTARY CONTINUED

The civil unrest in July had minimal impact on the Fund's performance where one logistics warehouse in Riverhorse Valley (KZN) sustained damage of approximately R50m, which cost is expected to be fully recoverable through the Fund's SASRIA cover. Construction is well underway and the property is expected to be reinstated by December 2021.

Property expenses are lower due to a R13.7m yoy reduction in bad debts expense to R27.1m (Sep-20: R40.8m), which now incorporates a much lower provision for rent relief and business failures relative to the prior period. This has been offset by an increase in fixed expenses of c.9% as activity increased yoy, comprising mainly of insurance, cleaning and security fees. Variable expenses increased by 5.3%, mainly due to an increase in repairs and maintenance together with increased marketing expenses at retail centres.

As a result, cost-to-income ratios (excluding bad debts) across the sectors are steadily improving yoy with a ratio of 23.8% (Sep-20: 25.7%) achieved at Sep-21. This is expected to improve further toward year end as vacancies are steadily filled and expenses recovered.

The South African macroeconomic environment remains a concern as domestic fundamentals continue to be under pressure and the threat of further waves of the pandemic persists, given the slow pace of the vaccine rollout. Management's focus in the current environment is therefore on stabilising earnings of the SA portfolio and enhancing the quality thereof to position it to take advantage when the cycle turns.

Collections and arrears

Collections have been strong through the interim period with an average collection rate of 98% since FY21 year end. The Fund agreed R9m of rental discounts this half-year (Sep-20: R55m), primarily to select sit-down restaurants that remained under pressure during the third-wave lockdown restrictions.

Outstanding debtors (excluding legal debtors) at half-year end increased slightly to R64m (Mar-21: R59m). This was largely due to a system change at the property manager and is expected to reduce before year end.

Vacancy and WALE

Overall portfolio vacancy reduced to 9.4% by GLA (excluding development vacancy; Mar-21: 11.4%) driven by strong letting activity resulting from very deliberate and aggressive leasing activities. The reduction was due to the letting of a few large spaces in the industrial sector, which saw the industrial vacancy reduce to 10.5% (Mar-21: 17.2%). 48% of the remaining vacancy is concentrated in three industrial properties and we remain confident that it will be addressed as market activity continues to improve. Portfolio vacancy is expected to trend down further, and the Fund remains on track to achieve the c.6% vacancy target set at FY21 close.

Portfolio WALE has been maintained since year end, from 3.2 years (Mar-21) to 3.1 years now, driven by long-term new leases concluded in the industrial sector.

Letting activity

There has been good leasing activity over the six-month period with 95 leases concluded during the half-year (Mar-21: 117 leases signed over 12 months) with various negotiations still ongoing. However, client decision-making remains slow due to macro uncertainty.

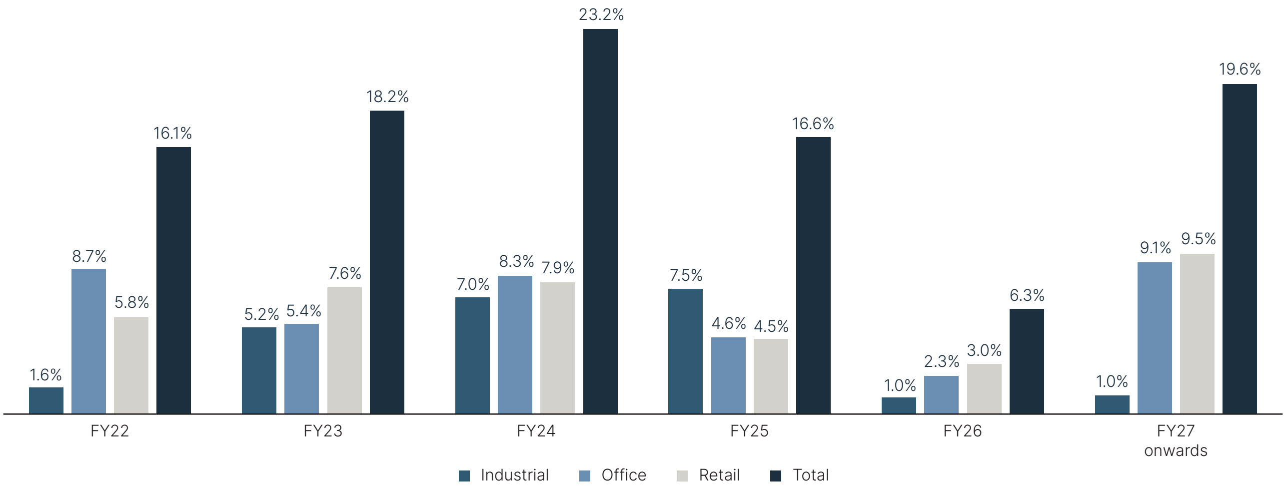
The Fund successfully let 74,061m^2 (82.6%) of space expiring in H1 FY22 and a further 44,305m^2 (33%) of opening vacancy. Leases signed over the period were concluded at an average reversion of negative 8.1% and with an incentive level of 4.2%. While minimal/positive rental reversions were experienced in the industrial and retail sectors, large reversions and/or high incentives occurred in the office sector to secure new tenants in the current market. H1 FY22 letting added an average WALE of 4.1 years to the portfolio and average escalation of 6.8%, lower than in-force escalation of 7.4% due to quality leases signed at lower escalations with national retailers.

COMMENTARY CONTINUED

	Expiries & cancel-lations	Renewals & new lets	Weighted average gross expiry rental	Weighted average gross new rental	Rental reversion	Average escalation	WALE	Incentive	Retention
H1 YTD	GLA	GLA	R/m²	R/m²	%	%	Years	% lease value	%
Office	22 219	7 953	219.0	152.7	(30.3%)[1]	7.0%	4.1	10.6%[2]	68.1%
Industrial	57 915	57 227	66.4	63.0	(5.1%)	6.9%	4.3	4.0%	56.7%
Retail	16 213	8 881	254.4	264.8	4.1%	6.1%	3.0	–	71.2%
Early letting	–	–	–	–	–	–	–	–	–
Subtotal	**96 347**	**74 061**	**105.3**	**96.8**	**(8.1%)**	**6.8%**	**4.1**	**4.2%**	**63.3%**
Open vacancy	135 030	44 305							
Development vacancy[3]	(13 412)								
Total letting	**217 965**	**118 366**							

[1] Large reversions were incurred in respect of two properties comprising 3,740m² of space and is not reflective of all new office leases
[2] Incentives have been higher in the office sector to encourage new tenants and to reduce vacancies
[3] In respect of refurbishment work underway at Balfour Mall and Design Quarter

SA lease expiry profile (by revenue)



The Fund maintains a lengthy lease expiry profile with 43% of leases expiring in FY25 and beyond.

Valuation

The SA property portfolio experienced a modest net decline in portfolio value of R110m (0.7%) in H1, largely attributable to the downward revaluation of one property. The portfolio has been written down by a total of R1.4bn since Mar-20 with office comprising 44% of this due to weak sector fundamentals. However, there has been no material change in the operating environment or trading activity this half-year and valuation has thus remained stable since FY21 year end.

Property disposals

During the period, the Fund disposed of two non-core industrial properties valued at R34.7m. The Cosmo City and 15 Brussels Road assets have transferred, generating R36m of gross proceeds representing a 3.7% premium to book value.

The Fund is targeting R1.0bn of disposals of non-core assets in the next 12 months. 18 properties have been identified as held for sale across the industrial and retail sectors. This comprises assets with limited potential to extract further value through active asset management and where maximum value is likely to be realised from an exit thereof:

	Number of properties	Value (Rm)
Retail	7	548
Industrial	11	473
Office	–	–
	18	1 021

Of this,

- Two assets totalling R116m have been sold and are awaiting transfer; and
- A further three assets totalling R201m are under offer.

The aggregate selling price achieved on the above is R316m which is in line with the book values of the assets. The Fund is in negotiations on a further c.R400m of assets with the balance being actively marketed.

Proceeds from the sale of these properties will be used to further reduce gearing and/or be redeployed to fund growth of the PEL platform or acquire quality assets locally.

SOUTH AFRICAN PORTFOLIO SECTORAL PERFORMANCE

Office

The Fund's office portfolio comprises 30 properties in major nodes across South Africa. The market continues to be in a state of significant oversupply with weak demand resulting in elevated vacancy levels across the sector. 38% of IPF's SA portfolio is comprised of office assets by value.

The Fund reported base NPI growth of 6.9% yoy (Sep-20: 21.4% decline) in this sector due to a reduction in COVID relief (Sep-21: R5m) and increased occupancy for the majority of the period, relative to the comparable period last year. Expenses were tightly controlled with minimal yoy increase of 0.4%. As a result, the sector's cost-to-income ratio improved to 24.0% (excluding bad debts) (Sep-20: 28.5%).

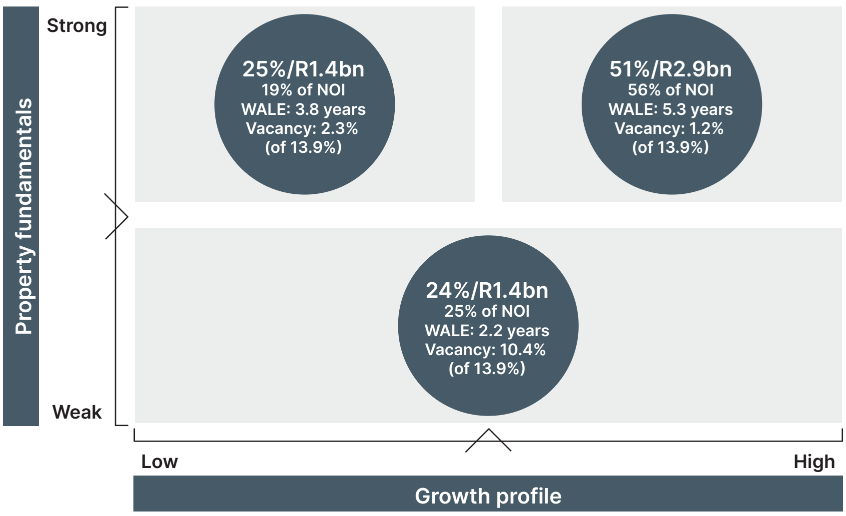
Office sector vacancy was maintained below 10% for the majority of the half-year period but increased to 13.9% by GLA (Mar-21: 9.7%) upon expiry of the single-tenant lease at the 192 Bram Fischer property (15,500m^2). 3,000m^2 of this space has since been leased with negotiations ongoing in respect of a further 4,000m^2. It should be noted that the 13.9% vacancy represents a negligible 2% of the Fund's global portfolio GLA (i.e. comprising 100% of SA and an effective 65% of European GLA). The deterioration in office vacancy has been experienced across the property sector and is driven by a general softening of the market and structural oversupply.

There remains significant downward pressure on office rentals combined with increasing incentive levels, thus an average reversion of negative 30.3% was incurred during the half-year. Despite a challenging market, 23 new lets were concluded within the sector. Year to date letting was concluded at a WALE of 4.1 years which has maintained the sector WALE at 3.4 years (Mar-21: 3.4 years).

The majority of the Fund's client base has returned to office in some part and are actively encouraging their workforce to return to work, as they are seeing a notable decrease in productivity, limited innovation and collaboration, diminishing company culture and lack of mentorship. The Fund continues to believe that the trend of return to office will increase and IPF's portfolio is well-positioned to benefit from a revival of the sector.

SA office strategy

In light of the current challenges in the office sector, the Fund has spent considerable time over the half-year evaluating its office assets and reassessing the sector strategy to adapt to the current environment and ensure the properties remain relevant. The Fund categorises its office properties on a risk basis, based on an assessment of property fundamentals and growth potential, as set out below:



COMMENTARY CONTINUED

On this basis:

- 51% of office properties are considered low-risk, underpinned by quality tenants, long-dated leases and generating strong cashflows. The current focus with these assets is on tenant retention and rent collection. IPF will continue to invest in these properties to maintain their quality and ensure they remain relevant for tenants.
- 25% of the portfolio has strong fundamentals but requires an element of active asset management to arrive at an ideal state.
- In respect of the balance of the office portfolio, the short-term focus remains aggressive leasing. This segment comprises 9% of the SA portfolio and 5% of the Fund's global portfolio value on a look-through basis.

The Fund's office strategy entails a focus on assets that are:

- Decentralised and best of breed within their sub nodes;
- Multi-tenanted;
- Underpinned by long-dated leases;
- Within proximity to retail;
- Healthy (including green) buildings; and
- Incorporate a wellness strategy.

Industrial

South Africa's industrial property sector is linked to the broader economy and is therefore dependent on economic recovery and export growth. The sector remained resilient through the pandemic, impacted only by the slowdown in trade. The sector is experiencing a robust recovery relative to other sectors as a result of a shift towards a more digital world, changes in supply chain dynamics and a general increase in manufacturing activity.

IPF's industrial portfolio comprises 32 functional properties with strong fundamentals in well-established nodes. The industrial sector delivered NPI growth of 2.6% (Sep-20: 13.3% decline) driven by a reduction in vacancy and contractual rental growth. The cost-to-income ratio of the sector increased to 21.3% (Sep-20: 19.2%) due to a 14% increase in gross expenses primarily comprising property management fees following a change in fee structure. Non-recoverable rates expenses also increased by c.12% due to the higher average vacancy level relative to the comparable period last year.

Leasing activity during the period has been strong with 57,227m^2 of H1 FY22 space let during the half-year, representing nearly all (99%) of the space expiring during the period. A further 37,000m^2 of the opening vacancy as at 1-Apr-21 was also successfully let. Renewals and new leases were concluded at a negative 5.1% reversion, but with a lengthy WALE of 4.3 years and 6.9% escalation. As a result, the sector's WALE has increased slightly from 2.9 years (Mar-21) to 3.0 years. Multiple negotiations are still ongoing however tenant decision-making is slow due to prevailing macro uncertainty. The Fund has secured notable long-term leases within the sector, namely a 10-year lease over 23,692m^2 in the North Reef Road property and a 7-year lease over 4,881m^2 in the Mastiff Drive property. As a result of this letting activity, industrial vacancy has reduced from 17.2% (Mar-21) to 10.5% at Sep-21.

Retail

The retail sector experienced some disruption during the period with Level 4 lockdown restrictions resulting from the pandemic's third and longest lasting wave, as well as closure of certain malls for a brief period during the civil unrest. Despite this, the sector has experienced a strong recovery over the half-year with continued increase in trading activity and improvement in trading statistics.

The Fund's 26 retail assets have been strategically selected to comprise primarily semi-rural shopping centres that are well-tenanted with a significant proportion of national clients, serve large catchment areas and are dominant in the nodes within which they are located. The retail portfolio remains an attractive asset class within IPF's portfolio and has been the strongest contributor to overall SA NPI growth over the interim period.

The sector achieved a notable improvement in base NPI with growth of 28.1% yoy (Sep-20: 34.3% decline) following a reduction in the COVID-relief programme. Limited rental reduction totalling R4m was granted this half-year compared to R39m granted in the prior half-year within the retail sector.

Trading activity has noticeably improved over the period. For the 12 months to Sep-21, average trading density grew by 9.4% yoy compared to the 12 months ended Sep-20. Customers are returning to retail centres as indicated by footfall statistics that continue to trend up. Average footfall to Sep-21 was only -0.3% down yoy vs. the comparable 12-months to Sep-20 (Mar-21: -19%). Average basket sizes have also increased steadily with a 6.3% yoy increase recorded for the 12 months to Sep-21 relative to the 12-months to Sep-20 indicating consumers are spending more per visit. In addition, tenants' cost of occupation remains at a sustainable level of 6.8%.

The cost-to-income ratio of the sector has reduced slightly to 25.0% (Mar-21: 26.6%), driven by an increase in income which in the prior year was impacted by rent-free concessions granted to tenants. While fixed costs increased by 6%, it is mostly offset by savings in variable costs of 5.5%.

The vacancy of the retail portfolio has been maintained at 4.4% (Mar-21: 4.3%), which includes the fully vacant Unitrans Polokwane asset that is currently classified as held for sale. Retail vacancy excluding this asset is 3.1%.

Leasing activity during the half-year has been positive with 53 new leases signed. Renewals and new lets were concluded at a positive reversion of 4.1% and 3-year WALE. Sector WALE was maintained at 3.3 years (Mar-21: 3.2 years).

The Fund has commenced refurbishment works at the Design Quarter centre and will soon commence redevelopment of Balfour Mall. An aggregate development cost of R230m has been committed in respect of these projects at an investment yield of 8.8%. These projects will be completed during FY23 and are expected to have a positive impact on vacancy and improve long-term sustainability of NPI.

COMMENTARY CONTINUED

SOUTH AFRICAN INVESTMENTS

Izandla

IPF has a R276m investment in Izandla comprising a 35% equity interest (R17m) and mezzanine loans of R259m. The BEE fund is seeking to simplify its capital structure through the sale of non-core assets.

PORTFOLIO REVIEW – OFFSHORE INVESTMENTS

PAN-EUROPEAN LOGISTICS PORTFOLIO (UNLISTED INVESTMENT)

Overview

The European logistics sector continues to benefit from favourable market dynamics – robust demand supporting record levels of investment into industrial assets, restricted supply, scarcity of land and historic low vacancy. Sector outperformance is expected to continue, driven by the supply/demand imbalance that offers a positive outlook for rental growth. Further demand is expected to be supported by:

- double-digit growth in online retailing – e-commerce and third-party logistics continue to drive occupier demand with e-commerce accounting for 25% of all floor space taken up;
- reassessment of supply chains as on-shoring or near-shoring becomes more favourable;
- reconfiguration of distribution hubs of European and UK distributors following Brexit;
- the need to secure infill logistics property for better services to end consumers and to lower costs; and
- reduced land availability creating a constraint on demand, given the slow pace at which supply is coming online.

Average logistics vacancy rates across Europe remain low at around 5% and continue to trend lower. European logistics has also witnessed very strong yield compression over the last 12 months. Prime yields in key Western markets are converging to record low levels with initial yields now trading in the mid-3%, reflecting a c.100bps contraction from November 2020. A key driver of the compression is the wall of capital competing for this asset class given potential future rental growth. These pricing levels are unprecedented and set new standards for the sector. Recent cross border larger portfolio deals have been concluded at pricing levels below the 4% level, with smaller in-country deals being concluded at 3.5% – 4.5%.

The Fund will seek to further grow this platform in the short-term and capitalise on the favourable market dynamics. IPF is considering various options to maximise value in this regard, including the introduction of third-party capital to support growth. The management team is assessing a pipeline of acquisition opportunities and will selectively pursue those that align with existing strategy and offer value unlock. Achieving scale within this platform will enable the Fund to benefit from synergies, cost efficiencies, diversification of risk and will provide critical mass and presence when engaging in deal negotiations in Europe.

The PEL platform currently comprises 48 logistics and warehouse properties valued at €1.08bn (Mar-21: €1.06bn), with total GLA of 1,134,429m^2 located across seven European countries. Approximately 80% of the portfolio (by value) is located across the core markets of Germany, France and Netherlands.

Financial performance

The portfolio continues to perform well and in line with expectations and has maintained healthy portfolio metrics since year end. The logistics portfolio delivered base NPI growth of 8.3% (in EUR) for the interim period, driven by improvement in service charge recoveries, reduction in bad debt provision related to COVID-19 periods and positive rental reversions, but partially offset by increased void periods due to refurbishment works in Hanover (Germany) and Carpiano (Italy) assets.

Net property expenses remained flat and as a result, the cost-to-income ratio has reduced to 5.6% (Sep-20: 8.7%). Overall NPI growth was 14% (Sep-20: 13.2%) (in EUR) due to the inclusion of the Belgium assets that were sold into the PEL portfolio in Oct-20 and the Hoppegarten development which came online in FY21.

Distributable income per share growth was 3.5% yoy (in EUR) (Sep-20: 14.8%), impacted by higher fund expenses (5%) and higher finance costs arising from the increased cost of debt post the PEL debt refinance in Oct-20 (8%). This 3.5% DIPS growth in EUR translates into a 5.5% growth in ZAR with c.2% blended foreign exchange uplift achieved. The FX enhancement on the hedged returns (as locked in by FECs) has been offset by the impact of the spot rate applied on the unhedged EUR interest costs paid at a stronger ZAR during the half-year.

The PEL portfolio delivered an investment yield of 8.6% (in ZAR) for the half-year to date.

Vacancy and WALE

Vacancy was reduced to 2.8% (Mar-21: 4.3%) upon securing a single-tenant lease over 18,180m^2 of space in the Carpiano C property in Italy. The largest remaining vacancies are in the Marseille asset in France (1.5%) where a tenant recently vacated and marketing and refurbishment works are underway, and in the Hanover property in Germany (0.6%) where repair works to the roof are in progress.

Portfolio WALE at Sep-21 was enhanced to 5.2 years to expiry (Mar-21: 5.0 years) and 4.4 years to break (Mar-21: 3.8 years) following the conclusion of many longer-term leases. Of the 141,818m^2 of renewals and new lets concluded over the half-year, 75,897m^2 of this (54%) has been concluded at lease terms of five years or more. As a result, renewals and new letting has added a WALE of 6.1 years to the portfolio.

COMMENTARY CONTINUED

Letting activity

Letting performance has been strong and the portfolio continues to capture the rental growth being generated within the sector. The Fund has re-let:

- 59.9% of space expiring in H1 FY22 at a positive reversion of 3.4% and 57% of space subject to break options; and
- 44% of opening vacancy.

	Expiries and cancellations	Renewals and new lets	Weighted average gross expiry rental	Weighted average gross new rental	Rental reversion	WALE	Incentive	Retention
YTD	GLA	GLA	€/m²	€/m²	%	Years	% lease value	%
Germany	192	2 249	–	–	–	1.0	–	N/A
Netherlands	–	10 639	88.6	90.7	2.3	5.5	3.0	N/A
France	53 395	34 813	43.7	43.9	0.4	5.0	4.5	100.0
Poland	13 859	13 704	39.5	40.9	3.7	8.0	12.6	11.7
Belgium	3 500	16 087	37.7	38.1	0.9	2.2[1]	10.1[2]	100.0
Spain	–	–	–	–	–	–	–	N/A
Italy	46 146	64 326	50.0	52.7	5.5	7.3	9.4	100.0
Subtotal	**117 092**	**141 818**	**48.9**	**50.6**	**3.4**	**6.1**	**8.1**	**87.7**

Opening vacancy	57 660
Germany	10 166
Netherlands	10 639
France	4 571
Poland	1 517
Belgium	12 587
Spain	–
Italy	18 180
Total lettable GLA	**174 752**

1 WALE is skewed by short-term leases of 6 months and 2 months assumed by tenant in Opglabbeek over an aggregate 7,400m² of space.

2 High incentive attributable to existing tenant in Opglabbeek taking up an aggregate 8,700m² of space on 4-year leases and received a 10.4% incentive package in line with market norms. High incentive package reflects tenant leasing a total area of 22,737m² across 3 units.

PEL lease expiry (by revenue)

Valuation

The PEL portfolio was externally valued during the period and revalued up by 1.9% to €1.08bn (Mar-21: €1.06bn) due to good leasing activity and sustained positive sector fundamentals.

COMMENTARY CONTINUED

Collections and arrears

Collections have remained strong with an average collection rate of 99% maintained since FY21 year end.

Arrears at half-year end reduced to €2.85m (Mar-21: €3.7m) largely comprising service charge arrears, of which €1.1m has been provided for.

Development activity

The Fund has a strong development pipeline, of which three assets have been targeted to commence work on:

- **Sochaczew DC3 (Poland):** development of a new 30 854m^2 Grade-A logistics building on a speculative basis; expected to commence in Q1 2022.
- **Le Havre (France)** – construction of a 14,207m^2 logistics facility; negotiations are underway with a potential tenant and commencement of the development is subject to securing this lease.
- **Belfort DC2 (France)** – construction of a 19,047m^2 facility; no prospective tenants identified as yet, but planning approvals are being obtained in order to proceed once the necessary pre-let thresholds are achieved.

The total development cost of the above is estimated at €40m to be deployed over the next 12 to 18 months, of which IPF's effective 65% interest will entail an equity contribution of €10m. Development yields are accretive to portfolio performance and the Fund looks forward to the enhancements these developments will bring to the PEL portfolio.

BALANCE SHEET AND TREASURY

The Fund continues to adopt a prudent and disciplined approach to balance sheet management and strives to maintain a healthy balance sheet with diversified funding sources. Active balance sheet management during the year has led to savings in finance costs without adding further risk to the Fund's current or future financial position. IPF's financial position remains strong, with ample liquidity and a strong capital base to support portfolio growth.

LTV

The current LTV ratio of 37.9% has remained stable since FY21 year end (Mar-21: 38.3%). The Fund has successfully reduced this from the peak of 47.5% in Mar-20 to the current level through execution of a stated de-gearing flightpath. IPF strives to reduce this even further to normalised levels between 30% and 35% and believes this will be achieved in the short-term through the asset disposals identified.

IPF's look-through gearing is strategically managed at 52%, driven by the higher level of gearing in-country within PEL. The Fund is comfortable to maintain a higher look-through gearing at this level due to the lower risk profile of the European logistics market. IPF believes this risk is mitigated by the following:

- Investments are located in developed Western European markets
- Real estate fundaments of logistics are strong, supported by continued rental growth prospects
- Interest rates are hedged to lock in spread between funding cost and NOI
- Portfolio underpinned by long-term leases (WALE of 5.2 years) and strong underlying cash flows
- Europe enjoys comfortable ICR of c.4-5x and debt yields at c.8%
- EUR in-country debt is fully ring-fenced with no look-through recourse or guarantees provided by IPF

COMMENTARY CONTINUED

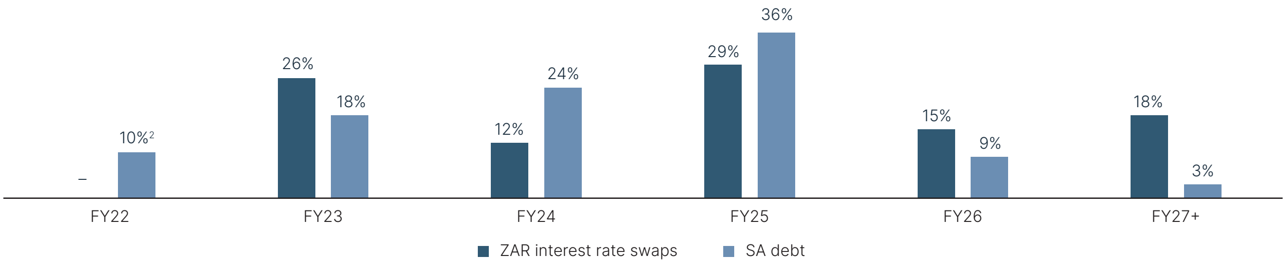
LIQUIDITY

There were limited debt maturities during the period, save for commercial paper that the Fund refinanced. There is R1.8bn of debt maturing over the next 12 months which can be settled with cash/undrawn facilities. The Fund has limited refinancing risk over the remainder of the year as the majority of FY22 refinances have been completed.

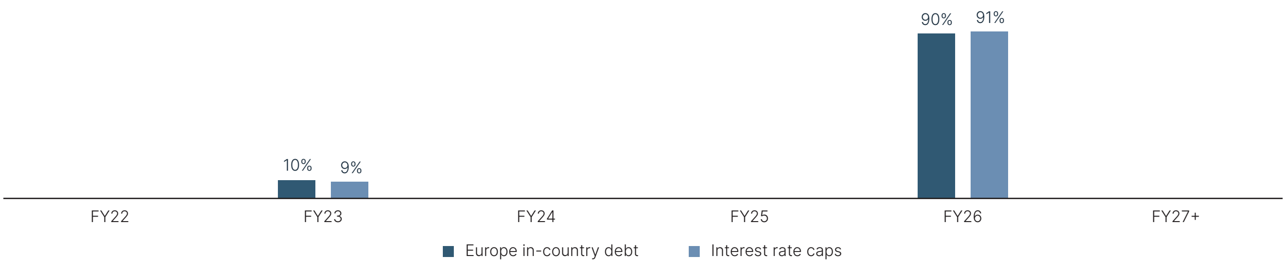
The Fund has R2bn of cash and unutilised committed facilities, providing ample headroom and adequate liquidity to cover upcoming debt maturities if needed.

There is no debt expiring within the next 12 months in Europe. In South Africa, there is R920m of debt maturing in H2 FY22 comprising R345m commercial paper, R250m term debt and R325m of bonds which is likely to be settled from existing facility reserves.

SA debt[1] and ZAR swap expiry (%)



Europe in-country debt and cap expiry (%)



1 SA debt based on drawn facilities and includes EUR-denominated debt at an IPF level
2 R0.9bn maturing in FY22 comprising R345m commercial paper, R250m term debt, R325m bonds (R225m of which will be settled with cash)

DEBT AND HEDGING

	SA	Europe
Debt maturity (years)[1]	2.8 (Mar-21: 3.2)	3.8 (Mar-21: 4.3)
Swap maturity	3.4 (Mar-21: 3.5)	3.8 (Mar-21: 4.3)
Hedge percentage	85% (Mar-21: 83%)	100% (Mar-21: 100%)
Gearing %	37.9% (Mar-21: 38.3%)	53.0% (Mar-21: 55.0%)
Average all-in cost of funding	8.5% (Mar-21: 8.5%)	2.2% (Mar-21: 2.2%)
Average debt margin (local currency)	1.7% (Mar-21: 1.8%)	2.2% (Mar-21: 2.2%)
Average swap rate	7.2% (Mar-21: 7.3%)	1.2% interest rate cap (Mar-21: 1.2%)
Encumbrance ratio[2]	51% (Mar-21: 48%)	100% (Mar-21: 100%)
% debt secured[3]	49% (Mar-21: 47%)	100% (Mar-21: 100%)
% Foreign debt of EUR investment[4]	60% (Mar-21: 60%)	–

1 Includes foreign debt raised to fund offshore equity position; excludes Dec-21 expiries that IPF intends to settle with cash
2 Secured assets as a percentage of total investments
3 Secured debt as a percentage of total debt facilities
4 Cross currency swaps are considered synthetic EUR funding

The Fund has hedged 100% of expected income from the PEL investment over the next four years at forward exchange rates ranging between R17.71 and R25.16.

ZAR interest rates are hedged for 85% (Mar-21: 83%) of interest-bearing borrowings. The Fund is constantly monitoring market movements and takes opportunities to restructure its ZAR swap book to lower funding rates and extend the swap profile. As a result, maturity of the swap book has been maintained at an average duration of 3.4 years (Mar-21: 3.5 years). This is longer than the current average debt maturity of 2.8 years given the limited refinancing undertaken during the period and the Fund will seek to extend its debt maturity profile with upcoming refinances.

COMMENTARY CONTINUED

The Fund's long- and short-term corporate debt rating was maintained at AA- and A1+ respectively, following a rating review in Oct-21, and the stable outlook was re-affirmed. This is attributable to the Fund's diversified earnings base and exposure to the high-growth European logistics sector that is bolstering performance of the stable South African portfolio in the current subdued environment.

SHAREHOLDING

At 30 September 2021, Investec Limited, Coronation Fund Managers and GEPF are the only shareholders holding in excess of 5% of the Fund's total shares in issue.

Rank	Beneficial shareholder	As at 30 September 2021	As at 30 September 2020	Change
1	Investec Limited	**24.3%**	24.3%	–
2	Coronation Fund Managers	**12.3%**	11.5%	0.8%
3	Government Employees Pension Fund	**6.1%**	6.3%	(0.2%)
4	STANLIB Asset Management	**4.0%**	4.2%	(0.2%)
5	Eskom Pension and Provident Fund	**2.8%**	3.6%	(0.8%)

INTERIM DIVIDEND

The Fund intends to continue to apply a consistent dividend payout policy of between 90%-95% as a result of strong underlying cashflows generated within both platforms (and ability to access this at a Group level) and having sustained a more normalised level of gearing. As such, the Board has resolved to declare a dividend of 49.77cps for the six months ended 30 September 2021 (Sep-20: 44.52cps), representing an aggregate dividend of R401m (Sep-20: R359m).

PROSPECTS AND GUIDANCE

South Africa: The South African portfolio has achieved stability however the macroeconomic environment remains subdued and the threat of a further wave remains. We expect further uplift in H2 performance relative to H1, driven by further reduction in vacancy and shorter void periods relative to prior year. The broader office sector is expected to remain stagnant with reversions offsetting contractual rental growth. Management's focus in South Africa is to maintain the stability and quality of the portfolio so that it is well-placed to benefit when the cycle turns.

Europe: The positive trends in the sector are expected to persist with continued rental growth and yield compression anticipated. The Fund will look to take advantage of these positive fundamentals and create earnings and capital growth through further reduction in vacancy and unlocking the existing development pipeline. H2 performance is expected to be consistent with H1, impacted by extended void periods at the Marseille and Hanover assets.

Balance sheet: IPF's balance sheet remains robust with an LTV of 37.9%. With limited refinancing risk in H2 FY22 and all short-term expiries adequately covered by committed banking facilities, the balance sheet has sufficient capacity to support future growth. The management team will continue to explore opportunities to further reduce leverage whilst ensuring earnings are maintained or enhanced.

Guidance: H2 performance is anticipated to be consistent with H1 FY22, given the stabilisation of the SA business and consistent performance of the PEL platform in line with expectations. All major renewals have been concluded and limited leasing risks are anticipated across both portfolios over the remainder of FY22. Assuming the current trading conditions continue to persist, the Fund is expected to deliver distributable income per share for FY22 of 106.75cps – 108.75cps representing DIPS growth of between 10%-12%, with a continued payout ratio of c.95% anticipated.

Moses M Ngoasheng
Independent Non-executive Chairman
16 November 2021

Andrew Wooler and Darryl Mayers
Joint Chief Executive Officers

COMMENTARY CONTINUED

BASIS OF ACCOUNTING

The reviewed interim condensed consolidated financial information for the period ended 30 September 2021 has been prepared in compliance with International Financial Reporting Standards ("IFRS"), the presentation and disclosure requirements of IAS 34, Interim Financial Reporting, the SAICA Financial Reporting Guide as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by The Financial Reporting Standards Council, the Companies Act, (71 of 2008, as amended) of South Africa and the JSE Listings Requirements.

The accounting policies applied in the preparation of the results for the period ended 30 September 2021 are consistent with those adopted in the financial statements for the year ended 31 March 2021, other than the adoption of those standards that became effective in the current year. These reviewed interim condensed consolidated financial statements have been prepared under the supervision of Zaida Adams CA(SA).

REVIEW CONCLUSION

Ernst & Young Inc., the Fund's independent auditor, has reviewed the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, consolidated segmental information and notes to the condensed consolidated financial results, as set out on pages 2 to 22 of the reviewed interim condensed consolidated financial results and have expressed an unmodified review conclusion. A copy of their review conclusion is available for inspection at the Company's registered office.

Investec Bank Limited
Company Secretary

16 November 2021

GLOSSARY

Term	Definition
Board	Board of directors of Investec Property Fund Limited
CCS	Cross currency swaps
CGT	Capital gains tax
Cps	Cents per share
DIPS	Distributable income per share
DPS	Dividend per share
ESG	Environmental, social and governance
EV	Enterprise value
FEC	Foreign exchange contract
Gross income	Revenue from all investments aggregated on a proportionally consolidated basis
IAP	Investec Australia Property Fund
Investment yield	Income (earnings) and capital return over balance sheet equity value
IPF or The Fund	Investec Property Fund Limited group including Investec Property Fund Limited and its subsidiaries, investments in joint-ventures and any other investments
Izandla or Izandla Property Fund	Izandla Property Fund Proprietary Limited
Like-for-like or LFL	Comparable measure of growth
LTV	Loan to value, calculated as net debt/total investments net of minority interests
Manager	Investec Property Proprietary Limited, being the asset manager of IPF
MTM	Mark to market
NAV	Net asset value
NPI	Net property income
PEL	Pan-European logistics
PEL Co-investor	MB Hercules Holdings Limited, being the strategic equity partner who was introduced for a 25% interest alongside IPF in the PEL platform
PELI	Pan-European light industrial
REIT	Real estate investment trust
SA	South Africa/South African
UK	United Kingdom
UK Fund/UK investment	Nestor Investment Holdings Limited
UREP	Urban Real Estate Partners
WALE	Weighted average lease expiry
WHT	Withholding tax
yoy	Year on year

OUT OF THE ORDINARY

Investec

Property Fund

Property Fund