OUT OF THE ORDINARY

2022

Financial results

Reviewed preliminary condensed consolidated financial results

Investec Property Fund Limited

Key highlights

- Achieved **10.8% DIPS growth** and within guidance range – 107.61 cps
- **SA business stabilised** following improvement in leasing activity and reduction in COVID-19 relief
- PEL platform delivering **robust performance**
- **Reduced vacancy** in SA and Europe
- Total shareholder return of **34% (market) and 8% (book)**
- **95% dividend payout** ratio maintained
- ESG strategy **ahead of target** and gaining momentum
- Emphasis on transformation, maintaining level **1 B-BBEE contributor rating**
- Commenced formal **process to sell European portfolio** and unlock maximum value for shareholders
- Expect to deliver **low to mid-single-digit DIPS growth** in FY23

Group metrics

DIPS up
10.8%
to 107.61cps (Mar-21: 97.08cps)

Final dividend of
52.46cps
(Mar-21: 47.71cps)

FY22 total dividend of
102.23cps
up 10.8% (Mar-21: 92.23cps)

Improved LTV of
38.2%
(Mar-21: 40.5%)

NAV improved by
1.9%
to R16.96 per share (Mar-21: R16.65)

Total investments of
R22.1bn
across SA and EU (Mar-21: R22.1bn)

South Africa

Base NPI up
9.6%
driven by strong leasing activity

Vacancy improved to
4.5%
ahead of forecast (Mar-21: 11.4%)

91%
of space expiring let

Reversion of
(17.5%)
with low incentives of 4.7%

Portfolio written down by
2.6%
due to continued pressure in office sector

Europe

Base NPI up
3%
driven by positive rental reversions

Vacancy improved to
2.3%
(Mar-21: 4.3%)

97%
of space expiring let

Positive reversion of
3.7%
and WALE of 5.0 years on renewals and new lets

Normalised DIPS up
4%
in EUR, tempered by higher corporate and tax costs

Portfolio revalued up
12.6%
due to significant leases and positive sector fundamentals

DISTRIBUTABLE EARNINGS RECONCILIATION

for the year ended 31 March 2022

Full year distributable earnings of 107.61 cents per share - 10.8% increase, in line with guidance and primarily driven by stabilisation of SA business and consistent performance from PEL.

R'000	Notes	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
Profit/(loss) after taxation		**1 038 278**	(327 588)
Adjusted for:			
Straight-line rental revenue adjustment		**25 857**	54 838
Fair value, foreign exchange (gains)/losses and other adjustments		**(190 148)**	600 688
(Profit)/loss on disposal of investment property		**(3 101)**	2 717
Izandla interest not received		**(7 541)**	(4 096)
Investment dividend accrual (net of withholding tax ('WHT'))[1]		**–**	(16 228)
Deferred taxation and capital gains taxation ('CGT')[2]		**(6 164)**	17 978
Equity accounted loss from associate[3]		**8 987**	17 843
Loss after tax for the year from discontinued operations[4]	8.3	**–**	435 269
Available H1 Interim distributable earnings[5]		**421 694**	**377 228**
Available H2 distributable earnings[5]		**444 474**	**404 193**
Number of shares			
Shares in issue		**804 918 444**	804 918 444
Weighted average number of shares in issue		**804 918 444**	804 918 444
Cents			
Total available distributable earnings per share[5]		**107.61**	**97.08**
Available H2 distributable earnings per share (cents)		**55.22**	50.21
Available H1 Interim distributable earnings per share (cents)		**52.39**	46.87

1 Each reporting year, the Fund makes an adjustment to match the distributable income for the year to the year in which it relates. The IAP investment was sold in the prior year of assessment therefore no income was earned for the current year and no adjustment to distributable earnings was made.
2 Current year amount relates to CGT refunded on the sale of Ingenuity shares sold in the prior years. Prior year relates to CGT on the sale of the IAP investment.
3 The Fund equity accounts its investment in Izandla and only distributes earnings declared as a dividend. There has been no dividends declared by Izandla in the current year.
4 The Fund disposed of its equity accounted investment in the UK on 31 March 2021.
5 Increase to comparable year driven largely by the impact of recovery from COVID-19, positive letting activity and quality of underlying assets and investments. The Fund continued with a 95% payout ratio for the second half of the year. No income tax is payable for financial year 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Notes	Reviewed Year ended 31 March 2022	Audited Year ended 31 March 2021
Revenue, before straight line rental revenue adjustment		**1 524 208**	1 522 361
Straight-line rental revenue adjustment		**(25 857)**	(54 838)
Revenue[1]		**1 498 351**	**1 467 523**
Property expenses		**(366 152)**	(361 399)
Expected credit losses[2]		**(11 848)**	(51 984)
Net property income		**1 120 351**	**1 054 140**
Other operating expenses		**(114 435)**	(126 600)
Operating profit		**1 005 916**	**927 540**
Fair value, foreign exchange gains/(losses) and other adjustments	2	**190 148**	(600 688)
Profit/(loss) on disposal of investment property		**3 101**	(2 717)
Income from investments	4	**372 180**	411 750
Finance costs		**(591 778)**	(678 706)
Finance income[3]	5	**61 534**	86 953
Equity accounted losses from associate		**(8 987)**	(17 843)
Profit before taxation from continuing operations		**1 032 114**	**126 289**
Taxation	6	**6 164**	(18 608)
Profit after taxation from continuing operations		**1 038 278**	**107 681**
Discontinued operations		**–**	**(435 269)**
Loss after tax from discontinued operations[4]	8.3	**–**	(435 269)
Profit/(loss) after tax		**1 038 278**	**(327 588)**
Other comprehensive income		**–**	**(3 026)**
Foreign currency translation losses		**–**	(84 728)
Recycled to profit or loss		**–**	81 702
Total comprehensive income attributable to equity holders		**1 038 278**	**(330 614)**
Basic and diluted earnings per share from continuing operations (cents)		**128.99**	13.38
Basic and diluted earnings per share from discontinued operation (cents)		**–**	(54.08)
Basic and diluted earnings per share (cents)[5]		**128.99**	(40.7)

1 Revenue positively impacted by improved South African performance. The change in the straight-line rental adjustment is largely impacted by good letting activity and re-gearing of leases. 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 year is due to strong 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.
5 Year-on-year increase due to the increase in net property income, significant reduction in interest expense, lower fair value losses of South African properties and lower foreign exchange losses on investments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Notes	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
ASSETS			
Non-current assets		**22 332 311**	**23 155 569**
Investment property	3	**13 515 379**	14 636 707
Straight-line rental revenue adjustment		**353 982**	423 551
Derivative financial instruments	7.3	**240 242**	115 801
Equity accounted investment in associate and joint ventures	8	**7 945**	16 932
Other financial instruments	7.1	**8 214 763**	7 962 578
Current assets		**681 000**	**1 467 124**
Trade and other receivables[1]		**262 554**	1 027 992
Cash and cash equivalents[2]		**235 778**	225 590
Current portion of derivative financial instruments	7.3	**182 668**	213 542
Non-current assets and assets in disposal group held for sale	9	**1 026 187**	525 152
Total assets		**24 039 498**	**25 147 845**
EQUITY AND LIABILITIES			
Shareholders' interest		**13 652 089**	**13 398 404**
Stated capital		**11 133 011**	11 133 011
Retained earnings		**2 519 078**	2 265 393
Non-current liabilities		**7 908 806**	**8 352 906**
Long-term borrowings	7.2	**7 749 948**	7 822 554
Derivative financial instruments	7.3	**158 858**	530 352
Current liabilities		**2 478 603**	**3 396 535**
Trade and other payables		**511 777**	783 083
Current portion of long-term borrowings[3]	7.2	**1 884 117**	2 502 755
Current portion of derivative financial instruments	7.3	**82 709**	110 697
Total equity and liabilities		**24 039 498**	**25 147 845**
Shares in issue		**804 918 444**	804 918 444
Net asset value per share (cents)		**1 696**	**1 665**

[1] Proceeds from the sale of the UK investment (sold in March 2021 and included in the 2021 trade receivables balance) of R709 million after forex movements was received during the current year.

[2] The cash balance includes cash relating to tenant deposits of R74 million (March 2021: R85 million) as well as revenue received in advance of R48 million (March 2021: R30 million).

[3] Subsequent to year end, the fund rolled R232m of its R350m commercial paper and refinanced €40m for a further 12 months.

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
Cash generated from operations	**1 170 188**	940 182
Finance income received	**51 289**	67 602
Finance costs paid	**(509 002)**	(684 088)
Income from investments (net of tax)	**123 357**	287 807
Capital gains tax paid	**6 164**	(26 635)
Dividends paid to shareholders[1]	**(1 142 958)**	(554 344)
Net cash(outflow)/ inflow from operating activities	**(300 962)**	30 524
Acquisitions of investment property and capital expenditure	**(222 234)**	(113 589)
Proceeds on disposal of investment property	**117 798**	901 852
Proceeds from disposal of property company equity instruments[2]	**–**	742 168
Proceeds from sale of joint ventures and associates[3]	**709 277**	–
Acquisition of other financial instruments	**–**	(64 775)
Proceeds from other financial instruments[4]	**390 441**	2 496 198
Net cash inflow from investing activities[5]	**995 282**	3 961 854
Proceeds from borrowings	**1 490 000**	1 988 025
Derivatives settled	**(25 018)**	(80 043)
Repayment of borrowings	**(2 149 114)**	(6 318 224)
Net cash outflow from financing activities	**(684 132)**	(4 410 242)
Net increase/(decrease) in cash and cash equivalents	**10 188**	(417 864)
Cash and cash equivalents at the beginning of the year	**225 590**	643 072
Movement in foreign exchange	**–**	382
Cash and cash equivalents at the end of the year[6]	**235 778**	225 590

1 Relates to the interim and final dividends paid for the 2021 financial year and interim dividends paid for the 2022 financial year end.
2 Relates to proceeds from the sale of IAP in the prior year.
3 Relates to proceeds received in April 2021 from the sale of the UK investment completed in March 2021.
4 Relates mainly 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 €38.5 million advanced to PEL as part of the bridge loan (note 7.1.3).
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	–	(330 614)	(84 728)	(415 342)
Recycling to profit or loss	–	–	81 702	81 702
Shares issued net of costs	(269)	–	–	(269)
Dividends declared	–	(912 710)	–	(912 710)
Balance at 31 March 2021	**11 133 011**	**2 265 393**	**–**	**13 398 404**
Total comprehensive income attributable to equity holders	–	1 038 278	–	1 038 278
Dividends declared	–	(784 593)	–	(784 593)
Balance at 31 March 2022	**11 133 011**	**2 519 078**	**–**	**13 652 089**

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 31 March 2022, the group is comprised of five segments, namely SA Retail, SA Office, SA 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 25 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 31 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.
UK	The investment was sold at 31 March 2021.
Australia (IAP)	The investment was sold in June 2020.
Europe	A 75% investment into a PEL portfolio valued at R6.9 billion. This portfolio consists of 48 properties located in 7 jurisdictions across Europe. A 25% investment into a PELI portfolio valued at R0.3 billion at 31 March 2021. The investment was sold in May 2021.

SEGMENTAL ANALYSIS CONTINUED

Profit or loss and assets and liabilities disclosure

	31 March 2022								
	South African property portfolio				Investment portfolio				
	Office	Industrial	Retail	Total/fund level	South African investment portfolio	Australia	UK	Europe	Total
Material profit or loss disclosures									
Revenue, before straight line rental revenue adjustment	590 809	349 290	584 109	**1 524 208**	–	–	–	–	**1 524 208**
Straight-line rental revenue adjustment	(44 265)	4 702	13 706	**(25 857)**	–	–	–	–	**(25 857)**
Revenue	546 544	353 992	597 815	**1 498 351**	–	–	–	–	**1 498 351**
Property expenses	(146 485)	(81 222)	(138 445)	**(366 152)**	–	–	–	–	**(366 152)**
Expected credit losses	(10 022)	426	(2 252)	**(11 848)**	–	–	–	–	**(11 848)**
Net property income	390 037	273 196	457 118	**1 120 351**	–	–	–	–	**1 120 351**
Other operating expenses	–	–	–	**(114 435)**	–	–	–	–	**(114 435)**
Operating profit				**1 005 916**	–	–	–	–	**1 005 916**
Fair value adjustments on derivative instruments				**181 827**	–	–	–	293 251	**475 078**
Fair value adjustments on investment property				**(390 981)**	–	–	–	–	**(390 981)**
Fair value adjustments on investments				**–**	–	–	–	467 575	**467 575**
Foreign exchange gains/(losses)				**(11 572)**	–	–	–	(349 952)	**(361 524)**
Profit/(loss) on disposal of investment property				**3 101**	–	–	–	–	**3 101**
Income from investments				**–**	–	–	–	372 180	**372 180**
Finance costs				**(591 778)**	–	–	–	–	**(591 778)**
Finance income				**61 534**	–	–	–	–	**61 534**
Equity accounted earnings/(losses) from associate				**–**	(8 987)	–	–	–	**(8 987)**
Profit/(loss) before taxation from continuing operations				**258 047**	(8 987)	–	–	783 054	**1 032 114**
Loss after tax for the year from discontinued operations				**–**	–	–	–	–	**–**
Profit/(loss) for the year before taxation				**258 047**	(8 987)	–	–	783 054	**1 032 114**

SEGMENTAL ANALYSIS CONTINUED

31 March 2021								
South African property portfolio				**Investment portfolio**				
Office	**Industrial**	**Retail**	**Total/fund level**	**South African investment portfolio**	**Australia**	**UK**	**Europe**	**Total**
583 117	321 441	575 427	1 479 985				42 376	1 522 361
(63 408)	2 962	5 608	(54 838)				–	(54 838)
519 709	**324 403**	**581 035**	**1 425 147**	–	–	–	**42 376**	**1 467 523**
(149 830)	(71 251)	(141 992)	(363 073)				1 674	(361 399)
(7 675)	(3 794)	(40 515)	(51 984)					(51 984)
362 204	**249 358**	**398 528**	**1 010 090**				**44 050**	**1 054 140**
			(126 600)					(126 600)
			883 490	–	–	–	**44 050**	**927 540**
			(155 622)		(65 407)	87 807	590 021	456 799
			(895 910)					(895 910)
				(15 626)	80 270		453 464	518 108
					9 990		(689 675)	(679 685)
			(2 717)				–	(2 717)
			–	7 166	28 504		376 080	411 750
			(678 706)					(678 706)
			86 953					86 953
				(17 843)				(17 843)
			(762 512)	**(26 303)**	**53 357**	**87 807**	**773 940**	**126 289**
						(435 269)		**(435 269)**
			(762 512)	**(26 303)**	**53 357**	**(347 462)**	**773 940**	**(308 980)**

SEGMENTAL ANALYSIS CONTINUED

	31 March 2022								
	South African property portfolio				Investment portfolio				
	Office	Industrial	Retail	Total/fund level	South African investment portfolio	Australia	UK	Europe	Total
ASSETS									
Investment property	5 418 155	2 699 714	5 397 510	**13 515 379**	–	–	–	–	**13 515 379**
Straight-line rental revenue adjustment	105 897	98 476	149 609	**353 982**	–	–	–	–	**353 982**
Equity accounted investment in associate	–	–	–	**–**	7 945	–	–	–	**7 945**
Other financial instruments	–	–	–	**–**	258 048	–	–	7 956 715	**8 214 763**
Derivative financial assets[1]	–	–	–	**–**	–	–	–	272 025	**272 025**
Trade and other receivables	–	–	–	**262 554**	–	–	–	–	**262 554**
Cash and cash equivalents	–	–	–	**235 778**	–	–	–	–	**235 778**
Non-current assets held for sale	–	481 687	544 500	**1 026 187**	–	–	–	–	**1 026 187**
Total assets	–	–	–	**15 393 880**	265 993	–	–	8 228 740	**23 888 613**
LIABILITIES						–	–		
Long-term borrowings	–	–	–	**8 683 495**	–	–	–	950 570	**9 634 065**
Derivative financial liabilities[1]	–	–	–	**90 682**	–	–	–	–	**90 682**
Trade and other payables	–	–	–	**511 777**	–	–	–	–	**511 777**
Total liabilities	–	–	–	**9 285 954**	–	–	–	950 570	**10 236 524**

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

SEGMENTAL ANALYSIS CONTINUED

31 March 2021								
South African property portfolio				Investment portfolio				
Office	Industrial	Retail	Total/fund level	South African investment portfolio	Australia	UK	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 PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

R'000		**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
1 RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS			
Basic and diluted profit/(loss) attributable to ordinary equity holders of the parent		**1 038 278**	(327 588)
Adjusted for:			
IAS 40 Fair value adjustment on investment property		**390 981**	895 910
IAS 40 (Profit)/Loss on disposal of investment property		**(3 101)**	2 717
IAS 40 Fair value adjustment on investment property in associate[1]		**6 147**	125 560
IAS 40 Profit on disposal of investment property in associate		**(731)**	–
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		**1 431 574**	1 050 211
Number of shares in issue		**804 918 444**	804 918 444
Headline and diluted headline earnings per share (cents per share)[5]		**177.85**	130.47
Headline and diluted headline earnings per share from continuing operations (cents per share)	1.2	**177.85**	128.13
Headline and diluted headline earnings per share from discontinued operations (cents per share)	1.2	**–**	2.34

1 Includes fair value adjustment relating to Izandla and UK in the prior year.
2 Relates to the IAS 28 contribution to associate (Izandla) through the restructuring of loans in the prior year (see note 7.1.5 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 year 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 Year-on-year increase due to the increase in net property income, significant reduction in interest expense, lower fair value losses of South African properties and lower foreign exchange losses on investments.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS FROM CONTINUING AND DISCONTINUED OPERATIONS

R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
Basic and diluted profit from continuing operations attributable to ordinary equity holders of the parent	**1 038 278**	107 681
Adjustments to HEPS		
IAS40 Fair value adjustment on investment property	**390 981**	895 910
IAS 40 (Profit)/loss on disposal of investment property	**(3 101)**	2 717
IAS 40 Fair value adjustment on investment property in associate	**6 147**	5 687
IAS 40 Profit on disposal of investment property in associate	**(731)**	–
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	**1 431 574**	1 031 413
Number of shares in issue	**804 918 444**	804 918 444
Headline and diluted headline earnings per share from continuing operations (cents per share)	**177.85**	128.13
Basic and diluted loss from discontinued operations attributable to ordinary equity holders of the parent	**–**	(435 269)
Adjustments for:		
IAS 40 Fair value adjustment on investment property in associate	**–**	119 873
IFRS 5 Loss on remeasurement to fair value less cost to sell	**–**	250 336
IAS 21 Forex loss previously recognised in OCI (FCTR)	**–**	83 858
Headline earnings from discontinued operations	**–**	18 798
Number of shares in issue	**804 918 444**	804 918 444
Headline and diluted headline earnings per share from discontinued operations (cents per share)	**–**	2.34

R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
2 FAIR VALUE AND FOREIGN EXCHANGE GAINS/(LOSSES)		
Fair value adjustments on derivative instruments[1]	**475 078**	456 799
Fair value adjustment on investment property	**(390 981)**	(895 910)
Fair value and other adjustment on investments[2]	**–**	51 964
Fair value adjustments on loans to associates	**27 900**	41 112
Fair value adjustments and transaction costs on loans to joint ventures and long term borrowings at fair value[3]	**54 884**	(176 447)
Foreign exchange translation gains/(losses) on items not at fair value[4]	**23 267**	(78 206)
	190 148	**(600 688)**

1 Net mark-to-market (MTM) on derivatives driven by the impact of interest rate derivatives, offset by gains as a result of the strengthening 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 year.
3 Increase driven by revaluation of underlying property and foreign exchange movements as a result of the strengthening of the South African Rand against the Euro.
4 The foreign exchange movements relate primarily to foreign currency borrowings.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

3 FAIR VALUE OF INVESTMENT PROPERTY

The Fund's policy is to assess the valuation of investment properties at each reporting period. During the year ended 31 March 2022, the assessment resulted in a net downward revaluation of R390.9 million (Mar-21: R895.9 million downward revaluation). Each property is required to be revalued externally every three years. In the interest of transparency, this year, the Fund has elected to increase the number of externally valued properties to 37, which represents 43% of the portfolio by property and 48% in terms of value. The properties were externally valued by Mills Fitchett Magnus Penny (Proprietary) Limited. The valuer uses the income capitalization method to value properties. The valuer is registered in terms of Section 19 of the Property Valuers Professional Act, no 47 of 2000. For the year-end valuation, rental income was down 3%-5%. The overall investment property portfolio was written down by 2.1% at 31 March 2022. Refer to note 7.4 for the relationship with each level 3 unobservable input.

R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
4 INCOME FROM INVESTMENTS		
Income from IAP[1]	**–**	28 504
Income from Izandla (interest on loan at fair value through profit or loss)	**–**	7 166
Income from European platforms[2]	**372 180**	376 080
Total	**372 180**	**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 Decrease in current year due to increased corporate and tax costs and after adjusting for the reduced level of rental guarantee in the current year

R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
5 FINANCE INCOME		
Interest income on loans to associates and joint ventures[1]	**51 858**	75 748
Interest from banks	**9 676**	11 205
Total interest	**61 534**	**86 953**

1 Includes interest on bridge loan provided to the PEL platform. Reduction in interest is due to repayment of bridge loan (see note 7.1.3 for further detail).

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

6 TAXATION

	R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
6.1	**DEFERRED TAXATION**		
	Balance at the beginning of the year	–	(8 657)
	Sale of Investments	–	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 year of assessment.

A deferred tax liability arose on the fair value gain through profit or loss on Ingenuity and IAP as a result of these investments not being classified as REITs. In prior years, the Fund held less than 20% of both entities, therefore the investments did not meet the definition of a 'property company' as defined under S25BB of the Income Tax Act. On disposal of the investments, the Fund was subject to capital gains tax, and consequentially the previously raised deferred tax balance was released.

	R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
6.2	**WITHHOLDING TAXATION**		
	Withholding tax on IAP dividend	–	(630)
6.3	**CAPITAL GAINS TAXATION**	**6 164**	**(26 635)**
	Sale of Ingenuity shares	6 164	–
	Sale of IAP shares	–	(26 635)
	TOTAL TAXATION	**6 164**	**(18 608)**

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 (disposed in current year) profit participating loans ('PPL') receivable and payable and the convertible loan to Izandla (converted to amortised cost loan in prior year) 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.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

7.1 OTHER FINANCIAL INSTRUMENTS

R'000	Reviewed Year ended 31 March 2022	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	**152 109**	274 100
75% Profit participating loan to PEL at fair value	**6 721 432**	6 279 716
Total fair value	**6 873 541**	**6 553 816**
Profit participating liability – effective 10% (refer note 7.2)	**(950 570)**	(903 704)
IPFO Profit participating loans – effective 65%	**5 922 971**	**5 650 112**

IPF has an investment into Pan-European logistics (PEL) via profit participating loans. As at 31 March 2022, IPF holds 75% of the PEL platform (FY21: 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 (PPL's). 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 year, the Fund disposed of an effective 10% of the 75% stake in the platform to Pan-European Logistics Property Holdings Limited. Due to the legal nature and structuring of the PPL's advanced by IPF to the PEL platform and PPL's assumed through the effective sale of its 10% share, the Fund recognises the gross 75% right to receive cashflows 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	–	19 216
Profit participating loan to PELI Holdco at fair value	–	338 936
Transferred to non-current asset held for sale (note 9)	–	(358 152)
Total fair value	–	–

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.

LOANS AT AMORTISED COST		
7.1.3 PAN-EUROPEAN LOGISTICS INVESTMENT		
Bridge loan to PEL	**956 638**	1 020 369
Interest accrual	**5 022**	6 554
Total bridge loan to PEL[1]	**961 660**	**1 026 923**

[1] €58.8 million (2021: €58.8 million) 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%).

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	Reviewed Year ended 31 March 2022	Audited Year ended 31 March 2021
7.1.4	**RECEIVABLE FROM PEL CO-INVESTOR**		
	Interest free receivable[1]	**121 514**	126 943
	Total bridge and interest free loans	**1 083 174**	**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.

7.1.5	**IZANDLA MEZZANINE LOANS**		
	Senior mezzanine[1]	**195 134**	197 950
	Junior mezzanine[2]	**62 914**	56 946
	Total carrying amount*	**258 048**	**254 896**

[1] The senior mezzanine loans were provided to part fund the acquisition of the Izandla properties. The initial loans of R96 million were provided for a period of five years ending 28 February 2023 and interest is charged at prime plus 350 basis points. These initial loans are contractually due within the next 12 months but are expected to be extended beyond 12 months. The convertible loan of R99 million, which was converted to senior mezzanine, has 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 ending 28 February 2023. The loan is contractually due within the next 12 months but are expected to be extended beyond 12 months. Interest is charged at prime plus 550 basis points.

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

Total other financial instruments	**8 214 763**	**7 962 578**

	R'000	Reviewed Year ended 31 March 2022	Audited Year ended 31 March 2021
7.2	**BORROWINGS**		
	Long term borrowings	**(7 749 948)**	(7 822 554)
	Long term borrowings	**(6 774 388)**	(6 923 752)
	Profit Participating Loans (PPL) – effective 10% minority interest[1]	**(950 570)**	(903 704)
	Interest accrual on borrowings	**(39 352)**	(28 688)
	Capitalised fees	**14 362**	33 590
	Short term borrowings[2]	**(1 884 117)**	(2 502 755)
	Total borrowings	**(9 634 065)**	**(10 325 309)**

[1] Relates to the 10% share of PE sold to Pan-European Logistics Property Holdings Limited in the prior year.

[2] Short term borrowings are de-risked by the availability of R1.2 billion undrawn facilities and cash of R0.2 billion (2021 R1.8 billion and R0.2 billion respectively).

7.3	**DERIVATIVES**	**181 343**	(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, the overall reduction in cross currency swaps from the sale of the UK investment and the strengthening of the South African Rand against the Euro.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

R'000	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
7.4 FAIR VALUE HIERARCHY at 31 March 2022					
Assets					
Derivative financial instruments	**422 910**	**–**	**422 910**	**–**	**–**
Other financial instruments	**6 873 541**	**–**	**–**	**6 873 541**	**1 341 222**
Trade and other receivables[1]	**–**	**–**	**–**	**–**	**184 994**
Cash and cash equivalents	**–**	**–**	**–**	**–**	**235 778**
Total financial assets	**7 296 451**	**–**	**422 910**	**6 873 541**	**1 761 994**
Liabilities					
Derivative financial instruments	**241 567**	**–**	**241 567**	**–**	**–**
Long-term borrowings (including current)	**950 570**	**–**	**–**	**950 570**	**8 683 495**
Trade and other payables[3]	**–**	**–**	**–**	**–**	**464 079**
Total financial liabilities	**1 192 137**	**–**	**241 567**	**950 570**	**9 147 574**

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 and value added tax which are non-financial instruments.
2 The PELI investment was 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.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

LEVEL 2 VALUATIONS

AT 31 MARCH 2022

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 31 MARCH 2022.

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)**
Net interest accrued	**152 109**	**4 433**	**(37 085)**
Fair value and foreign exchange gains and (losses)	**167 616**	**23 467**	**(9 949)**
(Disposal)/repayment	**–**	**(386 052)**	**23 925**
Balance at the end of the period	**6 873 541**	**–**	**(950 570)**

1 The fair value gain (excluding forex losses) of R520 million (March 2021: R510 million) on the PEL profit participating loans arose from the revaluation of the underlying properties in the PEL portfolio. An external valuation of the portfolio was carried out at 31 March 2022. Refer below for relationship with each unobservable input.

2 The fair value gain on the profit participating loans in the current year (excluding forex losses) of R24 million (March 2021: R71 million) arose from the sale of the PELI portfolio. 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.

LEVEL 3 VALUATIONS

AT 31 MARCH 2021

R'000 The level 3 valuations are reconciled as follows:	Izandla convertible loan	Pan- European logistics investment[1]	Pan- European light industrial investment	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)**

1 The increase in investment is a non-cash transaction resulting from the reinvestment of the Belgium proceeds into PEL.

LEVEL 3 VALUATIONS

AT 31 MARCH 2022

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 ('R)**	**Equivalent Yield range**	**Weighted average cap rates**	**Long term vacancy rate**	**Change in FV ('000) from a 25bps Increase/ decrease in cap rate**	**Change in FV ('000) from a 5% increase/ decrease in expected rental value**
Across South African sectors ('R)	**110.4**	**7.5% - 12.0%**	**8.8%**	**1.5%**	**407 913**	**696 145**
SA Retail ('R)	**135.4**	**7.5% - 12.0%**	**8.4%**	**1.5% - 2.5%**	**171 124**	**277 738**
SA Industrial ('R)	**56.3**	**8.0% - 12.0%**	**9.4%**	**0.0%**	**76 913**	**141 129**
SA Office ('R)	**164.0**	**7.8% - 12.0%**	**8.9%**	**1% - 5%**	**159 876**	**277 278**
Across European countries						
PEL € [1]	**4.2**	**3.4% - 6.4%**	**4.1%**	**2.5%**	**56 916**	**68 813**

LEVEL 3 VALUATIONS

AT 31 MARCH 2021

Description	Average Expected rental value pm² ('R)	Equivalent Yield range	Weighted average cap rates	Long term vacancy rate	Change in FV ('000) from a 25bps Increase/ decrease in cap rate	Change in FV ('000) from a 5% increase/ decrease in expected rental value
Across South African sectors ('R)	99.2	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 € [1]	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 PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
8 EQUITY ACCOUNTED INVESTMENT IN ASSOCIATE AND JOINT VENTURES		
8.1 IZANDLA		
Equity accounted investment (35%)	**7 945**	**16 932**
Opening balance	**16 932**	25 284
Increase in investment[1]	–	25 495
Share of profits/(losses)	**(8 987)**	(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%)	–	–
Opening balance	–	1 148 316
Loss on sale of UK (note 8.3)	–	(250 336)
Equity accounted losses	–	(101 075)
Foreign currency translation reserve	–	(83 858)
Increase in investment	–	–
Sale of UK investment	–	(713 047)
Equity accounted investment in Associates and Joint Ventures	**7 945**	**16 932**

R'000	**Reviewed Year ended 31 March 2022**	Audited Year ended 31 March 2021
8.3 LOSS 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.		
Equity accounted earnings	–	(101 075)
Income accrual	–	34 342
Fair value adjustments	–	(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	–	**(435 269)**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

R'000	Reviewed Year ended 31 March 2022	Reviewed Year ended 31 March 2021
9 NON-CURRENT ASSETS AND ASSETS IN DISPOSAL GROUP HELD-FOR-SALE		
Investment property		
Office	–	–
Industrial	**481 687**	25 000
Retail	**544 500**	142 000
Total non-current assets held for sale	**1 026 187**	**167 000**

The Fund intends to sell 19 buildings with settlement taking place within 12 months of the reporting date for a consideration of R1,026 million (2021: R167 million) and has presented those assets as non-current assets held for sale.

Investments

Investment in PELI

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).

R'000	Reviewed Year ended 31 March 2022	Reviewed Year ended 31 March 2021
Investment in PELI	–	358 152
Long term borrowings classified as current liability[1]	–	(23 925)
Total assets in disposal group held for sale	–	**358 152**

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

R'000	Reviewed Year ended 31 March 2022	Reviewed Year ended 31 March 2021
Total non-current assets and assets in disposal group held for sale	**1 026 187**	**525 152**

R'000	Reviewed Year ended 31 March 2022	Audited Year ended 31 March 2021
10 CASH GENERATED FROM OPERATIONS		
Operating profit	**1 005 916**	927 540
Straight-line rental revenue adjustment	**25 857**	54 838
Non-cash items	**57 737**	99 762
Working capital movement	**80 678**	(141 958)
Decrease in trade and other receivables	**9 261**	21 839
Increase/(Decrease) in trade and other payables	**71 417**	(163 797)
Cash generated from operations	**1 170 188**	**940 182**
Non-cash items		
Expected credit losses	**11 848**	51 984
Amortisation of tenant incentives	**22 409**	22 965
Amortisation of letting commission	**23 480**	24 813
Total non-cash items	**57 737**	**99 762**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

R'000	Reviewed Year ended 31 March 2022	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	**(75 509)**	(83 731)
Letting commissions and fees	**(37 775)**	(35 528)
UK Fund		
Movement in equity investment[2]	**–**	(435 269)
Izandla Property Fund[3]		
Movement in equity investment	**(8 987)**	(11 609)
Movement in loans receivable (including convertible loan)	**3 152**	(18 176)
Finance income from associates	**27 660**	23 192
Finance income from loans to associates at fair value through profit or loss	**–**	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	**6 721 432**	6 279 716
Bridge loan to PEL entities	**1 083 174**	1 026 923
Finance income from joint venture	**152 109**	274 100
Pan-European light industrial investment[5]		
Fair value of profit participating loans to PELI Holdco entity	**–**	338 936
Finance income from associate	**4 433**	8 260
Investec Bank Limited Group[6]		
Cash and cash equivalents[7]	**123 215**	140 730
Borrowings	**(151 365)**	(200 608)
Fair value of derivative instruments[7]	**52 653**	(372 931)
Nominal value of swap derivatives	**(2 969 000)**	(4 223 307)
Nominal value of FEC's	**(8 369)**	17 075
Rentals received	**63 562**	59 341
Interest received[8]	**7 242**	9 207
Sponsor fees paid	**(270)**	(225)
Corporate advisory and structuring fees paid	**(11 081)**	(6 252)
Interest paid on related party borrowings	**(21 646)**	(33 659)
Net interest received on cross currency swaps	**98 847**	66 080
Interest paid on interest rate swaps[9]	**(87 802)**	(130 419)

1 Fellow subsidiary and key management entity.
2 Equity accounted loss in prior year 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 R7.5m (FY21: R4.1m) 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 4.00% (FY21 3.25%).
9 Decrease in interest paid due to increase in JIBAR.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

12 SUBSEQUENT EVENTS

- Subsequent to year end, the fund rolled R232m of its R350m commercial paper and refinanced €40m for a further 12 months.
- On the 22nd April 2022, the Fund released a SENS announcement that it would be undertaking a formal sales process in respect of the PEL platform after receiving a significantly attractive and unsolicited inbound interest. The potential sale is in line with the Fund's strategy of creating long term value for shareholders.

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	**Mar-22**		**Mar-21**	
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	**1 038 278**	**1 038 278**	(327 587)	(327 587)
Adjusted for:-				
Accounting/specific adjustments:-	**327 890**	**327 890**	1 035 869	1 035 869
Fair value adjustments to Investment property debt and equity instruments held at fair value through profit or loss	**390 981**	**390 981**	963 941	963 941
Fair value adjustments to debt and equity instruments held at fair value through profit or loss	**(82 784)**	**(82 784)**	15 340	15 340
Deferred tax movement recognised in profit or loss	**(6 164)**	**(6 164)**	17 978	17 978
Straight-lining operating lease adjustment	**25 857**	**25 857**	54 838	54 838
Adjustments to dividends from equity interests held	**–**	**–**	(16 228)	(16 228)
Adjustments arising from investing activities:-	**(3 101)**	**(3 101)**	2 717	2 717
Gains or losses on disposal of investment property and property, plant and equipment	**(3 101)**	**(3 101)**	2 717	2 717
Foreign exchange and hedging items:-	**(498 345)**	**(498 345)**	(378 591)	(378 591)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**(475 078)**	**(475 078)**	(456 799)	(456 799)
Foreign exchange gains or losses relating to capital items – realised and unrealised	**(23 267)**	**(23 267)**	78 208	78 208
Other adjustments:-	**8 987**	**8 987**	453 110	453 110
Adjustments made for equity-accounted entities	**8 987**	**8 987**	453 110	453 110
SA REIT FFO:	**873 709**	**873 709**	**785 518**	**785 518**
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:	**108.55**	**108.55**	**97.59**	**97.59**
Company-specific adjustments (cents per share)	**–**	**(0.94)**	–	(0.51)
Capitalised interest on loans to associates	**–**	**(7 541)**	–	(4 097)
Dividend per share (cents):	**108.55**	**107.61**	**97.59**	**97.08**

R'000	Mar-22		Mar-21	
SA REIT Net Asset Value (SA REIT NAV)	**REIT BPR**	**IPF Ratio**	**REIT BPR**	**IPF Ratio**
Reported NAV attributable to the parent	**13 652 089**	**13 652 089**	13 398 404	13 398 404
Adjustments:				
Dividend to be declared	**(422 250)**	**–**	(383 982)	–
SA REIT NAV:	**13 229 839**	**13 652 089**	**13 014 422**	**13 398 404**
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 per share:	**1 644**	**1 696**	**1 617**	**1 665**

	Mar-22		Mar-21	
SA REIT loan-to-value	**REIT BPR**	**IPF ratio**	**REIT BPR**	**IPF ratio**
Gross debt	**(9 634 065)**	**(9 634 065)**	(10 325 309)	(10 325 309)
Less:				
Profit participating loans[1]	**–**	**950 570**	–	927 629
Cash and cash equivalents	**235 778**	**235 778**	225 590	225 590
PELI	**–**	**–**	358 152	358 152
Nestor	**–**	**–**	619 168	619 168
Dividends	**–**	**–**	(358 366)	(358 366)
Add/Less:				
Derivative financial instruments[2]	**(241 567)**	**–**	(641 049)	–
Net debt	**(9 639 854)**	**(8 447 717)**	**(10 121 814)**	**(8 553 136)**
Total assets – per Statement of Financial Position	**24 039 498**	**24 039 498**	25 147 845	25 147 845
Less:				
Cash and cash equivalents	**(235 778)**	**(235 778)**	(225 590)	(225 590)
Derivative financial assets	**–**	**(422 910)**	–	(329 343)
Goodwill and intangible assets	**–**	**–**	–	–
Trade and other receivables	**(262 554)**	**(262 554)**	(1 023 278)	(1 023 278)
Profit participating loans[1]	**–**	**(950 570)**		(927 629)
PELI adjustment	**–**	**–**	–	(352 000)
Carrying amount of property-related assets	**23 541 166**	**22 167 686**	**23 898 977**	**22 290 005**
SA REIT loan-to-value ("SA REIT LTV")	**40.9%**	**38.2%**	**42.4%**	**38.3%**

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

		Mar-22		Mar-21	
SA REIT GLA vacancy rate		**REIT BPR**	**IPF**	**REIT BPR**	**IPF**
Gross lettable area of vacant space[1]	A	**47 825**	**47 825**	141 471	123 246
Gross lettable area of total property portfolio	B	**1 063 627**	**1 063 627**	1 081 114	1 081 114
SA REIT GLA vacancy rate	**(A/B)**	**4.5%**	**4.5%**	**13.1%**	**11.4%**

1 182,366m² (2021 18,225m²) is classified as held for sale.

	Mar-22		Mar-21	
SA REIT cost-to-income ratio	**REIT BPR**	**IPF**	**REIT BPR**	**IPF**
Expenses				
Operating expenses per IFRS income statement (includes municipal expenses)[1,2]	**633 347**	**362 698**	585 044	352 673
Administrative expenses per IFRS income statement (if directly related to property)	**–**	**–**	–	
Operating costs	**633 347**	**362 698**	**585 044**	**352 673**
Rental income				
Contractual rental income per IFRS income statement (excluding straight-lining)[1,2]	**1 515 424**	**1 515 424**	1 441 453	1 441 453
Utility and operating recoveries per IFRS income statement	**270 650**	**–**	232 371	–
Gross rental income	**1 786 074**	**1 515 424**	**1 673 823**	**1 441 453**
SA REIT cost-to-income ratio	**35.5%**	**23.9%**	**35.0%**	**24.5%**

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

	Mar-22		Mar-21	
Cost of debt	**REIT BPR**	**IPF**	**REIT BPR**	**IPF**
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	**6.1%**	**6.1%**	5.5%	5.5%
Fixed interest-rate borrowings				
Weighted average fixed rate	**0.0%**	**0.0%**	0.0%	0.0%
Pre-adjusted weighted average cost of debt – CU:	**6.1%**	**6.1%**	**5.5%**	**5.5%**
Adjustments:				
Impact of interest rate derivatives	**2.3%**	**2.3%**	3.0%	3.0%
Impact of cross-currency interest rate swaps	**(3.1%)**	**(3.1%)**	(3.2%)	(3.2%)
Amortised transaction costs imputed into the effective interest rate	**0.0%**	**0.0%**	0.0%	0.0%
All-in weighted average cost of debt – CU:	**5.3%**	**5.3%**	**5.3%**	**5.3%**

COMMENTARY

PROFILE AND STRATEGY

IPF is a South African-domiciled REIT, comprising a R22.1bn investment portfolio of direct and indirect real estate investments in South Africa and Europe. The Fund is externally managed and in both regions the Manager has an on-the-ground presence with significant in-country expertise, thus enabling a hands-on approach to asset management and creating value for all stakeholders.

In South Africa, the Fund directly owns a portfolio of 86 properties diversified across the retail, industrial and office sectors valued at R14.9bn.

In Europe, the Fund owns an effective 65% interest in a Pan-European portfolio of 48 logistics properties valued at €1.2bn and located in the major logistics corridors of seven European countries, including the core countries of Germany, France and the Netherlands, which together comprise 74% of the portfolio. IPF's interest in the PEL portfolio (R19.4bn GAV) constitutes a material 45% of its balance sheet, on a look-through basis, with the remaining 55% comprising its SA investments.

As IPF continues to build scale and relevance, the objective is to be distinctive within the Fund's chosen sectors and generate sustainable total returns for shareholders. This is achieved through an investment strategy of acquiring quality assets with compelling property fundamentals, in targeted sectors in selected geographies where the Fund has on-the-ground expertise.

In South Africa, these sectors include:

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

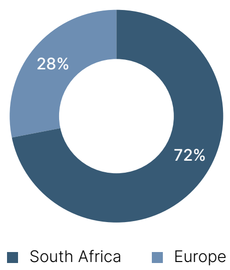
In Europe, the PEL portfolio targets big-box logistics facilities in core Western European markets where it adopts a core-plus/value-add investment strategy to unlock value from income-producing assets as well as development opportunities.

This sectoral and geographical focus has enabled the Fund to deliver returns throughout the cycles despite negative reversions in South Africa.

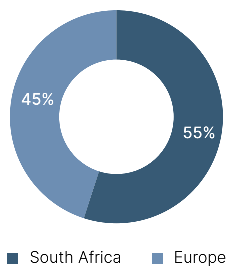
In pursuing its long-term investment strategy, the Fund has identified the following strategic priorities that underpin its operations:

- **Investments**
  - Tenant retention through high-touch engagement and understanding and servicing tenant requirements.
  - Active asset management that unlocks value at asset and portfolio level.
  - Efficient capital recycling to crystallise and unlock total shareholder returns.
  - Execution of redevelopment projects.
  - Assess options to maximise value of the PEL platform, which may include a sale thereof.
- **Balance sheet**
  - Sustain balance sheet strength by maintaining focus on liquidity and creating capacity for further growth.
  - Target gearing between 30% and 35% over the medium-term.
  - Attract diversified funding sources, including sustainability-linked initiatives supported by ESG objectives.
  - Currency and interest rate risk mitigation through hedging strategies.

IFRS balance sheet construct

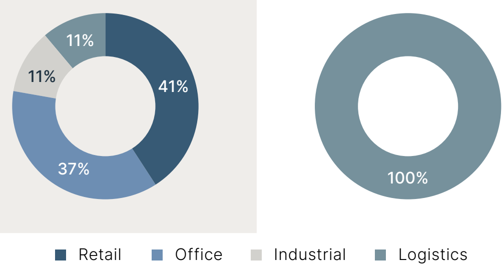


Proportionally consolidated



	South African direct property	Pan-European logistics
No. of properties	86	48
Ownership interest	100%	65%
Asset value (local currency)	R14.9bn	€1.2bn
Value of investment (Rbn)	R14.9bn	R5.9bn
GLA (m^2)	1,065,494	1,134,494
WALE to expiry (years)	3.3	5.3
Vacancy by GLA	4.5%	2.3%

Sectoral composition (by asset value)



COMMENTARY CONTINUED

UPDATE ON CORPORATE ACTIVITY

SALE OF PEL PLATFORM

As announced in IPF's FY21 year end results, the Fund had indicated its intention to pursue the introduction of third-party capital into the PEL platform to support future growth. In conducting these discussions, the Fund received significant unsolicited inbound interest in respect of PEL.

The Board therefore launched a strategic review of the Fund's investment in the PEL platform. Structural tailwinds such as e-commerce, supply chain reconfiguration and urbanisation have been driving strong demand in the logistics sector resulting in significant yield compression and creating a favourable environment for an exit, offering the Fund an opportunity to maximise and realise value for shareholders. As a result, and in line with IPF's strategy to create long-term value for shareholders, the Board of Directors of the Fund, together with the PEL platform co-investors, considered it appropriate to undertake a formal sale process, which was announced on SENS on 22 April 2022.

The Board has since retained transaction advisors to advise and assist in the exploration of a sale and evaluation of strategic alternatives. The process is currently in early stages and the Fund will notify shareholders in due course as discussions evolve. Should the outcome of this process deliver a firm offer that the Board believes maximises shareholder value, such offer will be put forward to shareholders.

Notwithstanding the outcome of a potential disposal of the Fund's entire investment in the PEL platform, geographical diversification remains a key element of the Fund's investment strategy, and one which IPF will continue to pursue.

FINANCIAL REVIEW

The strong performance achieved in FY22 was largely attributable to active asset management initiatives, supported by experienced teams who have a deep understanding of real estate market dynamics and a single-minded focus on property fundamentals.

PERFORMANCE HIGHLIGHTS

IPF delivered market-leading results for the year ended 31 March 2022, achieving 10.8% growth in DIPS and recovering from the COVID-induced decline experienced in FY21. Despite being hampered by continuing uncertainty in the global economy due to the Omicron COVID-19 variant and more recently the Russia/Ukraine conflict, the Fund delivered total shareholder return of 34% (based on market price) and 8% (based on book NAV).

The Fund's results reflect steady progress against its strategic priorities with improved underlying performance across the portfolio. In South Africa, where the local property sector is undergoing a gradual recovery, base net property income rose 9.6% to R1.1bn, driven by strong leasing activity and significantly reduced rental relief of R11m granted to tenants during the year (Mar-21: R62m discounts).

In Europe, the PEL platform continues to be supported by sector tailwinds and delivered consistent performance achieving 4% growth in normalised DIPS (in EUR). This was tempered by higher corporate and tax costs, and after adjusting for the reduced level of rental guarantee in the current year, DIPS was lower by 7% in EUR, and lower by 3% in ZAR.

Given the stability of the SA portfolio and the sustained performance of the PEL platform, the Board resolved to declare a dividend of 52.46cps for the six months ended 31 March 2022, bringing the full year dividend to 102.23cps (aggregate of R823m). The Fund has generated adjusted Funds From Operations (FFO)[1] of R703m and, given the strength of the balance sheet, has maintained the 95% dividend payout ratio.

BALANCE SHEET HIGHLIGHTS

IPF's balance sheet is robust and well managed, with an LTV of 38.2% (Mar-21: 40.5%). In line with the Fund's strategic imperative, it is the intention to further reduce the LTV to within the targeted range of 30%-35% in the medium term through active asset disposals and value unlock initiatives.

At the start of the year, the Fund identified a disposal pipeline of c.R1bn of non-core assets, the proceeds of which were to be used to support growth and reduce gearing. Progress has been made with R530m sold or awaiting transfer and selling prices achieved have been consistent with book values.

The Fund refinanced debt amounting to R1.5bn during the year and settled R2.1bn in facilities, utilising proceeds from previous asset disposals. It currently has R1.2bn in unutilised committed facilities, providing sufficient headroom and adequate liquidity to cover upcoming debt maturities. The weighted average cost of debt reduced marginally to 8.3% (Mar-21: 8.5%). Management is cognisant of the gradually rising domestic rate environment and maintains an 84% hedge against the Fund's ZAR-denominated debt.

Following the annual review by GCR ratings in October 2021, the Fund's long- and short-term corporate debt ratings were maintained at AA- and A1+ respectively, and the stable outlook was re-affirmed, thus further demonstrating the health and resilience of the Fund's balance sheet.

NAV per share improved by 1.9% to R16.96 (Mar-21: R16.65) largely attributable to the upward valuation of the PEL portfolio and partially offset by the 2.6% write down of the SA property portfolio.

1 Adjusted FFO is FFO less non-maintenance capital expenditure incurred during the year
2 LTV calculated at 31 March 2021 is 40.5%. Reduced to 38.3% post-year end following payment of FY21 interim dividend, receipt of UK Fund sale proceeds and post-PELI sell down.

COMMENTARY CONTINUED

PORTFOLIO REVIEW – SOUTH AFRICA

Overview

The South African direct property portfolio accounts for 55% of the Fund's balance sheet on a look-through basis (but 72% on an IFRS basis). The local portfolio comprises 86 high-quality properties in strategic, well-located nodes.

The South African economy continued to recover, albeit at an uneven pace due to the Omicron COVID-19 variant and further lockdown restrictions, compounded by the civil unrest in mid-2021. Nevertheless, the Fund's retail assets delivered strong growth underpinned by low vacancies and a resilient tenant base comprised mainly of national retailers. Industrial rental growth benefited from expiring single-tenant leases, with positive leasing results achieved within this sector, particularly in the last quarter. Although structural oversupply in the office sector continues to create pressure on rentals, there is evidence of green shoots as corporates have introduced return to work and/or hybrid policies.

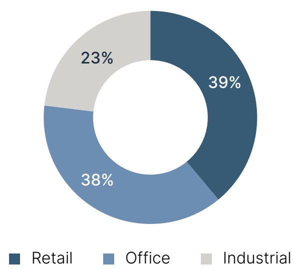
The table below presents a snapshot of the SA property portfolio at 31 March 2022:

	TOTAL		OFFICE		INDUSTRIAL		RETAIL	
Portfolio	**31 Mar-22**	31-Mar-21	**31 Mar-22**	31-Mar-21	**31 Mar-22**	31-Mar-21	**31 Mar-22**	31-Mar-21
Number of properties	**86**	90	**30**	30	**31**	34	**25**	26
Asset value (Rbn)	**14.9**	15.2	**5.5**	5.7	**3.3**	3.4	**6.1**	6.1
Base NPI growth	**9.6%**	(21.2%)	**2.1%**	(19.2%)	**10.5%**	(20.4%)	**17.4%**	(23.8%)
Cost-to-income (excl. bad debts)	**23.9%**	24.5%	**24.8%**	25.8%	**23.2%**	22.0%	**23.5%**	24.5%
GLA	**1,065,494**	1,081,114	**245,563**	245,685	**476,771**	485,771	**343,160**	349,658
Vacancy (by GLA)[1]	**4.5%**	11.4%	**9.5%**	9.7%	**1.6%**	17.2%	**4.6%**	4.3%
WALE (years)	**3.3**	3.2	**3.6**	3.4	**2.7**	2.9	**3.3**	3.2
In-force escalations	**7.3%**	7.4%	**7.5%**	7.6%	**7.6%**	7.5%	**6.7%**	7.0%

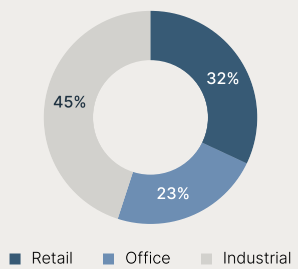
1. Excludes development vacancy at the Design Quarter and Balfour Mall

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

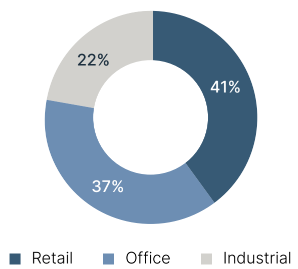
Sectorial spread by revenue



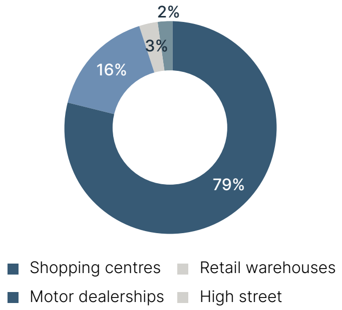
Sectorial spread by GLA



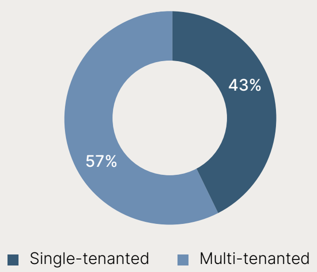
Sectorial spread by asset value



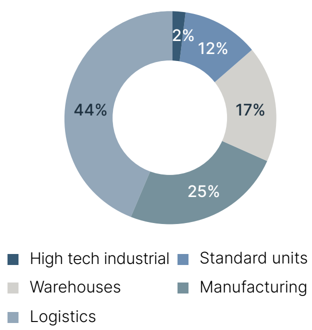
Retail



Office



Industrial



COMMENTARY CONTINUED

Financial performance

IPF's local portfolio recorded an improved financial performance, delivering base NPI growth of 9.6% (Mar-21: -21.2%, impacted by COVID-relief). The improvement was driven by strong letting activity with vacancy declining, as well as a reduction in COVID-relief from R62m in the prior year to R11m in the current year.

Cost-to-income ratios (excluding bad debts) have improved across retail and office sectors resulting in an overall ratio of 23.9% (Mar-21: 24.5%). This was driven by a reduction in expenses due to improved municipal recovery, largely as a result of solar roll out and reduction in the provision for bad debts as tenants returned to strong trading. This was partially offset by a substantial increase in insurance costs, following the recent riot activity in South Africa and higher property management costs incurred to support the Fund's client-centric focus. The civil unrest in July had minimal impact on the Fund's performance with only one logistics warehouse in Riverhorse Valley (KZN) sustaining damage, the cost of which is expected to be fully recoverable from SASRIA. The building was repaired before year end and the tenant has been reinstated.

The focus remains on growth and the Fund intends to actively pursue this organically, through focused and innovative leasing, as well as acquisitively, to the extent that this is accretive to earnings. More specifically, growth within the retail segment of the portfolio will be enhanced by the refurbishments at Design Quarter and Balfour Mall. Low vacancy in the industrial sector is likely to result in growth being driven primarily by contractual escalations.

The office sector is expected to remain under pressure, with demand being affected by uncertainty around working-from-home policies and the well-known structural oversupply. The Fund remains confident of the quality of its office portfolio, which has delivered satisfactory results in a challenging environment, including positive NPI growth of 2.1%, maintaining single-digit vacancy and achieving an improvement in WALE to 3.6 years (Mar-21: 3.4 years). In addition, c.80% of the Fund's office portfolio has a low to manageable risk profile with strong property fundamentals (refer to FY22 results presentation for further detail on office matrix).

Collections and arrears

Collections remained strong with an average collection rate of 98%, while arrears (as % of collectibles) improved to 3.8% (Mar-21: 4.6%).

The stabilisation of the tenant base, following the easing of country-wide lockdown restrictions and the focused effort on arrears management, led to the 12.5% improvement in arrears from R59m to R41m (excluding legal arrears).

Vacancy and WALE

Overall portfolio vacancy reduced to 4.5% by GLA (Mar-21: 11.4%) driven by strong letting activity including the letting of several large industrial spaces that resulted in a significant reduction in industrial vacancy to 1.6% (Mar-21: 17.2%).

Portfolio WALE has been maintained at 3.3 years (Mar-21: 3.2 years) driven by long-term leases concluded in the industrial sector.

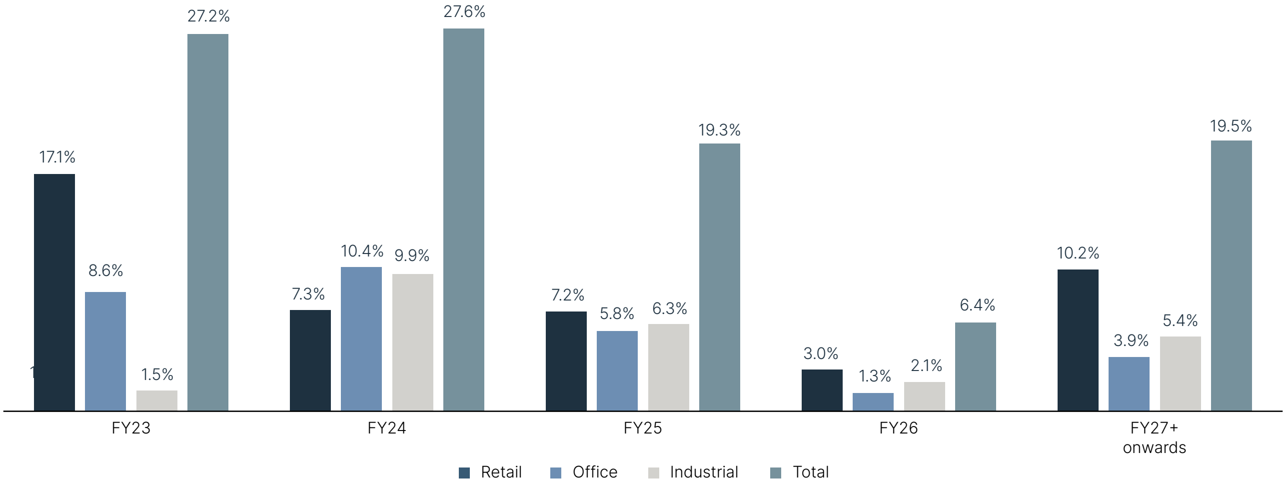
LETTING ACTIVITY

91% of FY22 expiring space let

	Expiries and cancellations	Renewals and new lets	Weighted average gross expiry rental	Weighted average gross new rental	Rental reversion	Average escalation	WALE	Incentive	Retention
	GLA (m²)	GLA (m²)	R/m²	R/m²	%	%	Years	% lease value	%
Office	60,085	56,041	180.8	130.5	(28.0)	6.0	3.2	4.5	71.3
Industrial	40,868	38,240	67.2	64.2	(4.5)	6.9	4.4	7.4	39.1
Retail	25,801	20,919	268.2	249.2	(7.1)	6.2	3.2	0.0	82.6
Subtotal	**126,754**	**115,200**	**159.4**	**130.0**	**(18.0)**	**6.3**	**3.6**	**4.6**	**67.4**
Early letting	3,793	3,793	280.0	276.8	(1.1)	6.5	5.0	3.8	100
Subtotal	**130,547**	**118,993**	**163.3**	**130.9**	**(17.5)**	**6.3**	**3.7**	**4.7**	**68.3**
Opening vacancy	135,030	97,119							
Development vacancy		9,486							
Total letting	**265,577**	**225,598**							

COMMENTARY CONTINUED

SA lease expiry profile (by revenue)
45% of leases expire in FY25 and beyond



Valuation

The SA property portfolio was valued at R14.9bn, down by R391m (2.6% of carrying value), largely due to the pressure and uncertainty in the office sector. The majority of valuations increased within the retail sector, given the strong growth and limited reversions experienced, further evidencing the resilience of the sector. However, the sector experienced a net write down overall, due to the downward revaluations of the Design Quarter (23%) and Balfour Mall (8%), which are currently undergoing redevelopment.

The average cap rate tightened marginally from 8.9% (Mar 21) to 8.8% across the portfolio, driven by positive leasing activity and improved longevity of the Fund's lease expiry profile. The outlook with respect to valuations appears stable, with the risk of further capital reduction mitigated by the stability in income, reduced vacancy and the overall improvement in WALE.

SOUTH AFRICAN PORTFOLIO SECTORAL PERFORMANCE

Office

Office assets comprise 37% of IPF's South African portfolio by value, with 30 properties located in major corporate nodes. The Fund's office sector has displayed resilience, evidenced by positive NPI growth, maintaining single-digit vacancy and extending WALE over FY22, through a challenging environment. However, the structural dynamics in the office sector continue to place downward pressure on rentals.

The Fund reported positive base NPI growth of 2.1% (Mar-21: -19.2%), driven by a reduction in COVID-relief (Mar-21: R5m) together with an improvement in municipal recoveries. Furthermore, expenses were tightly controlled with a minimal increase of 0.9%. As a result, the sector's cost-to income ratio improved to 24.8% (excluding bad debts) (Mar-21: 25.8%).

Office sector vacancies were well-managed with a marginal reduction to 9.5% by GLA (Mar-21: 9.7%). Vacancies are limited to three select properties, namely 3 and 4 Sandown Valley Crescent (7,500m^2) and 192 Bram Fischer Drive (5,300m^2).

The office sector leased 56,041m^2 (93%) of expiring space during FY22 at an average WALE of 3.2 years.

As initially presented in the Fund's FY22 interim results, IPF categorises its office properties on a risk basis, based on an assessment of property fundamentals and growth potential. On this basis, c.80% of the office portfolio by value has strong property fundamentals and is considered low-risk or requires an element of active asset management to improve its positioning. In respect of the balance of the office portfolio, the short-term focus remains on aggressive leasing.

There are positive signs on the horizon for the sector with face-to-face in-person activity resuming across many businesses and tenants actively encouraging their workforce to return to office. The Fund believes this trend will accelerate and IPF's portfolio is well-positioned to benefit from a revival of the sector.

COMMENTARY CONTINUED

Industrial

IPF's industrial portfolio comprises 31 functional properties with strong fundamentals in well-established nodes. South Africa's industrial property sector is linked to the broader economy and is therefore dependent on economic recovery and export growth. Over the financial year, the sector has been hampered by slow decision-making amongst occupiers given the economic uncertainty. However, it is currently experiencing a recovery relative to other sectors driven by changes in supply chain dynamics and a general increase in manufacturing activity.

The industrial sector delivered base NPI growth of 10.5% (Mar-21: -20.4%) driven by contractual rental growth and a significant reduction in vacancy from 17.2% to 1.6% that was realised mainly in the fourth quarter. The cost-to-income ratio of the sector increased, however, to 23.2% (Mar-21: 22.0%) due to higher property management fees and insurance costs offsetting the positive impact from leasing activity.

The sector's WALE reduced marginally from 2.9 years to 2.7 years. Despite this, the Fund has secured notable long-term leases within the sector, including 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.

The industrial sector leased 38,240m^2 (94%) of expiring space during FY22 and 94% of opening vacancy at a negative reversion of 4.5% and an average WALE of 4.4 years.

Retail

The Fund's retail portfolio comprises 25 properties strategically situated in semi-rural, non-metropolitan nodes, and are well-tenanted with a significant proportion of national clients. The shopping centres serve large catchment areas and are dominant in the nodes within which they are located.

The retail segment remains an attractive asset class within IPF's portfolio and has experienced the strongest growth in FY22, despite a level of disruption during the year due to COVID-19 measures and the closure of Newcastle Mall for a brief period during the civil unrest in KZN.

The sector recorded a notable improvement in base NPI which grew 17.4% (Mar-21: -23.8%) following a reduction in the COVID-related rental concessions relative to the prior year and a significant improvement in trading metrics:

- Average turnover increased by 10.6%. All retail centres experienced high single-digit to mid double-digit growth in annual turnover, attributable to the resilience of the portfolio and quality of assets, with the exception of Kriel Mall in Mpumalanga, which was adversely impacted by the closure of liquor outlets in compliance with COVID-related liquor restrictions.
- Visitor numbers improved, with an average increase of 9.4% in footfall (Mar-21: -18.6%).
- Trading density increased 11% to R2,556/m^2 (Mar-21: R2,312/m^2)
- Retail tenants traded on a healthy average cost of occupation of 7.1% (Mar-21: 6.8%), indicative of a strong, sustainable trading environment.

The cost-to-income ratio for the sector improved marginally to 23.5% (Mar-21: 24.5%) driven by the significant reduction in COVID-19 rent relief and low vacancy, but partially offset by higher property management fees and insurance costs. Arrears have stabilised and returned to pre-COVID levels through active management of debtors.

Vacancy increased marginally to 4.6% (Mar-21: 4.3%), which includes the fully vacant Unitrans Polokwane building that is currently classified as held for sale. Excluding this asset, retail vacancy declined to 3.3%.

Leasing activity has been positive during the year with 81% of space expiring over the period let at negative rental reversions of 7.1% and an average WALE of 3.2 years.

Refurbishment at the Design Quarter centre and the Phase 1 redevelopment of Balfour Mall commenced earlier this year and are on track to be completed during FY23. An aggregate development cost of R230m has been committed in respect of these projects at an investment yield of 8.8%. The projects are expected to have a positive impact on vacancy and enhance the long-term sustainability of NPI.

COMMENTARY CONTINUED

SOUTH AFRICAN INVESTMENTS

Izandla

IPF has a R266m investment in Izandla comprising a 35% equity interest and mezzanine vendor loans provided to facilitate the launch of the business. There has been no further investment by IPF into the empowerment vehicle during the year under review.

The portfolio has proved resilient through the COVID-19 crisis with a low arrears balance of 7% of billings, portfolio WALE of 4.1 years and in-force escalations of 6.1%.

The Fund continues to explore alternatives to simplify Izandla's capital structure.

PORTFOLIO REVIEW – PAN-EUROPEAN LOGISTICS PORTFOLIO

Overview

The European portfolio is comprised of big-box logistics assets located across Western Europe. The asset management team situated throughout Europe ensures on-the-ground focus, supported by the London-based head office.

The European logistics sector continued to benefit from favourable market dynamics, including robust demand supporting record levels of investment and historic low vacancy levels. The strong rental growth, strength of the investment market and weight of capital directed towards the logistics sector continue to drive prime yields lower, despite having already reached all-time lows.

Demand continues to be supported by the increased prevalence of online shopping and the consequential increase in warehousing space requirements, while supply remains restricted due to scarcity of land and long development lead times.

More recently, supply has been adversely impacted by higher building costs driven by the Ukraine/Russia conflict. Despite this, strong demand for new space is expected to continue and the Fund is progressing pre-letting discussions with prospective tenants. As an upside, the constrained supply of good quality warehousing space has had a positive impact on the rental reversions of new lettings.

Valuation

The PEL property portfolio was revalued up 12.6% year-on-year to €1.2bn (Mar-21: €1.06bn), due to significant leases secured across the portfolio that have enhanced WALE. The upward valuation was further supported by the continued strong demand and investment appetite for the logistics sector. The Fund continues to expect capital growth in the near term.

Financial performance

The portfolio achieved consistent results during the year. Base NPI grew by 3% (in EUR) driven by positive rental reversions and reduced vacancies across the portfolio.

An increase in non-recoverable service charges due to higher insurance and leasing costs resulted in an increase in the cost-to-income ratio (excluding bad debts) to 7.5% (Mar-21: 6.7%). Higher corporate and tax costs resulted in like-for-like normalised DIPS growth of 4% (Mar-21: 9.6%). After adjusting for the reduced rental guarantee, the PEL portfolio delivered a 7% reduction in like-for-like DIPS in EUR and 3% reduction in ZAR.

Balance sheet

As a result of the upward revaluation of properties, the total PEL NAV has increased by 10.6% to €564m (Mar-21: €510m).

Gearing within the PEL platform is well-managed and currently at an LTV of 49%. The average all-in cost of funding within the PEL platform was maintained at 2.2% through the year and interest rate risk is managed by way of an interest rate cap.

Letting activity

Letting performance has been strong and the portfolio continues to capture rental growth generated within the sector. The Fund has re-let or renewed 97% of space expiring in FY22 at a positive reversion of 3.7%, as well as all space subject to break options. In addition, 78% of opening vacancy has been leased.

Vacancy was further reduced to 2.3% (Mar-21: 4.3%) as a result of securing a single-tenant lease over 18,180m^2 in the Carpiano property in Italy. The largest remaining vacancies are in the Marseille asset in France and the Hanover property in Germany, respectively constituting 0.8% and 0.6% of the 2.3% year-end vacancy (by GLA). Marketing and refurbishment works are underway at the Marseille asset while repair work to the roof is in progress at the Hanover property.

The portfolio WALE was extended to 5.3 years to expiry (Mar-21: 5.0 years) and 4.2 years to break (Mar-21: 3.8 years) with 5.6% in incentives provided, over the financial year.

COMMENTARY CONTINUED

Pan-European logistics portfolio

	Expiries and cancellations	Renewals and new lets	Gross expiry rental	Gross new rental	Rental reversion	WALE	Incentive	Retention
	GLA (m²)	GLA (m²)	€/m²	€/m²	%	Years	% lease value	%
Germany	26,450	28,671	55.0	57.0	3.7	5.0	6.8	100
Netherlands	51,408	62,047	50.2	51.3	2.1	2.1	2.3	50
France	100,074	90,720	44.9	46.6	3.9	4.9	2.3	90
Poland	20,428	17,289	41.0	42.1	2.7	7.3	13.1	25.7
Belgium	51,576	64,163	41.4	41.0	(1.0)	4.3	3.4	32.2
Italy	58,225	76,405	49.2	53.3	8.3	7.4	7.7	79.3
Subtotal	**308,161**	**339,295**	**46.8**	**48.6**	**3.7**	**5.0**	**5.6**	**67.4**

Opening vacancy	57,660
Total lettable GLA	**365,821**

PEL lease expiry (by revenue)[1]

1 Includes expiries in respect of break options

Collections and arrears

Collections remained strong with an average collection rate of 99%. The arrears position reduced to €1.8m (Mar-21: €3.7m).

COMMENTARY CONTINUED

BALANCE SHEET AND TREASURY

The Fund continues to adopt a prudent and disciplined approach to balance sheet management. It strives to maintain sufficient liquidity with diversified funding sources across various lenders. During the year, finance costs benefitted from lower average debt levels from disposal proceeds and active treasury management. IPF's financial position remains strong, with sufficient liquidity and a strong capital base to support portfolio growth.

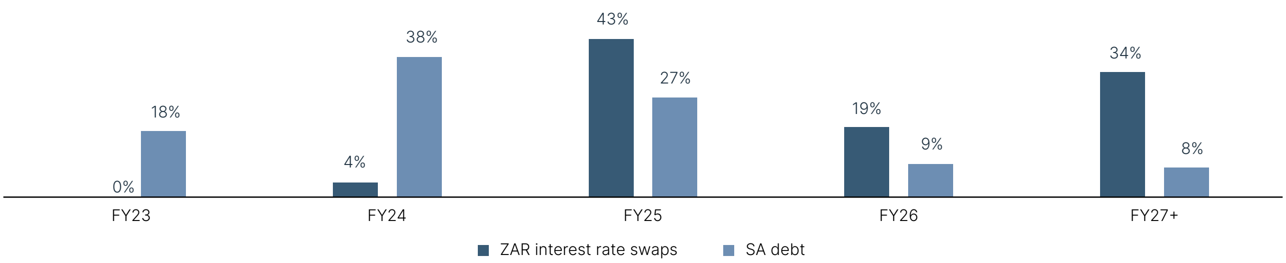
LTV

The LTV ratio of 38.2%[1] represents an improvement of 23bps since Mar-21: 40.5%[2] given recycling of capital and valuation uplift in PEL. IPF's look-through gearing is strategically managed around 51.4% (Mar-21: 53.0%), extended by the higher level of in-country gearing within PEL.

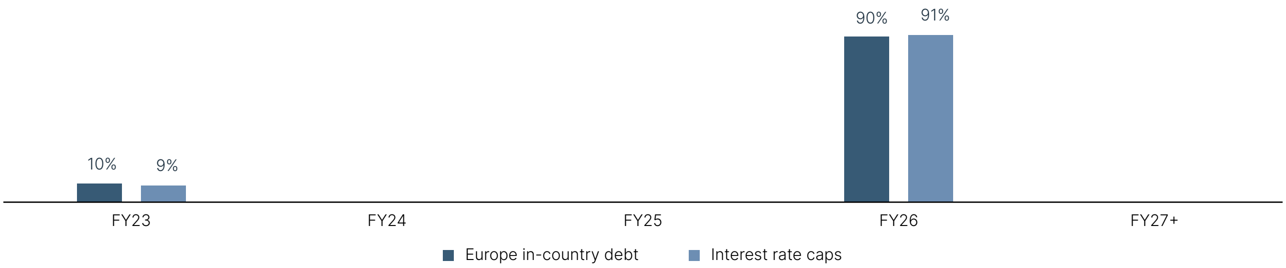
LIQUIDITY

The Fund has R1.2bn unutilised committed facilities.

SA debt# and ZAR swap expiry (%)



Europe in-country debt and cap expiry (%)



SA debt based on drawn facilities and includes EUR-denominated debt at an IPF level

With regard to upcoming debt expiries, term debt of €56m in Europe will mature in October 2022. The PEL platform has exercised an extension option over this debt for a further two years. In South Africa, R1.1bn of debt is expected to mature within the next 12 months, comprising R232m commercial paper, R323m term debt and R575m of bonds, which is likely to either be refinanced or settled from existing undrawn facilities.

1 Pro forma LTV is 37.0% post pending asset disposals

2 LTV calculated at 31 March 2021 is 40.5%. Reduced to 38.3% post-year end following payment of FY21 interim dividend, receipt of UK Fund sale proceeds and post-PELI sell down

COMMENTARY CONTINUED

Debt and hedging

	SA		Europe	
	Mar-22	Mar-21	**Mar-22**	Mar-21
Debt maturity (years)[1]	**2.1**	3.2	**3.5**	4.3
Swap maturity	**3.4**	3.5	**3.5**	4.3
Hedge percentage	**84%**	83%	**100%**	100%
Gearing %	**38.2%**	40.5%	**49.4%**	49.8%
Average all-in cost of funding	**8.4%**	8.5%	**2.2%**	2.2%
Average debt margin (local currency)	**1.73%**	1.8%	**2.2%**	2.2%
Average swap rate	**7.3%**	7.3%	**1.2% interest rate cap**	1.2% interest rate cap
Encumbrance ratio[2]	**44.2%**	48%	**100%**	100%
% Debt secured[3]	**47.5%**	47%	**90%**	90%
% Foreign debt of EUR investment[4]	**49.0%**	60%	**–**	–

1 Includes foreign debt raised to fund offshore equity position
2 Secured assets as a percentage of total investments
3 Secured debt as a percentage of total drawn debt facilities
4 Cross currency swaps are considered synthetic EUR funding

Currency risk is managed through the Fund's policy to maintain a 60% hedge against offshore investments and 100% hedge against foreign income, by way of foreign exchange contracts. In this regard, the Fund has currently hedged 49% of its capital investment as well as 100% of expected income from the PEL investment over the next 4 years, at forward exchange rates ranging between R18.34 and R24.74 to the Euro.

Management is cognisant of the gradually rising interest rate environment domestically, and maintains a 84% hedge against ZAR denominated interest-bearing borrowings (Mar-21: 83%). The Fund constantly monitors market movements and takes opportunities to restructure its ZAR swap book to secure 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 2.1 years given the limited debt refinancing undertaken during the period. The Fund will seek to extend its debt maturity profile with upcoming refinances. The Fund actively manages its interest rate exposure by assessing various swap strategies and seizes opportunities to extend its swap profile at lower rates where possible. The recent steepness of the swap curve resulted in few viable opportunities during the financial year.

The Fund's long- and short-term corporate debt rating was maintained at AA- and A1+ respectively, following a rating review in October 2021, 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.

DIVIDEND

The Fund has maintained a consistent dividend payout ratio of 95% based on strong underlying cash flows generated within both businesses and a sustainable medium-term gearing level of 38.2%. The Board has resolved to declare a final dividend of 52.46cps for the six months ended 31 March 2022 (Mar-21: 47.71cps). The total dividend for the year amounts to 102.23cps (Mar 21: 92.23cps), representing an increase of 10.8% and an aggregate dividend of R823m (Mar-21: R742m).

CHANGES TO THE BOARD

During the year, Sam Hackner, previous Chair of the Board, sadly passed away due to COVID-19 complications. Sam was appointed Chairman when IPF listed in April 2011 and proved invaluable to the success and growth of the Fund for over 10 years. His work on the Board and Board Committees showcased his innate leadership strengths. His wisdom, integrity, charisma, and decades of property industry expertise has been one of the driving forces behind the Fund's achievements and Sam will be remembered fondly and missed by all who knew him. Sam was succeeded as Chair by Moss Ngoasheng, an existing non-executive director and lead independent director at the time.

As part of its corporate governance practice, the Board, on an ongoing basis, evaluates factors such as independence, diversity, skills and attributes and rotation in determining the optimal board composition. To this effect, Luigi Giuricich and Suliman Mahomed retired by rotation after serving on the Board for nine years. The Board wishes to express its gratitude to Luigi and Suliman who have served with distinction and contributed greatly to the Fund's growth and overall success during their period of appointment.

The Board welcomed Nosipho Molope, a qualified Chartered Accountant (SA), who has been appointed as an independent non-executive director to the Board and Chair of the Audit and Risk Committee.

COMMENTARY CONTINUED

PROSPECTS AND GUIDANCE

With an underlying quality asset base and a robust balance sheet, IPF has strong foundations for future growth.

South Africa

While the South African portfolio has stabilized, the macroeconomic environment remains subdued and uncertain. In the year ahead:

- Base NPI growth is expected to be between 3%–5% underpinned by growth of the retail portfolio and a recovery of the industrial sector, offset by a suppressed office sector.
- Robust growth is expected to arise from the retail sector, following refurbishments at Design Quarter and Balfour Mall due to come on stream in FY23.
- IPF will remain focused on actively pursuing organic and acquisitive growth while executing targeted disposals.

Europe

Together with managing the sale process, the European team will continue to focus on maintaining the solid performance of the current portfolio and ensuring optimal value is generated for shareholders. The PEL platform is expected to continue to deliver positive rental growth off the back of ongoing favourable market dynamics. The portfolio is well placed in key markets to capture this income growth which is expected to further drive capital returns.

The PEL platform is expected to achieve base NPI growth in the region of 3%-5% driven by positive reversions and strong leasing activity. Administration costs are expected to increase marginally however, the absence of the rental guarantee release, which has been fully utilised in FY22, is expected to adversely impact DIPS growth.

The execution of the planned development work in Europe has been put on hold due to the formal sale process. Timing of commencement remains uncertain and the resulting financial impact on the Fund cannot be ascertained at this stage.

Balance sheet

IPF's balance sheet remains robust with an LTV of 38.2% and has sufficient capacity to support future growth. The Fund will continue to explore opportunities to further reduce leverage whilst ensuring earnings are maintained or enhanced.

Guidance

Taking the above into account, the Fund expects to deliver low to mid-single-digit DIPS growth in FY23. The above guidance is based on the assumption that current normalised trading conditions will persist and does not take into account the impact of any unforeseen circumstances, further COVID-19 lockdowns and restrictions, potential business failures or the occurrence of any other factors that are beyond the Fund's control.

Moses M Ngoasheng
Independent Non-executive Chair

Andrew Wooler and Darryl Mayers
Joint Chief Executive Officers

17 May 2022

COMMENTARY CONTINUED

BASIS OF ACCOUNTING

The reviewed preliminary condensed consolidated financial information for the year ended 31 March 2022 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 year ended 31 March 2022 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 preliminary 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 3-24 of the reviewed preliminary condensed consolidated financial results and have expressed an unmodified review conclusion. A copy of their review conclusion is available for inspection at the Company's registered office.

17 May 2022

COMMENTARY CONTINUED

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
EU	Europe/European
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
IPFO	Investec Property Fund Offshore Proprietary Limited, wholly owned subsidiary of IPF
IW&I	Investec Wealth and 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