Investec
Property Fund

OUT OF THE ORDINARY

2023

Financial results

Reviewed preliminary condensed consolidated financial results

Investec Property Fund Limited

Key highlights

- Completed several significant strategic transactions which are long-term, value accretive and set the Fund on a clear path for future growth.
- Shareholder approval and support obtained for the internalisation of the asset management business.
- Achieved strong operational performances in the South African and European portfolios:
  - The SA portfolio remains stable and achieved growth against a challenging economic backdrop.
  - The European PEL portfolio captured strong growth in contracted rent.
- Results were however, adversely impacted by the global interest rate environment.
- Results in line with guidance and 95% dividend payout ratio maintained.
- The balance sheet remains healthy with a temporarily elevated LTV due to strategic initiatives with a defined plan to reduce over time.

Group and balance sheet metrics

DIPS down
(2.8%) to 104.64cps
Impacted by EUR interest rate increases (Mar-22: +10.8% to 107.61cps)

Full year dividend of
99.41cps
95% payout maintained (Mar-22: 102.23cps)

Unutilised cash/ facilities of
R1.2bn
Adequate liquidity to manage liquidity risk

LTV
42.0%
Reduced from 43.4% (Mar-23) due to sale of Netherlands property with defined plan to reduce to 35% (Mar-22: 38.2%)

Interest cover ratio
2.8x
remains sound

Group interest rate risk
85% hedged
2-year WASE

PEL interest rate risk hedged at
1.4%
limited interest rate risk to Oct-25

South Africa

Resilient portfolio has weathered macroeconomic headwinds and achieved stability

LFL NPI	Vacancy	Letting	Reversion	Valuation
+5.3%	3.9%	172,563m²	(13.0%)	(0.9%)
driven by reduced vacancy (Mar-22: +9.6%)	strong letting activity (Mar-22: 4.5%)	90% of expiring space let	low incentives granted of only 1.7% lease value	driven by office sector

Europe

Stable, defensive portfolio capturing strong rental growth

LFL NPI	Vacancy	Letting	Reversion	Valuation
+7.4%	0.9%	223,145m²	+8.6%	(5%)
ERV unlock, indexation and reduced vacancy (Mar-22: +3.0%)	further reduced (Mar-22: 2.3%)	98% of expiring space let	Management ability to capture ERV growth	written down due to cap rate expansion, offset by NOI growth

DISTRIBUTABLE EARNINGS RECONCILIATION
FOR THE YEAR ENDED 31 March 2023

Full year distributable earnings of 104.64 cents per share 2.8% decrease, in line with guidance.

R'000	**Reviewed Year ended 31 March 2023**	Restated* Audited Year ended 31 March 2022
Profit after taxation	**194 947**	1 038 278
Adjusted for:		
Straight-line rental revenue adjustment	**15 839**	25 857
Fair value, foreign exchange losses/(gains) and other adjustments	**392 474**	200 833
Fair value adjustment on investment property	**129 833**	(390 981)
Loss on derecognition of financial instruments[1]	**100 053**	–
(Profit)/loss on disposal of investment property	**25 189**	(3 101)
Interest not received in cash	**(14 000)**	(7 541)
Capital gains taxation[2]	**(19 911)**	(6 164)
Equity accounted loss from associate	**17 865**	8 987
Available H1 Interim distributable earnings	**432 885**	**421 694**
Available H2 distributable earnings	**409 404**	**444 474**
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	**104.64**	**107.61**
Available H2 distributable earnings per share (cents)	**53.55**	55.22
Available H1 Interim distributable earnings per share (cents)	**51.09**	52.39

* These amounts have been restated as presented in note 14.1.
[1] Settlement of loan to the PEL co-investor and sale of PEL bridge loan (note 4).
[2] Partial capital gains tax refund on sale of Investec Australia Property Fund Limited in FY21.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	Notes	**Reviewed Year ended 31 March 2023**	Restated* Audited Year ended 31 March 2022
Revenue, before straight line rental revenue adjustment		**1 862 747**	1 808 007
Straight-line rental revenue adjustment		**(15 839)**	(25 857)
Revenue		**1 846 908**	**1 782 150**
Property expenses		**(700 783)**	(649 951)
Expected credit losses		**(3 261)**	(11 848)
Net property income		**1 142 864**	**1 120 351**
Other operating expenses		**(109 858)**	(114 435)
Operating profit		**1 033 006**	**1 005 916**
Fair value, foreign exchange gains/(losses) and other adjustments on financial instruments	2	**(392 474)**	581 129
Fair value adjustment on investment property	2	**(129 833)**	(390 981)
(Loss)/profit on disposal of investment property		**(25 189)**	3 101
Loss on derecognition of financial instruments	4	**(100 053)**	–
Income from investments	5	**239 776**	372 180
Finance costs		**(521 586)**	(591 778)
Finance income	6	**89 254**	61 534
Equity accounted losses from associate		**(17 865)**	(8 987)
Profit before taxation		**175 036**	**1 032 114**
Taxation	7	**19 911**	6 164
Profit after taxation		**194 947**	**1 038 278**
Basic and diluted earnings per share (cents)		**24.22**	128.99

* These amounts have been restated as presented in note 14.1.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Notes	**Reviewed Year ended 31 March 2023**	Audited Year ended 31 March 2022
ASSETS			
Non-current assets		**23 551 508**	**22 332 311**
Investment property	3	**13 178 659**	13 515 379
Straight-line rental revenue adjustment		**324 815**	353 982
Derivative financial instruments	8.5	**191 079**	240 242
Investment in associate and joint ventures	9	**59 614**	7 945
Other financial instruments	8	**9 797 341**	8 214 763
Current assets		**733 737**	**681 000**
Trade and other receivables		**336 114**	262 554
Cash and cash equivalents[1]		**302 747**	235 778
Current portion of derivative financial instruments	8.5	**94 876**	182 668
Non-current assets and assets in disposal group held for sale	10	**1 098 627**	1 026 187
Total assets		**25 383 872**	**24 039 498**
EQUITY AND LIABILITIES			
Shareholders' interest		**13 013 545**	**13 652 089**
Stated capital		**11 133 011**	11 133 011
Retained earnings		**1 880 534**	2 519 078
Non-current liabilities		**10 425 795**	**7 908 806**
Long-term borrowings	8.4	**10 276 612**	7 749 948
Derivative financial instruments	8.5	**149 183**	158 858
Current liabilities		**1 944 532**	**2 478 603**
Trade and other payables		**610 609**	511 777
Current portion of long-term borrowings	8.4	**1 264 472**	1 884 117
Current portion of derivative financial instruments	8.5	**69 450**	82 709
Total equity and liabilities		**25 383 872**	**24 039 498**
Shares in issue		**804 918 444**	804 918 444
Net asset value per share (cents)		**1 617**	**1 696**

[1] Cash includes cash relating to tenant deposits of R77 million (2022: R74 million), municipal guarantees of R7 million (2022: R7 million) and revenue received in advance of R85 million (2022: R48 million).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Notes	**Reviewed Year ended 31 March 2023**	Restated* Audited Year ended 31 March 2022
Cash generated from operations	11	**1 127 085**	1 170 188
Finance income received		**83 114**	51 289
Finance costs paid		**(505 005)**	(509 002)
Income from investments		**79 255**	123 357
Capital gains tax refund received	7	**19 911**	6 164
Dividends paid to shareholders[1]		**(833 491)**	(1 142 958)
Net cash outflow from operating activities		**(29 131)**	**(300 962)**
Capital expenditure on investment property		**(374 826)**	(222 234)
Proceeds on disposal of investment property		**417 215**	117 798
Loan to property co-investor		**(23 782)**	–
Acquisition of joint ventures and associates[2]		**(2 072 849)**	–
Proceeds from sale of joint ventures and associates		**–**	709 277
Acquisition of other financial instruments		**(272 470)**	–
Proceeds from sale of other financial instruments[3]		**1 072 170**	390 441
Net cash (outflow)/inflow from investing activities		**(1 254 542)**	**995 282**
Proceeds from bank loans		**8 000 087**	2 848 413
Proceeds from bonds		**2 135 000**	800 000
Proceeds from commercial paper[4]		**1 459 000**	1 350 000
Derivatives settled		**(166 742)**	(25 018)
Repayments of bank loans		**(6 912 703)**	(3 932 527)
Repayments of bonds		**(1 855 000)**	(325 000)
Repayments of commercial paper		**(1 309 000)**	(1 400 000)
Net cash inflow/(outflow) from financing activities		**1 350 642**	**(684 132)**
Net increase/(decrease) in cash and cash equivalents		**66 969**	10 188
Cash and cash equivalents at the beginning of the year		**235 778**	225 590
Cash and cash equivalents at the end of the year		**302 747**	**235 778**

* These amounts have been restated as presented in note 14.2.
1 Comprises cash paid as dividend in the financial year being H2 2022 and H1 2023, the prior includes an additional dividend which relates to H1 2021.
2 Purchase of additional 19% in Pan-European Logistics Limited and 50% investment in Irongate Fund in Australia.
3 Proceeds from sale of Pan-European Logistics Limited bridge loan to a financial institution (note 8.2.1).
4 Commercial paper rolls on a quarterly basis and has been enhanced for disclosure during the prior year.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Stated capital	Retained earnings	Total equity
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**
Total comprehensive income attributable to equity holders	–	194 947	194 947
Dividends declared	–	(833 491)	(833 491)
Balance at 31 March 2023	**11 133 011**	**1 880 534**	**13 013 545**

BASIS OF ACCOUNTING

The condensed consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports and the requirements of the Companies Act of South Africa. The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Statements. The accounting policies applied in the preparation of the condensed consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements.

REVIEW CONCLUSION

These condensed consolidated financial statements for the year ended 31 March 2023, as set out on pages 3 to 23, have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified review conclusion.

SEGMENTAL ANALYSIS

The Fund 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 2023, the group is comprised of six segments, namely SA Retail, SA Office, SA Industrial, Europe, Australia and the South African investment portfolio. An operating segment's operating results are reviewed regularly by the Exco to make decisions about resources to be allocated to the segments and assess its performance.

Segment	Brief description of segment
SA Retail	The retail portfolio consists of 19 properties, comprising of shopping centres, 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 30 properties which includes warehousing, standard units, high grade industrial, high-tech industrial and manufacturing buildings.
South Africa – Investment portfolio	The local Investment Portfolio consists of a 35% share of an empowerment vehicle, Izandla valued at R0.
Australia	50% of Irongate fund management was acquired during the current year, as well as 18.67% of units in Irongate Templewater Australia Property Fund.
Europe	An 83,15% investment into PEL portfolio valued at R8.2 billion. This portfolio consist of 48 properties located in 7 jurisdictions across Europe.

SEGMENTAL ANALYSIS CONTINUED

Profit or loss and assets and liabilities disclosure

	2023 R'000							
	South African property portfolio				Investment portfolio			
	Office	Industrial	Retail	Total/fund level	South African investment portfolio	Europe	Australia	Total
Material profit or loss disclosures								
Revenue, before straight-line rental revenue adjustment	705 233	425 350	732 164	1 862 747	–	–	–	1 862 747
Straight-line rental revenue adjustment	(5 529)	3 956	(14 266)	(15 839)	–	–	–	(15 839)
Revenue	**699 704**	**429 306**	**717 898**	**1 846 908**	**–**	**–**	**–**	**1 846 908**
Property expenses	(251 697)	(137 438)	(311 648)	(700 783)	–	–	–	(700 783)
Expected credit losses	4 340	819	(8 420)	(3 261)	–	–	–	(3 261)
Net property income	**452 347**	**292 687**	**397 830**	**1 142 864**	**–**	**–**	**–**	**1 142 864**
Other operating expenses	–	–	–	(109 858)	–	–	–	(109 858)
Operating profit	**–**	**–**	**–**	**1 033 006**	**–**	**–**	**–**	**1 033 006**
Fair value adjustments on derivative instruments	–	–	–	78 581	–	(468 875)	–	(390 294)
Fair value adjustments on investment property	–	–	–	(129 833)		–	–	(129 833)
Fair value adjustments on investments	–	–	–	95 181	–	–	–	95 181
Foreign exchange (losses)/gains	–	–	–	–	–	(97 361)	–	(97 361)
(Loss) on derecognition of financial instruments	–	–	–			(100 053)	–	(100 053)
(Loss) on disposal of investment property	–	–	–	(25 189)	–	–	–	(25 189)
Income from investments	–	–	–	–	–	239 776	–	239 776
Finance costs	–	–	–	(521 586)	–	–	–	(521 586)
Finance income	–	–	–	89 254	–	–	–	89 254
Equity accounted earnings/(losses) from associate	–	–	–	(17 865)	–	–	–	(17 865)
Profit/(loss) for the year before taxation	**–**	**–**	**–**	**601 549**	**–**	**(426 514)**	**–**	**175 036**

	2022 R'000						
	South African property portfolio				Investment portfolio		
	Office	Industrial	Retail	Total/fund level	South African investment portfolio	Europe	Restated Total*
Material profit or loss disclosures							
Revenue, before straight line rental revenue adjustment	683 013	407 266	717 728	1 808 007	–	–	1 808 007
Straight-line rental revenue adjustment	(44 265)	4 702	13 706	(25 857)	–	–	(25 857)
Revenue	638 748	411 968	731 434	1 782 150	–	**–**	1 782 150
Property expenses	(248 711)	(138 772)	(262 468)	(649 951)	–	–	(649 951)
Expected credit losses	(10 022)	426	(2 252)	(11 848)	–		(11 848)
Net property income	380 015	273 622	466 714	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 (losses)/gains	–	–	–	(11 572)	–	(349 952)	(361 524)
Profit/(loss) on derecognition of financial instruments	–	–	–	–	–	–	–
(Loss) on disposal of investment property	–	–	–	–	–	–	3 101
Income from investments	–	–	–	3 101	–	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) for the year before taxation	**–**	**–**	**–**	258 047	**(8 987)**	**783 054**	1 032 114

* These amounts have been restated as presented in note 14.1.

SEGMENTAL ANALYSIS CONTINUED

	2023 R'000							
	South African property portfolio				Investment portfolio			
	Office	Industrial	Retail	Total/fund level	South African investment portfolio	Europe	Australia	Total
ASSETS								
Investment property	4 652 383	3 123 709	5 402 567	13 178 659	–	–	–	13 178 659
Straight-line rental revenue adjustment	108 863	101 360	114 592	324 815	–	–	–	324 815
Equity accounted investment in associate	–	–	–	–	59 614	–	–	59 614
Other financial instruments	–	–	–	–	574 856	9 222 485	–	9 797 341
Derivative financial assets	–	–	–	282 950	–	3 005	–	285 955
Trade and other receivables	–	–	–	336 114	–	–	–	336 114
Cash and cash equivalents	–	–	–	302 747	–	–	–	302 747
Non-current assets held for sale	656 626	52 000	390 000	1 098 626	–	–	–	1 098 627
Total assets	**5 417 872**	**3 277 069**	**5 907 159**	**15 523 911**	**634 470**	**9 225 490**	**–**	**25 383 872**
LIABILITIES								
Long-term borrowings	–	–	–	10 530 054	–	1 011 030	–	11 541 084
Derivative financial liabilities	–	–	–	218 633	–	–	–	218 633
Trade and other payables	–	–	–	610 610	–	–	–	610 610
Total liabilities	**–**	**–**	**–**	**11 359 297**	**–**	**1 011 030**	**–**	**12 370 327**

	2022 R'000						
	South African property portfolio				Investment portfolio		
	Office	Industrial	Retail	Total/fund level	South African investment portfolio	Europe	Total
ASSETS							
Investment property	5 523 123	3 278 878	4 712 378	13 514 379	–	–	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	–	–	–	422 910	–	–	422 910
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	**5 629 020**	**3 859 041**	**5 406 487**	15 815 790	**265 993**	**7 956 715**	**24 039 498**
LIABILITIES							
Long-term borrowings	–	–	–	7 749 948	–	1 884 117	9 634 065
Derivative financial liabilities	–	–	–	241 567	–	–	241 567
Trade and other payables	–	–	–	511 777	–	–	511 777
Total liabilities	**–**	**–**	**–**	**8 503 292**	**–**	**1 884 117**	**10 387 409**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS

	R'000	**Reviewed Year ended 31 March 2023**	Audited Year ended 31 March 2022
1.1	**RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS**		
	Basic and diluted profit attributable to ordinary equity holders of the parent	**194 947**	1 038 278
	Adjusted for:		
	Fair value adjustment on investment property	**129 833**	390 981
	Loss/(profit) on disposal of investment property	**25 189**	(3 101)
	Fair value adjustment on investment property in associate	**1 590**	6 147
	Loss/(profit) on disposal of investment property in associate	**211**	(731)
	Headline earnings attributable to shareholders	**351 770**	1 431 574
	Headline and diluted headline earnings per share (cents per share)	**43.70**	177.85

	R'000	**Reviewed Year ended 31 March 2023**	Audited Year ended 31 March 2022
2	**FAIR VALUE AND FOREIGN EXCHANGE GAINS/(LOSSES) ON FINANCIAL INSTRUMENTS**		
	Fair value adjustments on derivative instruments[1]	**(326 459)**	475 078
	Fair value adjustment on investment property	**(129 833)**	(390 981)
	Fair value adjustments on loans to associates	**–**	27 900
	Fair value adjustments on loans to joint ventures at fair value (net of foreign exchange)	**149 825**	66 993
	Fair value adjustment as a result of transaction costs capitalised on loans to joint ventures	**(118 479)**	(12 109)
	Foreign exchange translation losses on long-term borrowings, and loans provided to joint ventures not at fair value[2]	**(97 361)**	23 267
		(522 307)	**190 148**

[1] Net movement of mark to market on interest rate swaps, foreign exchange contracts and cross currency interest rate swaps.
[2] The foreign exchange movements relate to foreign currency borrowings.

3 FAIR VALUE OF INVESTMENT PROPERTY

The Fund's policy is to assess the valuation of investment properties at each reporting period. During the year ended 31 March 2023, the assessment resulted in a net downward revaluation of R129.8 million (Mar-22: R391.0 million downward revaluation). Each property is valued externally every three years. In the current financial year 18 properties were valued which represents 23% of the portfolio by property and 31% in terms of value. The properties were externally value by Mills Fitchett Magnus Penny (Proprietary) Limited. The valuer uses the discounted cash flow method to value properties. The valuer is registered in terms of Section 19 of the Property Valuers Professional Act, no. 47 of 2000. The remaining 71% of properties were valued internally by the asset management team and the head of South African Asset management and approved by the Investment Committee, using the income capitalisation rate method. The overall investment property portfolio was written down by 0.9% during February 2023 (Mar-22: (2.1%)).

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	Reviewed Year ended 31 March 2023	Audited Year ended 31 March 2022
4	**LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS**		
	Settlement of loan to PEL co-investor[1]	(21 905)	–
	Sale of PEL bridge loan[2]	(78 148)	–
	Total loss on derecognition of financial instruments	**(100 053)**	**–**

1 The loan to co-investor was settled at a value of €6.5m compared to a carrying value of €7.5m.
2 The PEL bridge loan, which had a carrying value of €58,8m was sold to a financial institution for €54,8m based on the present value (PV) of the interest differential.

	R'000	Reviewed Year ended 31 March 2023	Audited Year ended 31 March 2022
5	**INCOME FROM INVESTMENTS**		
	Income from European platform	239 776	372 180
	Total income from investments	**239 776**	**372 180**

	R'000	Reviewed Year ended 31 March 2023	Audited Year ended 31 March 2022
6	**FINANCE INCOME**		
	Interest income on loans to associates and joint ventures[1]	68 685	51 858
	Interest earned on amounts with banks	20 569	9 676
	Total finance income	**89 254**	**61 534**

1 Includes interest on PEL bridge loan.

7 TAXATION

7.1	**CAPITAL GAINS TAXATION**		
	Refund in respect of Ingenuity shares	–	6 164
	Refund in respect of Investec Australia Property Fund Limited's shares	19 911	–
	TOTAL TAXATION REFUND	**19 911**	**6 164**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

8 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[1] profit participating loans ('PPL') receivable measured at fair value through profit or loss. Loans to associates and joint ventures and other loans at amortised cost. Long term borrowings at amortised cost. Cash and cash equivalents, trade and other receivables, trade and other payables and variable rate loans are at amortised cost.

Refer to note 8.6 for detail on the fair value disclosures of financial instruments.

1 Disposed of during 2022.

	R'000	Reviewed Year ended 31 March 2023	Audited Year ended 31 March 2022
8.1	**OTHER FINANCIAL INSTRUMENTS**		
	LOANS TO ASSOCIATES AND JOINT VENTURES AT FAIR VALUE THROUGH PROFIT OR LOSS		
	PAN-EUROPEAN LOGISTICS INVESTMENT		
	Finance income accrual	**159 834**	152 109
	Profit participating loan asset	**9 051 489**	6 721 432
	94% Profit participating loan to PEL at fair value (FY22: 75%)	**9 211 323**	**6 873 541**
	Profit participating liability – effective 10%	**(1 011 030)**	(950 570)
	Profit participating loan asset – IPF's effective 83%	**8 200 293**	**5 922 971**

The Fund has joint control over the PEL portfolio and accounts for the investment as a joint venture classified as a financial asset at fair value through profit or loss. The total fair value of the investment in the joint venture comprises an equity and a debt element, through the PPL's. As at 31 March 2023, after the purchase of an additional 19% from the previous JV partner during February 2023, the Fund holds a total of 94% in the PEL platform (FY22: 75%). The Fund is therefore entitled to 94% 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 the net returns to the fund and its joint venture partner via the profit participating loans (PPL's). These PPL's are valued at fair value through profit and loss.

Due to the legal nature of the PPL's advanced by IPF to the PEL platform and PPLs assumed through the 10% share held by Pan-European Logistics Mauritius ("PELM"), the Fund recognises the gross 94% (FY22: 75%) right to receive cash flows as a financial asset and the PPL to PELM as a financial liability (see note 8.1 for disclosures relating to the financial asset and liability).

	R'000	Reviewed Year ended 31 March 2023	Audited Year ended 31 March 2022
8.2	**LOANS AT AMORTISED COST**		
8.2.1	**PAN-EUROPEAN LOGISTICS INVESTMENT**		
	PEL bridge loan[1]	–	956 638
	Interest accrual[2]	**11 162**	5 022
	Total bridge loan to PEL[1]	**11 162**	**961 660**

1 Total bridge loan to PEL.
2 The PEL Bridge loan was sold to a financial institution effective 23 March 2023, interest was settled post 31 March 2023.

	R'000	Reviewed Year ended 31 March 2023	Audited Year ended 31 March 2022
8.2.2	**RECEIVABLE FROM PEL CO-INVESTOR**		
	Interest-free receivable[1]	–	121 514
		–	**121 514**

1 The loan to PEL co-investor was settled in full as part of the purchase of the additional 19% interest in PEL.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	Reviewed Year ended 31 March 2023	Audited Year ended 31 March 2022
8.2.3	**LOAN TO PAN EUROPEAN LOGISTICS MAURITIUS (PELM)**		
	Loan to Pan-European Logistics[1]	**20 324**	–
	Total loan to Pan-European Logistics Mauritius	**20 324**	**–**

[1] The receivable was carried at amortised cost and the carrying amount approximates fair value.

8.2.4	**IZANDLA MEZZANINE LOANS**		
	Senior mezzanine	199 237	195 134
	Junior mezzanine[1]	58 549	62 914
	Expected credit losses	(9 920)	–
	Total carrying amount*	**247 866**	**258 048**

[1] 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.

	R'000	Reviewed Year ended 31 March 2023	Audited Year ended 31 March 2022
8.2.5	**LOAN TO PROPERTY CO-INVESTOR**		
	Receivable from co-investor – sale of property[1]	**23 814**	–
	Receivable from co-investor – building improvements[2]	**6 643**	–
	Total loan to Property Co-investor	**30 457**	**–**

[1] The Fund sold a 25% undivided share in a property, the Investor was granted a loan at prime + 1% and is repayable in full within 10 years.
[2] The Fund granted a development loan for up to R20 million for building improvements. The loan carries interest at prime + 1% and is repayable in full at the end of the lease contract.

8.3	**INVESTMENT IN AUSTRALIA**		
8.3.1	**INVESTMENT IN ITAP FUND AUSTRALIA**		
	Investment in ITAP Fund (18.67%)[1]	**264 919**	–
	Total investment in ITAP Fund Australia	**264 919**	–

[1] An acquisition of a co-investment stake in Irongate Templewater Australia Property Fund for an amount of A$22,22 million during the financial year.

8.3.2	**SHAREHOLDER LOAN TO IRONGATE GROUP JV**		
	Shareholder Loan to Irongate Group JV[1]	**11 290**	–
	Total Shareholder loan to Irongate Group JV	**11 290**	–

[1] The loan carries interest at the applicable rate of Bank Bill Swap Rates (BBSW) + 4% multiplied by the period applicable. Interest is capitalised at the applicable period.

Total other financial instruments	**9 797 341**	**8 214 763**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	**Reviewed Year ended 31 March 2023**	Audited Year ended 31 March 2022
8.4	**BORROWINGS**		
	Long-term borrowings	**10 276 612**	**7 749 948**
	Long-term borrowings	**9 283 135**	6 774 388
	Bonds	**4 620 000**	3 765 000
	Bank Loans	**4 663 135**	3 009 388
	Profit Participating Loans (PPL) – effective 10% minority interest[1]	**1 011 030**	950 570
	Capitalised fees	**(17 553)**	24 990
	Short-term borrowings	**1 264 472**	**1 884 117**
	Short-term borrowings[2]	**1 185 000**	1 884 117
	Commercial Paper	**500 000**	350 000
	Bonds	**–**	575 000
	Bank Loans	**685 000**	959 117
	Interest accrual on borrowings	**79 472**	–
	Total borrowings	**11 541 084**	**9 634 065**

The Fund has various bonds amounting to R4,620 million. These bonds have differing maturities ranging from 2026 to 2029. The weighted average interest rate charged on these bonds ranges from 8.85% to 9.46%.

The Fund has commercial paper amounting to R500 million. This is a rolling facility. The weighted average interest rate charged on the commercial paper is 8,05%.

The Fund has various bank loans with various banks amounting to R5,348 million various Banks. These bonds have differing maturities ranging from 2025 to 2030. The majority of these borrowings are secured. The weighted average interest rate charged on these bonds ranges from 3,52% to 9,73%.

1 Relates to the 10% share of PEL 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 (2022 R1.2 billion and R0.2 billion respectively).

		2023	2022
8.5	**DERIVATIVES**		
	Derivative financial assets	**285 955**	422 910
	Derivative financial liabilities	**(218 633)**	(241 567)
	Total Derivatives	**67 322**	**181 343**

Derivative financial instruments hedge interest rate and foreign exchange risks. The movement in derivatives in the current year is as a result of a profit on interest rate derivatives, and the weakening of the South African Rand against the Euro.

The derivative instruments are linked to the refinancing of cross-currency derivatives.

For interest rate swaps for Rand exposures, where IPF is the fixed rate payer, the derivative asset increased as a result of the increase in interest rates and increase in South African Rand interest rate curve.

For interest rate swaps for European exposures, given IPF is the fixed rate payer, the derivative asset increased as a result of the increase in interest rates.

The cross currency swap liability increased primarily due to the ZAR/EUR currency deterioration since IPF is primarily exposed to the EUR nominal payment at maturity.

There are various FECs/FX options with differing terms and currencies. These were impacted by movements in the FECs/FX rates during the year.

During the 2023 financial year the Fund entered into a Contract for Difference and Call option with the EDT-Trust in relation; to the increase in the PEL shareholding.

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
8.6	**FAIR VALUE HIERARCHY AT 31 MARCH 2023**					
	Assets					
	Investment Property	**13 178 659**	**–**	**13 178 659**	**–**	**–**
	Derivative financial instruments	**285 955**	**–**	**285 955**	**–**	**–**
	Other financial instruments	**9 476 242**	**–**	**–**	**9 476 242**	**321 099**
	Trade and other receivables[1]	**–**	**–**	**–**	**–**	**336 114**
	Cash and cash equivalents	**–**	**–**	**–**	**–**	**302 747**
	Non-current asset held for sale	**1 098 627**	**–**	**1 098 627**	**–**	**–**
	Total financial assets	**24 039 483**	**–**	**14 563 241**	**9 476 242**	**959 960**
	Liabilities					
	Derivative financial instruments	**218 633**	**–**	**218 633**	**–**	**–**
	Long-term borrowings (including current)	**1 011 030**	**–**	**–**	**1 011 030**	**10 530 054**
	Trade and other payables[3]	**–**	**–**	**–**	**–**	**610 609**
	Total financial liabilities	**1 229 663**	**–**	**218 633**	**1 011 030**	**11 140 662**

	Carried at fair value	Level 1	Level 2	Level 3	Carried at amortised cost
FAIR VALUE HIERARCHY at 31 March 2022					
Assets					
Investment Property[1]	13 515 379	–	13 515 379	–	–
Derivative financial instruments	422 910	–	422 910	–	–
Other financial instruments	6 873 541	–	–	6 873 541	1 341 222
Trade and other receivables[2]	–	–	–	–	262 554
Cash and cash equivalents	–	–	–	–	235 778
Non-current asset held for sale[3]	–	–	668 035	358 152	–
Total financial assets	**7 296 451**	**–**	**1 090 945**	**7 231 693**	1 839 554
Liabilities					
Derivative financial instruments	241 567	–	241 567	–	–
Long-term borrowings (including current)	950 570	–	–	950 570	8 683 495
Trade and other payables[4]	–	–	–	–	511 777
Total financial liabilities	**1 192 137**	**–**	**241 567**	**950 570**	9 195 272

1 Enhanced disclosure for investment property during the prior year.
2 Trade and other receivables exclude prepayments and value added tax which are non-financial instruments.
3 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.
4 Trade and other payables exclude revenue received in advance and value added tax as these are non-financial instruments.

LEVEL 2 VALUATIONS

AT 31 MARCH 2023

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.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

LEVEL 3 VALUATIONS

AT 31 MARCH 2023

R'000 The level 3 valuations are reconciled as follows:	Pan- European logistics investment[1]	Profit Participating Liability[2]
Balance at the beginning of the year	6 873 541	(950 570)
Acquisition/increase in investment	1 999 923	–
Net interest accrued	239 776	(37 237)
Fair value and foreign exchange gains and (losses)	98 083	(23 223)
Balance at the end of the year	**9 211 323**	**(1 011 030)**

1 The fair value loss (excluding forex gain) of R1,048 million (March 2022: R520 million) on the PEL profit participating loans arose from the revaluation of the underlying properties in the PEL portfolio which translates to the fair-value of the PPLs.
2 Profit Participating Liabilities include other Euro denominated funding received. Profit participating liability is the effective 10% in IWI.

LEVEL 3 VALUATIONS

AT 31 MARCH 2022

R'000 The level 3 valuations are reconciled as follows:	Pan- European logistics investment	Pan- European light industrial investment	Profit Participating Liability
Balance at the beginning of the year	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)
Derecognition on loan modification	–	(386 052)	23 925
Balance at the end of the year	**6 873 541**	**–**	**(950 570)**

LEVEL 3 VALUATIONS

AT 31 MARCH 2023

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.
Equivalent Yield Range	The measure used in property valuation to determine the expected return on investment for a property.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

Description	Average expected rental value per m²	Equivalent yield range	Weighted average cap rates	Long-term vacancy rate	Change in FV ('000) from a 25bps (0.25%) Increase/ decrease in cap rate	Change in FV ('000) from a 500bps (5%) Increase/ decrease in expected rental value
Across South African sectors ('R)	**104.2**	**7.4% - 12.0%**	**8.8%**	**4.0% - 6.0%**	**299 182**	**664 881**
SA Retail ('R)	**162.2**	**7.4% - 11.0%**	**8.3%**	**4.0% - 5.0%**	**140 904**	**270 033**
SA Industrial ('R)	**53.8**	**7.6% - 11.1%**	**9.2%**	**1,5% - 2.0%**	**73 950**	**158 691**
SA Office ('R)	**144.0**	**7.7% - 12.0%**	**8.9%**	**7.7% - 9.5%**	**58 102**	**237 479**
PEL €[1]	**4.7**	**4.0% - 8.3%**	**4.7%**	**1.0% - 3.0%**	**51 111**	**54 930**

LEVEL 3 VALUATIONS

AT 31 MARCH 2022

Description	Average expected rental value per m²	Equivalent yield range	Weighted average cap rates	Long-term vacancy rate	Change in FV ('000) from a 25bps (0.25%) Increase/ decrease in cap rate	Change in FV ('000) from a 500bps (5%) Increase/ decrease in expected rental value
Across South African sectors ('R)	110	7.5% – 12.0%	8.81%	1.5%	407 913	696 145
SA Retail ('R)	135	7.5% – 12.0%	8.37%	1.4%	171 124	277 738
SA Industrial ('R)	56	8.0% – 12.0%	9.42%	1.3%	76 913	141 129
SA Office ('R)	164	7.8% – 12.0%	8.92%	1.9%	159 876	277 278
PEL €[1]	4	3.4% – 6.4%	4.15%	2.8%	56 916	68 813

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

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

R'000	**Reviewed Year ended 31 March 2023**	Audited Year ended 31 March 2022
9 EQUITY ACCOUNTED INVESTMENT IN ASSOCIATE AND JOINT VENTURES		
9.1 IZANDLA		
Equity accounted investment (35%)	**–**	**7 945**
Opening balance	**7 945**	16 932
Impairment	**(7 945)**	(8 987)
9.2 IRONGATE TEMPLEWATER AUSTRALIA PROPERTY FUND		
Equity accounted investment (50%)	**59 614**	–
Investment[1]	**59 614**	–

[1] As at 31 March 2023, 50% of the Irongate Group Holdings funds management business was acquired. Investec Property Fund Offshore and Irongate Management established an investment management platform via the acquisition of the management business.

Balance at the end of the year	**59 614**	**7 945**

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

	R'000	**Reviewed ended 31 March 2023**	Audited Year ended 31 March 2022
10	**NON-CURRENT ASSETS AND ASSETS IN DISPOSAL GROUP HELD-FOR-SALE**		
	Investment property		
	Office	**656 627**	–
	Industrial	**52 000**	481 687
	Retail	**390 000**	544 500
	Balance at the end of the year	**1 098 627**	**1 026 187**

The Fund intends to sell 12 buildings with settlement taking place within 12 months of the reporting date for a consideration of R1,098 million (2022: R1,026 million) and has presented these buildings as non-current assets held for sale.

	R'000	**Notes**	**Reviewed Year ended 31 March 2023**	Audited Year ended 31 March 2022
11	**CASH GENERATED FROM OPERATIONS**[1]			
	Profit before taxation		**175 036**	1 032 114
	Adjusted for:			
	Loss/(profit) on disposal of investment property		**25 189**	(3 101)
	Loss on derecognition of financial instruments	4	**100 053**	–
	Income from investments	5	**(239 776)**	(372 180)
	Finance costs		**521 586**	591 778
	Finance income	6	**(89 254)**	(61 534)
	Equity accounted losses from associate		**17 865**	8 987
	Non-cash items	11.1	**591 113**	(106 554)
	Working capital movements:		**25 273**	80 678
	Increase in trade and other receivables		**(73 560)**	9 261
	Increase in trade and other payables		**98 832**	71 417
	Cash generated from operations		**1 127 085**	676 055
11.1	Non-cash items			
	Expected credit losses		**4 559**	11 848
	Amortisation of tenant incentives		**16 991**	22 409
	Amortisation of letting commission		**31 417**	23 480
	Fair value, foreign exchange gains/(losses) and other adjustments on financial instruments		**392 474**	(581 129)
	Fair value adjustment on investment property		**129 833**	390 981
	Straight-line rental revenue adjustment		**15 839**	25 857
	Total non-cash items		**591 113**	**(106 554)**

[1] This note has been enhanced for disclosure to derive the amount for cash generated from operations.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

R'000	**Reviewed Year ended 31 March 2023**	Audited Year ended 31 March 2022
12 RELATED PARTIES		
The table below shows the transactions and balances that the Fund has with related parties:		
Investec Property Proprietary Limited[1]		
Asset management fees	**(73 413)**	(75 509)
Letting commissions and fees	**(21 903)**	(37 775)
Irongate JV Australia		
Equity investment into ITAP Fund	**59 614**	–
Shareholder loan	**11 290**	–
Izandla Property Fund[2]		
Movement in equity investment	**(7 945)**	(8 987)
Movement in loans receivable (including convertible loan)	**(10 182)**	3 152
Finance income from associates	**159 834**	27 660
Pan-European Logistics investment[3]		
Fair value of profit participating loans to PEL entities	**9 051 489**	6 721 432
Bridge loan to PEL entities	**11 162**	1 083 174
Finance income from joint venture	**159 834**	152 109
Pan-European Light Industrial investment[4]		
Finance income from associate	**–**	4 433
Investec Bank Limited Group[5]		
Cash and cash equivalents	**61 283**	123 215
Borrowings	**–**	(151 365)
Fair value of derivative instruments	**6 851**	52 653
Notional value of cross currency of swap derivatives	**2 803 126**	–
Notional value of interest rate swaps	**2 492 245**	2 969 000
Notional value of FECs	**344 725**	8 369
Rentals received	**61 283**	63 562
Interest received	**14 659**	7 242
Sponsor fees paid	**(282)**	(270)
Corporate advisory and structuring fees paid	**(22 868)**	(11 081)
Interest paid on related party borrowings	**(28 862)**	(21 646)
Net interest received on cross currency swaps	**181 021**	98 847
Interest paid on interest rate swaps	**(34 681)**	(87 802)

1 Fellow subsidiary and key management entity.
2 Related party as Izandla is an associate of the Fund. The finance income relates to mezzanine loans provided to Izandla. Interest not received of R14m has been capitalised to the loans.
3 Related party as joint venture of the Fund.
4 PELI was an associate of the Fund.
5 Fellow subsidiary of the Fund.

NOTES TO THE REVIEWED PRELIMINARY CONDENSED CONSOLIDATED FINANCIAL RESULTS CONTINUED

13 SUBSEQUENT EVENTS

Subsequent to year end, the fund has rolled R178m of its commercial paper with a financial institution and refinanced R500m for a further 3 months.

During the month of April 2023, the Izandla senior and junior mezzanine loans were extended for a period of 24 months and earning interest at a rate of JIBAR + 3.1%.

A capital call of A$1.3m was advanced to ITAP.

INTERNALISATION OF THE MANAGEMENT COMPANIES

- The Fund has entered into an agreement with Investec Limited and Investec Property Limited whereby the Fund will purchase the asset management functions of the Fund's South African assets (through the acquisition of the SA Manco, a division of Investec Property Limited) and that of PEL (through the acquisition of Urban Real Estate Partners, a wholly owned subsidiary of Investec Property Limited). This is referred to as the Internalisation Transaction.
- The aggregate consideration for the Internalisation is R975m which will be settled as follows:
- Through the sale of two properties occupied by the Investec Limited Group, which have been valued at R390m
- A cash payment of R260m
- A deferred cash payment of R200m (payable in equal installments, 12 and 24 months after the close date of the transaction); and
- Contingent consideration of R125m which is based on the growth of the underlying assets under management.
- The internalisation transaction was not accounted for due to the fulfillment of suspensive conditions, the shareholders vote which took place on 17th of May 2023 and approval by the competition commission.

14 RESTATEMENT

14.1 RATES RECOVERIES

In prior years, recoveries of municipal costs such as electricity and water recovered from lessees were offset against the relevant costs and presented on a net basis in the Statement of comprehensive income as the Fund acted in the capacity of an agent.

- The Fund is primarily responsible for fulfilling the obligation to provide the specified goods or service to the lessee as it manages the relationships with suppliers; and
- The Fund will, where possible on-charges costs at municipal rates, it has discretion in establishing the price for the specified service as it recovers the costs for its own account.

Revenue from municipal cost recoveries should be recognised over time as the services are provided.

Based on the re-evaluation of the above indicators, the Fund determined that it incorrectly recognised the municipal cost recoveries on a net basis.

As required by IAS 8, the afore-mentioned changes have been applied retrospectively to the comparative period affected. This restatement has no impact on the statement of financial position, statement of changes in equity and statement of cash flows. The impact of the afore-mentioned restatement on the consolidated and separate statements of comprehensive income is as follows:

R'000	31 March 2022
Statement of Comprehensive Income	
Amounts previously reported:	
Revenue, before straight line rental revenue adjustment	1 524 208
Property Expenses	(366 152)
	1 158 056
Amounts restated:	
Revenue, before straight line rental revenue adjustment	1 808 007
Property Expenses	(649 951)
	1 158 056

14.2 CASH FLOW STATEMENT

In the prior year, the proceeds from borrowings and repayment of borrowings line items were presented on a net basis in the cash flow statement.

These proceeds from borrowings and repayments of borrowings items have been presented on a gross basis during the current financial year.

This presentation represents restated disclosure of the prior year cash flow statement as it relates to borrowings.

The effect is as follows:

R'000	31 March 2022
Amounts previously reported:	
Proceeds from borrowings	1 490 000
Repayment of borrowings	(2 149 114)
	(659 114)
Amounts restated:	
Proceeds from bank loans	2 848 413
Proceeds from bonds	800 000
Proceeds from commercial paper	1 350 000
Repayments of bank loans	(3 932 527)
Repayments of bonds	(325 000)
Repayments of commercial paper	(1 400 000)
	(659 114)

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-23		Mar-22	
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	**194 947**	**194 947**	1 038 278	1 038 278
Adjusted for:				
Accounting/specific adjustments:	**178 473**	**178 473**	327 890	327 890
Fair value adjustments to investment property debt and equity instruments held at fair value through profit or loss	**326 459**	**326 459**	390 981	390 981
Fair value adjustments to debt and equity instruments held at fair value through profit or loss	**(149 825)**	**(149 825)**	(82 784)	(82 784)
Deferred tax movement recognised in profit or loss	**(19 911)**	**(19 911)**	(6 164)	(6 164)
Straight-lining operating lease adjustment	**15 839**	**15 839**	25 857	25 857
Adjustments to dividends from equity interests held	**–**	**–**	–	–
Adjustments arising from investing activities:	**(129 833)**	**(129 833)**	(3 101)	(3 101)
Gains or losses on disposal of investment property and property, plant and equipment	**(129 833)**	**(129 833)**	(3 101)	(3 101)
Foreign exchange and hedging items:	**118 479**	**118 479**	(498 345)	(498 345)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**–**	**–**	(475 078)	(475 078)
Foreign exchange gains or losses relating to capital items – realised and unrealised	**118 479**	**118 479**	(23 267)	(23 267)
Other adjustments:	**(7 945)**	**(7 945)**	8 987	8 987
Adjustments made for equity-accounted entities	**(7 945)**	**(7 945)**	8 987	8 987
SA REIT FFO:	**348 210**	**348 210**	**873 709**	**873 709**
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:	**43.26**	**43.26**	**108.55**	**108.55**
Company-specific adjustments (cents per share)	**–**	**(1.74)**	–	(0.94)
Capitalised interest on loans to associates	**–**	**14 000**	–	(7 541)
Dividend per share (cents):	**43.26**	**41.52**	**108.55**	**107.61**

REIT BEST PRACTICE RATIOS CONTINUED

R'000	Mar-23		Mar-22	
SA REIT Net Asset Value (SA REIT NAV)	**REIT BPR**	**IPF Ratio**	REIT BPR	IPF Ratio
Reported NAV attributable to the parent	**13 013 545**	**13 013 545**	13 652 089	13 652 089
Adjustments:				
Dividend to be declared	**(388 934)**	**–**	(239 990)	–
SA REIT NAV:	**12 624 611**	**13 013 545**	**13 412 099**	**13 652 089**
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:	**1 568**	**1 617**	**1 666**	**1 696**

	Mar-23		Mar-22	
SA REIT loan-to-value	**REIT BPR**	**IPF ratio**	REIT BPR	IPF ratio
Gross debt	**(11 541 085)**	**(11 541 085)**	(9 634 065)	(9 634 065)
Less:				
Profit participating loan liability[1]	**–**	**1 011 030**	–	950 570
Accrued interest and deferred fees	**–**	**61 920**	–	24 990
Cash and cash equivalents	**302 747**	**302 747**	235 778	235 778
Add/Less:				
Derivative financial instruments[2]	**(218 633)**	**–**	(241 567)	–
Net debt	**(11 456 971)**	**(10 165 387)**	**(9 639 854)**	**(8 422 727)**
Total assets – per Statement of Financial Position	**25 383 872**	**25 383 872**	24 039 498	24 039 498
Less:				
Cash and cash equivalents	**(302 747)**	**(302 747)**	(235 778)	(235 778)
Derivative financial assets	**–**	**(285 955)**	–	(422 910)
Trade and other receivables	**(336 114)**	**(336 114)**	(262 554)	(262 554)
Profit participating loan liability[1]	**–**	**(1 011 030)**	–	(950 570)
Carrying amount of property-related assets	**24 459 056**	**23 448 026**	**23 541 166**	**22 167 686**
SA REIT loan-to-value ("SA REIT LTV")	**46.3%**	**43.4%**	**40.9%**	**38.2%**

[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.

		Mar-23		Mar-22	
SA REIT GLA vacancy rate		**REIT BPR**	**IPF**	REIT BPR	IPF
Gross lettable area of vacant space[1]	A	**39 731**	**39 731**	47 825	47 825
Gross lettable area of total property portfolio	B	**1 000 034**	**1 000 034**	1 063 627	1 063 627
SA REIT GLA vacancy rate	**(A/B)**	**4.0%**	**4.0%**	**4.5%**	**4.5%**

[1] 82,366m² (2021 18,225m²) is classified as held for sale.

REIT BEST PRACTICE RATIOS CONTINUED

	Mar-23		Mar-22	
SA REIT cost-to-income ratio	**REIT BPR**	**IPF**	REIT BPR	IPF
Expenses				
Operating expenses per IFRS income statement (includes municipal expenses)[1,2]	**730 265**	**381 558**	633 347	362 698
Administrative expenses per IFRS income statement (if directly related to property)	**–**	**–**	–	–
Operating costs	**730 265**	**381 558**	**633 347**	**362 698**
Rental income				
Contractual rental income per IFRS income statement (excluding straight-lining)[1,2]	**1 540 261**	**1 540 261**	1 515 424	1 515 424
Utility and operating recoveries per IFRS income statement	**348 707**	**–**	270 650	–
Gross rental income	**1 888 968**	**1 540 261**	**1 786 074**	**1 515 424**
SA REIT cost-to-income ratio	**38.7%**	**24.8%**	**35.5%**	**23.9%**

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-23		Mar-22	
Cost of debt	**REIT BPR**	**IPF**	REIT BPR	IPF
Variable interest-rate borrowings				
Floating reference rate plus weighted average margin	**8.1%**	**8.1%**	6.1%	6.1%
Fixed interest-rate borrowings				
Weighted average fixed rate	**0.0%**	**0.0%**	0.0%	0.0%
Pre-adjusted weighted average cost of debt – CU:	8.1%	8.1%	**6.1%**	**6.1%**
Adjustments:				
Impact of interest rate derivatives	**(0.2%)**	**(0.2%)**	2.3%	2.3%
Impact of cross-currency interest rate swaps	**(2.5%)**	**(2.5%)**	(3.1%)	(3.1%)
All-in weighted average cost of debt – CU:	5.3%	5.3%	**5.3%**	**5.3%**

COMMENTARY

OVERVIEW OF THE YEAR

The 2023 financial year has been characterised by a strategic repositioning of the IPF business; a strong operational performance from the underlying Fund portfolios; and a volatile global economic and interest rate environment. Against this backdrop, highlights for the year include:

- Completed several significant strategic transactions which are long-term, value accretive and set the Fund on a clear path for future growth.
- Shareholder approval and support obtained for the internalisation of the asset management business.
- Achieved strong operational performances in the South African and European portfolios.
  - o The SA portfolio remains stable and achieved growth against a challenging economic backdrop.
  - o The European PEL portfolio captured strong growth in contracted rent.
- Results were however, adversely impacted by the global interest rate environment, resulting in an increase in our weighted average cost of funding in Europe. European interest rate costs have been capped with limited change forecast over the next 2.5 years.
- Results in line with guidance, recording a decline in DIPS and DPS of 2.8% to 104.64cps (Mar-22: 107.61cps) and 99.41cps (Mar-22:102.23 cps), respectively.
- 95% dividend payout ratio maintained.
- The balance sheet remains healthy, with a defined plan to decrease LTV over time (Mar-23: 42.0%*).
- The Fund has low near-term refinancing risk and interest rate risk has been effectively managed.
- Achieved the ESG targets we set for our South African portfolio and will continue to embed these principles across our portfolio.

WHO WE ARE AND HOW WE CREATE VALUE

IPF is an internationally focused REIT domiciled in South Africa. The Fund listed on the Johannesburg Stock Exchange (JSE) in 2011 and has a strong management track record of more than 40 years operating in the South African property market. Internationally the Fund has invested in, and built platforms, in markets where our operating teams have extensive on the ground experience and proven track records. The Fund invests in local and international property assets that are of the best quality with the purpose of delivering attractive long-term returns and unlocking value.

The Fund has created significant value through varying economic cycles, by adhering to the following key operating principles:

- **We are property purists who invest in best-of-breed assets:** the Fund's portfolio of investments has been built over the years by adhering to our investment philosophy of acquiring quality assets with compelling property fundamentals in strategically selected sectors and geographies where we have an in-depth understanding of the market dynamics in those areas.
- **We proactively partner with our clients to provide the best client experience:** we believe in building trusted long-term relationships with our clients and stakeholders and creating enhanced returns through value-added initiatives. We embrace a client-centric approach in our business ethos, focusing on active, hands-on property and client interaction to ensure clients are provided with an out-of-the-ordinary experience.
- **We are hands-on and highly skilled with strong local knowledge:** we operate in markets where we have people on the ground with proven track records. With a combination of hands-on property skills, financial expertise and passion for real estate, our team comprises both experienced and young professionals who operate in a highly collaborative and entrepreneurial environment. Collectively, the team possesses a deep-rooted understanding of how to deliver excellence in client service and maximise total return.
- **We focus on delivering sustainable value:** we take a longer-term view on property fundamentals through varying cycles. We look to optimise our capital and unlock value by taking calculated, well-measured and managed risk. Our long-term track record is testament of this approach and our ability to deliver sustainable income and capital returns. Sustainability is not only about returns, but we also fundamentally believe that the UN Sustainable Development Goals should form a cornerstone of our business practices and strategies. We have developed roadmaps with ambitious ESG targets to ensure we make a meaningful long-term contribution to the societies in which we operate.
- **We rigorously manage our balance sheet:** we actively manage our capital, gearing level and liquidity to ensure that our balance sheet is sound and can support our long-term strategic objectives.

* Adjusted for proceeds received from the sale of Netherlands Schiphol property that occurred post year end. As at 31 March 2023 the LTV was 43.4%.

COMMENTARY CONTINUED

IPF AT A GLANCE

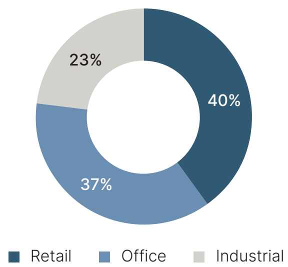
The Fund's asset base comprises a R23.5bn investment portfolio of direct and indirect real estate investments in South Africa, Europe and Australia, the details of which investments are set out below. The Fund is presently externally managed and in all regions the Manager has a presence on-the-ground with significant in-country expertise.

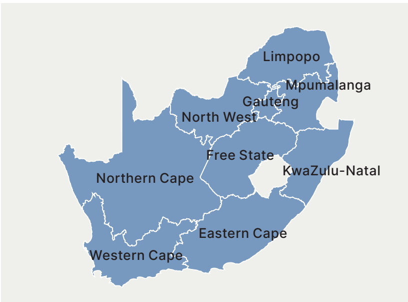
SOUTH AFRICA

- Primarily direct investments
- Managed and development assets

~R15bn GAV

Portfolio Split (%)





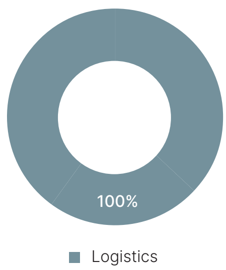
- Best in class, diversified asset base
- WALE (years): 2.9
- Vacancy (by GLA): 3.9%

EUROPE

- Direct investments
- Managed and development assets

~€1.1bn GAV

Portfolio Split (%)



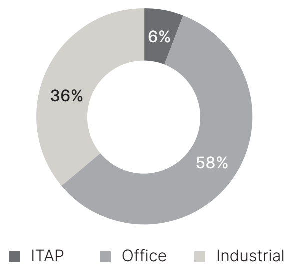
- Structurally advantaged asset base
- Opportunity to build capital light business
- WALE (years): 5.2
- Vacancy (by GLA): 0.9%

AUSTRALIA

- Funds management business

~A$450m FUM
~A$2.8bn AUM

Portfolio Split (%)



- Capital light business
- Provides exposure to attractive Australian market
- Opportunity to invest directly

INVESTMENT STRATEGY

All investment decisions are underpinned by underlying real estate fundamentals. The Fund seeks to optimise capital allocation across local and offshore opportunities pursuing primarily core and core plus investment strategies, with the fund management strategy providing enhanced returns and optionality going forward. Offshore exposure constitutes 56% of GAV under management and is likely to increase over time with the Fund's growth ambitions.

In South Africa, the Fund pursues a predominantly core investment strategy with focus on quality income-producing assets in traditional asset classes:

- **Retail** – niche assets or those that are the dominant offering within their respective locations.
- **Office** – multi-tenanted low-rise buildings, with ability to be well amenitised.
- **Industrial** – good-quality functional space in established nodes with consistent / stable demand.

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

In Australia, the Fund has established a 50/50 joint venture with the management team of the Irongate Australia Fund Management Platform ("Irongate"), which has c.A$450m equity under management and an estimated current realisable asset value of A$2.8bn. In addition, IPF has a direct equity interest of A$22m (i.e. c.18.7%) in the Templewater Australia Property Fund. The platform provides the Fund an attractive entry point into the Australian market with potential to further scale its funds management strategy.

COMMENTARY CONTINUED

STRATEGIC REVIEW

STRATEGIC TRANSACTIONS SET PATH FOR FUTURE GROWTH

In line with IPF's vision to build an international real estate fund and asset management company, the Fund announced a series of strategic transactions on 1 March 2023 that progress this growth path and unlocks attractive long-term value and opportunities.

The combination of transactions allows IPF to pursue its forward-looking strategy by:

- Increasing and reintroducing exposure to Europe and Australia, respectively, which increases international exposure and provides attractive growth opportunities;
- Enabling the retention and incentivisation of strong management teams across multiple geographies;
- Ensuring the alignment between the management team and shareholders;
- Removing the perceived misalignment of an external management company to managing third party capital; and
- Introducing the ability to launch a Funds Management/capital light strategy across the various platforms.

In summary the key transactions are highlighted briefly below, with further detail provided in the various announcements released in relation to these transactions.

1. Internalisation of management business

IPF concluded an agreement for the internalisation of its asset management business across South Africa and Europe, which is currently undertaken by Investec Limited, for an aggregate purchase consideration of R850m to be settled by a disposal of properties, an upfront cash payment and deferred cash payments. A further Earn-out amount of R125m will be payable by IPF over three years dependent on certain AUM growth targets being met. The transaction was approved by shareholders on 17 May 2023, and remains subject to various regulatory approvals, which are anticipated to be obtained by no later than 30 September 2023.

The internalisation transaction creates a fully integrated international real estate company where the interests of a strong management team are aligned with that of IPF Shareholders. As highlighted in the "Earn-out announcement and presentation" disseminated on 3 April 2023, the transaction was concluded at an implied EBIT multiple of 8.1x (assuming the full Earn-out becomes payable), and is expected to be c.4.0% earnings accretive over a 12-month period from the date at which the transaction is completed.

2. Partial acquisition of JV partner's interest in the PEL platform

The previous equity partner in the PEL platform exited their 25% interest. IPF acquired a 19% interest for a net cash consideration of €95.8m and the balance of 6% was acquired by a new co-investor (ED Trust INL Investments 1 Proprietary Limited) effective from 28 February 2023. IPF acquired the additional interest at an implied asset yield of 4.9% and gross asset value of c.€1.1bn. The PEL Platform remains a core, strategic investment for the Fund. IPF believes this transaction is beneficial to the longevity and future growth prospects of the PEL and broader European Platform and increases the Fund's exposure to an attractive offshore logistics portfolio.

3. Establishment of a 50/50 joint venture with Irongate Australia Fund Management

The joint venture transaction was concluded on 31 March 2023. Irongate is a profitable business backed by an experienced management team with a proven track record. The management team are well known to IPF and the transaction allows the Fund to unlock its broader capital light fund management strategy.

PURSUIT OF A CAPITAL LIGHT STRATEGY

IPF has historically had success in the funds management business through its investment in the Investec Australian Property Fund (the same management team that now run Irongate), which was listed on the JSE and ASX. and subsequently sold to Charter Hall. As explained above, the introduction of a capital light strategy, through the Irongate JV, together with a fully aligned and internalised business, creates an opportunity for IPF to further expand fund management strategies across all regions. The Fund is well positioned to deliver against this strategy given the track record of the Irongate and PEL teams, having previously successfully aggregated portfolios and crystallised value for third party capital investors.

In terms of the fund management model:

- IPF will use its existing asset base to sell into and seed new portfolios in which the Fund will remain significantly invested.
- Potential new portfolios and strategies will be built out across different markets, asset types and risk appetites including core, core plus and value-add. The Fund will ultimately assume non-controlling equity interests in these new strategies ranging from 5% to 50%.
- The Fund will seek third party capital to co-invest alongside the Fund, with ability to further scale through in-platform gearing.
- IPF will serve as fund manager, leveraging the capabilities and skill of its strong management teams in all core geographies.

The funds management model will have numerous benefits for IPF:

- Releases capital and serves as a de-gearing mechanism for the Fund, as IPF sells into and seeds new portfolios.
- Diversifies the investment base and capitalises on operational synergies.
- Access to capital to facilitate growth.
- Creates new revenue streams for the Fund, through fund management fees and enhancing the return on IPF's deployment of capital.

COMMENTARY CONTINUED

FINANCIAL REVIEW

PERFORMANCE HIGHLIGHTS

The underlying SA and European portfolios continued to achieve strong growth, delivering 5.3% and 7.4% yoy like-for-like NPI growth in SA and Europe respectively.

The SA portfolio benefited from improved vacancy rates and a strong performance in the industrial portfolio. The cost base and arrears have been well managed. Negative reversions persist in the absence of market rental growth although we are seeing signs of rental growth in certain nodes.

The PEL portfolio delivered strong rental growth driven by the ability to capture positive ERV. There has been a further reduction in vacancy rates which are currently at very low levels. Arrears have been well managed and there is opportunity to implement several operating cost initiatives that will unlock savings of €2m over the next 2 years. Reversion rates have seen positive growth in excess of 8%.

Overall Fund performance was however, dampened by the increase and volatility in global interest rates. PEL income declined 43.9% yoy largely as a result of its weighted average funding costs increasing by 1.4% on c.€0.6bn of debt (in the second half of the financial year), and in the absence of the rental guarantee that was fully utilised in FY22.

Considering the above-mentioned factors, FY23 group DIPS declined by 2.8% to 104.64cps (Mar-22: +10.8% to 107.65cps).

With the pace of global interest rate increases slowing and possibly reaching a turning point, the Fund is in a secure position, delivering consistent NPI growth since the COVID pandemic, with a robust balance sheet and PEL cost mitigation initiatives that are starting to realise savings. As a result, the Board has resolved to maintain the payout ratio at 95% for this financial year. Thus, a dividend of 48.32cps (R389m) has been declared for the six months ended 31 March 2023 bringing the full year dividend to 99.41cps (R800m) (Mar-22: 102.23cps; R823m).

BALANCE SHEET HIGHLIGHTS

The balance sheet remains sound supported by pro-active capital and interest rate management.

The LTV has temporarily increased to 42.0%* (Sep-22: 38.3%) largely due to the strategic transactions implemented (as explained above in the Strategic Review) and a decline in asset valuations, partially offset by asset sales during the period. The Fund has a clear plan to reduce LTV, targeting a ratio of 35% over the medium-term. In the short-term the Fund will lower the LTV to c.39.9% largely through further asset sales which have been previously announced. The internalisation of the asset management business will have limited impact on LTV. Additional actions to reduce LTV will include for example, further capital optimisation and the implementation of our funds management strategy. Refer to the LTV graph provided on page 38 for further information.

IPF continues to adopt a disciplined approach to capital recycling to manage gearing. In this regard, during the period under review, the Fund executed on a R1.5bn disposal pipeline to fund announced acquisitions totalling R2.1bn. Disposals implemented include the sale of the PEL bridge loan, SA asset disposals and sale of a property in the Netherlands which concluded in April 2023.

NAV per share declined by 4.7% to R16.17 (Mar-22: R16.96) reflecting a 5% write down on the PEL portfolio (as a result of an increase in interest rates) and R1.8bn increase in borrowings to fund transaction activity.

The debt book remains well diversified, and the group has low near-term refinancing risk. The Fund has successfully accessed new sources of liquidity in FY23 through new and existing lending relationships with a R6.5bn refinance undertaken during the year. The Fund has R1.2bn of debt maturing in FY24. In addition, the Fund has R1.2bn in unutilised committed facilities to cover refinancing risk. Management is cognisant of the volatile interest rate environment and maintains an 85% hedge against group debt.

Europe in-country debt is 90% hedged by way of a cap at weighted average interest rate of 1.4%. The platform therefore has limited interest rate risk for 2.5 years and potential higher interest rate costs are expected to be largely offset by NPI growth and cost savings initiatives that will be implemented.

The Fund's long- and short-term corporate debt ratings were maintained at AA- and A1+ respectively (Oct-22) and the stable outlook was re-affirmed.

* Adjusted for proceeds received from the sale of Netherlands Schiphol property that occurred post year end. As at 31 March 2023 the LTV was 43.4%.

COMMENTARY CONTINUED

PORTFOLIO REVIEW – SOUTH AFRICA

SA OVERVIEW

The South African direct property portfolio accounts for 44% of the Fund's asset base on a look-through basis (64% on an IFRS basis). The local portfolio comprises 79 high-quality properties in strategic, well-located nodes.

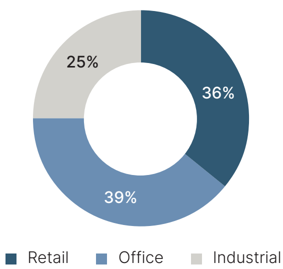
Despite a subdued economic backdrop, the SA portfolio has experienced a successful year. We continue to proactively partner with our clients to provide the best client experience and focus on creating enhanced returns through value-added initiatives. The strength of our client relationships and our continued focus on improving marketing efforts and remaining responsive to client requirements have underpinned this year's performance. The second half of the year has seen continued stability and further improvement in vacancy down to 3.9%, driven by solid leasing across all sectors, with a noteworthy achievement of 7.4% vacancy in the office sector.

The table below presents a snapshot of the SA property portfolio at 31 March 2023

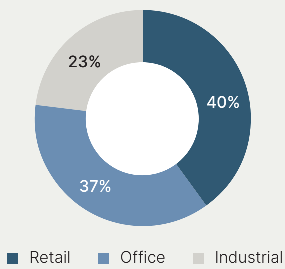
	TOTAL		OFFICE		INDUSTRIAL		RETAIL	
Portfolio	**31 Mar-23**	31 Mar-22	**31 Mar-23**	31 Mar-22	**31 Mar-23**	31 Mar-22	**31 Mar-23**	31 Mar-22
Number of properties	**79**	86	**30**	30	**30**	31	**19**	25
Asset value (Rbn)	**14.6**	14.9	**5.4**	5.5	**3.3**	3.3	**5.9**	6.1
Base NPI growth	**5.3%**	9.6%	**2.9%**	2.1%	**9.2%**	10.5%	**5.3%**	17.4%
Cost-to-income (excl. bad debts)	**22.8%**	23.9%	**26.4%**	26.5%	**19.2%**	23.1%	**19.4%**	19.0%
GLA	**1,001,700**	1,065 500	**243,500**	245,563	**475,500**	476,771	**282,700**	343,160
Vacancy (by GLA)	**3.9%**	4.5%	**7.4%**	9.5%	**1.9%**	1.6%	**4.5%**	4.6%
WALE (years)	**2.9**	3.3	**2.8**	3.6	**2.8**	2.7	**2.9**	3.3
In-force escalations	**6.8%**	7.3%	**7.1%**	7.6%	**7.3%**	7.5%	**6.5%**	6.7%

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

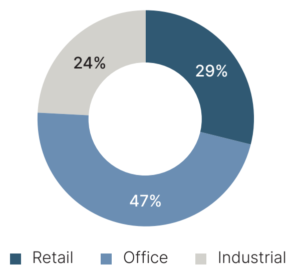
Sectoral spread by NPI



Sectoral spread by asset value



Sectoral spread by GLA



SA FINANCIAL PERFORMANCE

IPF's local portfolio delivered pleasing results, delivering base NPI growth of 5.3% (Mar-22: 9.6%) driven by:

- lower yoy vacancy (FY23 average: 6.2% versus FY22 average: 9.0%);
- strong letting activity across all sectors;
- rebound in demand within the industrial sector with signs of increased rental growth;
- continued improvement in trading activity in the retail sector;
- increased enquiries in the office sector; and
- disciplined cost management.

Performance was hampered by reversions across all sectors and particularly in the office sector where growth was muted as a result, although we are starting to see an uptick in activity in this sector.

Net expenses increased by a minimal 3% due to increased municipal recoveries following the reduction in vacancy, increased solar rollout and a R5m reduction in the provision for bad debts. As a result, cost-to-income ratios (excluding bad debts) improved across the portfolio to 22.8% (Mar-22: 23.9%).

SA LOADSHEDDING IMPACT

Loadshedding poses a significant challenge to the property sector. The impact on clients has been significant leading to increased cost of operating, loss of operating hours and reduced production levels. Loadshedding has led to customer preference for convenience-type centres and has resulted in a shift in footfall towards those centres. Loadshedding has also driven an increased return to office.

IPF's malls are largely niche or dominant, this relative dominance has ensured that trading figures including footfall have remained strong. These figures are further supported by a large portion of IPF's malls having backup power thereby enabling trade during loadshedding. IPF has also seen momentum in the office space, with a notable increase in enquiries in Sandton.

IPF has made significant steps in supporting clients through loadshedding and reducing the cost of occupation for its clients through energy assessments, wheeling considerations, interfacing solar to generators, rolling out additional solar power initiatives and improving back-up power in its buildings. 57% of IPF's portfolio is covered by back-up power and the Fund has installed 14.58MW of solar generation capacity to date to alleviate the burden of the energy crisis.

IPF has incurred a 10% electricity cost increase versus Nersa increase of 18.65%, which is a direct result of the Fund's ESG rollout i.e. LED lighting, tariff optimisation etc. IPF's total diesel spend amounted to R37m, of which c.90% is recoverable from clients. The net impact on clients has been a 25% increase in total energy costs during the year.

The Fund has identified further opportunities to roll out energy solutions at select properties whilst actively targeting other initiatives to reduce the cost of occupation for clients.

SA COLLECTIONS AND ARREARS

Rentals have been collected timeously, with yoy improvement in arrears from R69m (Mar-22) to R56m outstanding debtors (including legal debtors) as a result of active management. Arrears as a percentage of collectibles amount to 3.0% (Mar-22: 3.8%).

SA LETTING ACTIVITY

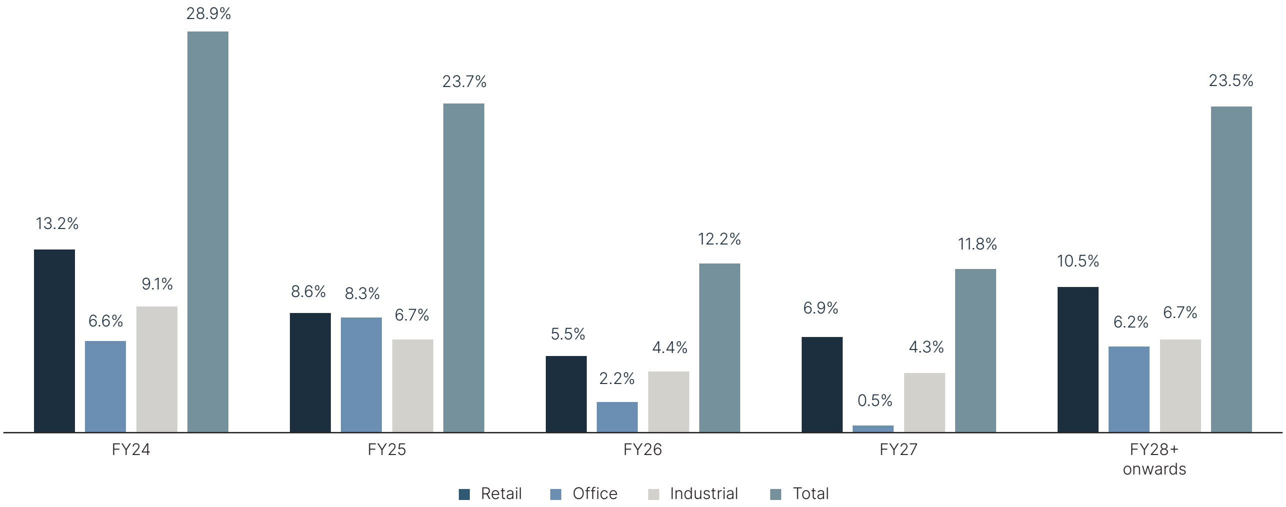
The Fund successfully let 151,725m^2 (90%) of space expiring in FY23 and 20,838m^2 (42%) of opening vacancy.

	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 (m^2)	GLA (m^2)	R/m^2	R/m^2	%	%	Years	% lease value	%
Office	24 824	20 789	172.1	133.5	(22.4%)[1]	6.8%	3.8	11.4%[2]	37.8%
Industrial	107 961	101 522	80.4	66.3	(17.5%)	6.6%	6.0	0.1%	34.0%
Retail	27 906	19 532	263.1	232.2	(1.7%)[5]	6.2%	4.2	0.1%	87.4%
Subtotal	**160 691**	**141 843**	**115.3**	**99.0**	**(14.1%)**	**6.6%**	**5.4**	**1.8%**	**52.2%**
Early letting	9 883	9 883	243.9	229.6	(5.8%)	6.3%	4.2	0.0	100%
Subtotal	**170 574**	**151 725**	**123.6**	**107.5**	**(13.9%)**	**6.5%**	**5.3**[3]	**1.7%**	**54.1%**[4]
Opening vacancy	50 027	20 838							
Total letting	**220 601**	**172 563**							

1 Largest reversions arising from challenging Sandton node and 192 Bram Fischer (Randburg).
2 Incentives have largely comprised tenant installations.
3 Successfully concluded significant long-term leases, including Anchor Park and T3 packaging on 6-year and 10-year leases respectively.
4 While retention was 54% at yearend, 90% of expiring space has been relet.
5 Reversion is +1% if development projects are excluded.

COMMENTARY CONTINUED

SA LEASE EXPIRY PROFILE (BY REVENUE)



The Fund maintains a well-staggered lease expiry profile with 48% of leases expiring in FY26 and beyond.

SA VALUATION

SA property valuations increased by R0.2bn to R14.6bn, following a marginal write down of R130m (-0.9%) attributable to the office sector, offset by value enhancing capex spend of R327m (+2.3%) largely for redevelopment projects.

The average cap rate applied remained constant at 8.8% reflecting stability of the portfolio and improved metrics.

SA PROPERTY DISPOSALS

During the year, the Fund disposed of 7 assets for gross proceeds of R424m at a disposal yield of 8.6%.

The Fund is targeting a further R1.2bn of disposals in the next 12 months, of which sale agreements have been signed on R0.5bn of this disposal portfolio. The latter includes the Investec Durban and Pretoria office properties that form part of the management internalisation transaction.

SA STRATEGIC PRIORITIES AND OUTLOOK

In SA the Fund has a stable and mature portfolio which supports a sustainable level of earnings. However, growth expectations remain low given domestic energy and industry challenges and global macro-economic volatility and uncertainty.

The current focus is on:

- Maintaining the quality and relevance of the SA portfolio and extracting incremental value from existing assets;
- Continuing to execute on the SA asset disposal programme as part of the Fund's levers to manage LTV down;
- Considering acquisition opportunities particularly around core-plus/value-add opportunities, with a view to generating superior returns for shareholders;
- Supporting clients through continued initiatives focused on reducing the cost of occupation;
- Ensuring energy security within our portfolio;
- Further embedding our ESG initiatives; and
- Maintaining an appropriate level of capex spend.

SOUTH AFRICAN PORTFOLIO SECTORAL PERFORMANCE

Office

Office assets comprise 37% of the SA portfolio by value, with 30 properties located in major commercial nodes. The Fund's office assets remained resilient, evidenced by positive NPI growth and further reduction in vacancy to single digits despite depressed operating conditions.

The sector reported like-for-like NPI growth of 2.9% (Mar-22: 2.1%), driven by contractual escalations and reduction in vacancy but hampered by significant reversions. Net expenses were tightly controlled with minimal 2.9% increase, driven mainly by an increase in fixed expenses and higher diesel spend that is fully recoverable from clients in due course. As a result, the sector's cost-to-income ratio was maintained at 26.4% (Mar-22: 26.5%).

COMMENTARY CONTINUED

Office vacancies were well-managed with further reduction to 7.4% by GLA (Mar-22: 9.5%) as a result of strong management skills and execution of strategy. Vacancies are concentrated in properties in the subdued Sandton node, namely 3 and 4 Sandown Valley Crescent (6,400m^2) and 1 Protea Place (3,400m^2). The Fund's buildings in Rosebank are 97% let, with almost full occupation in its Bryanston buildings, and a notable increase in enquiries in the Sandton buildings. Although small on a relative basis, the Fund concluded 3,900m^2 of new leases in Sandton in the last 3 months.

Demand dynamics are expected to improve as businesses are returning to their office spaces post the COVID pandemic, and also due to the impact of loadshedding.

Industrial

IPF's industrial portfolio comprises 30 functional properties (22% of total asset value) with strong fundamentals in well-established nodes. The industrial property sector has experienced a strong comeback as evidenced by good demand for IPF's industrial assets resulting in strong letting activity and the emergence of market rental growth in the sector.

The industrial sector delivered the strongest base NPI growth at 9.2% (Mar-22: 10.5%) driven by positive letting and sustained low vacancy of 1.9% (Mar-22: 1.6%). Net expenses declined due to an increase in recoveries and positive impact of added solar capacity. The cost-to-income ratio of the sector therefore decreased to 19.2% (Mar-22: 23.1%).

WALE was maintained at 2.8 years (Mar-22: 2.7 years). The sector concluded notable longer-term leases over the period with 71,100m^2 signed on lease terms of between 5-10 years.

Limited supply of stock in the industrial sector and lower risk appetite by banks to fund speculative developments in the current environment will continue to support demand for existing stock.

Retail

The Fund's retail portfolio comprises 19 properties strategically situated in semi-rural, non-metropolitan nodes, and are well-tenanted with a significant proportion of national clients. The shopping centres within the portfolio serve large catchment areas and are dominant in the nodes within which they are located.

There was noticeable rebound in the retail sector this year and the segment remains an attractive asset class within IPF's portfolio, having delivered sustained growth since the COVID-19 impact.

Like-for-like NPI grew 5.3% (Mar-22: 17.4%) driven by contractual escalations and stable vacancy. Despite the headwinds faced by loadshedding, high inflation and increased interest rates, a consistent improvement in trading metrics illustrates the defensive nature of the sector and consumer resilience:

- Average turnover increased by 8.5% for the 12 months ended Mar-23 (Mar-22: +10.6%);
- Visitor numbers improved with an average increase of 6.2% in footfall (Mar-22: +9.4%);
- Trading density increased 8.5% to R2,773/m^2 (Mar-22: R2,561/m^2);
- Retail clients traded on an improved average cost of occupation of 6.3% (Mar-22: 7.1%), representing a sustainable trading environment.

The cost-to-income ratio for the sector weakened marginally to 19.4% (Mar-22: 19.0%) driven by a 16.8% increase in net expenses, due to increases in repairs and maintenance spend, insurance costs and municipal rates expense.

Vacancy remained stable at 4.5% (Mar-22: 4.6%).

Refurbishment at the Design Quarter is in the final stages with the Food Street (area comprising restaurant tenants) now completed as 95% tenanted, with Checkers and Clicks as new anchor tenants. The project remains on track for completion in August 2023.

PORTFOLIO REVIEW – PAN-EUROPEAN LOGISTICS PORTFOLIO

PEL OVERVIEW

The Eurozone felt the strain of economic challenges impacted by an energy crisis and ongoing pressure on supply chains stemming from the war in Ukraine. However, the logistics sector has been resilient to date and demand remains strong. This has driven rental growth, further supported by rising indexation. Supply has also been constrained due to cost inflation and rising funding costs. Interest rate pressure and significant interest rate increases by the ECB has however, created pricing volatility in asset markets and the impact on long-term valuations is uncertain.

COMMENTARY CONTINUED

PEL FINANCIAL PERFORMANCE

Performance of the PEL platform is underpinned by a strong, defensive portfolio that has capitalised on the sector dynamics. A summarised income statement and balance sheet is provided below.

The underlying portfolio continues to deliver solid performance and has further improved on key portfolio metrics. The logistics portfolio delivered gross rental growth of 7.1% driven by positive rental reversion, good letting activity and captured c.6% indexation across the portfolio. The Fund has re-let or renewed 98% of space that expired in FY22 at a positive reversion of 8.6%. As a result, base NPI grew by 7.4% (in EUR).

Property expenses were well managed, increasing by 3.3% yoy due to indexation but mitigated by the increased occupancy which reduced non-recovery of service charges. As a result, the cost-to-income ratio (excluding bad debts) reduced to 8.4% (Mar-22: 8.7%). The Fund has implemented several cost savings initiatives that will unlock savings of €2m over the next 2 years.

Overall performance was however, dampened by the increase and volatility in global interest rates. PEL income declined 43.9% yoy (Mar-22: +4.0%) largely as a result of its weighted average funding costs increasing by 1.4% on c.€0.6bn of debt (in the second half of the financial year), and the absence of the rental guarantee that was fully utilised in FY22.

PEL INCOME STATEMENT

€m	12 months ended 31-Mar-23	12 months ended 31-Mar-22	% Change
Gross income	**54.0**	**50.4**	7.1%
Net expense	**(4.5)**	**(4.4)**	(3.3%)
Net property income	**49.4**	**46.0**	**7.4%**
UREP AM fees	**(7.3)**	**(6.5)**	(11.2%)
Other operating expenses	**(6.6)**	**(4.2)**	(60.1%)
Tax	**(2.9)**	**(2.6)**	(8.8%)
Interest	**(17.6)**	**(13.5)**	(30.3%)
Rental guarantee		**7.5**	–
Distributable earnings	**14.9**	**26.6**	**(43.9%)**
Cost-to-income ratio	**8.4%**	**8.7%**	(0.3%)
Arrears as % of collectables[1]	**1.0%**	**0.5%**	0.5%
Recon PEL earnings to IPF income:			
Earnings attributable to IPF stake[2]	**10.2**	**16.6**	(38.6%)
Translation rate	**19.8**	**18.4**	8.0%
Distribution in ZAR (100%)	**R207.9m**	**R305.1m**	**(31.9%)**

[1] Includes arrears in respect of rent only and not service charges.
[2] Taking into account IPF's increased ownership.

COMMENTARY CONTINUED

PEL BALANCE SHEET AND CAPITAL RECYCLING

PEL SUMMARISED BALANCE SHEET

€m	31 March 2023	31 March 2022	% Change
Investment property	1,099	1,158	(5%)
Derivative financial instruments	28	10	182%
Trade and other receivables	16	25	(36%)
Cash	15	15	(1%)
Total assets	**1,158**	**1,208**	**(4%)**
Shareholder interest	427	466	(8%)
Total Equity	**427**	**466**	**(8%)**
Long term borrowings	588	588	-
Other liabilities	143	154	(7%)
Total liabilities	**731**	**742**	**(1%)**
Total equity and liabilities	**1,158**	**1,208**	**(4%)**
Recon to IPF NAV			% change
Portfolio valuation	1,099	1,167	(6%)
Portfolio premium applied at IPF level (2.5%)	27	29	(6%)
Gross Asset Value (GAV)	**1,126**	**1,196**	**(6%)**
CGT risk upon sale	(59)	(62)	(4%)
Net amount	**1,067**	**1 135**	**(6%)**
Less: External debt	(588)	(590)	(0%)
Clean Net Asset Value (NAV)	**479**	**544**	**(12%)**
Total NAV including working capital	**510**	**568**	**(10%)**
Portion attributable to IPF (83.15%, FY22: 64.15%)	**425**	**365**	**16%**

Following the significant increase in interest rates and subsequent downward revaluation of properties, PEL NAV has declined 10% to €510m. At IPF level, this decline is largely mitigated by R0.7bn FX uplift, resulting from the strong decline in the value of the Rand.

Gearing within the PEL platform is at an LTV of 53.4% (Mar-22: 49%) affected by the dip in valuation. IPF continues to focus on capital optimisation. The Fund has identified a pipeline of disposals valued between c.€100m-€150m, the net proceeds of which will be used to fund investment opportunities and further developments. Furthermore, the Fund continues to explore the introduction of a strategic partner into the PEL business over the medium term, in addition to rolling-out of the funds management strategy in Europe. The business is also exploring early refinancing opportunities with its existing lenders.

The average all-in cost of funding within the PEL platform increased to 3.7% (Mar-22: 2.5%) following the increase in Euribor, and is now capped at this level through an interest rate cap. The platform is 90% hedged and therefore has limited interest rate risk for 2.5 years. As interest rates stabilise, the impact of higher funding costs is expected to be mitigated to a large extent by continued growth in contracted rent and lower platform costs, as the cost containment initiatives start to unlock savings.

PEL VALUATION

The PEL portfolio incurred a net write down of 5% to €1.1bn (Mar-22: €1.16bn) equating to a carrying yield of 5.1%, driven by cap rate expansion in Europe. The full impact of the cap rate expansion was cushioned by the strong growth in contractual rent achieved.

Valuations are supported at current levels given the strong investment appetite for the logistics sector, improved portfolio metrics of the PEL portfolio, continued rental growth and the value-add capex that has been successfully deployed.

COMMENTARY CONTINUED

PEL LETTING ACTIVITY

Letting performance has been strong and the portfolio continues to capture market rental growth. In addition, 69% of opening vacancy has been leased.

Vacancy was further reduced to 0.9% (Mar-22: 2.3%) with the largest remaining vacancy being a 6,123m² space in the Hanover property in Germany. Lease negotiations over this space are ongoing and if successful, will result in vacancy reducing to 0.6%.

The portfolio WALE was maintained at 5.2 years to expiry (Mar-22: 5.3 years).

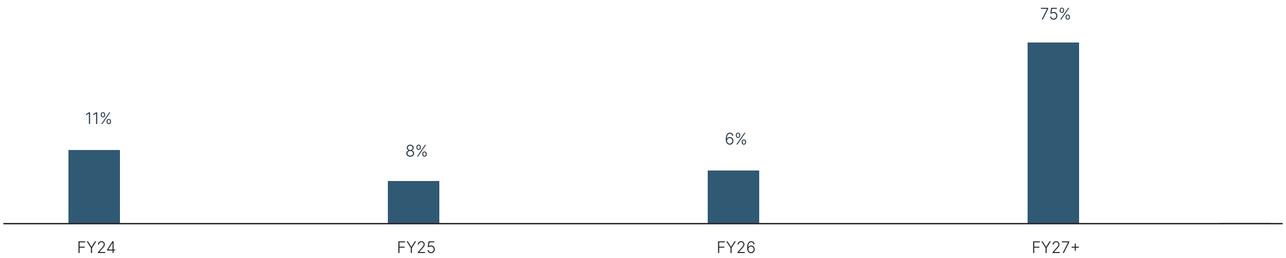
Full year	Expiries and cancellations	Renewals and new lets	Gross expiry rental	Gross new rental	Rental reversion	WALE	Incentive	Retention
	GLA (m²)	GLA (m²)	€/m²	€/m²	%	Years	% lease value	%
Germany	19,365	18,458	50.6	66.4	31.2[1]	4.9	0.0	62.3
Netherlands	51,409	51,409	49.5	54.9	10.8[2]	7.3	3.7	50.0
France	98,639	98,735	45.3	47.0	3.8	6.0	2.3	58.5
Poland	21,416	35,513	43.2	46.2	7.0	2.7	9.8[3]	85.9
Belgium	19,030	19,030	40.3	42.0	4.3	9.0	0.0	0.0
Subtotal	**209,859**	**223,145**	**45.9**	**49.9**	**8.6**	**5.9**	**4.3**	**55.5**
Opening vacancy	26,630	18,418						
Germany	8,049	698						
France	13,925	13,578						
Poland	4,657	4,142						
Total	**236,489**	**223,145**						

[1] Client in Hanover has renewed their lease for 5 years (with break after 3 years). A significant 35% rental increase was achieved on this letting to bring the rental up to market level (previously under market).

[2] 25,705m² renewed in Maavlakte on 5-yr lease at 9% uplift and 25,704m² renewed in Venlo on 10-yr lease at 13% uplift.

[3] Competitive market in Poland requires higher rent incentives as a market norm.

PEL LEASE EXPIRY PROFILE (BY REVENUE)



PEL COLLECTIONS AND ARREARS

The arrears position reduced to €2.5m (Mar-22: €3.5m) due to strong collections and a strict arrears collection process.

PEL STRATEGIC PRIORITIES AND OUTLOOK

The PEL portfolio has strong operating metrics and is well positioned to capitalise on market dynamics. We expect strong NPI generation with growth prospects supported by structural fundamentals. Further rental growth will be driven by the development pipeline and active asset management. The quality of earnings will be enhanced through cost savings initiatives. Interest rates are an external volatile factor but are well-managed with limited change forecast for 2.5 years.

The current focus in on:

- Active capital recycling through the asset disposal pipeline;
- Capitalising on pricing dislocation and seeking investment opportunities;
- Exploring early refinancing opportunities;
- Rolling-out the funds management strategy;
- Introducing a strategic partner into the PEL business over the medium term; and
- Embedding ESG principles into the business.

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. The Fund has low near-term refinancing risk and interest rate risk is well managed.

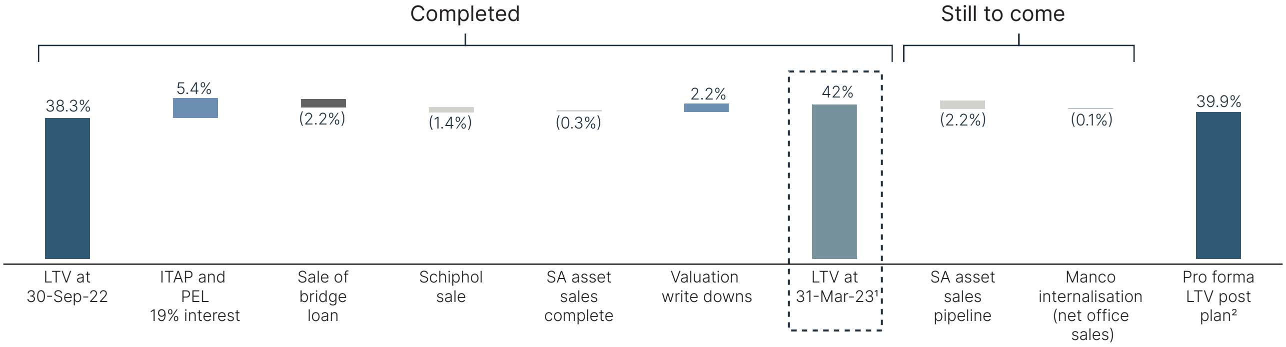
During the year, the PEL debt funding costs were negatively affected by 140bps until the interest rate cap was reached. At a group level, finance costs were reduced through active treasury management and a rebalancing of the EUR versus ZAR debt composition.

IPF's financial position remains strong, with sufficient liquidity and a strong capital base to support portfolio growth.

LTV

The group LTV ratio of 42.0%* reflects a temporary uptick since Sep-22 (38.3%) largely due to the strategic transactions implemented (as explained above in the Strategic Review) and a decline in asset valuations, partially offset by asset sales during the period.

IPF remains confident that the LTV will return to c.39.9% in the short-term, having identified a disposal pipeline to reduce debt.



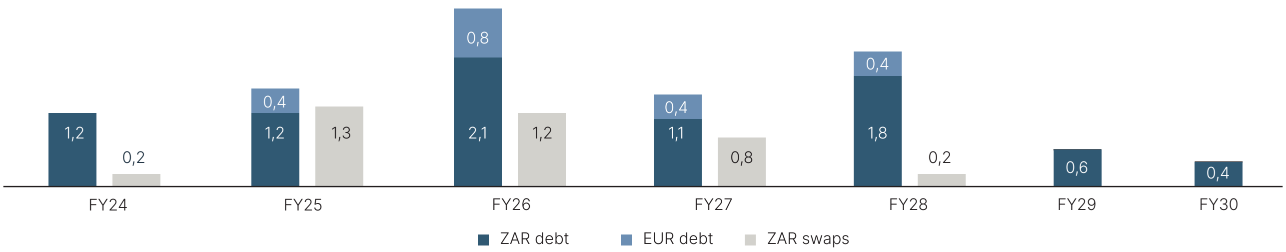
[1] Adjusted to include proceeds from sale of Netherlands (Schiphol) property which occurred post year end (Apr-23). At Mar-23 LTV was 43.4%.

[2] Look-through LTV of 58% due to acquisition of additional 19% interest in PEL; represents short to medium term investment position as IPF is looking to introduce a strategic partner. The entry of a new strategic partner will reduce IPF's overall investment and exposure to PEL, which will directly reduce IPF's gearing level.

LIQUIDITY

The Fund has R1.2bn unutilised committed facilities providing sufficient liquidity to settle any debt expiries in the next 12 months.

GROUP DEBT AND ZAR SWAP EXPIRY BY TYPE (Rbn)



The Fund undertook a R6.5bn debt refinance that addressed major upcoming maturities, extending the debt maturity profile to 3.3 years (Mar-22: 1.5 years) further diversifying funding sources and introducing new funder relationships. A significant proportion of the refinancing package is sustainability linked or comprises an ESG element, further emphasizing the Fund's commitment to ESG.

Total Fund debt at 31 March 2023 amounts to R10.5bn (R4.7bn in ZAR and R5.8bn in EUR), with a cost of debt of 9.0% on ZAR debt and 2.9% on EUR debt. Total ZAR swaps at 31 March 2023 amount to R3.7bn with a weighted average swap rate of 7.29%.

IPF has no bank debt maturing within 3 years and thus limited near term financing risk. R1.2bn of commercial paper and bonds are expected to mature within the next 12 months, which IPF has sufficient liquidity to settle if necessary.

Active treasury management is a key priority in the short- to mid-term with a particular focus on managing upcoming swap expiries.

* Adjusted for proceeds received from the sale of Netherlands Schiphol property that occurred post year end. As at 31 March 2023 the LTV was 43.4%.

COMMENTARY CONTINUED

PEL DEBT

PEL exercised an option to extend €56m of maturing term debt for a further 2 years and as a result, European debt maturity is 2.5 years (Mar-22: 3.5 years). The average all-in cost of funding within the PEL platform increased to 3.7% (Mar-22: 2.5%) following the increase in Euribor, and is now capped at this level through an interest rate cap. The platform is 90% hedged and has limited interest rate risk for 2.5 years. IPF is monitoring the volatility in interest rate markets and is exploring early refinance opportunities with the aim of minimising the impact on earnings and diversifying the expiry profile. As interest rates stabilise, the impact of higher funding costs is expected to be mitigated to a large extent going forward by continued growth in contracted rent and lower platform costs.

HEDGING

Management is cognisant of the volatile global interest rate environment and maintains a high 85% hedge against total debt (Mar-22: 91%) at group level.

	ZAR (SA)	EUR (SA)	Group (SA)	Europe
Quantum	R4.7bn	R5.8bn	R10.5bn	€588m
Debt maturity (years)	3.3	3.2	3.3	2.5
Swap maturity	2.3	1.3	2.0	2.5
Hedge percentage	78%	90%	85%	90%
Gearing %	–		42%	53%
Average all-in cost of funding	9.0%	2.9%	5.3%	3.7%
Average debt margin (local currency)	1.7%	1.9%	1.7%	2.3%
Average swap rate	7.3%	0.4%	5.4%	1.4%[4]
Encumbrance ratio[1]	–		49.6%	100.0%
% debt secured[2]	–		55.3%	90.0%
% Foreign debt and CCS of EUR investment[3]	–		75%	–

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 debt facilities.
4 Comprises €473m debt at 1.1% and €56m debt at 4%, hedged via interest rate cap. €59m bridge loan remains unhedged.

Euro currency risk is managed through the Fund's policy to maintain at least a 60% hedge against offshore investments and 100% hedge against foreign income, by way of foreign exchange contracts. IPF has hedged 75% of its capital investment. This is temporarily elevated due to the acquisition of the 19% interest in PEL which was debt funded and will reduce as the fund is seeking to introduce a strategic partner into the PEL platform and sell down in the short to medium term. c.100% of expected income from the PEL investment over the next 5 years has been hedged at forward exchange rates ranging between R20.68 – R29.89 to the Euro, with an implied c.6% growth locked-in over the next 5 years.

The maturity of the swap book has been maintained at an average expiry of 2.0 years (Mar-22: 2.4 years). 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 2022, and the stable outlook was re-affirmed.

DIVIDEND

DIPS declined by 2.8% to 104.64cps (Mar-22: 107.61cps). The Fund seeks to maintain a dividend payout policy of between 90% to 95%. The Board has resolved to apply a payout ratio of 95% and has declared a final dividend of 48.32cps for the six months ended 31 March 2023 (Mar-22: 52.46cps). The total dividend for the year amounts to 99.41cps (Mar-22: 102.23cps), representing a decline of 2.8% and an aggregate dividend of R800m (Mar-22: R823m).

ESG STRATEGY – FOCUSING ON DELIVERING SUSTAINABLE VALUE

We believe it is our responsibility to live in the societies in which we operate – not off them. Value for IPF is therefore inherently linked to our purpose and mission. We want to lead in delivering sustainable value to our stakeholders. We fundamentally believe that the UN Sustainable Development Goals should form a cornerstone of our business practices and strategies. Moreover, we have developed roadmaps with ambitious targets to ensure we are able to tangibly report on our progress. With an emphasis on advocacy and thought leadership we actively participate on the Green Building Council and work with partners in South Africa and Europe to ensure policy coherence and use the strength of our brand to educate and promote sustainable thinking. We continue to advance our ESG strategy and associated objectives and targets to ensure that the business is best positioned to create value in the widest sense.

During the year:

- In SA:
  - We exceeded our target of completing an additional 2.0MWp solar capacity, implementing 3.3MWp additional power, bringing our total capacity to 14.8MWp.
  - We received energy performance certificates for 27 of our buildings.
  - 57% of our properties (by GLA) have back-up power and we continued to support our clients through loadshedding (as discussed in detail on page 32).
  - We maintained our CDP B-rating and identified gaps for further improvement.
  - We obtained 6 additional Green Star Ratings with a 4-star rating achieved.
  - IPF served as a market leader in piloting the roll-out of industrial certifications.
  - We continue to explore boreholes as an alternative water supply source, with 11 sites identified for feasibility studies. Two successful projects were completed at a cost of R1.6m.
  - We opened the Scatterlings Early Childhood Development Centre at Balfour Mall in February 2023.
- In Europe:
  - We have continued to assess our ESG strategy as we seek to embed these principles further into our business practices.
  - We have continued to explore solar opportunities, with solar power now available at 4 of our properties.
  - All 47 buildings in our portfolio have energy performance certificates.
  - The Fund performed a BREEAM in-use assessment on the entire portfolio.

CHANGES TO THE BOARD

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. The following board changes took place during the year:

- Zaida Adams resigned from IPF and stepped down from the Board and her role as chief financial officer (CFO) with effect from 30 June 2022 and Jenna Sprenger was appointed as interim CFO on 1 July 2022 and permanently in January 2023.
- Mr Rex Gall Tomlinson was appointed as an Independent Non-Executive Director with effect from 1 September 2022. Mr. Tomlinson was appointed to the Nominations Committee and chair of the Social and Ethics Committee with effect from 1 December 2022.
- Darryl Mayers stepped down from the Board and as Joint Chief Executive Officer (CEO) effective 30 November 2022.
- Ms Connie Mashaba stepped down as Independent Non-Executive Director with effect from 30 November 2022.
- Ms Disebo Moephuli was appointed as an Independent Non-Executive Director with effect from 1 December 2022. Ms Moephuli was also appointed to the Audit and Risk Committee and the Social and Ethics Committee.

The Board would like to express its gratitude to those members of the Board who stepped down during the year, for their service and dedication to the Fund. The Board further welcomes new Board members and looks forward to their contribution to the Fund.

PROSPECTS AND GUIDANCE

The 2024 financial year will mark a turning point in the evolution of the Fund from a property investment business into an international real estate fund and asset management company. While the longer-term focus will be on the roll out of a capital light fund management model and exploring development pipeline opportunities in Europe, the immediate focus will be on maintaining the stability of the current portfolio and enhancing the quality of recurring earnings.

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

South Africa
The South African macroeconomic backdrop remains muted, and the property sector faces many challenges, not limited to rising municipal costs and an energy crisis which contributes to an increasing cost of occupation. While the South African portfolio has stabilised and is performing to expectations, it is expected to deliver low growth that is reflective of the operating environment.

COMMENTARY CONTINUED

Initiatives to reduce our client's cost of occupation will become increasingly necessary to drive bottom line earnings. With the portfolio now largely de-risked, the focus will be on maintaining the quality and relevance of the portfolio and accelerating the capital recycling program, to redeploy into core-plus and value-add opportunities.

Europe
Given the continued tailwinds supporting the sector, growth in contracted rent is expected to continue within the PEL platform, as the management team actively works to capture ERV growth. In addition, positive medium-term earnings growth will be supported by a capping out of funding costs for 2.5 years and cost savings initiatives.

Balance sheet
IPF's balance sheet remains robust with LTV expected to return to a target of 35% in the medium-term. The Fund continues to proactively recycle capital and has low near-term refinancing risk with interest rate risk appropriately managed. Funding costs are however, expected to increase as maturing debt is refinanced and re-hedged in the new higher interest rate environment.

Overall Fund
The increase in funding costs for the PEL platform during FY23 took place in the second half of the financial year, and whilst these costs have been capped they are not fully reflected in the full year results. As previously communicated, the acquisition of the additional 19% interest in PEL is marginally dilutive.

In addition, the refinancing of R6.5bn of debt and related Euro CCS positions were concluded towards the end of FY23 and the full impact of the higher costs will only be reflected in FY24. A strong operational performance in FY24 is thus expected to be partially offset by these higher funding costs.

The impact of the management internalisation is expected to be accretive to earnings as previously communicated to market, but remains subject to Competition Commission approval. As such, the full accretionary impact will not be recognised in FY24.

The rollout of the funds management strategy is expected to create new revenue streams that will further buffer earnings and reduce LTV. There has been significant market interest in working with the Irongate platform and the management team are actively focused on growing new strategies and sourcing capital. Together with strategies in Europe and South Africa, this remains a growth vector that the Fund expects to build to scale over the medium to longer term.

Maintaining the overall quality of our portfolio is important and the level of capex will be managed accordingly. We do anticipate incurring an ongoing level of capex spend which does drag cashflows and short-term earnings.

Taking the above into account, the Fund expects to deliver low single digit DIPS growth in FY24. The Fund will continue to target a dividend payout ratio of between 90% to 95%, after taking into account its LTV position, capex funding requirements and tax considerations.

The above guidance assumes that current normalised trading conditions will persist and does not consider the impact of any unforeseen circumstances, potential business failures or the occurrence of any other factors that are beyond the Fund's control.

Moses M Ngoasheng
Independent Non-executive Chairman

Andrew Wooler
Chief Executive Officer

18 May 2023

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
ERV	Estimated Rental Value
ESG	Environmental, social and governance
FEC	Foreign exchange contract
Gross income	Revenue from all investments aggregated on a proportionally consolidated basis
IAP	Investec Australia Property Fund
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
ITAP	Irongate Templewater Australia Property
IWI	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
UREP	Urban Real Estate Partners
WALE	Weighted average lease expiry
WHT	Withholding tax
yoy	Year on year

NOTES

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OUT OF THE ORDINARY