

Out of the Ordinary®



INVESTEC PROPERTY FUND LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration Number 2008/011366/06)  
Share code: IPF ISIN: ZAE000180915  
("Investec Property Fund" or "the Fund")

**NOT FOR DISTRIBUTION TO ANY PERSON LOCATED OR RESIDENT IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT**

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**DECLARATION ANNOUNCEMENT AND TERMS OF THE INVESTEC PROPERTY FUND FULLY COMMITTED RENOUNCEABLE RIGHTS OFFER**

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## 1. Introduction

Investec Property Fund shareholders ("**Shareholders**") are referred to the announcement released by the Fund on SENS on Tuesday, 11 August 2015, regarding the acquisition by Investec Property Fund of a portfolio of properties from Zenprop Property Holdings Proprietary Limited and associated trusts ("**Zenprop**"), for an aggregate purchase consideration of R7.06 billion (excluding transaction costs) at a blended yield of 7.5% ("**the Acquisition**"). The announcement advised Shareholders that Investec Property Fund would undertake a fully-committed renounceable rights offer of c.R2.6 billion ("**Rights Offer**") to part fund the Acquisition. Shareholders are also referred to the circular posted to Shareholders on Friday, 11 September 2015 ("**Transaction Circular**"), containing, *inter alia*:

- details of the Acquisition;
- the revised listing particulars in respect of the Fund; and
- a notice convening the general meeting of Shareholders ("**General Meeting**").

At the General Meeting held on 14 October 2015 the requisite resolutions for the Acquisition and the Rights Offer were passed by Shareholders.

The board of directors of the Fund ("**Board**") has resolved to undertake the Rights Offer on the terms described in this announcement.

## 2. Salient terms of the Rights Offer

Investec Property Fund proposes to raise R2,565,490,245 through an offer of 171,032,683 Rights Offer shares ("**Rights Offer Shares**") at a price of R15.00 per Rights Offer Share ("**Rights Offer Issue Price**") in the ratio of 35.57696 Rights Offer Shares for every 100 existing Investec Property Fund shares ("**Shares**") held on the record date for the Rights Offer.

Application has been made to the JSE for the listing of the letters of allocation and the Rights Offer Shares on the securities exchange of the JSE as follows:

- letters of allocation in respect of 171,032,683 Rights Offer Shares will be listed under the JSE code: IPFN and ISIN: ZAE000210662; and
- 171,032,683 Rights Offer Shares from the first business day following the last day to trade in respect of the Rights Offer.

The relevant dates will be detailed in the finalisation announcement (“**Finalisation Announcement**”) the timing of which is discussed in more detail in paragraph 10 below.

The Rights Offer Shares will, upon allotment and issue, rank *pari passu* with all other shares of the same class. Excess applications will be allowed.

### **3. Clean Out Dividend**

In order to enable all existing shareholders to receive their share of accrued income prior to the issue of the Rights Offer Shares, the fund will pay a “clean out dividend” (“**Clean Out Dividend**”). The Clean Out Dividend will be paid to all Shareholders recorded in the register on the date prior to the listing of the Rights Offer Shares. The Clean Out Dividend will be calculated as the *pro rata* of the dividend from the existing Investec Property Fund and Griffin portfolios for the period 1 October 2015 to the record date of the Rights Offer. The Clean Out Dividend enables existing Shares and the Rights Offer Shares to rank *pari passu* to the entitlement to dividends from the date of issue of the Rights Offer Shares.

### **4. Rationale for the Rights Offer**

The proceeds of the Rights Offer will be utilised to fund a portion of the purchase consideration and transaction costs of the Acquisition.

As mentioned in the Transaction Circular, the Acquisition presents an opportunity for the Fund to acquire an iconic property portfolio that is unique in terms of location, quality and scale, underpinned by high quality tenants with strong lease covenants.

The Acquisition is consistent with the Fund’s growth and investment strategy of building a quality portfolio that optimises capital and income returns over the medium to long-term for Shareholders.

The majority of office and industrial properties are single-tenanted with triple net leases, and have long expiry profiles, which will complement and augment the Fund’s existing expiry profile. All of the above will add to the quality, defensiveness and income predictability of the Fund.

The portfolio has contractual above-inflation escalations of 7.6%, a 4.9 year weighted average lease expiry, and minimal vacancies (0.5% after taking into account the rental guarantees described in the Transaction Circular).

The Acquisition adds significant scale and diversity to the Fund’s existing portfolio, resulting in an increase in asset base from approximately R9.5 billion (post the Griffin Acquisition) to R16.4 billion, and introduces a high quality portfolio of income producing properties into the Fund’s asset base that further enhances the real estate fundamentals of the Fund’s existing portfolio. Although dilutive to the Fund’s growth in the short term, the inclusion of the Zenprop Portfolio enhances the quality of the Fund’s existing portfolio and is expected to result in enhanced returns over the medium to long-term.

Shareholders are referred to the SENS announcement released on 11 August 2015 and the Transaction Circular for further information on Investec Property Fund’s strategy and rationale for the Acquisition.

### **5. Commitments and minimum subscription**

If the Rights Offer is not fully subscribed, any shortfall following the allocation of excess applications by Shareholders, will be taken up by Zenprop at the ex-dividend Rights Offer price of R15.00 per share.

The Rights Offer is not conditional on a minimum subscription.

### **6. Excess applications**

Shareholders will have the right to apply for any excess Rights Offer Shares not taken up by other Shareholders, subject to such rights being transferable upon renunciation of the letters of allocation. Any excess Shares will be allocated to applicants in an equitable manner by the directors of the Fund in accordance with the provisions of paragraph 5.33 of the JSE Listings Requirements.

## 7. Irrevocable undertakings, commitments and letters of support

The Fund has obtained irrevocable undertakings from, or on behalf of, the following Shareholders, in terms of which (amongst other things) they have irrevocably undertaken, with respect to the following Investec Property Fund shares beneficially owned by such Shareholders or held by them on a discretionary basis for clients to follow their *pro rata* share of the Rights Offer.

Shareholder	Number of shares	Percentage of voting rights
Investec Limited	153,499,703	31.93%
S Hackner	8,153,865	1.70%
S Leon	4,326,089	0.90%
N Riley	90,000	0.02%
A Wooler	17,290	0.00%
<b>Total</b>	<b>166,086,947</b>	<b>34.50%</b>

In addition the Fund has received further revocable letters of support from the following Shareholders owning 31.14% of the Fund's Shares (beneficially or on behalf of clients) indicating that the Shareholders in question intend following their *pro rata* share of the Rights Offer:

Shareholder	Number of shares	Percentage of voting rights
Coronation	132,263,652	27.51%
LLM Giuricich	17,448,666*	3.63%
<b>Total</b>	<b>149,712,318</b>	<b>31.14%</b>

\* Includes 4,567,323 Shares held by LLM Giuricich in his personal capacity and the remainder is a non-beneficial indirect interest

In addition, all of the other Directors who own Shares but who have not signed irrevocable undertakings, have committed in writing that they will follow their rights in the Rights Offer:

Director	Number of Shares	Percentage of voting rights
GR Rosenthal	2,999	0.00%
CM Mashaba	64,973	0.01%
MM Ngoasheng	127,338	0.03%
KL Shuenyane	60,066	0.01%

If the Rights Offer is not fully subscribed, any shortfall post the allocation of excess allocations by Shareholders, will be taken up by Zenprop at the ex-dividend Rights Offer price of R15.00 per share, as agreed in the Acquisition agreement.

## 8. Conditions precedent

The implementation of the Rights Offer is subject to the JSE granting a listing for the letters of allocation and the Rights Offer Shares on the securities exchange of the JSE in respect of the Rights Offer.

## **9. Foreign shareholders**

Foreign Shareholders may be affected by the Rights Offer, having regard to prevailing laws in their relevant jurisdictions. Such foreign Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this announcement that may affect them, including the Rights Offer. It is the responsibility of each foreign Shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Rights Offer, including the obtaining of any governmental, exchange or other consents or the making of any filing which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction. The Rights Offer is governed by the laws of South Africa and is subject to applicable laws and regulations, including the Exchange Control Regulations of South Africa.

## **10. Salient dates and times**

The Rights Offer and Clean Out Dividend timetable will be aligned, as far as possible, with the receipt of approval of the Acquisition by the Competition Authorities. It is expected that a Rights Offer Finalisation Announcement will be released on or about Tuesday, 24 November 2015 containing a full timetable of the Rights Offer and the Clean Out Dividend, dependent on the Competition Commission making a recommendation to the Competition Tribunal by this date. To the extent that the Competition Authorities do not approve the Acquisition by early December, the Rights Offer is likely to take place early in the new calendar year.

## **11. Rights Offer Circular**

Further details of the Rights Offer will be set out in the Rights Offer circular which will be distributed to Shareholders in due course in accordance with the timetable which will be included in the Finalisation Announcement. The Rights Offer circular will be made available on the Fund's website [www.investecpropertyfund.com](http://www.investecpropertyfund.com).

### **Investment Bank and Sponsor**

Investec Bank Limited

### **Legal Advisor**

Fluxmans Inc.

Sandton

16 November 2015