

INVESTEC PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number 2008/011366/06)
Share code: IPF ISIN: ZAE000155099
(“Investec Property Fund” or “the Fund”)

ANNOUNCEMENT REGARDING THE ACQUISITION OF LETTING ENTERPRISES AND PROPERTIES

1. Introduction

Investec Property Fund linked unitholders (“**Unitholders**”) are hereby advised that Investec Property Fund has entered into agreements for the acquisition of two properties from subsidiaries of Investec Property Limited, a related party to the Fund, as detailed below:

- the property located at 5 Bond Street, Midrand (“**5 Bond Street**”) from Midrand Town Council Proprietary Limited for a purchase consideration of R118,360,306; and
- the property and letting enterprise commonly known as the “**SA Ladder Building**”, situated at 32 Potgieter Street, Alrode from Investec Property Pty Limited for a purchase consideration of R75,000,000.

(the “**Related Party Acquisitions**”)

The Fund has also entered into various agreements for the acquisition of a further three properties (collectively, “**the Properties**”) as detailed below:

- the property and letting enterprise commonly known as “**BMW Auto Alpina**”, situated on the corner of North Road and Ponds Road, Bardene, Boksburg North, Gauteng from Namaqualand Diamond Fund Trust Eiendomme (Pty) Limited for a purchase consideration of R63,437,500;
- the “**Minolta Highveld**” property situated at 14A Esdoring Nook, Techno Park, Highveld, Pretoria, from Erf 6 Highveld Technopark Investments (Pty) Limited, and the “**Minolta Bellville**” property situated at 4 Mike Pienaar Boulevard, Bellville, Cape Town, from Midqueen Investments (Pty) Limited for a combined purchase consideration of R60,800,000. The acquisition of the Minolta Highveld and Minolta Bellville properties (“**Minolta Properties**”) is an indivisible transaction.

(collectively with the Related Party Acquisitions, the “**Proposed Acquisitions**”)

The aggregate purchase consideration of R317,597,806 for the above acquisitions will be funded with existing cash and paid to the respective vendors upon registration of transfer of each property into the name of the Fund.

The effective date of each of the Proposed Acquisitions, save for 5 Bond Street, will be the respective dates of transfer of each property into the name of the Fund. The effective date of acquisition of 5 Bond Street is 1 May 2013.

2. Rationale for the Proposed Acquisitions

The Proposed Acquisitions are consistent with the Fund’s objective to build a quality portfolio of properties with strong contractual cash flows in order to achieve value enhancement and sustainable growth in distributions to Unitholders. The Properties offer a healthy underlying tenant base, each tenanted by high-quality, national and international tenants with long lease expiry profiles. The Properties collectively extend the Fund’s diversification into the retail,

industrial and office sectors and the directors believe the Properties offer good value and will improve the earnings and growth prospects of the Fund.

The independent valuation of the Related Party Acquisitions set out in paragraph 4 below supports this view.

3. Description of the Properties

5 Bond Street is a newly developed A-grade office building, currently under construction. The property is situated in a strong commercial node of Midrand and is conveniently located directly opposite the Gautrain station. The building has a GLA of 5,870m² comprising open plan office floor area with 284 parking bays. The property is let to a single tenant, Investec Bank Limited, on a 10-year triple net lease.

The SA Ladder Building is an industrial property offering 25,000m² of factory and warehousing space, ancillary office space and yard area. It is well located in the strong industrial node of Alrode with easy highway access. The property is let to a long-standing tenant, SA Ladder, on a 12 year lease and is utilised for manufacturing and distribution.

. The property is let to a single user, Namaqualand Diamond BMW Auto Alpina is a 7,526m² motor dealership offering showroom space, ancillary office space and a service centre. The property is well located on the major artery of North Rand Road in Boksburg's retail and motor city node and is easily accessible by highway. Fund Trust Eiendomme Proprietary Limited trading as Alpina BMW (BMW South Africa) and the premises are utilised for the sale of motor vehicles and servicing centre.

The Minolta Properties are business premises comprising offices, warehousing and workshops. The Minolta Highveld building (situated in Highveld Technopark Centurion) comprises 2,955m² of GLA, while the Minolta Belville property comprises 2,166m² of GLA. The properties are let to a single tenant, Minolco Proprietary Limited trading as Minolta South Africa, a wholly owned subsidiary of the Bidvest Group. The leases on both properties are triple net leases offering above-inflation escalations.

4. Valuation of the Related Party Acquisitions

An independent valuation of 5 Bond Street and the SA Ladder Building has been performed by Mills Fitchet Magnus Penny (Pty) Limited ("**Independent Valuer**"), who is an independent registered valuer as defined in section 13 of the JSE Listings Requirements.

The valuations of 5 Bond Street and the SA Ladder Building are R119,000,000 and R75,400,000 respectively, which independent valuations are both higher than the purchase considerations of the properties.

5. Conditions precedent

Each of the Proposed Acquisitions is now unconditional, save for that of 5 Bond Street which remains subject to the fulfillment of the condition that the Fund notify the vendor in writing that it is satisfied with the results of its due diligence investigation of the property.

6. Financial effects

The Proposed Acquisitions will not have a material effect in the first year as it does not contribute more than 3% to the *pro forma* distribution per linked unit, *pro forma* earnings per linked unit, *pro forma* headline earnings per linked unit, *pro forma* net asset value per linked unit or *pro forma* tangible net asset value per linked unit of the Fund.

7. Forecast financial information of the Related Party Acquisitions

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the board of directors of Investec Property Fund. The forecasts have not been reviewed or reported on by the independent reporting accountants.

	5 Bond Street	SA Ladder Building
	Forecast for the 12 months ended 30 April 2014	Forecast for the 12 months ended 31 March 2014
	R	R
Gross revenue	10,096,020	8,526,654
Gross expenditure ¹	(173,931)	(878,432)
Net property income	9,922,089	7,648,221

Notes:

1. Property expenditure includes all consumption expenditure as well as property management fees

8. Specific information relating to the Properties

Property	Sector	GLA(m ²)	Weighted average rental / m ² (R/m ²)	Purchase Price (R)	Independent valuation (R)	Escalation	Yield
5 Bond Street	Office	5,870	118.0	118,360,306	119,000,000	8%	8.4%
SA Ladder Building	Industrial	25,000	25.4	75,000,000	75,400,000	8%	10.2%
BMW Auto Alpina	Retail / Motor dealership	7,526	66.9	63,437,500	n/a	8%	9.5%
Minolta Properties	Mixed use office / warehouse	5,121	87.9	60,800,000	n/a	7.3%	8.76%

All properties are single-tenanted

9. Small related party transaction

The acquisition of 5 Bond Street and the SA Ladder Building constitute small related party transactions in terms of the JSE Listings Requirements, as Investec Property Limited, a wholly-owned subsidiary of Investec Limited, holds 100% of each of the respective vendor's issued share capital and is the management company of the Fund.

The JSE Limited has been provided with a summary of the sworn valuation of each property by the Independent Valuer. The full valuation report is available for inspection at the registered office of the Fund during normal business hours until 3 May 2013.

Johannesburg
19 March 2013

Investment Bank and Sponsor

Investec Corporate Finance
