

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 the following agreements for the acquisition of 9 properties from various vendors as detailed below:

- the industrial property located at 9 Quality Street, Isando (“**Martin & Martin**”) from Investec Property Limited for a purchase consideration of R88,500,000;
- the office property located at 1617 Allan Cormack Street, Pretoria (“**Bigen Africa**”) from Investec Property Limited for a purchase consideration of R125,100,000; and
- a selection of 6 big box retail properties located in various strong retail nodes across South Africa (“**Retail Properties**”), from Investec Property Limited for an aggregate purchase consideration of R207,400,000; and

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

- the retail property located on Sulani Drive, Khayelitsha (“**Khayelitsha**”) immediately adjacent to Nonkqubela Mall (an existing property owned by the Fund), from Quickstep 307 Proprietary Limited for a purchase consideration of R31,900,000.

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

The aggregate purchase consideration of R452,900,000 for the Acquisitions will be funded with debt and paid to the respective vendors upon registration of transfer of each property into the name of the Fund. In keeping with the Fund’s stated policy on interest rate hedging, a minimum of 75% of total borrowing costs will be hedged.

The effective transaction date of the acquisition of the Retail Properties and the Bigen Africa property will be 1 October 2013, with the remaining Acquisitions becoming effective on the respective dates of transfer of each property into the name of the Fund.

2. Rationale for the Proposed Acquisitions

The 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. These properties offer a healthy underlying tenant base, each tenanted by quality 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

The Martin & Martin property comprises a heavy manufacturing facility (13,496m²) with 6,476m² of auxiliary buildings and office space. The property is situated in Isando, a strong industrial node close to the airport. It is let to a single user, Martin & Martin (Pty) Limited, a pet food manufacturer and distributor in South Africa and the South African subsidiary of a leading international pet food and product manufacturer, Bob Martin UK Limited. The lease is structured as a triple net lease, and the tenant has leased the property for a 10 year period, with a 10 year renewal option. The tenant has a call option to purchase the property at a pre-determined capitalisation rate of 8%, which option cannot be exercised during the first 24 months of the lease period.

The Bigen Africa property is an A-grade office building situated in the Innovation Hub precinct, a 30-hectare science and technology park, located on the eastern side of Pretoria with good highway access. The property is let to a single tenant, Bigen Africa Group Holdings Proprietary Limited, a leading engineering company with 16 offices across South Africa and 8 offices throughout Africa. The lease is structured as a triple net lease with a 10 year term.

The Retail Properties comprise 6 stand-alone, big box-type retail properties that are fully let through 11 leases with quality tenants, including Masscash, Cashbuild, Boxer, Fruit & Veg City, Liquor City and a large national independent group, Devland Cash and Carry. The largest properties, in terms of rental income contribution, are located in the East Rand Mall node (Boksburg) and Silverlakes (Pretoria East) respectively contributing 37% and 35% to the portfolio's rental income. The lease periods of the leases range from 4-9 years, with leases structured as triple net leases.

The Khayelitsha property is a small retail facility, situated in Khayelitsha and located just off Bonga Drive (M45), one of the arterial roads into Khayelitsha. The building comprises 2,911m² of retail supermarket space and small factory shops. The property is 100% tenanted, with National Pride (a Pick 'n Pay franchise) as the anchor tenant contributing 50% of the income. The balance of tenants are a mix of traders including fast food outlets, dry cleaners, fashion, cosmetics, electronics and furniture traders. It is anticipated that the facility will require minor cosmetic enhancements valued at approximately R0.6m.

4. Valuation of the Related Party Acquisitions

An independent valuation of each of the Related Party Acquisitions 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 Martin & Martin, Bigen Africa and the Retail Properties are R85,000,000, R122,000,000 and R200,435,000 respectively, which independent valuations are not materially different from the acquisition cost of the properties.

5. Conditions precedent

The Acquisitions are subject to conditions that are standard for transactions of this nature.

6. Financial effects

The acquisitions of the abovementioned properties individually will not have a material effect in the first year as none of the acquisitions 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. Specific information relating to the Acquisitions

Property	Sector	GLA(m ²)	Weighted average rental / m ² (R/m ²)	Purchase Price (R)	Independent valuation (R)	Escalation
Martin & Martin	Industrial	19,972	31.9	88,500,000	85,000,000	7.5%
Bigen Africa	Office	5,545	129.0	125,100,000	122,000,000	8.0%
Retail Properties	Retail	38,475	37.9	207,400,000	200,435,000	8.5% ¹
Khayelitsha	Retail	2,911	93.3	31,900,000	n/a	8.0% ¹

¹ Weighted average escalation based on weighting by GLA

8. Small related party transactions

Each of the Related Party Acquisitions 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.

Johannesburg
29 August 2013

Investment Bank and Sponsor

Investec Corporate Finance
