

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

VOLUNTARY ANNOUNCEMENT – ACQUISITION OF AN ADDITIONAL INTEREST IN THE U.K FUND

1. Introduction

Shareholders are advised that Investec Property Fund has acquired an additional 23% interest in the Investec Argo UK Property Fund ("**U.K Fund**"), for a purchase consideration of GBP25 million (the "**Acquisition**"). Following the Acquisition, the Fund's total investment in the U.K Fund is GBP36.7 million, with a 33% shareholding.

2. Rationale

As part of the Fund's ongoing capital allocation process, the Acquisition represented an opportunity to deploy capital into a platform which has delivered a compelling IRR of 15.8% since inception.

The Acquisition will generate a post-tax initial yield of c.5.5% in GBP and reflects a discount to net asset value of 14%, providing an attractive enhancement to the Fund's entry point into the UK market. Given the intended funding structure of the Acquisition, the investment is expected to be marginally earnings accretive in the short-term.

The U.K Fund's property portfolio is underpinned by sound property fundamentals with a WALE of 11 years and vacancy of 2.2% (excluding development vacancy). The portfolio combines core income, underpinned by several long-dated Sainsbury's stores and core-plus properties in the industrial sector that provide potential future upside through rental growth and asset management initiatives.

The U.K Fund will continue to build its portfolio on a similar basis, targeting annualised total returns of c.10% through the acquisition and management of both core and core-plus properties.

The Acquisition further enhances the Fund's exposure to developed offshore markets, taking total offshore exposure to c.17% on completion.

The Acquisition will be funded through the proceeds received from the partial sell down of the Fund's holding in Investec Australia Property Fund, with c.60% to 65% GBP cross currency swaps being utilized to hedge a portion of the underlying capital investment. The anticipated dividends will be hedged out over the next 5 years to lock in foreign exchange growth of c.6% to 7% based on the current GBP/ZAR foreign exchange curve.

3. Categorisation

The Acquisition is not a categorised transaction in terms of the JSE Listings Requirements and is therefore not subject to shareholder approval. This announcement is voluntary and for information purposes only.

Johannesburg
8 July 2019

Financial Advisor and Sponsor
Investec Bank Limited