



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
 Bond code: INV
 Income tax reference number: 9332/719/16/1
 ("IPF" or "the Fund")

REVIEWED INTERIM CONDENSED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board of directors of IPF is pleased to announce the results for the six months ended 30 September 2020:

Highlights

- Half year distributable earnings of 46.87 cents per share – 33.9% year-on-year decrease driven by the impact of COVID-19
- De-gearing flightpath completed:
 - o SA direct property disposals – R0.8bn of proceeds
 - o IAP sale – R0.7bn of proceeds
 - o Sale of 10% interest in PEL platform – consideration of €40m received
 - o Sale of Belgian assets into PEL platform*
 - o Refinancing of debt within PEL platform – completed on 31 October 2020 and enabled settlement of c.€140m of IPF bridge loans*
- Balance sheet strengthened and liquidity preserved
 - o LTV reduced from 47.5% (Mar-20) to 43.8% at Sep-20, reduced further to 39.8% post PEL refinancing*
 - o R1.4bn unutilised cash and/or facilities
- Offshore exposure has been maintained at 34%
- SA portfolio materially affected by local lock down and impact on retailers
 - o 24.4% decline in NPI¹ as a result of COVID-19, rental relief and bad debts due to business failures
- European logistics platform performing in line with expectations, despite COVID-19
 - o 2.7% like-for-like NPI growth¹
 - o 14.8% like-for-like growth in distributable earnings¹
- H2 FY20 dividend of 39.05cps paid and further top-up dividend of 29.82cps declared as previously guided by the Fund*.

	Reviewed 30 September 2020	Reviewed 30 September 2019	Movement %
Revenue (ZAR'000) ²	738 499	874 802	(16%)
Operating profit (ZAR'000) ²	455 506	639 377	(29%)
Net asset value per share (ZAR)	1 727	1 810	(5%)
Available distributable earnings per share (cents)	46.87	70.92	(34%)
Basic and diluted earnings per share (cents) ³	(49.44)	100.60	(149%)
Headline and diluted headline earnings per share ⁴	13.54	100.40	(87%)

¹ Measure of growth in base NPI and refers to comparison between the same portfolio of properties i.e. adjusted for properties acquired or disposed and on a gearing neutral basis.

² Decrease due to the disposal of 7 properties during the current period and impact of tenant relief provided as a result of national lockdowns.

³ Year-on-year decrease due to the downward fair value adjustment of the South African and UK portfolios and the mark to market on interest rate and cross currency swaps.

⁴ Year-on-year decrease due to decrease in net property income resulting from the impact of COVID-19 concessions and bad debts, increased negative mark-to-market on derivatives, and increased equity accounted losses of associates resulting from downward revaluation of property and negative mark to market on derivatives in associate companies.

* Event occurred subsequent to half year but before issue of results.

DIVIDEND

Pay-out ratio

In adapting the Fund to a persistently weak domestic environment where capital has become scarce, the Board has resolved to reduce the dividend payout ratio to between 90% to 95% going forward. This aligns IPF's policy with international market practice and provides a more efficient source of funding for maintenance capital expenditure.

Interim Dividend

The further lockdowns in the foreign markets in which IPF is invested has created uncertainty in the operating environment, and there is a lack of clarity around the impact of this on the European portfolio. The Fund is confident of the performance of the European portfolio given the resilience exhibited during the first lockdown and its ability to maintain average collection rates of 98% through this. All things being equal, the Fund would expect a similar performance through the second wave, however, the Board deems it prudent to maintain a cautious approach. As a result, the Board has resolved to defer the declaration of the H1 FY21 interim dividend until such time as there is greater stability and more visibility as to the duration and extent of the disruption.

Compliance with REIT regulations requires payment of a dividend within 4 months of the Fund's FY21 year end. Thus there is no adverse tax impact of delaying the interim distribution at this stage and the Fund intends to resume a regular dividend cycle as soon as the Board deems this prudent.

FY20 Top Up Dividend

Per the SENS announcement released on 23 September 2020, IPF declared an initial H2 FY20 dividend of 39.05402 cps ("**Tranche 1 Dividend**") with the potential to declare a further top-up dividend in respect of the same period ("**Top-Up Dividend**"), subject to a sound operating environment, the conclusion of a successful refinancing of PEL debt and confirmation of the refinancing of debt maturing in December 2020. The Tranche 1 Dividend represented the minimum distribution (75%) required to retain REIT status.

Given the desired outcomes have since been achieved, the Board now believes it feasible to proceed with the declaration of the Top-Up Dividend, the ability to do so being reflective of the financial strength and operational resilience of the Fund through the recent market turbulence.

As such, the Fund hereby declares the Top-Up Dividend of 29.81552 cps (R240m) in respect of the 6 months ended 30 March 2020, bringing the total dividend for the FY20 year to 139.78860 cps and reflecting a pay-out ratio of 95% of FY20 distributable earnings, which ensures optimal tax efficiency for the Fund and its shareholders.

Other information:

- The dividend has been declared from income reserves.
- A dividend withholding tax of 20% will be applicable on the dividend portion to all shareholders who are not exempt.
- The issued share capital at the declaration date is 804 918 444 ordinary shares of no par value.
- Income Tax Reference Number of Investec Property Fund: Limited 9332/719/16/1.

In accordance with IPF's status as a REIT, shareholders are advised that the cash dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("Income Tax Act"). The dividends on the shares will be deemed to be dividends for South African tax purposes in terms of section 25BB of the Income Tax Act.

Tax implications for South African resident shareholders

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i)(aa) of the Income Tax Act because they are dividends distributed by a REIT. These dividends are however, exempt from dividend withholding tax ("Dividend Tax") in the hands of South African resident shareholders provided that the South African resident shareholders have provided to the CSDP or broker, as the case may be, in respect of uncertificated Shares, or the Fund, in respect of certificated Shares, a declaration by the beneficial owner (in such form as may be prescribed by the Commissioner) that the dividend is exempt from dividends tax in terms of section 64F and a written undertaking (in such form as may be prescribed by the Commissioner) to forthwith inform the CSDP, broker or the Fund, as the case may be, should the circumstances affecting the exemption change or if the beneficial owner ceases to be the beneficial owner.

If resident shareholders have not submitted the abovementioned documentation to confirm their status as South African residents, they are advised to contact their CSDP, or broker, as the case may be, to arrange for the documents to be submitted prior to the date determined by the regulated intermediary, or if no date is determined, by the date of payment of the dividend.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable in South Africa as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. It should be noted that up to 31 December 2013 dividends received by non-residents from a REIT were not subject to Dividend Tax. With effect from 22 February 2017, any dividend received by a non-resident from a REIT are subject to Dividend Tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ('DTA') between South Africa and the country of residence of the non-resident shareholder. Assuming Dividend Tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 23.85242 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the Fund, in respect of certificated shares:

- A declaration by the beneficial owner (in such form as may be prescribed by the Commissioner) that the dividend is subject to a reduced rate as a result of the application of the DTA; and
- A written undertaking (in such form as may be prescribed by the Commissioner) to forthwith inform, the CSDP, broker or the Fund, as the case may be, should the circumstances affecting the reduced rate change or if the beneficial owner ceases to be the beneficial owner.

If applicable, non-resident shareholders are advised to contact the CSDP, broker or the Fund, as the case may be, to arrange for the abovementioned documents to be submitted prior to the date determined by the regulated intermediary, or if no date is determined, by the date of payment of the dividend, if such documents have not already been submitted.

Salient Dates Relating to the Top Up Dividend

Declaration of dividend	Wednesday, 18 November 2020
Last day to trade in order to receive the dividends (cum-dividend)	Tuesday, 08 December 2020
Shares trade ex-dividend	Wednesday, 09 December 2020
Record date for shareholders to receive dividend	Friday, 11 December 2020
Dividend payment date	Monday, 14 December 2020

Shares may not be rematerialised or dematerialised between commencement of trade on Wednesday, 09 December 2020 and close of trade on Friday, 11 December 2020, both days inclusive.

The above dates and times are subject to change. Any change will be released on SENS.

PROSPECTS AND GUIDANCE

Prospects

IPF has a solid asset mix that has exhibited resilience to date and has seen the Fund navigate the crisis with relative strength. It is, however, expected to take time for performance to return to pre-COVID levels and a heightened likelihood of further tenant failures exists.

The short-term economic outlook in South Africa remains uncertain. Performance of the SA portfolio is expected to improve in H2 FY21 as no further material concessions are expected to be extended to tenants, however, the weak economic state creates uncertainty. Leasing activity since the conclusion of lockdown has been encouraging but is expected to remain subdued given the economic downturn and tenants' reluctance to commit.

The Pan-European logistics platform has to date been impacted to a limited extent by COVID-19. However, the recent wave of lockdowns across Europe has re-introduced uncertainty. Improved performance was anticipated from the UK Fund in H2 driven by leasing activity, however, this revival is now likely to be further delayed given the second UK lockdown.

IPF management continues to believe the Fund's highly diversified portfolio and logistics-focused platform will continue to hold the Fund in good stead. This, together with a stable balance sheet and strong liquidity position, leaves the Fund relatively well-placed going into H2 FY21. However, given the renewed uncertainty in offshore markets, the Fund continues to withhold guidance in respect of its FY21 full year performance. This is anticipated to be provided when the Fund is able to better assess the full extent of the UK and European lockdowns on its financial performance.

FINANCIAL ASSISTANCE

Shareholders are advised that at the annual general meeting of the Fund held on 03 August 2020, shareholders approved and passed a special resolution in terms of Section 45 of the Companies Act, No 71 of 2008, as amended ("the Act") authorising the Fund to provide financial assistance to among others, related or inter-related companies of the Fund.

Shareholders are hereby notified that in terms of S45(5)(b) of the Companies Act No 71 of 2008, as amended, the Fund provided financial assistance to its subsidiary, Investec Property Fund Offshore Investments (Pty) Ltd (IPFO) in terms of the Fund's offshore investments held in IPFO, and the Board of Directors of the Fund further authorised the issue of guarantees and suretyships to third parties for finance and other facilities granted by those third parties to wholly-owned subsidiaries of the Company during the period 1 April 2020 to 30 September 2020.

The board has confirmed that, after considering the reasonable foreseeable financial circumstances of the Fund, it is satisfied that immediately after providing such financial assistance, the Company would satisfy the solvency and liquidity test, as contemplated in terms of Section 4 of the Act, and that the terms under which such financial assistance was given were fair and reasonable to the Fund.

FURTHER INFORMATION

The directors of IPF are responsible for the preparation and fair presentation of this short-form announcement and its contents.

The reviewed interim condensed consolidated financial results for the six months ended 30 September 2020 have been reviewed by Ernst & Young Inc., who expressed an unmodified review conclusion. A copy of the auditor's review report is available for inspection at our registered office together with the financial statements identified in the auditor's report.

This short-form announcement is a summary of the information in the full announcement and any investment decision should be based on the full announcement available at: <https://senspdf.jse.co.za/documents/2020/jse/isse/IPF/HY21.pdf> and on the IPF website at: <https://invest.ec/3llx2mS> under "Financial Results". In addition, copies may be requested via email on: investecpropertyfund@investec.co.za.

LINK TO RESULTS CALL

<https://www.diamondpass.net/7224795>

Johannesburg

18 November 2020

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Investec Bank Limited