

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")

DELEVERAGING FLIGHTPATH AND DIVIDEND DISTRIBUTION UPDATE

1. Introduction

Shareholders are referred to the Fund's year end results announcement released on 20 May 2020. As the operational uncertainties caused by the COVID-19 pandemic continue into the foreseeable future, the Board will continue to exercise caution in the prudent preservation of its cash and liquidity position until such time as the trading environment and debt capital market liquidity returns to a more normal state.

As set out by the Fund in its February equity raising road show presentation, year-end results presentation and subsequent operational updates, the deleveraging flightpath has been a critical focus area for the Fund. Since the start of the financial year the Fund has delivered against the stated flightpath as follows:

1. Sale of Musina, Boitekong and Combined Motor Holdings properties – the transfer of the assets have now been registered in the Deeds Office, generating c.R800m of proceeds. One final property transfer is expected during September for R100m.
2. Sale of the Fund's remaining stake in Investec Australia Property Fund ("IAP") – as previously reported, the Fund successfully disposed of its remaining stake in IAP in June 2020 generating c.R750m of proceeds.
3. Sale of the Belgium Properties into the Pan-European Logistics ("PEL") platform – negotiations are far advanced with legal agreements currently being drafted and expected to be finalized with an effective date of 30 September 2020. The sale price will be equivalent to the Fund's acquisition cost of €70.7m. Upon final terms being agreed, the Fund will publish a detailed terms announcement.
4. Sale of a 10% interest in the PEL platform – the sale of a 10% interest in PEL (including the Belgium Properties) for a consideration of €40m to clients of Investec Wealth & Investment is anticipated to be concluded shortly with an effective date of 30 September 2020. Once finalised, the Fund will publish a detailed terms announcement.
5. PEL refinance – remains on course to complete during October 2020, with due diligence and the legal documentation progressing as expected.

Post completion of the remaining items 3-5, the Fund's LTV will reduce to c. 37%, prior to any further FY20 dividend declaration.

2. Dividend distribution update

The JSE Listings Requirements currently compel a REIT to distribute at least 75% of its total distributable profits within four months of its year end to retain REIT status. Since the commencement

of the pandemic, the REIT industry, through the SA REIT Association, has engaged the JSE on proposals to afford the sector temporary exemptions with regard to the minimum distribution requirement. After public consultation with various stakeholders, it is understood the JSE is finalizing its recommendation on the requested exemptions. As a result, the JSE has granted IPF an extension with respect to the declaration of its H2 for the year ended 31 March 2020 until no later than 29 September 2020. While the Fund comfortably satisfies the solvency and liquidity test as set out in the Companies Act, the Fund believes it prudent to await the final JSE ruling, to the extent it is made prior to 29 September 2020, so that a dividend decision can be made in the context of any potential industry-wide impact.

In light of this, the Board has resolved to delay the declaration of the FY20 H2 dividend until 29 September 2020 and will take into account, inter alia, the trading environment, the PEL refinancing and LTV position.

The Fund's targeted LTV remains 30-35% and the Board is in the process of assessing further options in achieving this stated target over the medium term. This will include the strategic review of its asset base and the Fund's dividend payout ratio to align with international best practice and to further deleverage the balance sheet.

Sandton
10 September 2020

Financial Advisor and Sponsor
Investec Bank Limited