

INVESTEC PROPERTY FUND LIMITED
(Incorporated in the Republic of South Africa)
(Reg. No: 2008/011366/06)
Approved as a REIT by the JSE
Share Code: IPF
Bond Code: INV
ISIN: ZAE000180915
("Investec Property Fund" or "the Fund")

SALE OF EQUITY INTEREST IN THE PAN-EUROPEAN LIGHT INDUSTRIAL PORTFOLIO

1. BACKGROUND AND RATIONALE

Following its exit from the Australian and UK real estate markets in the last 12 months, Investec Property Fund has been seeking to further consolidate its investment portfolio in line with a longer term strategy to focus on its core South African and Pan-European logistics ("PEL") portfolios. As a result, the Fund has resolved to sell its investment in the Pan-European light industrial ("PELI") portfolio.

Shareholders are hereby advised that the Fund has contracted to dispose of its 25% equity interest in the PELI portfolio, together with the majority shareholder's ("Partner's") 75% equity interest, to Archer German Holdco Sarl and Archer Investment HoldCo Sarl (collectively "Purchaser").

Shareholders are reminded that the Fund acquired control of the Pan-European logistics platform in February 2020. The PELI portfolio is separate to the PEL platform, which IPF continues to own 65% of.

As part of the Fund's contracted rights as a minority shareholder in PELI, Investec Property Fund did hold a Right of First Offer ("ROFO") with respect to the Partner's 75% equity interest. Whilst the PELI portfolio remains a well-performing asset class, given the worthwhile offer received and IPF's primary focus being on the PEL platform, the Fund elected not to exercise its ROFO and instead dispose of its interest in PELI. The sale therefore represents an opportunity for the Fund to exit its minority position at a profit. Furthermore, it allows the management team to focus both people and capital resources on growing the PEL strategy.

The sale proceeds will be utilised to further de-lever the Fund's balance sheet. Following the disposal and post payment of the FY21 interim dividend, the Fund's LTV is expected to be approximately 38.0%. The Fund's offshore exposure has not been materially impacted by the recently announced exits from the UK and PELI investments, reducing from 49% (Sep-20) to 44% currently (on a proportionally consolidated basis).

2. KEY TERMS

The Fund contracted to dispose of its 25% equity interest in the PELI portfolio on 28 April 2021 (the "Sale") to the Purchaser for a gross purchase consideration of €51.2m. The anticipated net proceeds to IPF, after settling in-country debt and performance fees owing to the general partner, is approximately €22.9m (the "Sale Proceeds"). The agreed purchase price will be subject to a customary post-completion true-up based on a completion accounts mechanism to be agreed between the parties. This mechanism is normal for a transaction of this nature and is not expected to have a material impact on the Sale Proceeds.

The exchange of contracts and completion will take place simultaneously. Thus, the net proceeds are expected to be received by the Fund on or about the 30 April 2021. The Sale is subject to warranties and undertakings that are standard for a transaction of this nature.

3. FINANCIAL INFORMATION

The investment into the PELI platform is in the form of profit participating loans, thus the investment is carried as a financial asset at fair value through profit or loss. As contained in the latest reviewed interim condensed financial results of the Fund, released on SENS on 18 November 2020, the carrying value of the investment in the PELI portfolio as at 30 September 2020 was €13.8m (R270m). The Fund recognized income of R7.5m attributable to the PELI investment in the income statement for the six months ended 30 September 2020.

4. CATEGORISATION OF THE SALE

The Sale is classified as a Category 2 transaction in terms of the JSE Listings Requirements. Accordingly, it is not subject to shareholder approval.

Johannesburg
29 April 2021

Financial Advisor and Sponsor
Investec Bank Limited