

MEDIA RELEASE

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Investec Property Fund delivers robust results for full year 2022

Aggressive market penetration, team's agility and quality assets underpin the Fund's resilient performance

Highlights

- 10.8% DIPS growth, within guidance range
- Final dividend of 52.46cps per share declared, with the FY22 dividend of 102.23cps up 10.8%
- 95% dividend pay-out ratio maintained
- SA business stabilised following improvement in leasing activity and reduction in COVID-19 relief
- Pan European Logistics platform delivering robust performance
- Reduced vacancy in both SA and Europe
- Total shareholder return of 34%
- ESG strategy ahead of target and gaining momentum
- Commenced formal process to explore sale of European portfolio and unlock maximum value for shareholders

Investec Property Fund, (“**IPF**”, or “**the Fund**”) today announced a market-leading set of results for the year ended 31 March 2022, achieving 10.8% growth in DIPS. The results reflect a recovery from the COVID-induced decline experienced in FY21 and resilience in the face of ongoing uncertainty in the global economy. Despite continued COVID-19 waves and the more recent Russia/Ukraine conflict, the Fund delivered total shareholder return of 34% (based on market price) and 8% (based on book NAV).

The Fund's robust performance is due largely to the continued focus and steady progress against its strategic priorities, resulting in improved underlying performance across the portfolio. In South Africa, where the local property sector is undergoing a gradual recovery, like-for-like net property income rose 9.6% to R1.1bn, driven by strong leasing activity with vacancy reducing significantly from 11,4% in March 21 to 4,5% at year end.

Commenting on the results, joint CEO Darryl Mayers said: “*We are exceptionally proud of these results, especially against the prevailing uncertain macroeconomic backdrop. It's not by chance that the team achieved this result. Our deliberate focus on our client and building out the property*

experience saw the Fund's assets delivering strong growth, underpinned by low vacancies and a resilient tenant base. Retail delivered exceptionally as anticipated due to the portfolio quality and the large percentage of national retailers within the portfolio. Industrial rental growth benefited from heightened leasing activity in which large single-tenant expiries were re-let in the last quarter, driving the vacancy to well under 2%. The office sector remains a challenge, with pressure on rentals due to structural oversupply but our team has done well to end the year with vacancies at around 9%, which remains one of the lowest in the sector."

In Europe, the PEL platform continues to be supported by sector tailwinds and delivered consistent performance achieving 4% growth in normalised DIPS (in EUR). Like-for-like NPI growth of 3% was driven by positive rental reversions of almost 4% and strong letting activity that reduced overall vacancy to below 2%, which together with the strong sector fundamentals, resulted in an 12,6% upward valuation of the portfolio.

As previously announced, the Fund had indicated its intention to pursue the introduction of third-party capital into the PEL platform to support future growth. During that process, the Fund received significant unsolicited inbound interest in respect of PEL. As a result, earlier this year the Board of Directors, together with the PEL platform co-investors, considered it appropriate to undertake a formal sale process in respect of the PEL platform. The process is currently in the very early stages and the Fund will notify shareholders in due course as the process and related discussions evolve.

Commenting on the potential disposal, joint CEO, Andrew Wooler said, *"We have seen the PEL platform continue to outperform with structural tailwinds such as e-commerce, supply chain reconfiguration and urbanisation driving strong demand in the logistics sector. The resulting yield compression has however, created a favourable environment for an exit. This process does not impact IPF's focus on geographic diversification but rather offers the Fund an opportunity to maximise and realise value for shareholders."*

As a central tenant to the Fund's strategy, prudent and disciplined balance sheet management through the period has contributed to a Loan to Value, (LTV) ratio of 38.2% (Mar 21: 40.4%²). In line with the Fund's strategic imperative, it is the intention to further reduce the LTV to within the targeted range of 30% to 35% in the medium- to long-term through active asset disposals and value unlock initiatives. Progress has been made on the pre-identified disposal pipeline with R530m of South African assets having been sold or awaiting transfer at prices consistent with book values. These proceeds will further reduce the Funds LTV to c. 37%.

With regards to the leadership team, IPF has announced the resignation of Chief Financial Officer Zaida Adams as she looks to spend more consistent time with her family in Cape Town. Zaida will remain with the business until 30 June to ensure the smooth finalisation of the Fund's integrated financial report.

"We would like to thank Zaida for her contribution to IPF during her time with us. She played a valuable role on our executive committee team, helping to guide the business through the Covid-19 pandemic. She was instrumental in leading the finance function in both South Africa and Europe during what has been an extremely challenging time given the global crisis. We wish her well with her future endeavours."

“From a Fund perspective, we are confident that our quality underlying asset base and robust balance sheet provide us with a strong foundation for future growth. The Fund will continue to explore opportunities to further reduce leverage whilst ensuring earnings are maintained or enhanced,” concluded Wooler.

Assuming the current normalised trading conditions persist, the Fund expects to deliver low to mid single-digit DIPS growth in FY23.

ENDS

About Investec Property Fund

Investec Property Fund Limited is a South African Real Estate Investment Trust, having listed on the JSE Limited (“JSE”) in 2011 and obtaining REIT status on 1 April 2013. The Fund pursues a bi-regional investment strategy, focused on building scale and relevance in its core geographies of South Africa and Western Europe. IPF’s investment portfolio is currently comprised of R22.1 billion of direct and indirect real estate investments located across these regions. In South Africa, the Fund directly owns a sizeable and diversified portfolio of 85 properties in the retail, industrial and office sectors valued at R14.9 billion and a 35% interest in Izandla Property Fund Pty Ltd valued at R0.3 billion. c.45% of the Fund’s balance sheet is comprised of foreign investments, namely an effective 65% interest in a Pan-European logistics portfolio. This portfolio consists of 48 logistics properties that are located in the major logistics corridors of 7 European countries, including the core countries of Germany, France and Netherlands, which together comprise c.80% of the portfolio. This provides the Fund with geographic diversification and exposure to quality real estate in the developed markets of Western Europe. In both regions, the manager has a presence on-the-ground with in-country expertise and therefore adopts a hands-on approach to managing the properties.

The objective of the Fund is to optimise capital and income returns over time for shareholders by investing in best of breed income-producing properties in the office, industrial and retail sectors in South Africa and in big-box logistics properties in Western Europe. Effectively, all rental income, less operating costs and interest on debt, is distributed to shareholders semi-annually. For more about Investec Property Fund please visit: www.investecpropertyfund.com