

MEDIA RELEASE

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Investec Property Fund expands its retail portfolio with R430 million acquisitions

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Investec Property Fund ("IPF") announces the acquisition of Dihlabeng Mall in Bethlehem in the Eastern Free State ("Bethlehem Acquisition") and the Foschini Building in the Johannesburg inner city ("Foschini Acquisition"). The purchase consideration for the two properties is R357.5 million and R77.4 million respectively, with the former being settled 100% in cash and the latter being settled through an equal combination of cash and IPF shares.

IPF CEO Sam Leon said: "We are very happy with both these key retail acquisitions as they meet our objectives of investing in properties which we believe will deliver sustainable income and growth over time. The significance of Dihlabeng Mall is that it is the dominant retail centre in its region with 85% let to national chains. The Foschini building is well located in the core of the retail node in the Johannesburg CBD at the corner of Eloff and President Streets, secured with a long term lease from this blue chip company."

Bethlehem acquisition

The Dihlabeng Mall opened in March 2013 and is ideally located being the only mall of its size in a 300km radius. The property comprises 26,680m² of retail trading area anchored by national retailers such as Checkers, Pick 'n Pay and Game, which constitute 42% of the gross lettable area ("GLA"). 85% of rental income is generated by national retailers and the property is currently 97.2% occupied with a vacancy of only 716m² which will only be paid for by the Fund on tenants being secured.

The acquisition is subject to the fulfillment of certain conditions and includes an option valid until December 2014 to acquire adjacent land for potential expansion of the centre which will allow the centre to further consolidate its already powerful market positioning.

The Mall is being acquired at an initial yield of 8% which the Fund believes to reflect good value particularly in the context of the rarity of being able to secure such a high quality dominant retail centre which will complement the Funds current regionally dominant shopping centres' of Kriel Mall and Great North Plaza in Musina.

Foschini acquisition

The Foschini building is located in the core of the Johannesburg inner city retail node and consists of 6,305m² of GLA of retail and office space fully let to the blue chip Foschini Retail Group. The property is being acquired at an attractive yield of 9% with a triple net lease in place escalating at 8% with seven years remaining.

"Investec Property, the Fund Managers, have a 50% interest in both properties once again demonstrating the value of the Investec connection and network to the Fund," concluded Sam Leon.

The acquisitions have no significant effect on key pro forma financial metrics and both constitute small related party transactions, in terms of the JSE Listing Requirements.