

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
Bond code: INV
ISIN: ZAE000180915
Income tax reference number: 9332/719/16/1
("IPF" or "the Fund")

REVIEWED PRELIMINARY RESULTS, CASH DIVIDEND,
PROSPECTS AND GUIDANCE FOR THE YEAR ENDED 31 MARCH 2022

The board of directors of IPF is pleased to announce the results for the financial year ended 31 March 2022:

Highlights

- Distributable income per share (DIPS) up 10.8% to 107.60945 cents per share (cps)
- H2 FY22 dividend of 52.45879 cps (10.0% yoy growth)*
- 95% pay-out ratio for FY22 in line with prior year
- Strong SA performance following stabilisation post COVID-19
 - Base NPI up 9.6% driven by strong leasing activity(1)
 - Vacancy reduced to 4.5% ahead of forecast (Mar 21: 11.4%)
- PEL platform delivering robust performance
 - Base NPI up 3% driven by positive rental reversions and improved letting activity(1)
 - Vacancy reduced to 2.3% (Mar-21: 4.3%)
- Improved LTV of 38.2% (Mar-21: 40.5%)
- NAV improved by 1.9% to R16.96 per share driven by 12.6% upward revaluation of PEL with SA valuation stabilising
- R1bn of properties identified for sale with R530m sold or in process of transfer
- ESG strategy ahead of target and gaining momentum
- Emphasis on transformation, maintaining level 1 B-BBEE contributor rating
- Commenced formal process to explore sale of the European portfolio and unlock maximum value for shareholders
- The Fund expects to deliver low to mid-single-digit DIPS growth in FY23

	Reviewed 31 March 2022	Reviewed 31 March 2021	Movement (%)
Revenue (ZAR'000) (2)	1 498 351	1 467 523	2%
Operating profit (ZAR'000) (2)	1 005 916	927 540	8%
Distributable earnings per share (cents) (2)	107.61	97.08	11%
Net asset value per share (ZAR) (3)	16.96	16.65	2%
Basic and diluted earnings per share (cents) (4)	128.99	(40.70)	417%
Headline and diluted headline earnings per share (cents) (5)	177.85	130.47	36%

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

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.
2. Increase due to innovative and improved leasing activity and reduction in COVID-19 relief.
3. Year-on-year increase driven by stabilisation of SA valuations and continued yield compression experienced in Europe.
4. Year-on-year increase due to the increase in net property income, significant reduction in interest expense, lower fair value losses of South African properties and foreign exchange losses on investments.
5. Year-on-year increase due to the increase in net property income, significant reduction in interest expense, lower fair value losses of South African properties and lower foreign exchange losses on investments.

FY22 final dividend

The Fund hereby declares an FY22 final dividend of 52.45879 cps (R422m) in respect of the six months ended 31 March 2022. This represents a 95% pay-out ratio of H2 FY22's distributable earnings of 55.21978 cps. This brings the total dividend for FY22 to 102.22898 cps, representing a full year pay-out ratio of 95% of the year's distributable earnings of 107.60945 cps. The full year dividend meets the minimum distribution (75%) required to retain REIT status.

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. Compliance

with REIT regulations requires payment of a dividend within 4 months of the Fund's FY22 year-end.

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 above-mentioned 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 41.96703 cps. 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 above-mentioned 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	18 May 2022
Last day to trade in order to receive distribution (cum-dividend)	Tuesday, 7 June 2022
Shares trade ex-dividend	Wednesday, 8 June 2022
Record date for shareholders to receive dividend	Friday, 10 June 2022
Dividend payment date	Monday, 13 June 2022

Shares may not be rematerialised or dematerialised between commencement of trade on Wednesday, 8 June 2022 and close of trade on Friday, 10 June 2022, both days inclusive.

Prospects and guidance

With an underlying quality asset base and a robust balance sheet, IPF has strong foundations for future growth.

South Africa:

While the South African portfolio has stabilized, the macroeconomic environment remains subdued and uncertain. In the year ahead:

- Base NPI growth is expected to be between 3%-5% underpinned by growth of the retail portfolio and a recovery of the industrial sector, offset by a suppressed office sector.
- Robust growth is expected to arise from the retail sector, following refurbishments at Design Quarter and Balfour Mall due to come on stream in FY23.

- IPF will remain focused on actively pursuing organic and acquisitive growth while executing targeted disposals.

Europe:

- Focus on maintaining solid performance and creating optimal value for shareholders.
- Expected to deliver positive rental growth off the back of favourable market dynamics.
 - Well placed in key markets to capture income growth, which is expected to further drive capital returns.
- Expected to achieve base NPI growth of 3%-5% driven by positive reversions and strong leasing activity.

Balance sheet:

- IPF's balance sheet remains robust with an LTV of 38.2% and has sufficient capacity to support future growth.
- The Fund will continue to explore opportunities to further reduce leverage whilst ensuring earnings are maintained or enhanced.

Guidance:

Taking the above into account, the Fund expects to deliver low to mid-single-digit DIPS growth in FY23. The above guidance is based on the assumption that current normalised trading conditions will persist and does not take into account the impact of any unforeseen circumstances, further COVID-19 lockdowns and restrictions, potential business failures or the occurrence of any other factors that are beyond the Fund's control.

Further information

The directors of IPF are responsible for the preparation and fair presentation of this short-form announcement and its contents. The reviewed preliminary condensed consolidated financial results for the year ended 31 March 2022 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 of and does not contain full or complete details, any investment decision should be based on the full announcement available at: <https://senspdf.jse.co.za/documents/2022/jse/isse/IPF/YE22.pdf> and on the IPF website at: <https://invest.ec/3sICqvT>. In addition, copies may be requested via email on: InvestecPropertyFund@investec.co.za. The full announcement is available on request at: InvestecPropertyFund@investec.co.za from Wednesday, 18 May 2022.

Link to results call

The Fund will host a hybrid presentation on the FY22 results today at 14:00 (SA time). A question and answer session will be accommodated during the presentation. Investors can attend in person at Investec, 100 Grayston Drive, Sandton or via webcaston the following link: <https://www.corpcam.com/IPF18052022>

Johannesburg
18 May 2022

Sponsor
Investec Bank Limited