

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" "IPF" or "the Fund")

**PROPOSED INTERNALISATION OF ASSET MANAGEMENT FUNCTION, PARTIAL ACQUISITION
OF JV PARTNER'S INTEREST IN THE PAN EUROPEAN LOGISTICS PLATFORM AND 50%
JOINT VENTURE WITH IRONGATE FUND MANAGEMENT**

As previously communicated to shareholders of IPF ("**IPF Shareholders**"), the Fund has committed to a clear and deliberate strategy which has resulted in a simplified investment portfolio focused on quality South African and Pan-European logistics ("**PEL**" or "**PEL Platform**") strategies and strong balance sheet management. Underpinning all investment decisions are the underlying real estate fundamentals and entrenched, in-country management teams across the regions in which the Fund operates.

Consistent with such strategy and in keeping with the evolution of the business, IPF is pleased to announce that it has entered into the following separate agreements:

A. Proposed internalisation of the management function

- a binding agreement for the internalisation of its entire asset management function across South Africa and Europe, which is currently undertaken by Investec Limited ("**Investec**") ("**Manco Internalisation**") for an aggregate purchase consideration of R975,000,000 to be settled by:
 - R390,000,000 of consideration from the sale of the Disposal Properties (defined in section A) being set-off against an equivalent portion of aggregate consideration owing by IPF;
 - a cash payment of R260,000,000; and
 - a deferred cash payment of R325,000,000.

B. Partial acquisition of JV Partner's interest in the Pan European Logistics Platform

- concluded the acquisition of an additional 19% interest in the PEL Platform for a net cash consideration of EUR95,760,000; and

C. 50% joint venture with Irongate Fund Management

- an agreement in respect of a 50% joint venture with the Irongate Australia funds' management team and a related agreement to acquire a stake in one of their related property funds.

(collectively, the "**Transactions**")

The Transactions deliver the following strategic objectives:

- **Earnings accretive and results in the Fund's loan-to-value ("LTV") remaining below 40%**
Continued focus on delivering shareholder returns through the cycle. The transactions will be fully funded through efficient capital recycling

- **A fully internalised management function, with deeply experienced management teams across South Africa and Europe, that is fully aligned with the interests of shareholders**
Results in the continuity of management teams which have a strong and established track record with an ability to deliver growth and value enhancing activities
- **Significant asset base of c. R35bn across 9 countries managed by c. 50 people**
Provides a strong base of skills in each market, which can be leveraged to support the future growth of the business
- **Introduction of a capital light funds management strategy, commencing with A\$450m (R5.4bn) equity under management in Australia**
Experience and proven ability to leverage external capital, which strategy can be replicated in other markets
- **Increased offshore exposure to c. 53% of the portfolio**
Geographically diversified portfolio of assets, with a resultant 53:47 Europe to South Africa split across office, retail and industrial/logistics real estate assets
- **South Africa: R15bn in diversified, quality assets in with excellent operating metrics**
Exposure to quality industrial / logistics assets, retail underpinned by a large national tenant base and prime office with below-market vacancy levels;
- **Europe: a well-positioned €1.1bn, c. 1m sqm quality European logistics platform with high rental growth**
In a market with a structural shortage, the PEL Platform continues to deliver exceptional operating performance
- **An attractive, derisked entry point into Australia**
Reach into the Australian market where IPF and its JV partners have a track record of success and provides a platform to grow the funds management business off a strong base

The Transactions reposition IPF as a highly scalable international platform that is well positioned for growth. The Transactions leverage the respective skills and experience of the management teams across IPF's three key jurisdictions, to access potential growth opportunities in those regions.

A. INTERNALISATION OF ASSET MANAGEMENT FUNCTION

1. Introduction

IPF Shareholders are advised that Investec Property Fund has entered into an agreement with Investec and Investec Property (Proprietary) Limited ("**Investec Property**"), a wholly-owned subsidiary of Investec, in terms of which IPF has agreed, subject to fulfilment or waiver (as the case may be) of the conditions precedent set out in paragraph 4 d. below:

- that the asset management functions of IPF's South African assets (provided by Investec Property) and PEL (provided by Urban Real Estate Partners Limited ("**UREP Manco**"), a 100% subsidiary of Investec Property Pty Limited), will be internalised (the relevant asset management entities and businesses being collectively referred as the "**Asset Management Businesses**"); and
- as part consideration payable to Investec, the disposal of the property assets known as Investec Durban and Investec Pretoria ("**Disposal Properties**") together with the rental enterprises conducted thereon (the "**Disposal Enterprises**") to Investec Property as sales of rental enterprises (the "**Property Disposal**"), (collectively, the "**Proposed Internalisation Transaction**").

Investec holds c.24.3% of the IPF shares in issue and therefore constitutes a material shareholder of and related party to IPF in terms of paragraph 10.1(b)(i) of the JSE Listings Requirements.

Investec Property is a related party of IPF in terms of paragraph 10.1(b)(vi) of the JSE Listings Requirements.

2. Description of the Asset Management Businesses

The Proposed Internalisation Transaction will result in an internal management function with highly rated management teams with proven track records who will manage funds and asset management, marketing, finance, treasury, investor relations, and tax in South Africa and Europe.

The senior management team, led by Andrew Wooler (CEO) and Jenna Sprenger (CFO) have, in aggregate, c.35 years of experience in the property sector and have been involved in IPF since 2012. The Fund's executive committee, which will be responsible for strategic direction and decisions across the entire footprint, will also include Paul Rodger (MD of Europe), Graeme Katz (MD of Australia) and Graham Hutchinson (Head of South Africa).

- South Africa: The South African management team, led by Graham Hutchinson and made up of 10 property professionals, will be managing R15bn of assets across the industrial, retail and office sectors and bring with them a strong track record of growing both net operating income and capital value despite an increasingly challenging environment. The Fund's most recent trading update and resultant operating metrics are testament to the strength of the South African team.
- Europe: The UREP management team, led by co-founder Paul Rodger and supported by 6 property professionals, many of whom reside in-country, will be managing the logistics assets of the EUR1.1bn Pan-European Logistics Portfolio, having successfully grown the asset base since the company was founded in 2017. The UREP team have extensive experience across pan-European logistics and light industrial, with several of the team working alongside Paul during his time at Hansteen, prior to its acquisition by Logisor in 2017.
- Australia: Graeme joined the Investec Group to head up the Australian property business in 2006. He successfully listed Investec Australia Property Fund (IAP) on the JSE in 2013 and then dual listed IAP (subsequently renamed Irongate) on the ASX in 2019. Following internalisation, the now Irongate had accumulated assets of over \$1.5bn and set up an unlisted fund with equity commitments of \$450m. IAP was subsequently sold to Charter Hall, achieving a 211% total return for investors since IPO on the JSE and a 62% return on the ASX since the subsequent listing.

3. Rationale for the Proposed Internalisation

The Proposed Internalisation Transaction creates a fully integrated international real estate company, with an internalised asset management function, an established track record and a number of specific benefits to IPF:

- better aligns the interests of a strong management team with that of IPF Shareholders and provides an opportunity to better strengthen the retention and incentivisation of key personnel going forward;
- improves IPF's operating leverage, driven by an improved growth outlook, an elimination of external asset management fees and a more efficient fixed cost base;
- will result in a net management fee saving of c.R73.8 million per annum and is c. 4.0% earnings accretive;
- structured to minimise the impact on LTV, via the Property Disposal and the Deferred Payment Amounts (defined below); and

- ensures the continued alignment with Investec via a number of arrangements which are beneficial to IPF (outlined in part A 4.c of this announcement)

4. Terms and conditions of the Proposed Internalisation Transaction

a. Consideration

The Asset Management Businesses shall be acquired by IPF, with commercial effect from 1 April 2023 ("**Effective Date**") for an aggregate purchase consideration ("**Internalisation Consideration**") of R975,000,000 on a locked box, debt free, cash free basis.

The Disposal Enterprises (including the Disposal Properties) shall be disposed of to Investec Property as sales of rental enterprises for a collective purchase consideration of R390,000,000 (inclusive of VAT to be levied at 0%) (the "**Property Disposal Consideration**"), reflecting a selling yield of 9.2% based on contractual rental, and 8.5% based on market related rental assumptions. The Property Disposal Consideration comprises a consideration of (i) R185,000,000 in respect of the Investec Pretoria Disposal Enterprise; and (ii) R205,000,000 in respect of the Investec Durban Disposal Enterprise.

The obligation on (i) IPF to settle the Internalisation Consideration in respect of the Manco Internalisation; and (ii) Investec Property to settle the Property Disposal Consideration in respect of the Disposal Enterprises, shall be discharged in the following manner:

- i. Investec Property's obligation to settle the Property Disposal Consideration shall be discharged on the Closing Date (defined below) by applying set-off of the Property Disposal Consideration owing by Investec Property against an equivalent portion of the Internalisation Consideration owing by IPF;
- ii. IPF shall make an upfront cash payment of R260,000,000; and
- iii. IPF shall make deferred payments in respect of an aggregate amount of R325,000,000, which deferred payments shall be payable as follows:
 - R125,000,000 payable on the first anniversary of the Effective Date; and
 - R200,000,000 payable on the second anniversary of the Effective Date,

(the "**Deferred Payment Amounts**").

The portion of the Internalisation Consideration which is payable by IPF in cash will be funded using existing debt facilities.

b. Effective date

- i. The commercial effective date of the Manco Internalisation is 1 April 2023. Notwithstanding the foregoing the Manco Internalisation includes an adjustment mechanism to compensate Investec Property for the profit attributable to the Investec Management Businesses from the Effective Date to the date on which closing of the Proposed Internalisation Transaction takes place, which is expected to be the third business day after the day on which the last of the conditions precedent referred to below has been fulfilled (the "**Closing Date**").

- ii. The commercial effective date of the Property Disposal will be the Closing Date.

c. *Other material terms*

- i. Investec will appoint IPF to provide asset management services to the Investec group, in respect of the properties included in the right of first offer described below, for an initial period of three years commencing on the Effective Date, at a market related fee.
- ii. For a period of 24 months post the Closing Date, Investec will provide IPF with a right of first offer in the event that Investec wishes to dispose of any of the following properties: 61 Katherine, 96 Rivonia, Cornubia, Neighbourhood and Brickworks, subject to certain carve-outs.
- iii. Investec has agreed to an equity lock-up, in respect of its c.24.3% shareholding in IPF, for 12 months post the Closing Date. The equity lock-up is subject to certain agreed exceptions.
- iv. Investec will, while it holds 10% or more of the IPF shares in issue, retain the right to nominate one board member to the IPF board of directors (the "**Board**").
- v. In terms of the Proposed Internalisation Transaction, Investec will ensure IPF is established as an independent internal management business. Furthermore, Investec will continue to support IPF for a period of 12 months post the Closing Date to ensure a smooth transition.

The Proposed Internalisation Transaction is subject to representations and warranties consistent with general practice for transactions of this nature.

d. *Conditions precedent*

The Proposed Internalisation Transaction is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent:

- i. to the extent required by the regulations made under the Currency and Exchanges Act No 9 of 1933, the Financial Surveillance Department of the South African Reserve Bank, or an authorised dealer on its behalf, having approved the Proposed Internalisation Transaction, by no later than 30 September 2023;
- ii. the approvals required by the Competition Act for the implementation of the Proposed Internalisation Transaction having been granted, either unconditionally or subject to such conditions as have been approved in writing by no later than 30 September 2023, by:
 - Investec, to the extent that any such conditions are imposed on Investec or any other member of the Investec group; or
 - IPF, to the extent that any such conditions are imposed on IPF or any other entity that is (or will pursuant to the Proposed Internalisation Transaction become) a member of the IPF group;

provided that such approval/s shall not be unreasonably withheld or delayed;

- iii. to the extent required, the approval from the Prudential Authority in respect of

the requirements of the Banks Act, 1990 Act No 94 of 1990;

- iv. the Proposed Internalisation Transaction having been approved by IPF Shareholders in accordance with the JSE Listings Requirements, by no later than 30 June 2023; and
- v. all requisite third party consents required in order to implement the Proposed Internalisation Transaction having been obtained, by no later than 30 September 2023.

The condition precedent contemplated in paragraph (d)(iv) shall be capable of waiver by IPF. The remainder of the conditions precedent are of a regulatory nature and cannot be waived.

5. Financial information

Profit after tax

The sustainable profits after tax attributable to the SA Manco and UREP Manco for the six months ended 30 September 2022, as included in the Fund's unaudited adjusted financial statements, which were prepared in terms of IFRS; are R12.7m and R26.8m, respectively.

The profits after tax attributable to Investec Durban and Investec Pretoria for the six months ended 30 September 2022, as presented in the Fund's interim financial statements which were prepared in terms of IFRS, were R9.4m and R7.1m, respectively.

Voluntary forecast financial information

The forecast in the table below is shown on a 12 month basis using the impact on distributable earnings as the basis. When referring to accretion or dilution, this is referenced to the updated distribution per share provided in IPF's trading update published on SENS today, 1 March 2023.

The internalisation is expected to be c.4.0% earnings accretive, of which c.2.0% is attributable to the deferred cash element and only c.1.0% linked to non-contractual forecast assumptions around portfolio growth in the next 12 months.

Internalisation accretion reconciliation	ZAR'm
Net Management fee saving	73.8
Assumed revenue from growth assumptions	10.9
Net impact of office sales	(0.6)
Net funding cost (gross)	(62.9)
Accretion before deferred consideration	21.2
Deferred consideration funding saving	17.9
Accretion from internalisation	39.1

Net management fees represent management fees saved in both regions, less operating costs that will be absorbed by the Fund upon internalisation.

The net management fee saving in the accretion reconciliation above has been calculated with reference to the management fees according to the relevant management contracts (South Africa: 50bps x Enterprise value, being market capitalization plus debt; Europe: 65bps x gross asset value). In determining the implied EV/EBIT multiple of the transaction, consideration has been given to current discount to NAV and subsequent impact on the SA management fee.

6. Salient property information

The details of the Disposal Properties are set out below:

Property Name	Location	Sector	Gross lettable area (m ²)	Weighted average rental per square metre (R/m ²)	Independent Valuation attributed to the property ¹ (R)	Disposal consideration (R)
Investec Durban	5 Richefond Circle, Ridgeside Office Park, Durban, KwaZulu-Natal	Office	6 543	250,1	R206,000000	R205,000,000
Investec Pretoria	Cnr of Atterbury and Klarinet Streets, Menlo Park, Pretoria, Gauteng	Office	6 300	172,6	R183,000,000	R185,000,000
Total			12 843	212,1	R389,000,000	R390,000,000

¹The Disposal Enterprises were valued by Mike Gibbons of Mills Fitchet who is an independent external valuer registered in terms of the Property Valuers Profession Act 47 of 2000. The commercial effective date of the Property Disposal is the Closing Date.

7. Related party transaction and categorisation

The Proposed Internalisation Transaction constitutes a category 2 related party transaction on an aggregated basis in terms of paragraphs 9.5(a) and 9.13(a) read together with paragraphs 10.1(a)(i), 10.1(b)(i) and (v) and 10.8 of the JSE Listings Requirements and is accordingly subject to approval by the IPF Shareholders.

It is expected that the Proposed Internalisation Transaction circular ("**Circular**") will be posted to IPF Shareholders in mid-April with the general meeting ("**General Meeting**") to approve the resolutions relating to Proposed Internalisation Transaction held in mid-May. The Circular will include, *inter alia*, the applicable disclosures in respect of the Proposed Internalisation Transaction, the salient dates and times and incorporate the notice convening the General Meeting.

8. Fairness opinion by the Independent Expert

In accordance with paragraph 10.4(f) of the JSE Listings Requirements, the Board has appointed BDO Corporate Finance Proprietary Limited (the "**Independent Expert**") to provide a fairness opinion ("**Independent Expert Report**") in respect of the Proposed Internalisation Transaction. A preliminary Independent Expert Report ("**Preliminary Independent Expert Report**") has been prepared by the Independent Expert and has been made available to the Board. The Preliminary Independent Expert Report is subject to changes from the date of issue of the Preliminary Independent Expert Report to the date of issue of the final Independent Expert Report and subject to JSE approval.

In terms of the Preliminary Independent Expert Report, the Independent Expert has expressed the opinion that the terms of the Manco Internalisation and the Property Disposal are fair to IPF Shareholders. The final Independent Expert Report will be included in the Circular.

9. Support from IPF Shareholders

The Proposed Internalisation Transaction will require the approval at the General Meeting by way of an ordinary resolution, and the c. 24.3% shareholding held by Investec will not be eligible for participation at the General Meeting.

IPF has received letters of support from IPF Shareholders confirming their intention to vote in favour of the Proposed Internalisation Transaction, on behalf of their clients where they hold the requisite authority to do so. These letters of support represent approximately 29.3% of the voting shares and c. 59% of the votes required to pass the ordinary resolution.

B. ACQUISITION OF AN ADDITIONAL 19% INTEREST IN THE PAN EUROPEAN LOGISTICS PLATFORM

1. Introduction

IPF Shareholders are advised that the existing PEL Platform strategic equity partner, Hercules Hex Holdco S.À.R.L. (being a consortium of family offices) (the “Vendors” or “JV Partners”), has disposed of their 25% PEL interest.

IPF has acquired 19% from the Vendors for a gross consideration of EUR103,812,437 (with a cash component thereof being of EUR95,760,000) (the “**Purchase Price**” or the “**PEL Acquisition**”), representing an implied asset yield of 4.9% and gross asset value of c. €1.1bn, in line with current book values.

Separate, but concurrent to the PEL Acquisition, a new co-investor, being ED Trust INL Investments 1 Proprietary Limited (“**ED Trust**”), has acquired the remaining 6% PEL interest from the Vendors for EUR30,240,000 (“**ED Trust Purchase Consideration**” or “**ED Trust Stake**”).

The PEL Platform was established to introduce third party capital in order to unlock opportunities efficiently across multiple jurisdictions and verticals in the European logistics sector. Maintaining the structure is imperative to the long-term strategy and tax efficiency of the platform.

2. Rationale for the PEL Acquisition

- The previously communicated potential disposal of PEL was driven by a unique market dynamic that drove unprecedented, unsolicited demand for high-quality logistics assets. While this process was discontinued due to a rapid change in global market conditions, the underlying attractiveness of the platform and its core strategic fit in IPF has not deviated;
- The PEL Platform remains a core, strategic investment for the Fund, for which the acquisition yield is attractive in the context of the longer-term prospects of the platform. We believe this transaction is beneficial to the longevity and future growth prospects of the PEL and broader European Platform, given that it meets the long term, structural growth opportunity;
- Increases exposure to attractive offshore logistics portfolio; and
- Creates the ability to build and manage multiple asset strategies. As previously communicated, the Fund plans to introduce third party capital to grow and maximise

the value of the PEL platform, and as a result the Fund intends to replace EDT with a long-term capital partner in the short to medium term

- The portfolio and market fundamentals continue to drive exceptional performance, including, inter alia:
 - **Best-in-class with strong underlying asset fundamentals**, *unlisted logistics and warehousing platform*
 - **Secure, defensive income stream, proven through the cycle**, *underpinned by a high-quality tenant base and low vacancies*
 - **Focused, specialist platform of scale**, *with tangible growth opportunities*
 - **Limited development pipeline** in EU due to constrained credit market. New developments expected to command superior rents in order to compensate for higher hurdle returns
 - **Positive supply/demand dynamic driving** vacancy rates have decreased to record lows, driving growth in rentals and increasing ERV with positive outlook, the pace of which continues to accelerate. The continued rental growth provides a strong underpin to forward looking valuations.

3. PEL Platform shareholders

- The ED Trust is an active vehicle, run and managed by an experienced team with significant investment experience and track record, focused on delivering innovative entrepreneurial activity and educational enrichment to previously disadvantaged South Africans in order to contribute and make a lasting impact to South Africa's economy.
- EDT Trust will assume the joint control rights from the Vendors.
- Post the PEL Acquisition, the PEL Platform shareholding is as follows:
 - IPF 84%;
 - A passive holding by various private clients of Investec Wealth and Investment of 10%; and
 - ED Trust 6%.
- In order to better reflect the economics of the joint control arrangement, IPF and ED Trust have entered into a contract-for-difference arrangement, the salient terms of which are as follows:
 - In the event that ED Trust sells its 6% interest for more than the ED Trust Purchase Consideration, it shall be entitled to 10% and IPF 90% of such excess value, respectively; and
 - In the event that ED Trust sells its 6% interest for less than the ED Trust Purchase Consideration, IPF shall pay such difference to ED Trust.

4. Salient property information

The PEL Portfolio consists of 56 best-in-class logistics properties (33 assets) distributed across Germany (28%) (based on collected rent), France (23%), Netherlands (18%), Poland (12%), Belgium (8%), Italy (7%) and Spain (4%), with a total GLA of 1.14 million sqm.

Details of the PEL Platform, which are all classified as logistics assets, are set out in the table below.

Country	Property	GLA (m ²)	Vacancy (%)	WAULT (years)
France	Belfort	30,591	0%	8.2
France	Le Havre	28,595	0%	3.6
France	Rennes	19,158	0%	7.1

France	Orleans	20,509	0%	0.6
France	Saint Fargeau	20,426	0%	3.0
France	Bourg en Bresse	34,999	0%	6.1
France	Toussieu	38,840	0%	6.7
France	Combs-la-Ville	23,262	0%	4.9
France	Rouen	9,649	0%	4.1
France	Marseille	65,387	1%	5.6
Germany	Frankfurt	26,584	0%	6.1
Germany	Koelleda	16,064	0%	3.1
Germany	Wetzlar	23,583	3%	8.0
Germany	Solingen	26,025	0%	0.0
Germany	Hoppegarten	97,715	2%	6.2
Germany	Dortmund	25,783	0%	4.8
Germany	Mönchengladbach	10,618	0%	10.1
Germany	Hanover	24,471	25%	7.7
Italy	Carpiano	76,405	0%	6.2
Neth.	Hordijk	13,268	0%	3.6
Neth.	Maasvlakte	67,390	0%	1.9
Neth.	Schiphol	10,981	0%	1.8
Neth.	Bergen op Zoom	20,958	0%	2.9
Neth.	Venlo Marco Poloweg	25,704	0%	0.2
Neth.	Logistics Court Schiphol	17,378	0%	6.2
Neth.	Tiel	9,822	0%	1.4
Poland	Sochaczew	101,614	0%	6.5
Poland	Lodz	19,422	0%	2.1
Poland	Poznan	31,875	0%	2.9
Poland	Krakowska	11,045	5%	3.7
Spain	Tarancon	83,005	0%	7.3
Belgium	Houthalen	26,995	0%	3.8
Belgium	Opglabbeek	77,507	0%	2.9
Total		1,135,629	0.9%	4.9

Notes:

- A.** As the Fund is acquiring an equity interest in PEL, no purchase consideration per property can be ascribed. Capital deployed as part of the PEL Acquisition will be equal to the net asset value acquired.

5. Financial information

Set out below are the forecast revenue, operating profit, net profit after tax and earnings available for distribution in respect of the PEL Acquisition (“**the Forecast**”) for the 1 month ending 31 March 2023 and the year ending 31 March 2024 (“**the Forecast Period**”).

The Forecast has been prepared based on a 1 March 2023 effective date.

The investment will continue to be accounted for as a joint venture. As such, there is no

impact on the Fund's revenue and operating profit. The Forecast net profit after tax includes equity accounted earnings and interest income, net of finance costs and management fees.

The Forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the Fund. The Forecast has not been reviewed or reported on by independent reporting accountants.

The Forecast presented in the table below has been prepared in accordance with the Fund's accounting policies, which are in compliance with International Financial Reporting Standards.

	Forecast for the 1 month ending 31 March 2023 ZAR'm	Forecast for the year ending 31 March 2024 ZAR'm
Revenue	-	-
Operating Profit	-	-
Net profit after tax	(1.3)	(16.1)
Earnings available for distribution	(1.3)	(16.1)

The Forecast incorporates the following material assumptions in respect of revenue and expenses:

1. The Forecast is based on information derived from cash flow forecasts prepared by the Fund.
2. The Forecast is based on the incremental impact of the 19% additional equity share in PEL.
3. The Forecast has been prepared in ZAR, based on a conversion rate of 19.00 for the year ending 31 March 2024.
4. Assumptions regarding lease expiration and new leases during the Forecast Period are based on historical evidence and current market dynamics. Where it has been assumed that vacant space will be let in future, the rental income for that space is based on an ERV rate and rent-free periods have been applied based on market convention.
5. Of the rental income for the 1 month ending 31 March 2023, 96.6% relates to contracted rental income, with 3.4% attributed to uncontracted rentals.
6. Of the rental income for the year ending 31 March 2024, 86.4% relates to contracted rental income and 13.6% attributed to uncontracted rentals.
7. No material expenditure items are assumed to increase in the Forecast Period by more than 15% over the previous financial period.
8. No fair value adjustment is recognised for the Forecast Period.
9. The PEL Purchase Consideration will be settled from existing debt facilities, with the blended funding cost is anticipated to be approximately c.4.2%.

6. Categorisation of the PEL Acquisition

The PEL Acquisition is classified as a category 2 transaction in terms of the JSE Listings Requirements. Accordingly, it is not subject to approval by IPF Shareholders.

C. 50% JOINT VENTURE WITH IRONGATE AUSTRALIA FUND MANAGEMENT

1. Introduction and background

IPF has established a 50/50 joint venture (the "**Irongate Australia JV**") with the management team of the Irongate funds management business ("**Irongate Australia Fund Management Platform**") to, subject to fulfilment of outstanding conditions precedent, buy out the Irongate Australia Fund Management Platform from Charter Hall.

At the same time, IPF will, subject to fulfilment of outstanding conditions precedent, acquire a 18.67% equity interest in the remaining Templewater Australia property fund which is managed by the Irongate Australia Fund Management Platform.

The Irongate Australia Fund Management Platform has a strong management team lead by Graeme Katz.

The Irongate Australia JV includes the following:

- a profitable real estate funds management business with c.A\$450m equity under management in assets;
 - a gross realizable underlying portfolio value of c.A\$2.75bn;
 - a reputable management team appropriately incentivized and aligned with the co-owners of the new business; and
- a demonstrable ability to source, execute and implement attractive real estate opportunities including executing exits.
2. The introduction of a capital light strategy, through the Irongate JV, together with a fully aligned and internalised business, creates an opportunity for IPF to further expand fund management strategies across all regions. The key benefits of this strategy include:
- Leveraging human capital within the business and provide new sources of revenue through fee income and performance fees, enhancing return on equity ("ROE") to shareholders
 - Access to capital in different markets - reduces the reliance on listed markets for growth equity
 - Private markets offer deep pockets of capital with differing risk and return profiles
 - Ability to partner with best-in-class specialists whilst retaining control
 - The Fund is well positioned to deliver against this strategy given the track record of the Irongate and UREP teams, having previously successfully aggregated portfolios and crystallised value for 3rd party capital investors.

2. Categorisation

From a JSE Listings Requirements perspective, the transactions referred to in this section C of this announcement are non-categorisable transactions and the information in this announcement relating thereto is provided on a voluntary basis.

D. PRO FORMA IMPACT OF THE TRANSACTIONS ON THE BALANCE SHEET

IPF has managed to limit the increase in LTV as a result of the Transactions, which following portfolio and balance sheet optimisation from the following levers, will result in an LTV of 39.7%:

- the proposed sale of R0.6bn of South African assets, of which c.R0.2bn are well progressed;
- the sale of the IPF PEL bridge loan to a third party financial institution for c.1bn which will be completed during March 2023; and

- the sale of a property in the Netherlands (at a significant premium to book value), with IPF's portion equivalent to c. R0.3bn. Agreements are expected to exchange during March 2023.

E. DISTRIBUTION GUIDANCE

IPF Shareholders are referred to the IPF trading update published on SENS today, 1 March 2023 and are advised that there will be no changes to the distribution guidance provided therein as a result of the Transactions.

The financial information included in this announcement has not been reviewed or reported on by the IPF's auditors and reporting accountants.

Johannesburg
1 March 2023

Financial Advisor and Sponsor in respect of the Manco Internalisation and Property Disposals
Merrill Lynch South Africa Proprietary Limited t/a BofA Securities

Financial Advisor to Investec Bank Limited in respect of the Manco Internalisation and Property Disposals
Investec Bank Limited

Financial Advisor and Sponsor in respect of the PEL Acquisition
Investec Bank Limited

Financial advisor and sponsor in respect of the Irongate JV
Investec Bank Limited

Legal Advisor to IPF
Cliffe Dekker Hofmeyr Inc.

Independent Expert to IPF
BDO Corporate Finance Proprietary Limited

Competition Law Advisor
Vani Chetty Competition Law Proprietary Limited