
APPLICABLE PRICING SUPPLEMENT

Out of the Ordinary®



Property Fund Limited

INVESTEC PROPERTY FUND LIMITED

(Registration Number 2008/011366/06)

(Established and incorporated as a public company with limited liability in accordance with the laws of South Africa)

**Issue of ZAR451,000,000 Tranche 1 Senior Unsecured Notes
due 25 January 2019 (IPFC20)**

Under its ZAR10,000,000,000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the amended and restated Programme Memorandum dated on or about 11 November 2015. This Applicable Pricing Supplement must be read in conjunction with such Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and such Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail. To the extent that certain provisions of the *pro forma* Applicable Pricing Supplement do not apply to the Notes described herein, they may be deleted in this Applicable Pricing Supplement or indicated to be not applicable.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions. References in this Applicable Pricing Supplement to the Terms and Conditions are to the section of the amended and restated Programme Memorandum entitled "*Terms and Conditions of the Notes*". References to any Condition in this Applicable Pricing Supplement are to that Condition of the Terms and Conditions.

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement and the annual financial statements of the Issuer and any amendments to the aforesaid documents from time to time, except as otherwise stated therein. The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the Programme Memorandum and this Applicable Pricing Supplement contain all information required by applicable law and the JSE Debt Listings Requirements.

The Issuer further confirms that the issue of Notes described herein will not exceed the aggregate Principal Amount of Notes that may be Outstanding under the Programme.

The JSE assumes no responsibility or liability of whatsoever nature for the correctness of any statements made or opinions expressed or information contained in or incorporated

by reference into the Programme Memorandum or this Applicable Pricing Supplement. The admission of any Tranche of Notes to the list of debt securities maintained by the JSE and the listing of such Notes on the Interest Rate Market of the JSE is not to be taken as an indication of the merits of the Issuer or the Notes. The JSE makes no representation as to the accuracy or completeness of the Programme Memorandum or this Applicable Pricing Supplement, the annual financial statements or any other information incorporated by reference into the Programme Memorandum (as amended or restated from time to time). The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the Programme Memorandum or this Applicable Pricing Supplement or the annual financial statements or any other information incorporated by reference into the Programme Memorandum (as amended or restated from time to time).

DESCRIPTION OF THE NOTES

| | | |
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| 1 | Issuer | Investec Property Fund Limited |
| 2 | Status of Notes | Senior Unsecured |
| 3 | Nature of Security | Not Applicable |
| 4 | (a) Tranche Number | 1 |
| | (b) Series Number | 1 |
| 5 | Aggregate Principal Amount | ZAR451,000,000 |
| 6 | Interest/Payment Basis | Fixed Rate |
| 7 | Form of Notes | Uncertificated Notes |
| 8 | Automatic/Optional Conversion from one Interest/Payment Basis to another | Not Applicable |
| 9 | Issue Date | 26 October 2018 |
| 10 | Business Centre | Johannesburg |
| 11 | Additional Business Centre | Not Applicable |
| 12 | Specified Denomination | ZAR1,000,000 |
| 13 | Issue Price | 100 percent |
| 14 | Interest Commencement Date | 26 October 2018 |
| 15 | Redemption Date | 25 January 2019 |
| 16 | Specified Currency | Rand |
| 17 | Applicable Business Day Convention | Following Business Day |
| 18 | Calculation Agent | Investec Bank Limited |
| 19 | Specified office of the Calculation Agent | 100 Grayston Drive, Sandown, Sandton, 2196 |
| 20 | Paying Agent | Investec Bank Limited |
| 21 | Specified office of the Paying Agent | 100 Grayston Drive, Sandown, Sandton, 2196 |
| 22 | Transfer Agent | Investec Bank Limited |
| 23 | Specified office of the Transfer Agent | 100 Grayston Drive, Sandown, Sandton, 2196 |
| 24 | Settlement Agent | Nedbank Limited |

- | | | |
|----|--|---|
| 25 | Specified office of the Settlement Agent | Nedbank Investor Services, 2 nd Floor, 16 Constantia Boulevard, Constantia Kloof, Roodepoort, 1709 |
| 26 | Final Redemption Amount | ZAR451,000,000 (being 100% of the Aggregate Principal Amount) |

FIXED RATE NOTES

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| 27 | (a) Fixed Interest Rate | 7.48% |
| | (b) Interest Payment Date | 25 January 2019, or if such day is not a Business Day, the immediately succeeding day that is a Business Day |
| | (c) Interest Rate Determination Date | 23 October 2018 |
| | (d) Interest Period | From, and including, the Issue Date and ending on, but excluding, the Redemption Date |
| | (e) Initial Broken Amount | N/A |
| | (f) Final Broken Amount | N/A |
| | (g) Any other terms relating to the particular method of calculating interest | N/A |

PROVISIONS REGARDING REDEMPTION/ MATURITY

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| 28 | Issuer's Optional Redemption: if yes - | No |
| | (a) Optional Redemption Date(s) | Not Applicable |
| | (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) | Not Applicable |
| | (c) Minimum Period of Notice (if different to Condition 9.3) | Not Applicable |
| | (d) If redeemable in part: | |
| | Minimum Redemption Amount(s) | Not Applicable |
| | Higher Redemption Amount(s) | Not Applicable |
| | (e) Other terms applicable on Redemption | Not Applicable |
| 29 | Redemption at the option of the Senior Noteholders | No |
| 30 | Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default | At their Early Redemption Amount as set out in Condition 9.5 |

GENERAL

| | | |
|----|---|---|
| 31 | Additional selling restrictions | Not Applicable |
| | (a) International Securities Numbering (ISIN) | ZAG000154956 |
| | (b) Stock Code | IPFC20 |
| 32 | Financial Exchange | JSE Limited |
| 33 | If syndicated, names of managers | Not Applicable |
| 34 | Method of Distribution | Private Placement |
| 35 | Credit Rating assigned to the Notes as at the Issue Date | A1(ZA) – Short-term national scale rating |
| | (a) Rating Agency | Global Credit Rating Co. Proprietary Limited |
| | (b) Date of issue of current Credit Rating | September 2018 |
| | (c) Date of next expected Credit Rating review | August 2019 |
| 36 | Governing law (if the laws of South Africa are not applicable) | Not Applicable |
| 37 | Use of proceeds | The funds to be raised through the issue of Notes will be used by the Issuer for general corporate purposes |
| 38 | Last Day to Register | 20 October 2018 which shall mean that the Register will be closed from the Last Day to Register to the Redemption Date |
| 39 | Books Closed Period | The Register will be closed from (and including) 21 January 2019 to (but excluding) 25 January 2019 |
| 40 | Stabilisation Manager (if any) | Not Applicable |
| 41 | Authorised Amount | ZAR10,000,000,000 |
| 42 | Other provisions | The following financial covenants shall be applicable in respect of the Notes issued pursuant to this Applicable Pricing Supplement - |
| | (a) | Ratios The Issuer undertakes to, for so long as any Notes remain Outstanding, to maintain the following Ratios - Measured at an Issuer level - (i) Interest Cover Ratio of at least 2 times; (ii) Issuer Loan to Value Ratio, which may not exceed 50%; (iii) Encumbered Assets to Value Ratio, which may not exceed 70%; |

Where -

"Interest Cover Ratio" means, at any time (and calculated semi-annually based on the audited financial year-end and interim consolidated financial statements of the Issuer), the ratio as expressed as follows -

Interest Cover Ratio = Y divided by X

Where -

Y = EBITDA (earnings before interest, tax, depreciation and amortisation) for that period;

X = Interest expense for that period.

"Issuer Loan to Value Ratio" means at any time (and calculated semi-annually based on the audited financial year-end and interim consolidated financial statements of the Issuer), the ratio as expressed as follows -

Issuer Loan to Value Ratio = A divided by V

Where -

A = the interest bearing financial indebtedness of the Issuer; and

V = the amount of the most recent independent external market valuation or Director's valuation of all the immovable properties and other investments owned by the Issuer as set out in its latest audited financial year-end and interim consolidated financial statements.

"Encumbered Assets to Value Ratio" means, at any time (and calculated semi-annually based on the audited financial year-end and interim consolidated financial statements of the Issuer), the ratio as expressed as follows -

Encumbered Assets to Value Ratio = E divided by FV

Where -

E = the amount of the most recent independent external market valuation or Director's valuation of all the immovable properties owned by the

Issuer and other investments owned by the Issuer that are Encumbered, as set out in its latest audited financial year-end and interim consolidated financial statements;

FV = the amount of the most recent independent external market valuation or Director's valuation of all the immovable properties and other investments owned by the Issuer as set out in its latest audited financial year-end and interim consolidated financial statements.

(b)

Redemption in the event of a Change of Control

A "Change of Control Event" shall occur if at any time while any Note remains Outstanding -

- (i) a Change of Control occurs; and
- (ii) within the Change of Control Period and in respect of that Change of Control, a Rating Downgrade occurs in relation to the Issuer and/or the Programme and/or any Notes rated by the Rating Agency, as the case may be.

Promptly upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give a notice to the Noteholders in accordance with Condition 17 specifying the nature of the Change of Control Event and the circumstances giving rise to it and the procedure for exercising the option contained in this Covenant.

If a Change of Control Event occurs at any time while any Note remains Outstanding, then provided the Noteholders have -

- (i) in terms of Condition 18 convened a meeting of Noteholders within 30 days of the notification set out above; and
- (ii) resolved in terms of Condition 18 by way of Extraordinary Resolution to require the redemption of the Notes of that Class of Noteholders in these circumstances,

the Issuer shall redeem all Notes held by that Class of Noteholders at its Early Redemption

Amount together with accrued interest (if any) within 15 days of having received a written notice from that Class of Noteholders to redeem such Note.

Such option shall be exercisable by a Class of Noteholders by the delivery of a written notice (a **"Change of Control Redemption Notice"**) to the Issuer at its registered office within 60 days after the receipt of a notice from the Issuer that a Change of Control Event has occurred, unless prior to the delivery by that Noteholder of its Change of Control Redemption Notice the Issuer gives notice to redeem the Notes.

Where -

"Acting in Concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer;

a **"Change of Control"** shall be deemed to have occurred at each time (whether or not approved by the senior management or board of directors of the Issuer) that any person (**"Relevant Person"**) or person Acting in Concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly acquires Control of the Issuer, provided that a Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control, were all of the shareholders of the Issuer;

"Change of Control Period" means, in relation to a Change of Control of the Issuer, the period commencing 60 days prior to such Change of Control and ending 60 days after such Change of Control;

"Control" of the Issuer means -

- (i) the holding beneficially of more than 50% of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in

a distribution of either profits or capital);
or

- (ii) the power to cast, or control the casting of votes in respect of, such number of the shares in the issued share capital of the Issuer carrying more than 50% of the total number of votes that may be cast at a general meeting of the members of the Issuer;

"Investment Grade Rating" means a national scale rating of **"BBB-"** by GCR or its equivalent for the time being, or better;

"Rating Downgrade" shall, in relation to the Issuer and/or the Programme and/or any Notes, as the case may be, be deemed to have occurred in respect of a Change of Control if within the Change of Control Period the rating previously assigned to the Issuer and/or the Programme and/or such Notes, as the case may be, by the Rating Agency is -

- (i) withdrawn; or
- (ii) changed from an Investment Grade Rating to a non-Investment Grade Rating; or
- (iii) in the case of a non-Investment Grade Rating, downgraded by the Rating Agency by one or more Rating Notches; and

"Rating Notch" means the difference between one rating and the rating immediately below it, for example, from **"BB+"** to **"BB"** by the Rating Agency or such similar lower or equivalent Rating.

(c)

Redemption in the event of a failure to maintain JSE Listing or Rating

The Issuer shall, for so long as listed Notes remain Outstanding -

- (i) ensure that those Notes remain listed on the Interest Rate Market of the JSE (the **"JSE Listing"**); and
- (ii) maintain a rating in respect of the Issuer, the Notes or the Programme, as the case may be.

If a breach of the above undertakings occurs, then the Issuer shall within three Business Days of such breach and in accordance with Condition 17, give notice (the "**Issuer Event Notice**") of such breach and the procedure for exercising the option set out below to the Noteholders.

Each Noteholder may within the period ending 15 Business Days of receipt of the Issuer Event Notice (the "**Election Period**"), require the Issuer to redeem its Notes on -

- (i) the Interest Payment Date immediately following the Election Period; or
- (ii) if the Election Period expires within a Books Closed Period, the next Interest Payment Date falling after the Interest Payment Date at the end of the Election Period,

by delivery to the Issuer of a notice (the "**Noteholder Redemption Notice**") in accordance with Condition 17.

The Issuer shall, in accordance with the above, redeem the Notes relevant to each Noteholder Redemption Notice at the Early Redemption Amount pursuant to the provisions of Condition 9.2 and/or Condition 12, as set out in Condition 9.5.

43 Trade Type

Yield

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS

At the date of this Applicable Pricing Supplement:

44 **Paragraph 3(5)(a)**

The ultimate borrower is the Issuer.

45 **Paragraph 3(5)(b)**

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

46 **Paragraph 3(5)(c)**

The auditor of the Issuer is Ernst & Young Inc.

47 **Paragraph 3(5)(d)**

As at the date of this issue:

- (a) the Issuer currently has ZAR3,280,000,000 Notes in issue (excluding Notes issued under this Applicable Pricing Supplement); and
- (b) to the best of the Issuer's knowledge and belief, it is anticipated that the Issuer will issue ZAR956,000,000 Notes during its current financial year (including Notes issued under this Applicable Pricing Supplement).

48 **Paragraph 3(5)(e)**

Prospective investors in the Notes are to consider this Applicable Pricing Supplement, the Programme Memorandum and the documentation incorporated therein by reference in order to ascertain the nature of the financial and commercial risks of an investment in the Notes. In addition, prospective investors in the Notes are to consider the latest audited financial statements of the Issuer which are incorporated into the Programme Memorandum by reference and which may be requested from the Issuer.

49 **Paragraph 3(5)(f)**

There has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

50 **Paragraph 3(5)(g)**

The Notes issued will be listed.

51 **Paragraph 3(5)(h)**

The funds to be raised through the issue of the Notes issued pursuant to this Applicable Pricing Supplement are to be used by the Issuer for general corporate purposes.

52 **Paragraph 3(5)(i)**

The Notes are unsecured.

53 **Paragraph 3(5)(j)**

Ernst & Young Inc, the auditor of the Issuer, has confirmed that nothing has come to its attention to indicate that this issue of Notes issued under the Programme will not comply in all material respects with the relevant provisions of the Commercial Paper Regulations.

Application is hereby made to list this issue of Notes on 26 October 2018 2018.

SIGNED at Sandton this 24th day of October 2018.

For and on behalf of
INVESTEC PROPERTY FUND LIMITED

Name :

Capacity : Andrew Noctor
who warrants his/her authority hereto

Name :

Capacity : Sam Leon
who warrants his/her authority hereto