

INVESTEC AUSTRALIA PROPERTY FUND

Incorporated and registered in Australia in terms of ASIC (ARSN 162 067 736)

Registered as a foreign collective investment scheme in terms of the Collective Investment Schemes Control Act No. 45 of 2003 and operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909) ("**Responsible Entity**")

Share code: IAP

ISIN: AU60INL00018

("IAPF" or "the Fund")

RIGHTS OFFER DECLARATION ANNOUNCEMENT

1. Introduction

Unitholders are advised that the Fund intends to undertake a partially underwritten rights offer to raise up to ZAR 690,000,000, (AUD 60,000,000 at a ZAR:AUD exchange rate of R11.50) through the issue of 59,566,747 new units ("**Rights Offer Units**"). The Rights Offer Units will be issued in the ratio of 23.54653 new units for every 100 units held on the rights offer record date, being Friday, 5 February 2016 ("**Initial Record Date**"), at an issue price of R11.58 per Rights Offer Unit ("**Rights Offer**").

The Rights Offer price of R11.58 per Unit represents a 7.4% discount to the 30-day volume-weighted average price and a 12.6% discount to the closing price of units listed on the JSE as at the close of business on Thursday, 14 January 2016, being the last practical date prior to finalisation of the Rights Offer pricing.

The Rights Offer Units will rank *pari passu* in every respect with the existing issued units in terms of both voting and distribution rights.

2. Use of Rights Offer proceeds

IAPF has successfully completed approximately AUD 268,000,000 of portfolio enhancing property acquisitions since the last rights offer in October 2014, including the acquisition of the property at 266 King Street, Newcastle NSW for AUD 56.7m announced in December 2015. These acquisitions were primarily funded with debt and accordingly, the proceeds of the Rights Offer will be used reduce the Fund's gearing from 45% to 31% post completion of the rights offer (if fully subscribed). This will also provide the Fund with further acquisition capacity allowing it to:

- take advantage of attractive opportunities in its pipeline which it continues to source through its network;
- achieve the Fund's target gearing level of between 35% and 40%; and
- further lock in the current favourable yield spread of approximately 300 - 400 basis points due to the favourable Australian interest rate environment.

The Fund remains on target to achieve its full year distribution growth of between 10% and 12% in AUD.

3. Terms of the Rights Offer

3.1. Rights Offer price

The Rights Offer Price of R11.58 per Rights Offer Unit includes an entitlement to receive the distribution declared for the six months ended 31 March 2016, which will be distributed to Unitholders when the Fund makes its final distribution during June 2016.

3.2. Opening and closing dates of the Rights Offer

The Rights Offer will open at 09:00 on Monday, 8 February 2016 and will close at 12:00 on Friday, 19 February 2016. Letters of allocation will be listed and commence trading at the commencement of business on Monday, 1 February 2016.

3.3. Committed Participants

The Fund has concluded an agreement (“**Agreement**”) with Investec Property Fund Limited and Investec Bank Limited (“**Committed Participants**”), being 12.0% and 16.5% unitholders in IAPF respectively, in terms of which the Committed Participants have elected to irrevocably subscribe for their *pro rata* entitlement in terms of the Rights Offer, representing 28.5% of the aggregate Rights Offer proceeds.

The Committed Participants are entitled to receive a commitment fee of 0.5% of the aggregate value of the subscription amount payable in order to take up their *pro rata* entitlement in terms of the Rights Offer (“**Committed Amount**”).

3.4. Underwriting

In terms of the Agreement, Investec Property Fund Limited (“**Underwriter**”) has agreed to underwrite a portion of the Rights Offer up to a value of ZAR 232,504,529 (“**Underwritten Amount**”), which is in excess of its portion of the Committed Amount.

The Underwriter is entitled to an underwriting fee of 1.0% of the Underwritten Amount is only payable upon compliance by the Underwriter with its obligations in terms of the Agreement.

Excess Rights Offer Units available for allocation will, in the first instance, be allocated to the Underwriter and thereafter to those Unitholders who have made application for excess Rights Offer Units.

The terms of the Agreement were agreed in December 2015 during a period of significant volatility in South African markets. This enabled the Responsible Entity to maintain its yield enhancing acquisitive strategy with the comfort that the Rights Offer would be partially underwritten and the Fund’s gearing would return to the target range post the Rights Offer.

The underwritten portion equates to a further 33.7% of the Rights Offer proceeds, such that the Rights Offer is 62.2% covered as a result of the above arrangements.

3.5. Excess applications

Unitholders recorded in the register on the Initial Record Date will be permitted to apply for any excess Rights Offer Units not taken up by other unitholders in terms of their rights in the Rights Offer.

Excess Rights Offer Units available for allocation will, in the first instance be allocated to the Underwriter, subject to its maximum commitment as set out in paragraph 3.4 above, and thereafter to those persons who have made application for excess Rights Offer Units in an equitable manner as determined by the Responsible Entity in accordance with the provisions of paragraph 5.33 of the Listings Requirements of the JSE.

3.6. Minimum subscription

The Rights Offer is partially underwritten up to a value of ZAR 232,504,529 (AUD 20,217,785 at a ZAR:AUD exchange rate of R11.50) and is not conditional on a minimum subscription.

3.7. Foreign unitholders

The Rights Offer may be affected by the laws of the relevant jurisdictions of foreign unitholders. The Rights Offer circular will not be regarded as an offer in any jurisdiction in which it is illegal to make such an offer. It is the responsibility of any foreign unitholder to satisfy themselves as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Rights Offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction.

4. Finalisation announcement

It is anticipated that a finalisation announcement in respect of the Rights Offer will be released on SENS on Tuesday, 26 January 2016.

5. Salient dates and times

The proposed salient dates and times in respect of the Rights Offer are set out below:

	2016
Declaration date announcement in respect of the Rights Offer released on SENS	Friday, 22 January
Finalisation date announcement in respect of the Rights Offer released on SENS	Tuesday, 26 January
Last date to trade in units for settlement by the Initial Record Date and in order to participate in the Rights Offer	Friday, 29 January
Listing and trading of letters of allocation on the JSE under JSE code: IAPN and ISIN: ZAE000212908	Monday, 1 February
Units commence trading on the JSE ex-Rights Offer entitlement	Monday, 1 February
Rights Offer circular including a Form of Instruction distributed to certificated unitholders	Tuesday, 2 February
Record Date for determination of unitholders entitled to participate in the Rights Offer (Initial Record Date)	Friday, 5 February
Dematerialised unitholders will have their accounts at their CSDP or broker automatically credited with their entitlement	Monday, 8 February
Certificated unitholders on the register will have their entitlement credited to their accounts held with the Transfer Secretaries	Monday, 8 February
Rights Offer opens at 09:00	Monday, 8 February
Rights Offer circular distributed to those dematerialised unitholders who have elected to receive documents in hard copy	Tuesday, 9 February
Last day to trade in the letters of allocation on the JSE in order to settle by close of the Rights Offer	Friday, 12 February
Rights Offer Units listed and trading therein commences at 09:00 on the JSE	Monday, 15 February
Payment to be made and form of instruction to be lodged with the Transfer Secretaries by certificated unitholders by 12:00	Friday, 19 February
Rights Offer closes at 12:00	Friday, 19 February

Record date for letters of allocation	Friday, 19 February
Rights Offer Units issued on	Monday, 22 February
Dematerialised unitholders' accounts updated and debited by CSDP or broker (in respect of payment for Rights Offer Units)	Monday, 22 February
Certificates distributed to certificated unitholders (in respect of the Rights Offer Units)	Monday, 22 February
Results of Rights Offer announced on SENS	Monday, 22 February
Refunds (if any) to certificated unitholders in respect of unsuccessful excess applications made	Wednesday, 24 February
Dematerialised unitholders accounts updated and debited by their CSDP or broker (in respect of successful excess applications)	Wednesday, 24 February
Certificates distributed to certificated unitholders (in respect of successful excess applications)	Wednesday, 24 February

Notes:

1. All references to dates and times are to local dates and times in South Africa.
2. Dematerialised unitholders are required to inform their CSDP or broker of their instructions in terms of the Rights Offer in the manner and time stipulated in the agreement governing the relationship between the unitholder and their CSDP or broker.
3. Unit certificates may not be dematerialised or rematerialised between Monday, 1 February 2016 and Friday, 5 February 2016, both days inclusive.
4. Dematerialised unitholders will have their accounts at their CSDP or broker automatically credited with their rights and certificated unitholders will have their rights credited to a nominee account with Computershare Investor Services Proprietary Limited.
5. CSDPs effect payment in respect of dematerialised unitholders on a delivery-versus-payment method.

6. Posting of the Rights Offer circular

Distribution of the Rights Offer circular to certificated unitholders is expected to be on Tuesday, 2 February 2016.

It is anticipated that the Rights Offer circular will be distributed to dematerialised unitholders on Tuesday, 9 February 2016.

Sydney
22 January 2016

Corporate Advisor and Sponsor
Investec Bank Limited

Legal Advisor (Australia)
Herbert Smith Freehills

Legal Advisor (South Africa)
Fluxmans Inc.