Investec
Australia Property Fund

MEDIA RELEASE

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IAPF portfolio value approaches AUD1.0bn mark through acquisition and value uplift

Interim Results to 30 September 2017

Highlights

- Valuable platform comprising 25 properties supported by strong underlying property fundamentals and an established track record of delivering on strategic objectives
- 6.4x growth since listing - portfolio now of a scale where an ASX listing can be considered
- Interim distribution of 4.95 cents per unit (cps) pre WHT – growth of 3% in AUD
- AUD 831.7 million total portfolio value – growth through acquisitions and valuation uplift
- Full year growth guidance of 3-4% maintained in hard currency
- 5.8% NAV per unit growth driven by revaluation uplift
- Long WALE of 4.6 years with 47% of leases expiring after five years
- 98.4% occupancy supported by high quality tenants, 3.8% improvement since 31 March 2017
- 3.61% all in funding rate

Investec Australia Property Fund ("IAPF" or the "Fund") is pleased to announce an interim distribution of 4.95 cents per unit pre-withholding tax ("WHT") and 4.64 cents per unit post WHT for the six months to 30 September 2017 (30 September 2016: 4.81 cents per unit pre WHT and 4.64 cpu post WHT). This represents growth of 3.0% pre WHT for the half year. The Fund, which now comprises of 25 properties, has grown 6.4 times since listing in October 2013 and has built a valuable platform of properties supported by strong underlying fundamentals that would be difficult to replicate given current direct asset pricing and the continuing flow of offshore capital.

In addition, the Fund's established track record of delivering on strategic objectives has seen consistent delivery of distribution growth to unitholders. This is evident in the Fund's strategy of acquiring properties with manageable risk, such as vacancy and/or capital expenditure requirements. This allows the Fund to extract additional value for unitholders through enhancing yields and achieving capital uplift as reflected in the 5.8% growth in the net asset value for the six months to September 2017.

In line with this, the Fund continues to actively pursue the acquisition of properties with manageable risk, as well as opportunities such as the 6-8 and 11 Siddons Way, Hallam, that enhance the WALE of the Fund, thereby continuing to provide investors with stable long-term income.

The Fund's lease expiry profile remains strong with a weighted average lease expiry of 4.6 years by revenue with 47% of leases expiring after five years while the portfolio is 98.4% occupied by revenue. This occupancy rate is an improvement on the 94.6% reported at 31 March 2017 and is reflective of the Fund having leased 5 656m2 of vacant space since the prior period.

Commenting on the Fund's performance IAPF CEO Graeme Katz said:

"The investment market in Australia remains competitive with no signs of capital flows diminishing. This means that direct asset pricing is still strong and we have had to be disciplined to ensure the quality of the portfolio is maintained. In pursuit of this quality, we acquired 6-8 and 11 Siddons Way, Hallam post the end of the period. The Fund has therefore taken the opportunity to further explore the mandated New Zealand market, where we have made our first acquisition, as well as looking at other means to efficiently deploy capital."

The Fund recently announced the acquisition of The Majestic Centre, located at 100 Willis Street in the heart of the Wellington CBD's 'Golden Mile', for a total purchase price of NZD 123,175,000. The property, which comprises 2322m² of retail space and 22147m² of office accommodation with large average floor plates of approximately 1000m2, is leased to good quality tenants with close to 40% of the income underpinned by New Zealand Government tenants. The property will be acquired on an initial yield of 7.1% with average annual contractual rental escalations of approximately 2.75%. The property is 98% occupied and has a long weighted average lease expiry of 6.6 years.

The acquisition takes the Fund's total portfolio value to approximately AUD 942 million, a scale at which management believe a listing on the Australian Stock Exchange (ASX) can be considered. "Listing on the ASX presents a natural evolution for the

Fund as it seeks to grow and access alternative sources of capital. A listing on the ASX has the potential for IAPF to re-rate and will put the Fund in a unique position to access capital from two mature property markets," Said Katz.

Katz is confident of the prospects of the Australian and New Zealand economy saying: "We continue to believe in the case for investing in good quality investment properties in Australia and New Zealand. The Fund's current equity yield of 8.2% is attractive for South African investors, especially as it is underpinned by the region's favourable macro-economic conditions, property yield spread over historically low funding costs locked in and income returns in hard currency."

The Fund's full year distribution guidance is maintained at 3.0% to 4.0% pre WHT.