

MEDIA RELEASE

15-May-2014

Investec Australia Property Fund acquires prime office property in Canberra

Investec Australia Property Fund ("IAPF" or the "Fund") today announced the Fund's second acquisition since listing seven months ago, with the purchase of an A-grade office building in Canberra for AUD25.8m, representing an annualised property yield of 7.84% (7.40% post transaction costs). The property is leased to The Commonwealth of Australia (Department of Human Services) on a 10-year lease expiring in February 2023 at a weighted average annual office rent of AUD414m2. The lease has two further four year options with annual contracted growth of 3.5%.

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The acquisition was funded through existing debt facilities which saw the Fund's gearing rise from 14.4% to 26.8%. The debt has been 100% hedged at an all-in rate of 4.70% in line with the Fund's hedging policy. The acquisition is effective 15 May 2014 with no conditions precedent attached.

IAPF CEO Graeme Katz said: "The addition of the Manning Clarke building to the Fund aligns well to our strategy of investing in high-quality office properties situated in key metropolitan areas. As we have indicated before, we continue to seek growth and diversification opportunities that enhance unitholder value and contribute to sustainable income growth."

The Manning Clarke building is a single tenanted four level building with a net lettable area of 5,403m2 which recently underwent a significant upgrade and refurbishment. It also includes 158 car parks within the total 9,458m2 site area. In addition, the property offers a substantial depreciation allowance which will provide a tax shield on distributions payable to unitholders.

Commenting on the Canberra office market Katz said: "The building is located in the Tuggeranong Town Centre where the economic viability is underpinned by the presence of various government departments, with limited examples of transference. There is close to 0% vacancy for A and B-grade office space and the Department of Human Services leases 85,000m2 of the total of 150,000m2 office space in that market."

This acquisition marks IAPF's second purchase since listing on the Johannesburg Stock Exchange ("JSE") late last year. The portfolio now boasts six industrial and four office properties, all located in established commercial precincts within major metropolitan areas.

IAPF was listed on the JSE in October 2013 under the Real Estate Holdings and Development sector and allows South African investors access to the Australian property market.