

MEDIA RELEASE

29 October 2020

Investec Australia Property Fund proves resilient through COVID-19 and prepares for internalisation

Highlights

- Funds from operations (FFO) of 4.60 cents per unit (cpu) and adjusted funds from operations (AFFO) of 4.39 cpu for the six month period to 30 September 2020
- Distribution of 4.39 cpu¹ for the six month period to 30 September 2020
- Net asset value increased to \$1.34 per unit, up from \$1.32 per unit at 31 March 2020
- 38,002m² of space leased or subject to signed heads of agreement since 1 April 2020
- 99% of rent collected over the six month period to 30 September 2020 excluding rental relief arrangements, 97% including rental relief arrangements
- Increased the weighted average lease expiry (WALE) to 4.8 years, and 45.7% of leases expiring after 5 years²
- Announced proposal to internalise management and acquire a third party funds management platform

Investec Australia Property Fund (IAP or the Fund) has today released its financial results for the six month period ended 30 September 2020, reporting an interim distribution of 4.39 cpu, pre withholding tax, which equates to 100% of AFFO for the period.

Commenting on the Fund's interim results, IAP CEO Graeme Katz said: *"The initiatives undertaken by the Fund in late 2019 and early 2020, which were designed to strengthen the Fund's balance sheet, have enabled the Fund to navigate an extremely challenging period and deliver a solid financial result. With gearing of 22.4%, a weighted average debt expiry of 7 years, no debt maturing until FY23 and \$70 million of undrawn debt at our disposal, we believe the Fund is well positioned to deal with the continuing uncertainty presented by COVID-19 and to take advantages of opportunities when they arise."*

The Fund's property portfolio has performed well over the past six months off the back of strong leasing activity that saw 38,002m² of space leased or subject to signed heads of agreement. This has resulted in the Fund's weighted average lease expiry increasing from 4.5 years at 31 March 2020 to 4.8 years, and 45.7% of leases now expiring after 5 years.³

Commenting on the Fund's portfolio Mr Katz added: *"The asset management team continue to deliver strong leasing outcomes by focusing on hands on active management of both our properties and our tenants. In addition, we have collected 99% of rent over the period despite the challenges of COVID-19, preserving the long term sustainability of the Fund's income. The Fund's portfolio of metropolitan office and industrial properties has proven to be relatively resilient given the continuing market uncertainties. The significant majority of the Fund's tenants are government, listed or multinationals, with very limited exposure to tenants in the retail and consumer discretionary sectors."*

¹ Pre withholding tax.

² By gross property income. Excludes the acquisition of Lot 3, Belconnen Crescent, Brendale QLD which has not yet completed.

³ By gross property income. Excludes the acquisition of Lot 3, Belconnen Crescent, Brendale QLD which has not yet completed.

The portfolio now comprises 30 properties valued at \$1.1 billion⁴. Similar to when the Fund reported its full year results in May, a rigorous process was undertaken to determine the fair value of the Fund's properties, involving both external valuations and directors' valuations, and utilising individual risk assessments taking into account the known and anticipated impacts of COVID-19. This has resulted in an underlying net asset value of \$1.34 per unit, up from \$1.32 per unit at 31 March 2020.

The Fund also announced that it had entered into an agreement with the Investec Group to internalise the management of IAP and to acquire a funds management platform. Mr Katz said: *"The internalisation proposal is expected to deliver unitholders a number of benefits, including an enhanced corporate governance framework, alignment of interest, continuity of management and the potential for increased investor participation. It also provides IAP with the opportunity to build out a funds management platform which will provide diversification of income streams. The proposal has the unanimous support of the independent directors and an independent expert has concluded that it is fair and reasonable and in the best interests of unitholders. We believe this is an exciting opportunity for IAP to set itself up for the next phase of its growth and look forward to the unitholder meeting on 17 November."*

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About Investec Australia Property Fund

Investec Australia Property Fund is an Australian domiciled fund that is dual listed on the ASX and the JSE. The Fund invests in office, industrial and retail property located in Australia and New Zealand. The Fund is managed by an experienced team of property specialists on the ground in Australia who have an established track record. Investec Australia Property Fund is operated by Investec Property Limited.

For more about IAP please visit:

www.iapf.com.au

⁴ Excludes the acquisition of Lot 3, Belconnen Crescent, Brendale QLD which has not yet completed.

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Important Information:

Investec Property Limited (ABN 93 071 514 246; AFSL 290909) is the issuer of units in the Fund.

Investments in the Fund are not deposits with, or other liabilities of, Investec Australia Limited or any Investec Group entity and are subject to investment risk, including possible delays in repayment and loss of income and capital invested.

Past performance is not necessarily a guide to future performance. Returns and benefits are dependent on the performance of underlying assets and other variable market factors and are not a guarantee. Exchange rate fluctuations may have an adverse effect on the value of certain investments.

This document is for information only and readers should obtain their own investment, legal and tax advice. Neither Investec Australia Limited nor any member of the Investec Group guarantee any particular rate of return or the performance of the Fund, nor do they guarantee the repayment of capital from the Fund.

The Fund is regulated in Australia and is approved by the FSCA in South Africa as a foreign collective investment scheme. The Fund is listed on the ASX and the JSE.