



Interim results

6 months ended 30 September 2015

Investec Australia Property Fund



Out of the Ordinary®



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Australia Property Fund

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Summary





Highlights

4.54 cpu

Interim distribution (pre WHT)

12.7%

First half distribution growth

**AUD
211mn*^**

Acquisitions concluded since rights offer in October 2014

3.1x*

Growth in assets since listing

0.7%*

Vacancy remains low

**6.2
years***

Long WALE
66% to expire after 5 years

**36.7%
gearing***

Geared growth effect materialised

4.02%*

All in cost of funding supported by long dated swap expiry

* includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

^ Pre-transaction costs

Fund snapshot

Market (as at 30 September 2015)

Market capitalisation	• R 2.86bn / AUD 292mn
Share price	• R 11.59
NAV per unit	• R 9.78

Portfolio*		Office	Industrial
Number of properties	• 18	• 6	• 12
Asset value	• AUD 404mn	• AUD 249mn	• AUD 155mn
GLA	• 155 850 m ²	• 47 568 m ²	• 108 282 m ²
Vacancy	• 0.7%	• 2.2%	• 0%
WALE	• 6.2 years	• 5.6 years	• 7.1 years

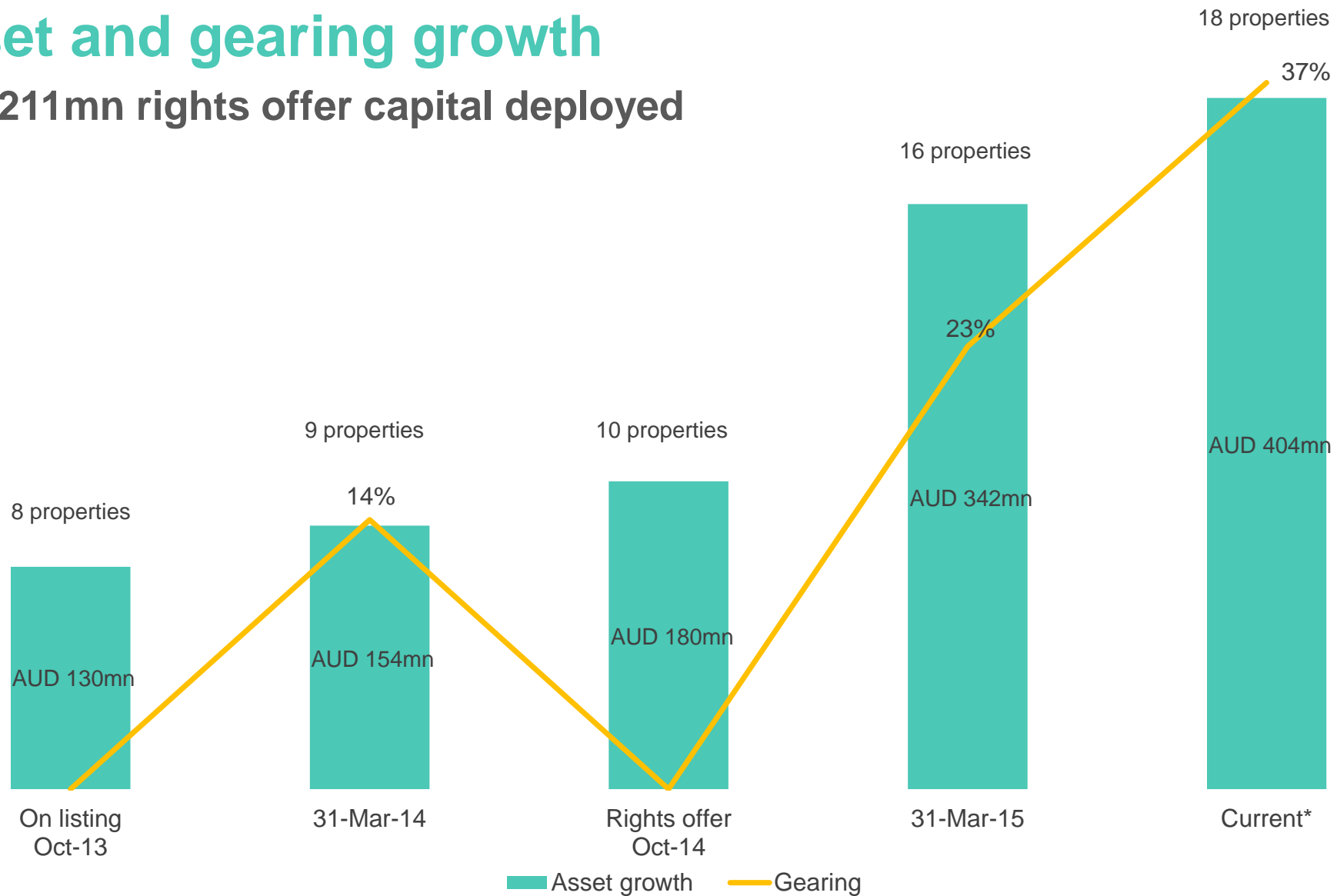
Balance Sheet*

Gearing	• 36.7%
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* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

Asset and gearing growth

AUD 211mn rights offer capital deployed



* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

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Market review

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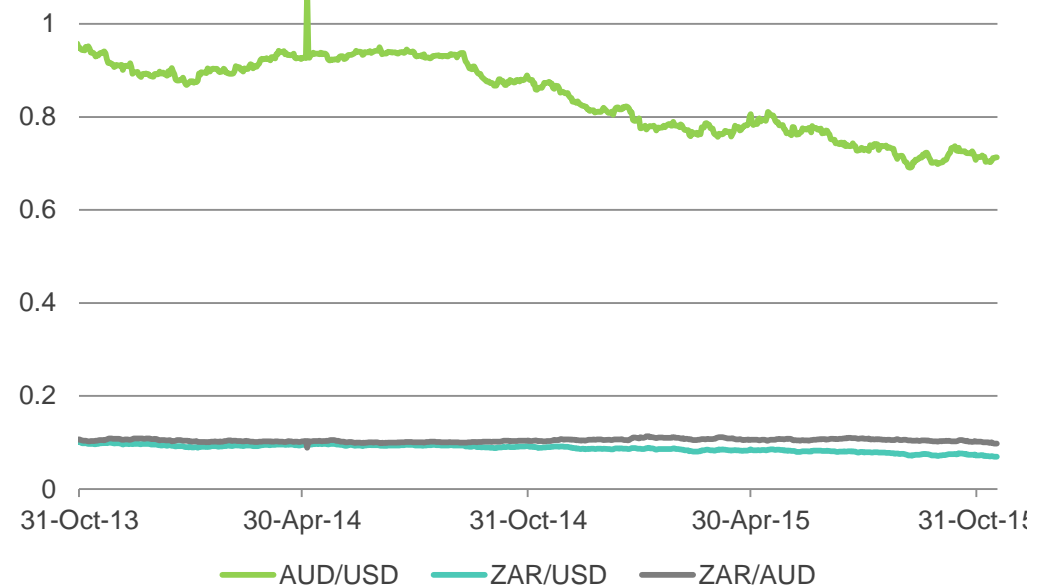
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Australian economy

- Interest rates at historic low of 2%
- AUD fall of 27% against USD since listing in October 2013
- ZAR depreciated 45% against USD in same period but only 8% against AUD
- Low inflation
- Low unemployment
- GDP growth
- Improvement in sentiment with change of leadership

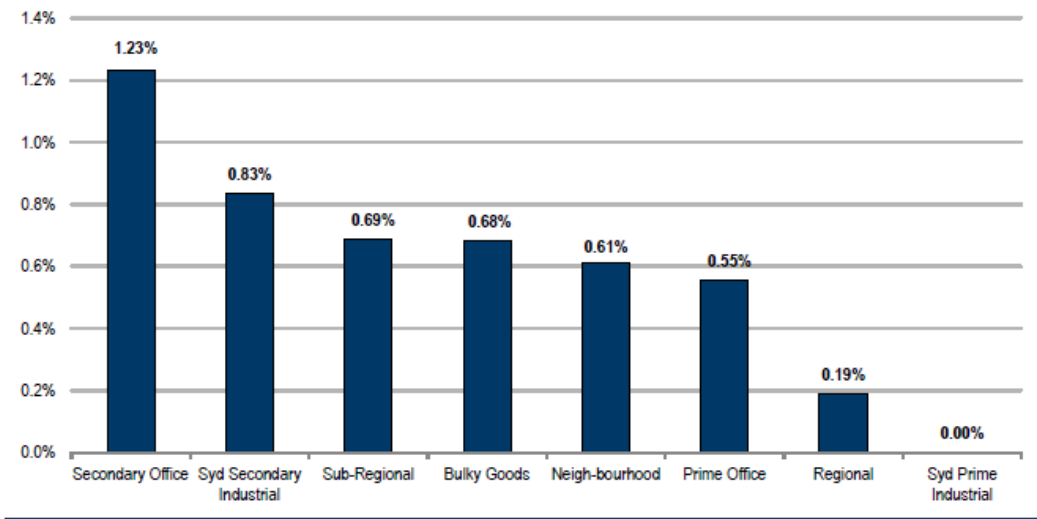
Historical exchange rates



Capital markets and asset values

- Capital flows positive for sector
- Australian market still attractive in relative terms
- New investors still appearing
- Bank debt for AREIT's freely available
- Margin compression looks to have slowed
- Significant non-prime portfolios on the market post GIC and Investa transactions
- Secondary office and industrial show the greatest potential

Spot cap rates less previous peak



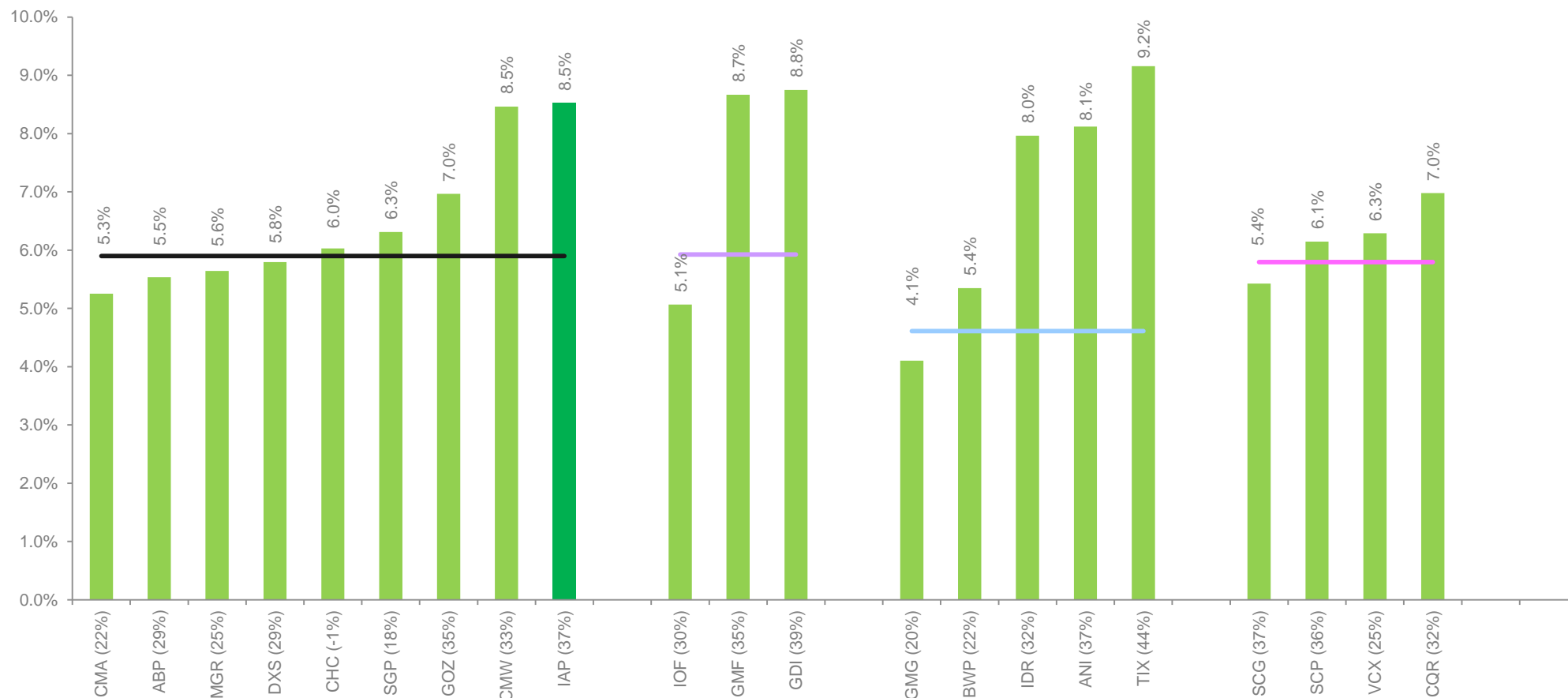
Source: JLL Research, Credit Suisse estimates

Australian direct property investment landscape

Office	Industrial	Retail
Sydney driven by IT and Financial Services explaining strong net absorption	Offshore investors account for 60% of total volume	Trading conditions continuing to improve although choppy
Perth office in a trough	GIC portfolio traded at 6.1% - largest ever industrial transaction - AUD1.073bn	Strong supply of non core assets on the market
Melbourne market in equilibrium	Strong competition in both prime large assets and secondary smaller assets	Development pipeline strong
Brisbane close to bottomed out	Limited speculative development activity	Consumer confidence improving

Australian property sector yields

Attractively priced relative to Australian peer group



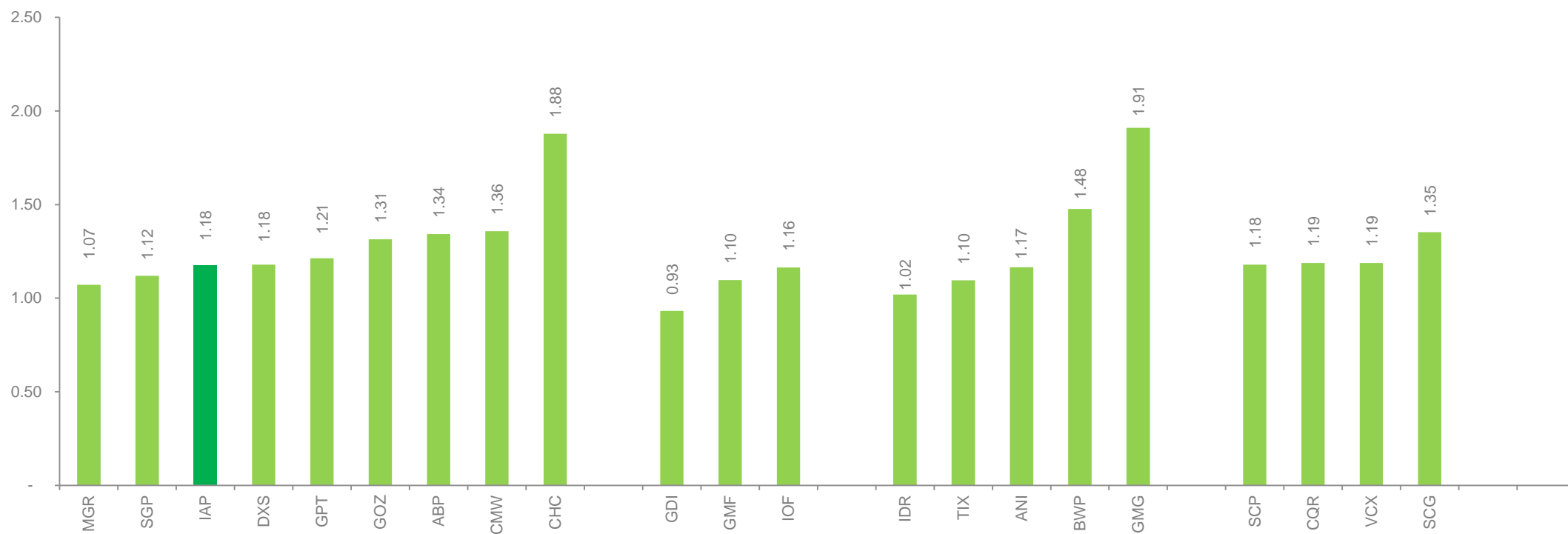
■ Forward yield on clean price
 — Diversified weighted average (5.9%)
 — Office weighted average (5.9%)
 — Industrial weighted average (4.6%)
 — Retail weighted average (5.8%)

Source: Bloomberg as at 2015/11/16, Investec calculations

Note: Yields are based on rolling 12 month distributions on clean prices; IAPF forward yields are pre withholding tax

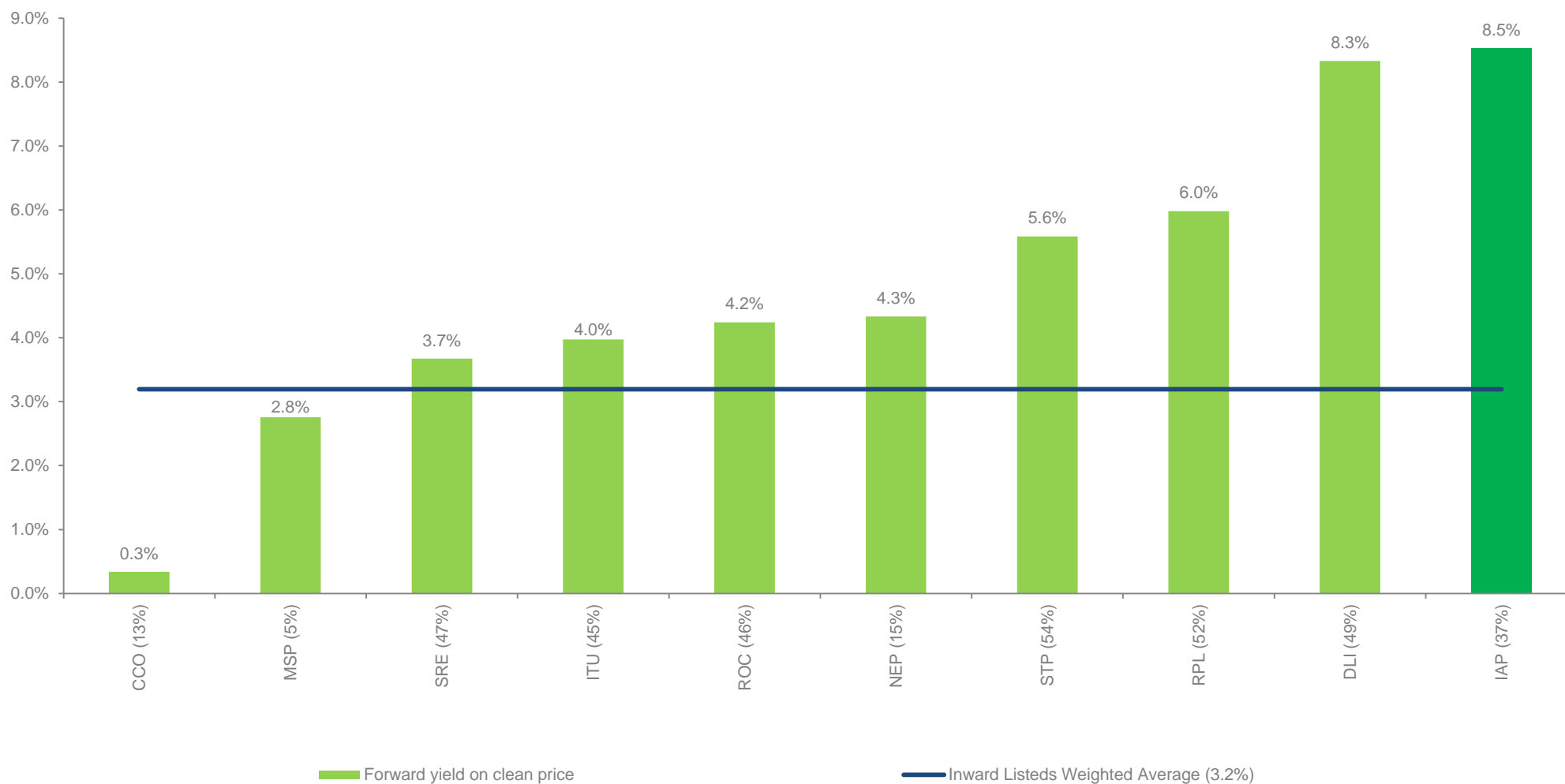
Numbers in brackets represent fund gearing

Australian property sector premiums to book value



Source: Bloomberg as at 2015/11/16, Investec calculations

SA inward listed property sector yields



Source: INet Bridge as at 2015/11/16 Investec calculations

Note: Yields are based on clean prices; forward yields based on assumed distribution growth rate of 5%; IAPF forward yields are pre withholding tax

Numbers in brackets represent fund gearing

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Property information

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Property highlights*

Core portfolio underpinned by strong property fundamentals

**AUD
404mn**

18% portfolio growth since
31 March 2015

48 907m²

GLA added to the portfolio

8.1%

Average net property yield

**AUD
63mn**

Acquisitions completed
since 31 March 2015

0.7%

Low vacancy and reduction
of vacancy from 1.3% at
start of period

3.2%

Average in-force
escalations

6.2 years

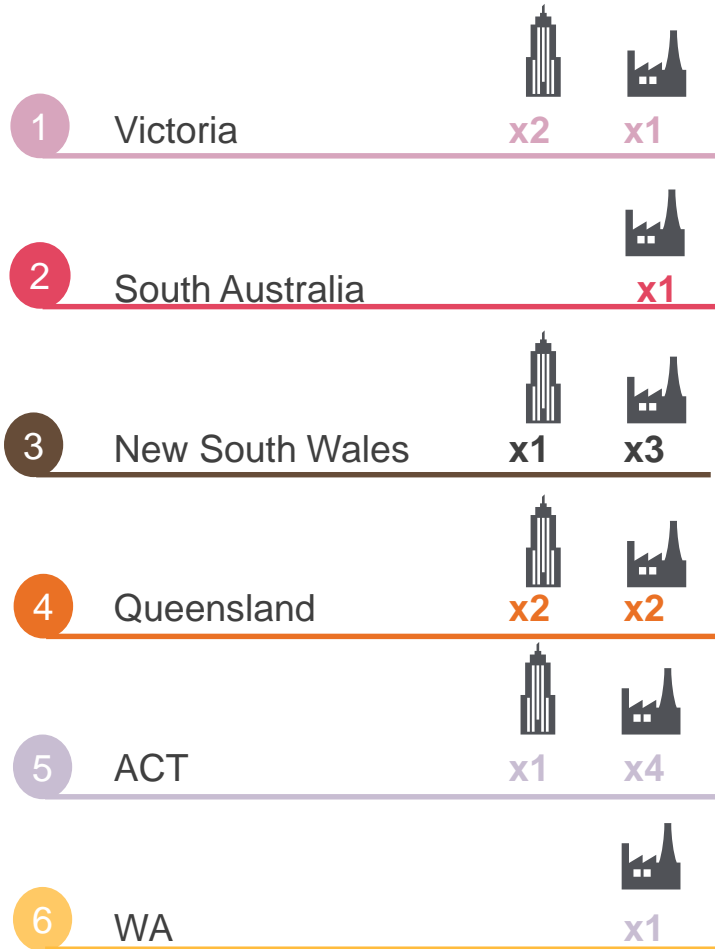
Weighted average lease
expiry across the portfolio

66%

Leases expiring after
5 years

* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

Property landscape*



* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

Acquisitions

66 Glendenning Road, Glendenning NSW



GLA (m ²)	16 461
WALE	4.5 years
Purchase price (AUD'000)	19 170
Purchase yield	7.66%
Tenant	McAlpine Hussman

85 Radius Drive, Larapinta QLD



GLA (m ²)	10 088
WALE	6.2 years
Purchase price (AUD'000)	18 500
Purchase yield	7.82%
Tenant	Coil Steels

Acquisitions (cont.)

54 Miguel Road, Bibra Lake WA



GLA (m ²)	22 358
WALE	12 years
Purchase price (AUD'000)	26 000
Purchase yield	7.94%
Tenant	CTI Logistics

Disposal

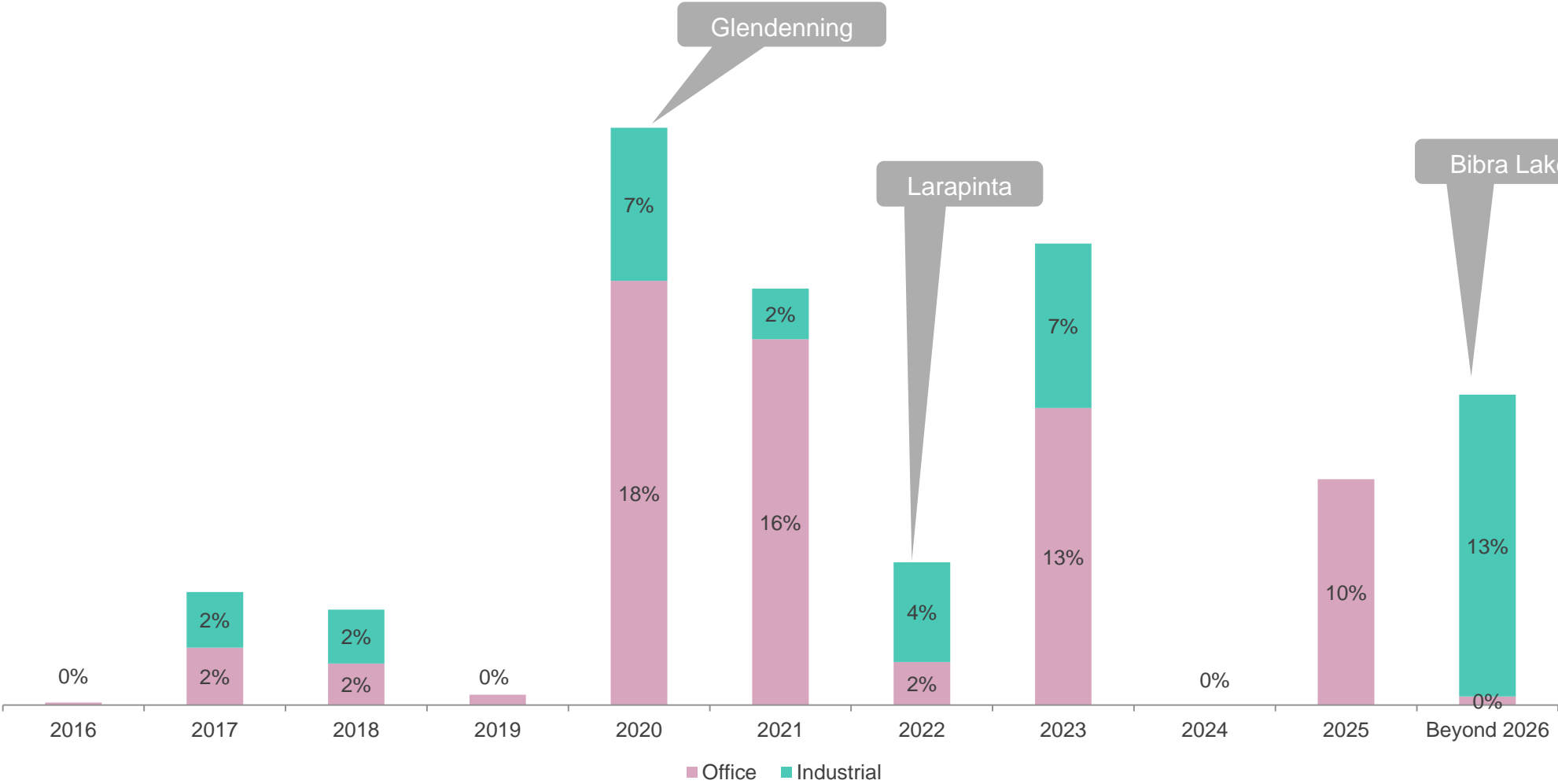
48 Hawkins Crescent, Bundamba QLD



Sale price (AUD'000)	3 784
Premium to book value	5.7%
- Short term lease expiry	
- Sub scale asset	
- Taking advantage of market conditions	

Lease expiry profile*

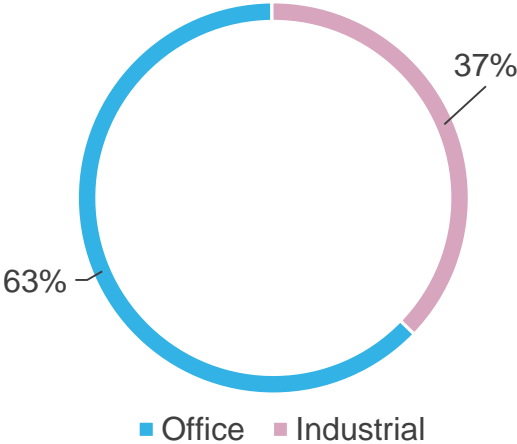
WALE of 6.2 years, 66% expire after 5 years



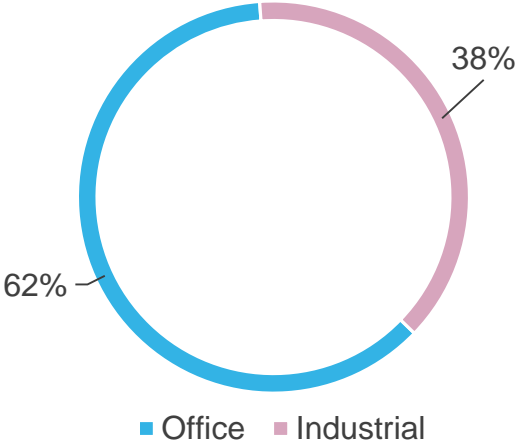
* includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

Portfolio composition by sector*

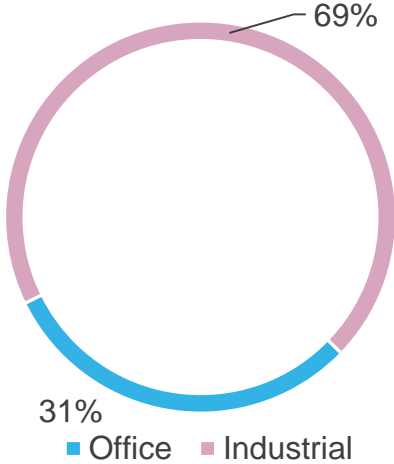
By revenue



By asset value



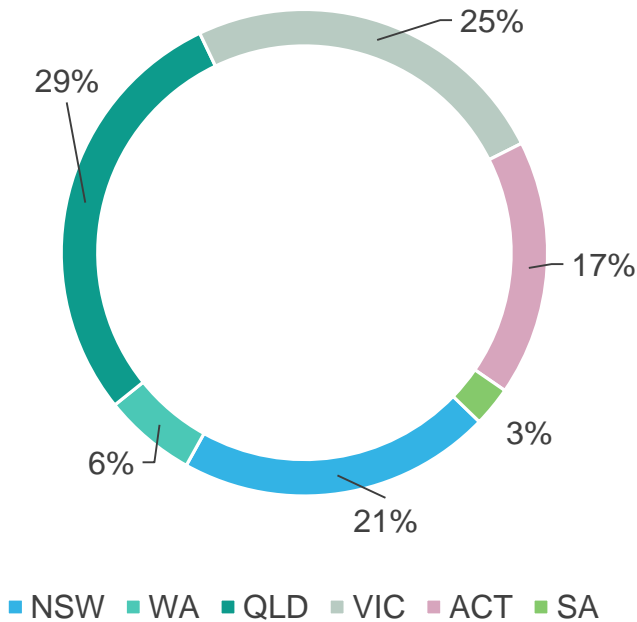
By GLA



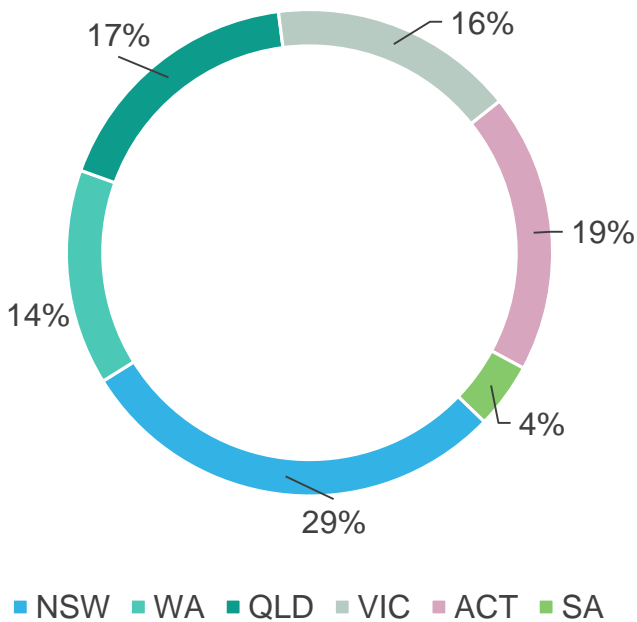
* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

Portfolio composition by geography*

By revenue



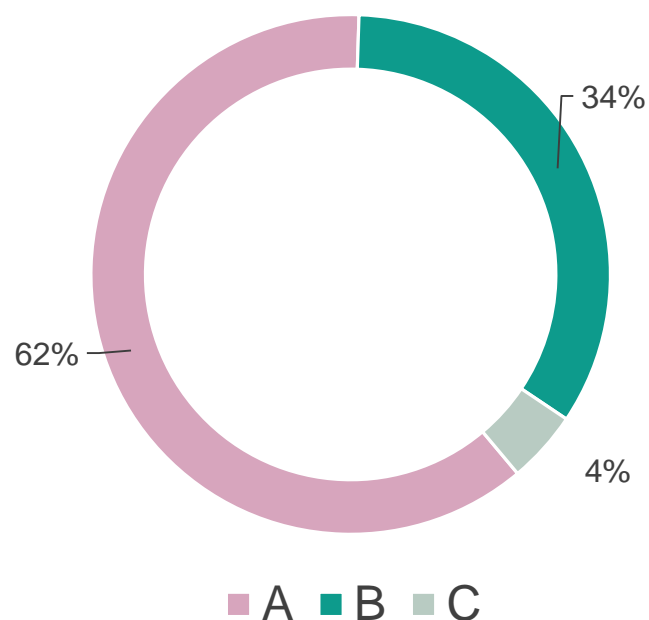
By GLA



* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

Tenant composition*

96% A and B grade tenants



- A. Large listed, international, large professionals, government and major franchises.
- B. National, small listed, local government and medium professional firms.
- C. Other

Rank	Tenant	% total portfolio
1	ABB Enterprise Software	9%
2	Toll Transport	8%
3	Department of Human Services	7%
4	Carsales.com	7%
5	Horan Steel	6%
6	CTI Logistics	6%
7	State Government of Victoria	6%
8	Allied Pickfords	5%
9	Clarendon Homes	5%
10	BMS Telecorp	4%
	Total	63%
	Other	37%

* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

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Financial review

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Financial highlights

12.7%

First half distribution growth

**4.5
years***

Long dated debt maturity profile

36.7%*

Geared growth effect materialised

**5.2
years^**

Long dated swap maturity profile and 82% hedged

4.02%*^

All in cost of funding

10%-12%

Full year distribution growth guidance maintained at upper end of range

5.9%

Withholding tax reduced due to depreciation shield

89%

Increase in net property income from prior interim period

* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

^ Includes forward starting swap in December 2015

Simplified income statement

	Reviewed 6 months to 30 September 2015	Reviewed 6 months to 30 September 2014	+/-
	AUD'mn	AUD'mn	
Net property income	15.7	8.3	89%
Fair value adjustments — investment property	(3.4)	(2.1)	62%
Other operating expenses	(0.3)	(0.5)	(40%)
Asset management fee	(1.3)	(0.6)	117%
Net finance costs	(2.0)	(1.4)	43%
Profit for the period	8.7	3.7	135%

Distribution reconciliation

	Reviewed 6 months to 30 September 2015	Reviewed 6 months to 30 September 2014	+ / -
	AUD'mn	AUD'mn	
Profit	8.7	3.7	
Less: straight line rental adjustment	(1.0)	(0.8)	
Add: fair value adjustments - investment property	3.4	2.1	
Add: fair value adjustment - interest rate swaps	0.0	0.4	
Final distribution for the period (pre withholding tax)	11.1	5.4	
Less: Withholding tax (to be paid to the ATO)	(0.6)*	(0.3)	
Final distribution for the period (post withholding tax)	10.5	5.1	
Units in issue ('000)	246,496	134,685	
Distribution per unit (pre withholding tax) (cents)	4.54	4.03	12.7%
Distribution per unit (post withholding tax) (cents)	4.27	3.82	11.8%

* Effective tax rate of 5.9%

Balance sheet

	Reviewed as at 30 September 2015 AUD'mn	Audited as at 31 March 2015 AUD'mn	+/-	Commentary
Assets				
Investment property	381.4	342.1	11%	2 acquisitions during the period
Cash and cash equivalents	6.1	2.4	157%	Active cash management
Other assets	1.8	1.2	45%	
Total assets	389.3	345.7	13%	
Equity and liabilities				
Unitholders interests	246.3	248.7	(1%)	
Borrowings	121.2	78.7	54%	Acquisitions funded with debt
Other liabilities	21.8	18.3	19%	
Total equity and liabilities	389.3	345.7	13%	

Capital management

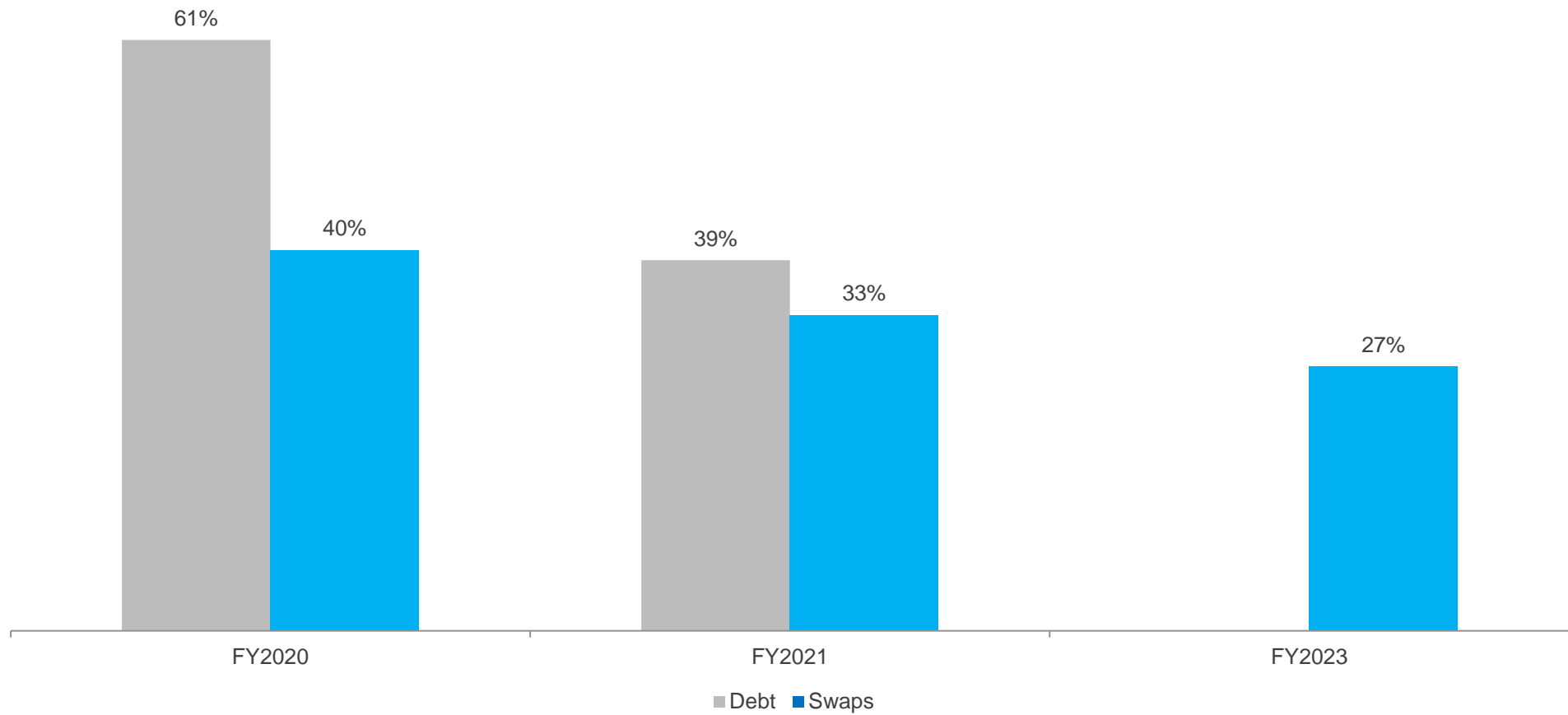
	Current	March 2015
Investment property	AUD 404mn*	AUD 342mn
Total debt	AUD 148mn*	AUD 79mn
Gearing	37%*	27%
All in cost of funds	4.02%**	4.15%
Hedged position	82%**	100%

- Ability to syndicate the facility as the portfolio grows
- Considering Australian and offshore debt capital markets as funding alternatives
- Maiden distribution re-investment plan offered to all unitholders

* Includes acquisitions and disposals post balance sheet date of AUD 26.0mn and AUD 3.8mn respectively

** Includes AUD 20mn forward starting swap in December 2015 (current 3.93% all in cost of funding; 69% hedged)

Debt and swap maturity profile



*Includes forward starting swap

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Guidance and conclusion

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Conclusion

Strong prospects going forward

- Successful execution of strategy and investment of rights offer capital into high quality real estate
- Maintain growth guidance for FY 2016 of 10% - 12%* in AUD – secure income return – double that of AUD sector for the current year
- Target AUD 1 billion in 3 years – not growth for growth sake
- IAPF offers a secure and sustainable 8.5% yield which is underpinned by:
 - ✓ Developed economy with sound macro fundamentals
 - ✓ A currency that offers value relative to other developed markets
 - ✓ Back to basics quality real estate
 - ✓ Embedded contractual rental growth
 - ✓ Attractive discount to both AUD REIT and SA sectors
- IAPF is a compelling investment opportunity

* Assumptions

The lower end of this guidance assumes no change in the property portfolio and gearing as at 31 March 2015 . The upper end of this guidance assumes further deployment of gearing capacity during FY 2016 into similar yielding assets.

This forecast is based on the assumptions that the macro-economic environment will not deteriorate markedly, no tenant failures will occur and budgeted renewals will be concluded. Budgeted rental income was based on in force leases, contractual escalations and market-related renewals.

Appendix

Property portfolio

Property	State	Sector	Book value (AUD'000)	% of portfolio by value	GLA (m ²)	% of portfolio by area	Cap rate	WALE
Industrial portfolio								
48 Hawkins Crescent, Ipswich	QLD	Industrial	3 580	0.89%	2 045	1.31%	8.00%	4.0
47 Sawmill Circuit, Hume	ACT	Industrial	10 400	2.58%	5 535	3.55%	7.25%	10.8
57 Sawmill Circuit, Hume	ACT	Industrial	9 100	2.25%	7 079	4.54%	7.75%	2.8
24 Sawmill Circuit, Hume	ACT	Industrial	9 400	2.33%	6 300	4.04%	7.75%	4.2
44 Sawmill Circuit, Hume	ACT	Industrial	9 500	2.35%	4 639	2.98%	8.75%	7.0
2-8 Mirage Road, Direk	SA	Industrial	10 000	2.48%	6 783	4.35%	8.00%	7.0
30-48 Kellar Street, Berrinba	QLD	Industrial	8 200	2.03%	4 102	2.63%	8.00%	4.1
165 Newton Road, Wetherill Park	NSW	Industrial	18 500	4.58%	12 529	8.04%	7.25%	10.3
24 Spit Island Close, Newcastle	NSW	Industrial	8 350	2.07%	5 258	3.37%	8.00%	5.3
67 Calarco Drive, Derrimut	VIC	Industrial	8 100	2.01%	7 150	4.59%	7.75%	7.1
Industrial assets acquired during the year								
66 Glendenning Road, Glendenning	NSW	Industrial	19 170	4.75%	16 461	10.56%	7.66%*	4.1
85 Radius Drive, Larapinta	QLD	Industrial	18 150	4.49%	10 088	6.47%	7.82%*	6.2
Office portfolio								
449 Punt Road, Cremorne	VIC	Office	34 000	8.42%	6 384	4.10%	7.50%	4.0
35-49 Elizabeth Street, Richmond	VIC	Office	61 000	15.10%	11 917	7.65%	7.50%	5.0
Building 20, 2404 Logan Road, Eight Mile Plains	QLD	Office	21 000	5.20%	3 571	2.29%	8.25%	4.7
186 Reed Street, Greenway	ACT	Office	26 500	6.56%	5 407	3.47%	7.75%	7.4
757 Ann Street, Fortitude Valley	QLD	Office	67 500	16.71%	9 455	6.07%	7.75%	6.7
21-23 Solent Circuit, Baulkham Hills	NSW	Office	39 000	9.66%	10 835	6.95%	7.75%	5.1
Total at 30 September 2015			381 450		135 537			
Acquired subsequent to 30 September 2015								
54 Miguel Road, Bibra Lake	WA	Industrial	26 000	6.44%	22 358	14.35%	7.94%*	12.0
Sold subsequent to 30 September 2015								
48 Hawkins Crescent, Ipswich	QLD	Industrial	(3 580)	(0.89%)	(2 045)	(1.31%)	8.00%	4.0
Total			403 870		155 850		7.73%**	6.2**

* Acquisition yield

** Weighted average over the portfolio

Thank you





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