

Out of the Ordinary®



Investec

Australia Property Fund

Rights offer roadshow

6-9 February 2017

Investec Australia Property Fund



Contents

Executive summary	3
1. Investment case	4
2. Property information	7
3. The Rights Offer	18

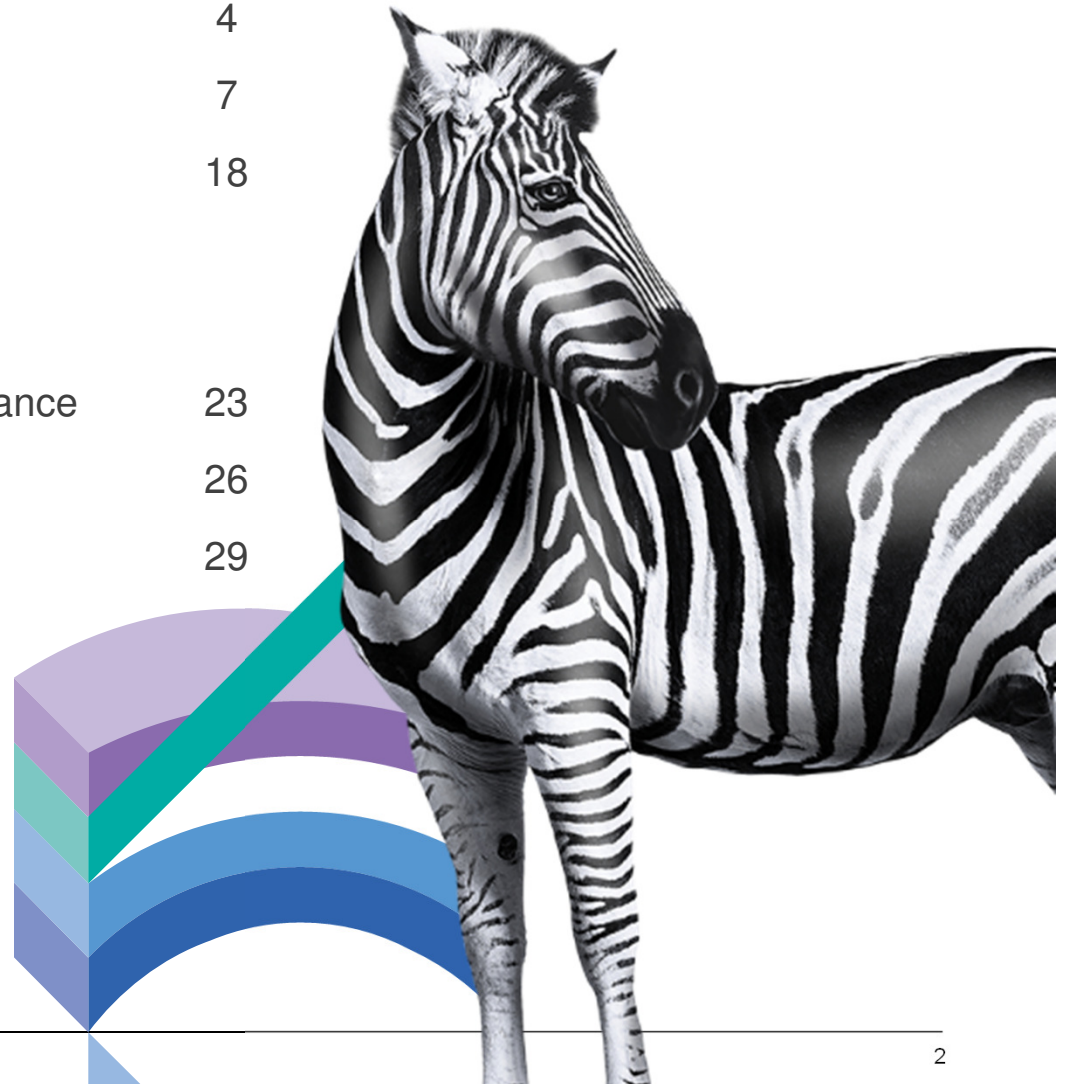
Annexures

A: Market and IAPF unit price performance	23
B: Property information	26
C: Property sector yields	29

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Australia Property Fund



Executive summary

Established track record of delivering on strategic objectives

- Built a quality portfolio with strong underlying property fundamentals
- Proven ability to execute yield-enhancing acquisitions and deliver strong returns
- Successful implementation of asset management strategy to unlock value uplift
- Efficient balance sheet management

Successfully deployed capital raised

- AUD 471m of acquisitions completed since listing (excl. the Proposed Acquisitions)
- Portfolio size of AUD 601.2m (excl. the Proposed Acquisitions)
- Gearing at 38.9%
- Target gearing range between 35-40%

Proposed Acquisitions introduce high-quality office assets located in NSW into the portfolio

- Entered into agreements to acquire two office properties for aggregate purchase consideration of AUD 160m (**Proposed Acquisitions**):
 - 2 Richardson Place, North Ryde: 7.0% yield pre-costs
 - 20-24 Rodborough Road, Frenchs Forest: 7.5% yield pre-costs (8.0% yield pre-costs when fully leased)
- Strong core of underlying income with potential rental upside

Rights Offer to partly fund Proposed Acquisitions and reduce debt

- Rights offer being undertaken to raise ZAR 1.53b (**Rights Offer**)
- Gearing reduced to 33% if fully subscribed
- Partially underwritten – 67.2% covered by commitments and underwriter
- Rights Offer price of ZAR 13.50 (cum-distribution)
- Rights Offer opens on 13 February and closes on 24 February

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One

Investment case



Investment case

Track record of delivering on strategic objectives

Successful execution of growth strategy to date	<ul style="list-style-type: none"> • 4.6x growth in portfolio size since listing (excl. the Proposed Acquisitions) • Proposed Acquisitions will increase portfolio size to AUD 761m • Disciplined acquisition approach across targeted sectors • Successful implementation of asset management strategy to unlock value uplift
Achieved attractive capital and income growth for unitholders	<ul style="list-style-type: none"> • Geared growth effect materialised with debt-funded acquisitions • Attractive capital return of 43.3% and income return of 27.3% since listing (i.e. 70.6% total return)¹ • FY18 forward yield of 7.6% (pre-WHT)²
Conservative balance sheet management	<ul style="list-style-type: none"> • 3.55% all-in funding rate and 78% hedged for 7.6 years • Gearing will reduce to 33% post Rights Offer if fully subscribed • Enhances ability to opportunistically acquire assets in competitive Australian market
Building a portfolio of quality assets with strong underlying property fundamentals	<ul style="list-style-type: none"> • 5.0 year WALE with 53% leases expiring after 5 years³ • 98.0% occupancy³ • 3.3% average in-force escalations³ • Average net property yield of 8.1%⁴
Investment case continues to be attractive	<ul style="list-style-type: none"> • Favourable Australian macro-economic conditions (sustained GDP growth and low inflation) • 4.0% yield spread over funding costs in Australia⁵ • Rand hedge with income returns in hard currency

¹As at 1 February 2017, based on listing price of ZAR 9.42 and taking into account ZAR equivalent of all pre-WHT distributions paid to date

²Post the Proposed Acquisitions and the Rights Offer; based on theoretical ex-rights price of ZAR 13.04 as at 15 December 2016 being the date of approval of the Proposed Acquisitions and Rights Offer by the board of directors; and based on ZAR / AUD exchange rate of ZAR 10.20

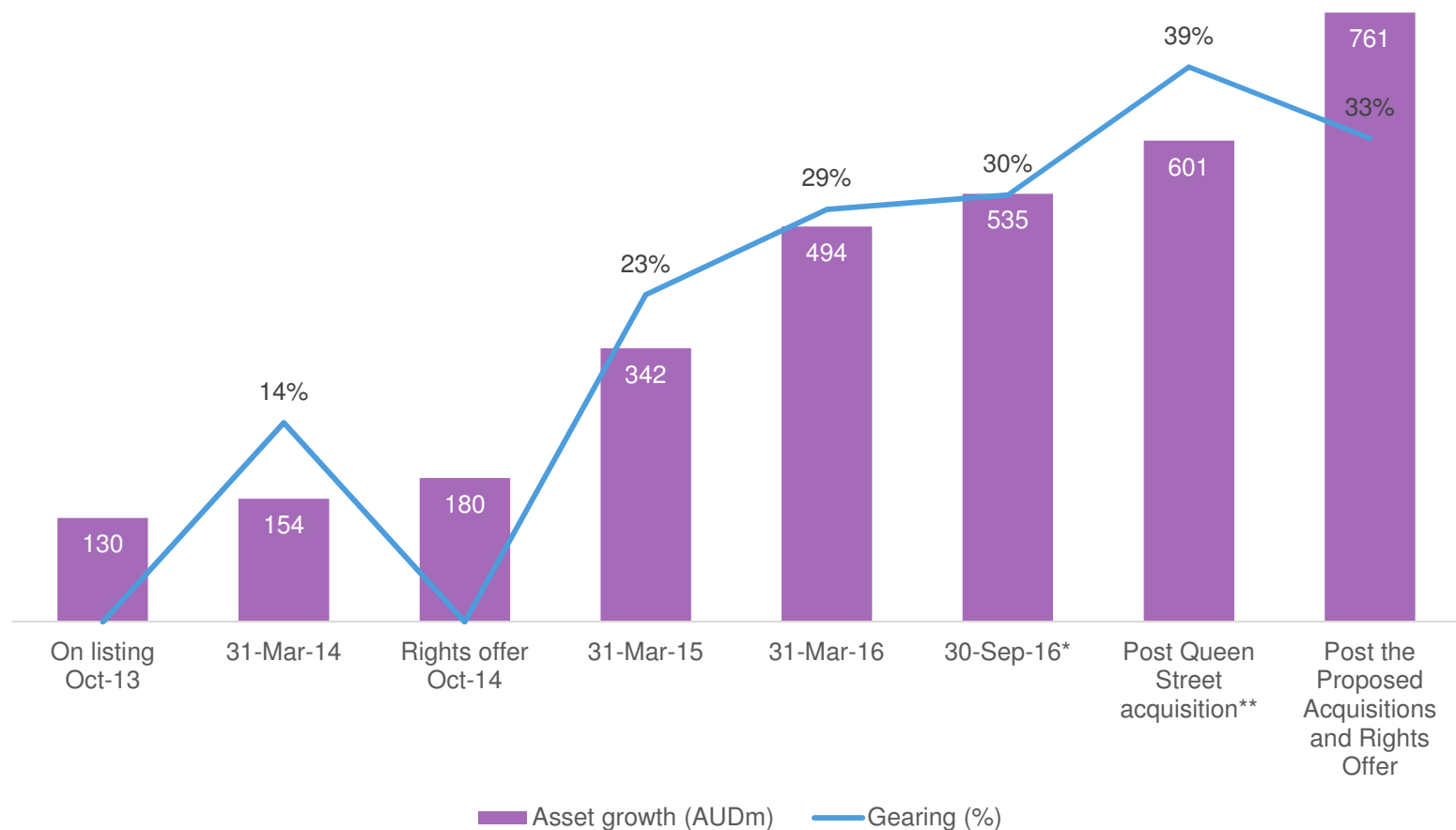
³Includes the Proposed Acquisitions

⁴As at 30 September 2016, based on H1 2017 net property income of AUD 21.6m annualized, over investment property value of AUD 535.2m; excludes Queen Street acquisition which occurred post balance sheet date and excludes the Proposed Acquisitions

⁵Calculated as forward yield of 7.6% less current all-in funding rate of 3.6%

Asset and gearing growth

Consistent ability to identify opportunities and deploy capital in a competitive market



*Average gearing of 30.4% in period

**Queen Street acquisition occurred post balance sheet date

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Two

Property information



Re-positioning the portfolio

Bias to office buildings located in NSW metropolitan markets

- NSW economy strongest economy in Australia and growing above trend
- Strong employment growth translating into positive net absorption
- Significant infrastructure spend connecting staff to NSW metropolitan markets
- Stock withdrawals in the CBD markets are displacing tenants and generating new lease enquiry in NSW metropolitan markets
- Limited development activity in NSW metropolitan markets and vacancy is very tight
- Spreads between NSW metropolitan markets and real bond rates wider than historical benchmarks
- Effective rents growing above trend in most NSW metropolitan markets

Four of the last five acquisitions have been office buildings in NSW metropolitan markets

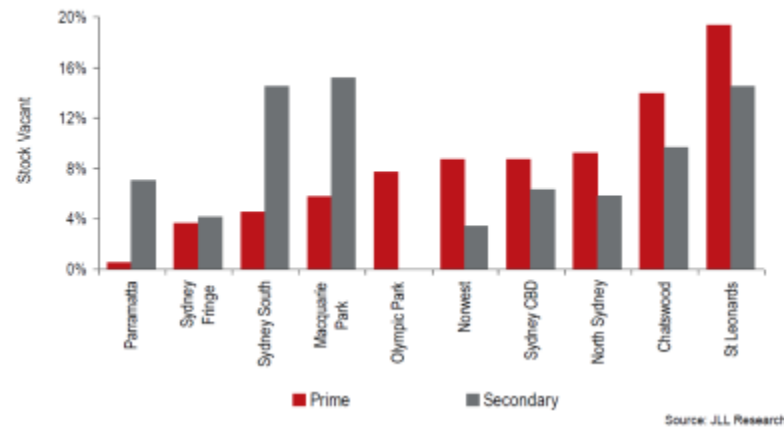


- ① 266 King Street, Newcastle
- ② 113 Wicks Road, Macquarie Park
- ③ 2 Richardson Place, North Ryde
- ④ 20–24 Rodborough Road, Frenchs Forest

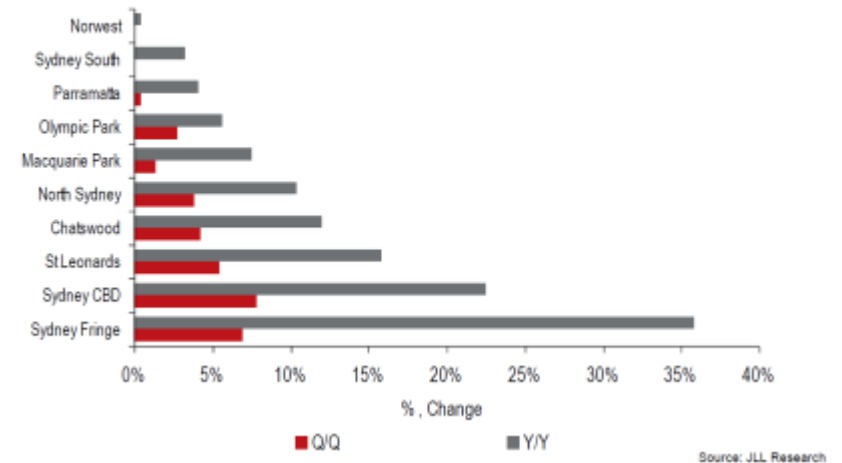
Re-positioning the portfolio

Key metrics support investment case for NSW metropolitan office markets

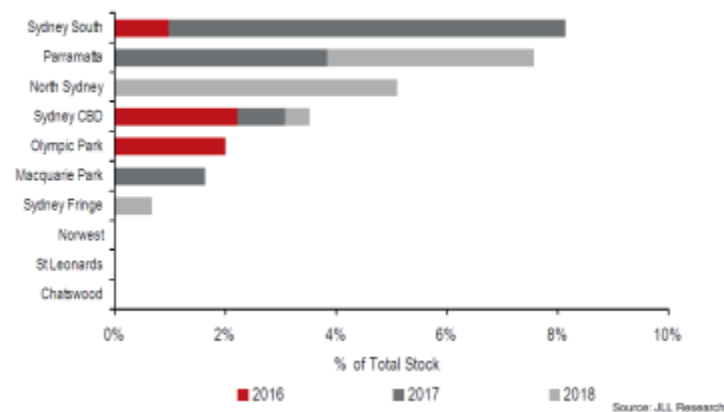
Sydney office markets vacancy rate by grade, 4Q16



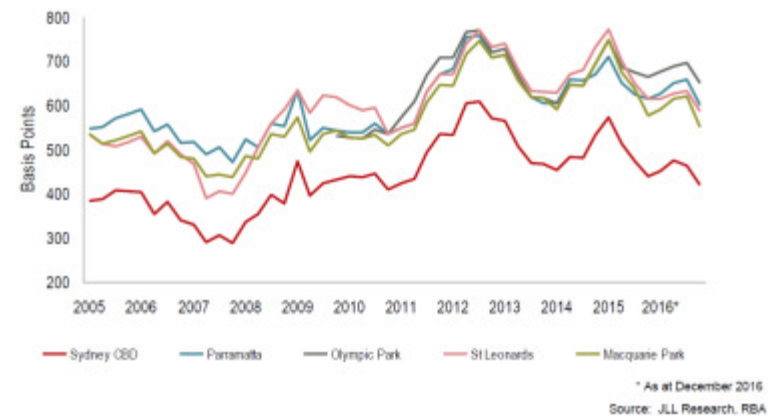
Sydney office markets prime net effective rents, 4Q16



Office market development pipeline, 2016 to 2018



Commercial property markets equivalent yield (mid-point) & real bond rate spread, 2005 to 2016*



2 Richardson Place, North Ryde

A-grade office building with strong tenancy profile



Sector	Office
Year built	2004
Location	12kms north west of Sydney CBD
GLA (m²)	15,205
WALE (by revenue)	4.1 years
Purchase consideration	AUD 85m (excl. costs)
Purchase yield	7.0% (pre costs)
Average rents (per m²)	AUD 319
Vacancy	0%
Escalations	3.0% - 4.0%
Major tenants	Ricoh (46%), Honeywell (39%), Paynter Dixon (13%)

2 Richardson Place, North Ryde

Largest office market in NSW outside of Sydney CBD



- Close proximity to the M2 motorway providing direct access to the Sydney CBD
- 750 metres from the North Ryde train station which is currently undergoing a major upgrade as part of the Sydney Metro Rail Link project, Australia's largest public infrastructure project
- Average rents of AUD 319 per m² compare favourably to other metropolitan office markets
- 187,000m² of office stock will be permanently removed from the greater North Shore office market by 2020, which is likely to keep vacancy rates low and place upward pressure on rents in North Ryde
- The North Ryde market acts as a business cluster for companies in the health, education and technology sectors which are the fastest growing occupier sectors in Australia, which should result in strong future tenant demand in North Ryde
- With significant infrastructure upgrades underway and the creation of further retail amenities, North Ryde is an improving precinct and is well positioned to outperform other Sydney metropolitan office markets

20 & 24 Rodborough Road, Frenchs Forest



Office and warehouse buildings in established business park precinct



Sector	Office / Warehouse
Year built	2009 / 1990 (recently refurbished)
Location	20kms north of Sydney CBD
GLA (m²)	19,889
WALE (by revenue)	4.4 years
Purchase consideration	AUD 75m (excl. costs)
Purchase yield	7.5% (pre costs); fully leased yield of 8.0% (pre-costs)
Average rents (per m²)	AUD 262
Vacancy	5%
Escalations	3.00% - 3.75%
Major tenants	Pharmaxis (32%), Yum! Restaurants (Australia) (23%), Henkel (12%), Alexion Pharmaceuticals (9%)

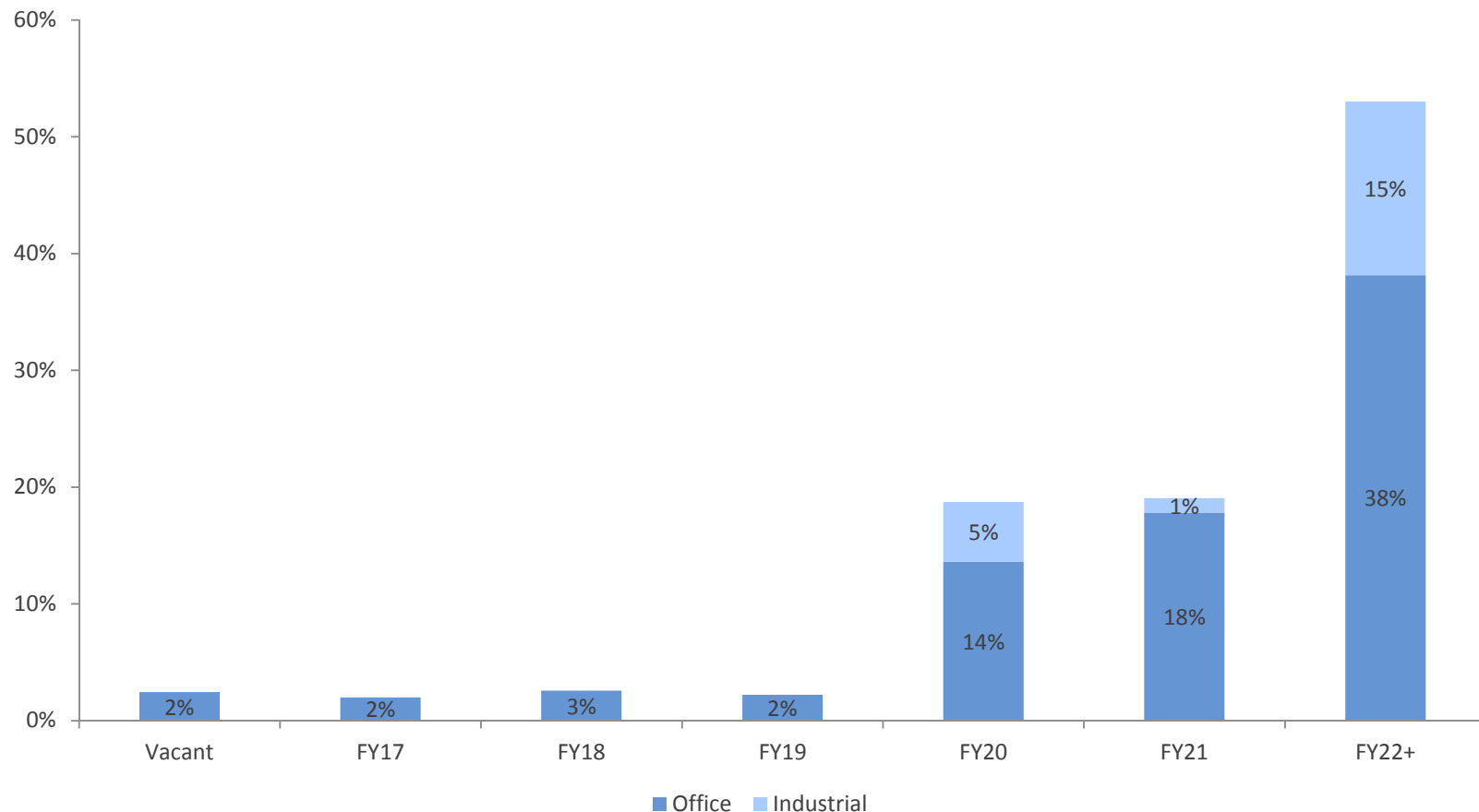
20 & 24 Rodborough Road, Frenchs Forest

Major infrastructure to support tenant demand

- Close proximity to the new Northern Beaches Hospital, an AUD 2b construction project due for completion in 2018
- The Northern Beaches Hospital is anticipated to positively impact tenant demand within Frenchs Forest, especially from medical and health related tenants
- The annual growth rate for professional employment in the Frenchs Forest precinct is expected to be double that of greater Sydney over the next 20 years as a direct result of its proximity to the Northern Beaches Hospital
- Average rents of AUD 262 per m² compare favourably to other metropolitan office markets
- Due to progressive rezoning and conversions of existing commercial office space into residential or hotel developments and no new supply, there is likely to be downward pressure on vacancy rates and upward pressure on effective rental growth in the Frenchs Forest precinct
- Significant government infrastructure development is currently being undertaken to improve traffic flow and public transport options which, when completed, will increase the accessibility of the Frenchs Forest precinct for commercial occupiers

Lease expiry profile (by revenue)

Long WALE of 5.0 years with 53% of leases expiring after 5 years; 98.0% occupancy and no short term letting risk



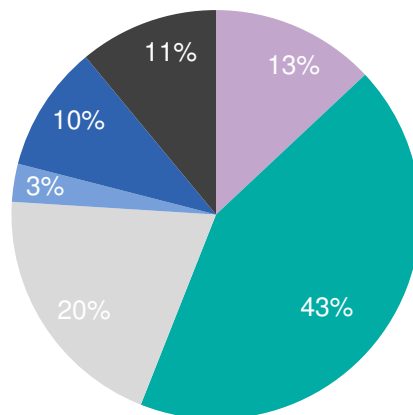
Note: Lease expiry profile includes the Proposed Acquisitions

Portfolio composition by geography

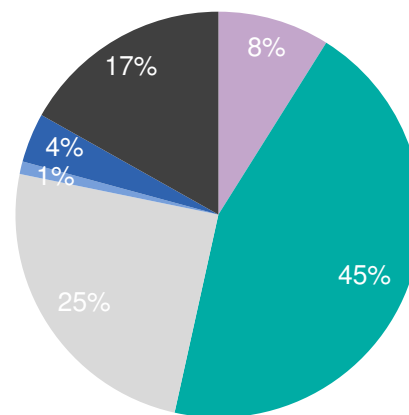
Geographically diversified with significant exposure to NSW



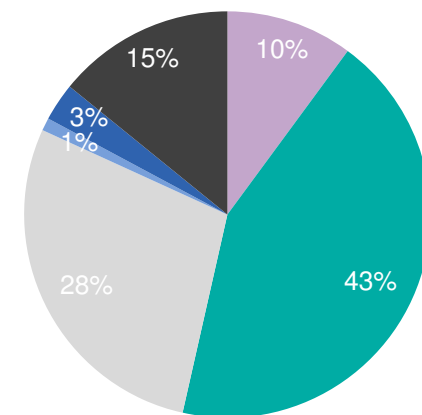
GLA



Asset value



Revenue

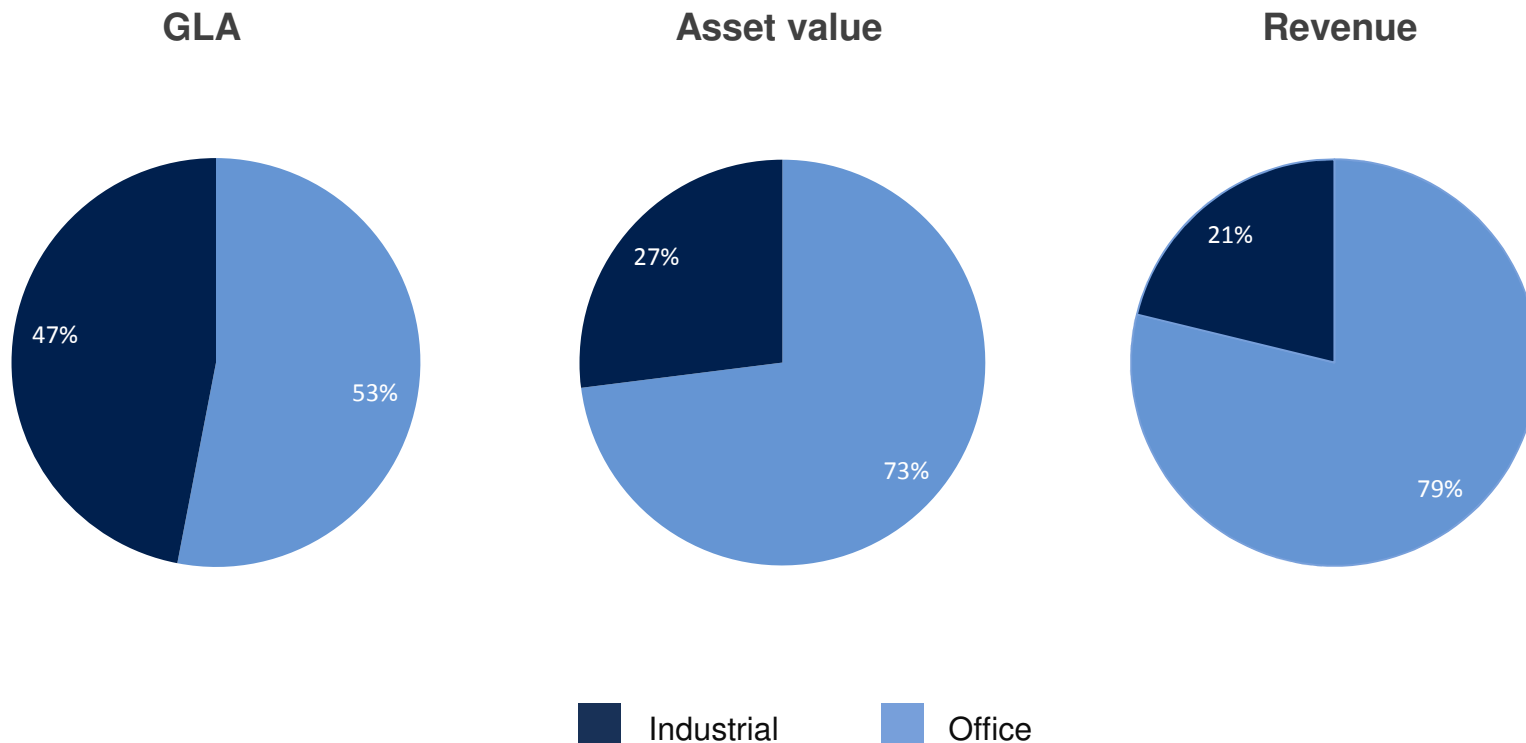


■ ACT ■ NSW ■ QLD ■ SA ■ WA ■ VIC

Note: Portfolio composition includes the Proposed Acquisitions

Portfolio composition by sector

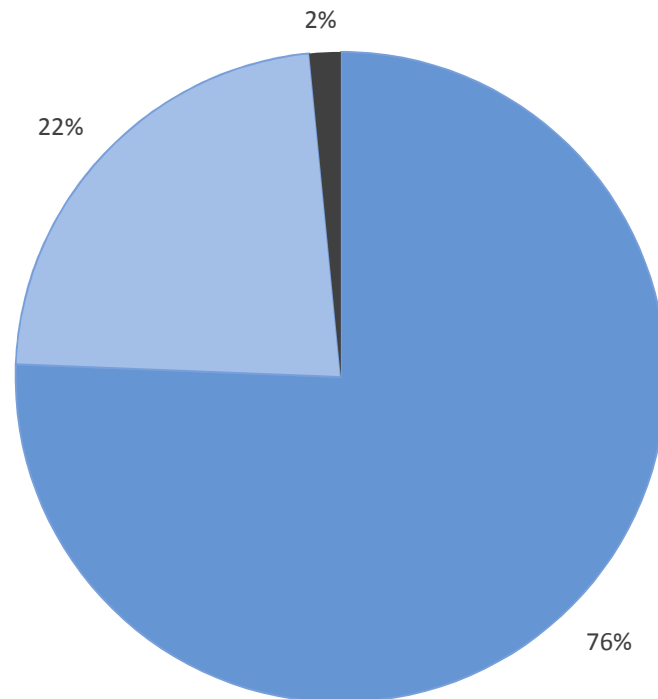
Shift to office as industrial becomes relatively more expensive



Note: Portfolio composition includes the Proposed Acquisitions

Tenant composition (by revenue)

98% A and B grade tenants



Rank	Tenant	% of portfolio
1	ABB Enterprise Software	5%
2	Carsales.com	5%
3	Ricoh	4%
4	Toll Transport	4%
5	Commonwealth of Australia	4%
6	Australian Taxation Office	4%
7	Honeywell	4%
8	Horan Steel	4%
9	CTI Logistics	4%
10	State Government of Victoria	3%
Total		41%
Other		59%

- Large, international, listed, large professional, government and major franchises
- National, small listed, local government and medium professional firms
- Other

Note: Tenant composition includes the Proposed Acquisitions

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Three

The Rights Offer



Details of the Rights Offer

Quantum and pricing

- ZAR 1.53b capital raise
- Rights Offer price of ZAR 13.50 (cum-distribution)
- Equates to a clean price of ZAR 13.12
- FY18 forward yield of 7.6% (pre-WHT) on theoretical ex-rights price and 3.4% discount to 30-day clean VWAP¹

Timing

- Opens on Monday, 13 February 2017
- Closes on Friday, 24 February 2017

Commitments

- Investec Property Fund Limited (**IPF**) and Investec Bank Limited (**IBL**) have provided irrevocable commitments to follow their rights (29.5% of the Rights Offer)
- IPF to underwrite up to a further ZAR 576.3m (37.7% of the Rights Offer)
- Underwrite fee of 1.25%, no commitment fee
- As a result, Rights Offer will be 67.2% covered
- Underwriting and commitment terms agreed in early December 2016 during period of volatility in IAPF unit price
- Enabled IAPF to maintain yield enhancing acquisitive strategy with the comfort that gearing will be reduced post the Rights Offer

¹Calculated as at 15 December 2016, being the date of approval of the Proposed Acquisitions and Rights Offer by the board of the Responsible Entity

Salient terms of the commitments

- IBL and IPF have committed to take up their rights. Subscription commitments comprise 29.5% of the Rights Offer:
 - IPF – ZAR 193m (approx.)
 - IBL – ZAR 259m (approx.)
- IPF has committed to underwrite a further ZAR 576m (37.7% of the Rights Offer)
 - IPF's maximum commitment, including subscription for *pro rata* entitlement, is ZAR 769m (approx.)
- The above arrangements mean that the Rights Offer will be 67.2% covered (amounting to ZAR 1.03b) and will enable IAPF to partly fund the Proposed Acquisitions and reduce gearing sufficiently to provide added debt-funding capacity thereafter
- Underwriting fee of 1.25% on quantum underwritten
- No commitment fee
- Underwriter may elect to rank before other unitholders in respect of excess applications

Rights Offer timetable

JAN / FEB / MAR 2017				
Mon	Tues	Wed	Thur	Fri
30 January	31 <ul style="list-style-type: none"> Declaration announcement 	1 February	2 <ul style="list-style-type: none"> Finalisation announcement 	3
6	7 <ul style="list-style-type: none"> LDT to participate in the Rights Offer Circular available on website 	8 <ul style="list-style-type: none"> LA's listed and trading commences IAPF units trade ex-rights 	9	10 <ul style="list-style-type: none"> Record date to participate in Rights Offer
13 <ul style="list-style-type: none"> Rights Offer opens at 09:00 Unitholders' accounts credited with rights 	14 <ul style="list-style-type: none"> Circular posted to dematerialised unitholders 	15	16	17
20	21 <ul style="list-style-type: none"> Last day to trade LA's 	22 <ul style="list-style-type: none"> New Rights Offer units listed and trading commences 	23	24 <ul style="list-style-type: none"> Rights Offer Closes at 12:00 Record date for LA's
27 <ul style="list-style-type: none"> Rights Offer units issued 	28	1 March <ul style="list-style-type: none"> Excess units issued to unitholders / underwriter 		

Conclusion

The Rights Offer provides an opportunity for unitholders to further participate in IAPF's growth story



- The Proposed Acquisitions and Rights Offer will:
 - introduce high quality assets at an attractive yield that enhance portfolio metrics
 - provide balance sheet flexibility and added capacity for future growth
 - contribute to sustainable long-term underlying income
 - provide added scale and increased exposure to NSW metropolitan office markets

- In conclusion, IAPF has:
 - continued to perform off a solid base
 - successfully implemented active asset management strategy
 - created strategic partnerships
 - continued to add scale and look for value
 - continued to identify opportunities in a competitive but stable environment
 - delivered sustained growth in distributions and enhanced value to unitholders

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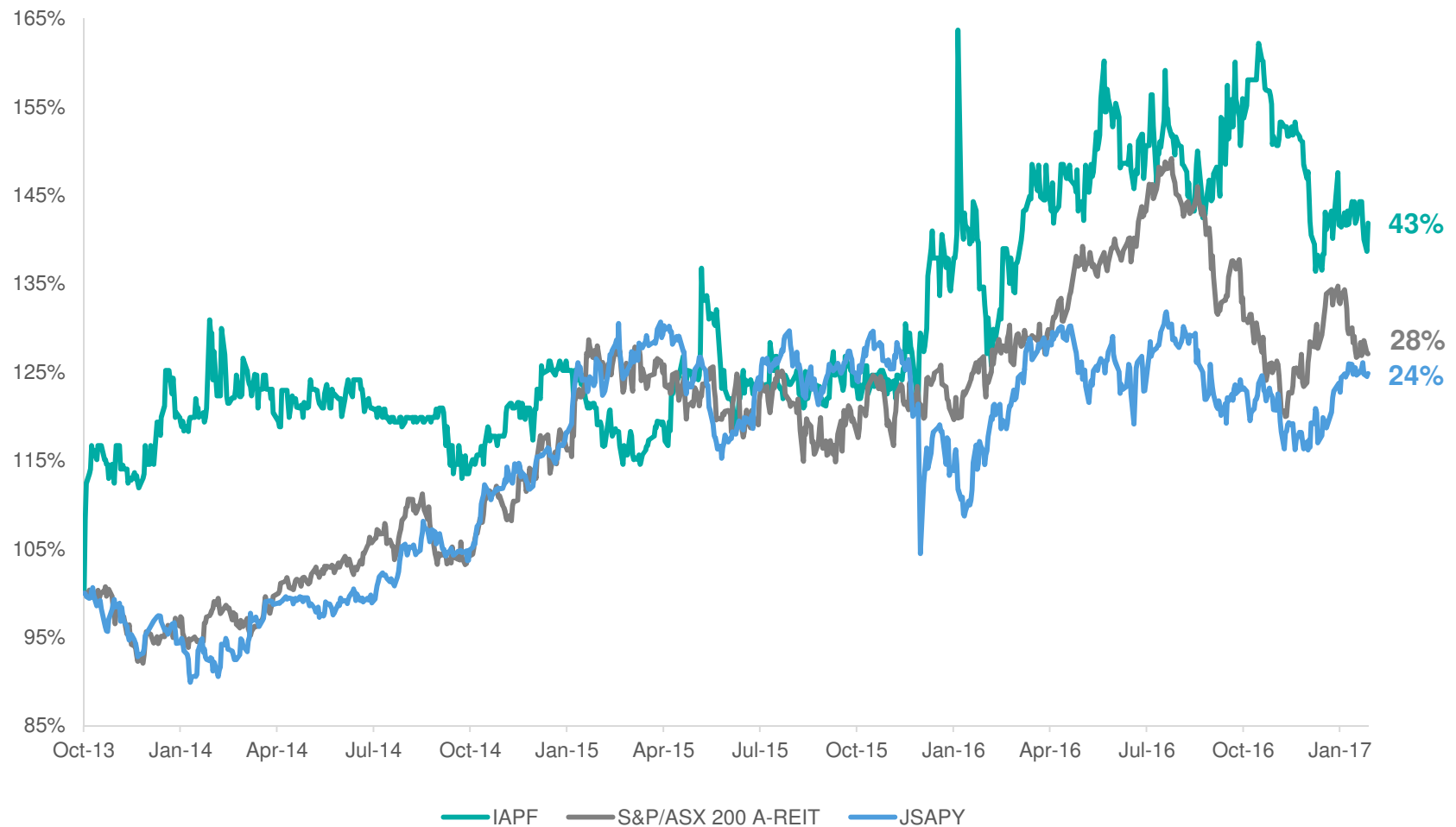
Annexure A

Market and IAPF unit price performance



Relative unit price performance since listing

IAPF vs. Australian and South African REIT indices



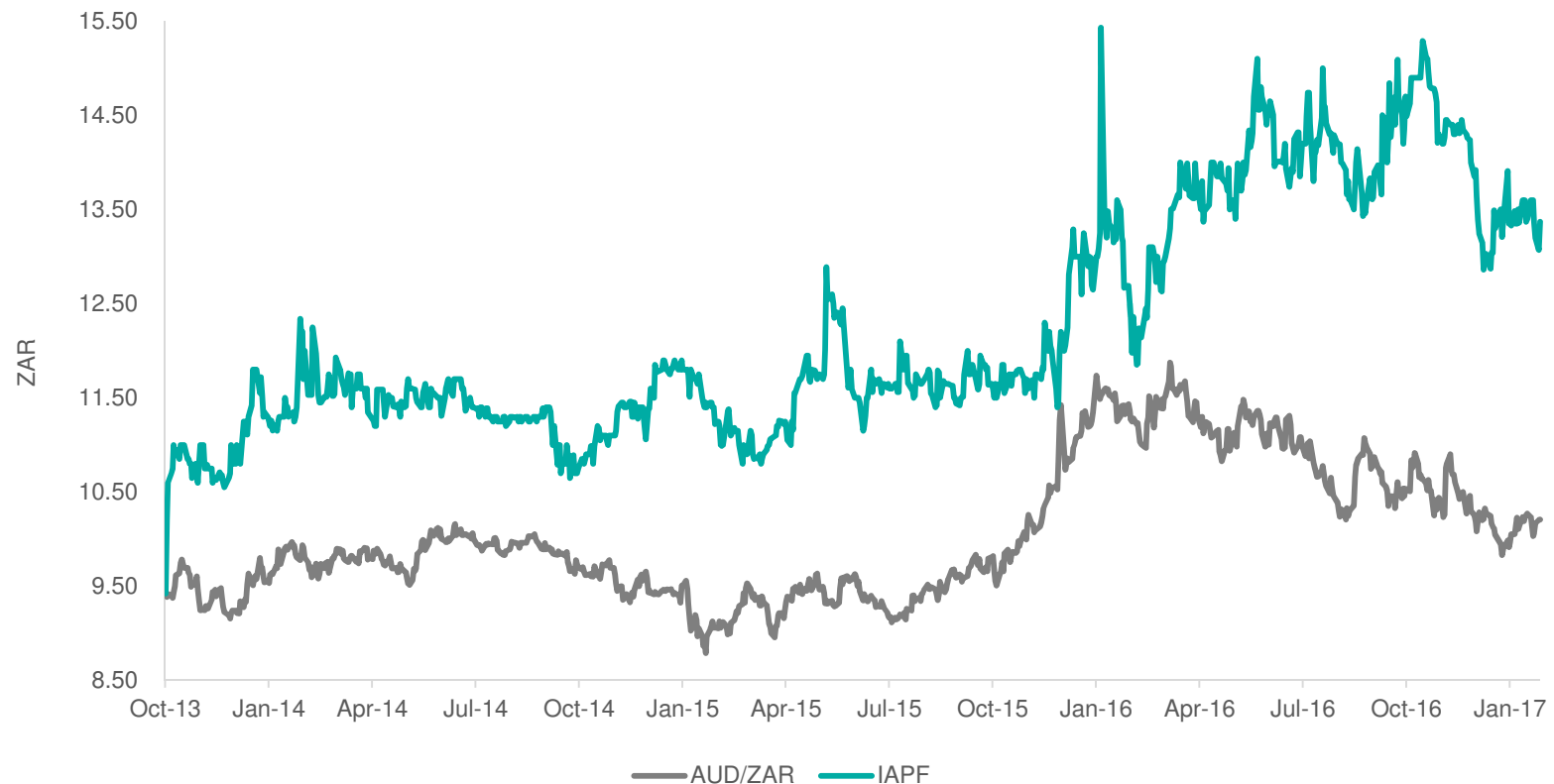
Source: Bloomberg as at 1 February 2017

Performance since listing (70.6% total return) Investec

Australia Property Fund

IAPF vs. ZAR / AUD exchange rate

- Delivered a 43.3% capital return in ZAR (33.1% return in AUD and 10.2% currency return)
- Paid out distributions of 257.60 ZAR cents (pre-WHT) to September 2016, equating to an income return of 27.3%¹



¹Return calculation based on listing price of ZAR 9.42 and takes into account ZAR equivalent of all pre-WHT distributions paid out to date
Source: Bloomberg as at 1 February 2017

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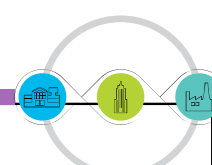
Annexure B

Property information



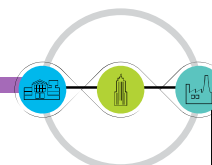
Fund snapshot

As at 1 February 2017 including the Proposed Acquisitions



Market Capitalisation	ZAR 4.42b / AUD 436m ¹
Unit price	ZAR 13.50
NAV per unit	ZAR 11.06 ¹
Premium to NAV	22%

PROPERTY PORTFOLIO



No. of properties	23
GLA	230 560m ²
Vacancy	2.0%
WALE (years)	5.0
In-force escalations	3.4%
Asset value	AUD 761m

OFFICE



No. of properties	11
GLA	122 278 m ²
Vacancy	3.8%
WALE (years)	4.5
In-force escalations	3.3%
Asset value	AUD 600m

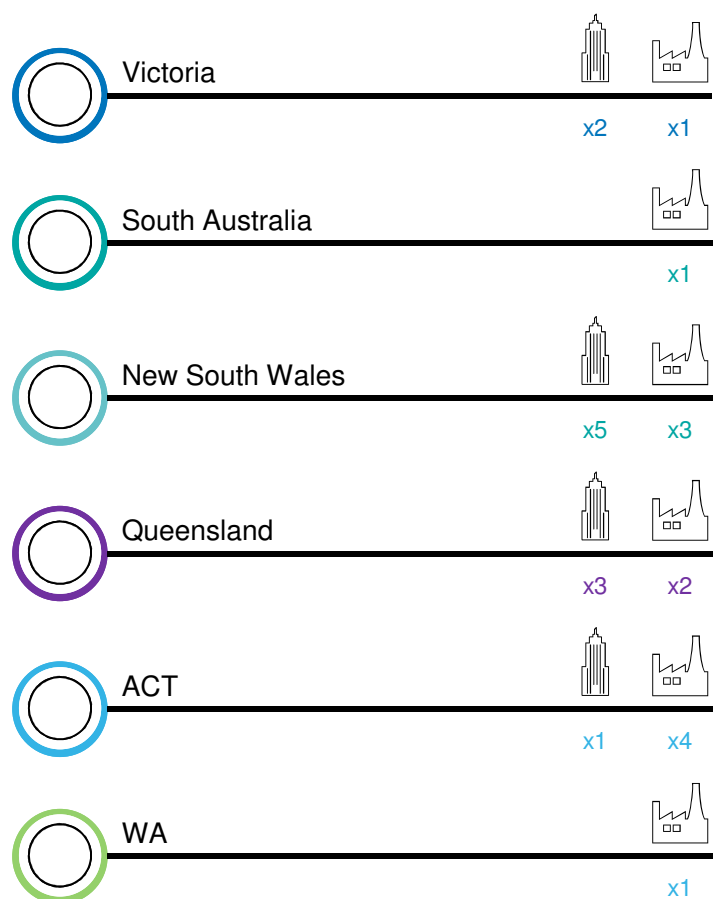
INDUSTRIAL



No. of properties	12
GLA	108 282m ²
Vacancy	0%
WALE (years)	6.2
In-force escalations	3.4%
Asset value	AUD 161m

¹Based on ZAR / AUD exchange rate of ZAR 10.1438 as at 1 February 2017

Our property landscape



Note: Our property landscape includes the Proposed Acquisitions

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Annexure C

Property sector yields



Australian property sector yields

Attractively priced relative to A-REITs



Source: Bloomberg as at 31 January 2017; Investec calculations

Note: Yields are based on rolling 12 month distributions on clean prices; forward yields are pre-withholding tax; numbers in brackets represent gearing; IAPF forward yield is FY18 pre-withholding tax and includes the Proposed Acquisitions and Rights Offer and is based on the theoretical ex-rights clean price of ZAR 13.04 as at 15 December 2016 (being the date of board approval of the Proposed Acquisitions and Rights Offer); assumes no deployment post the Proposed Acquisitions

SA inward listed property sector yields

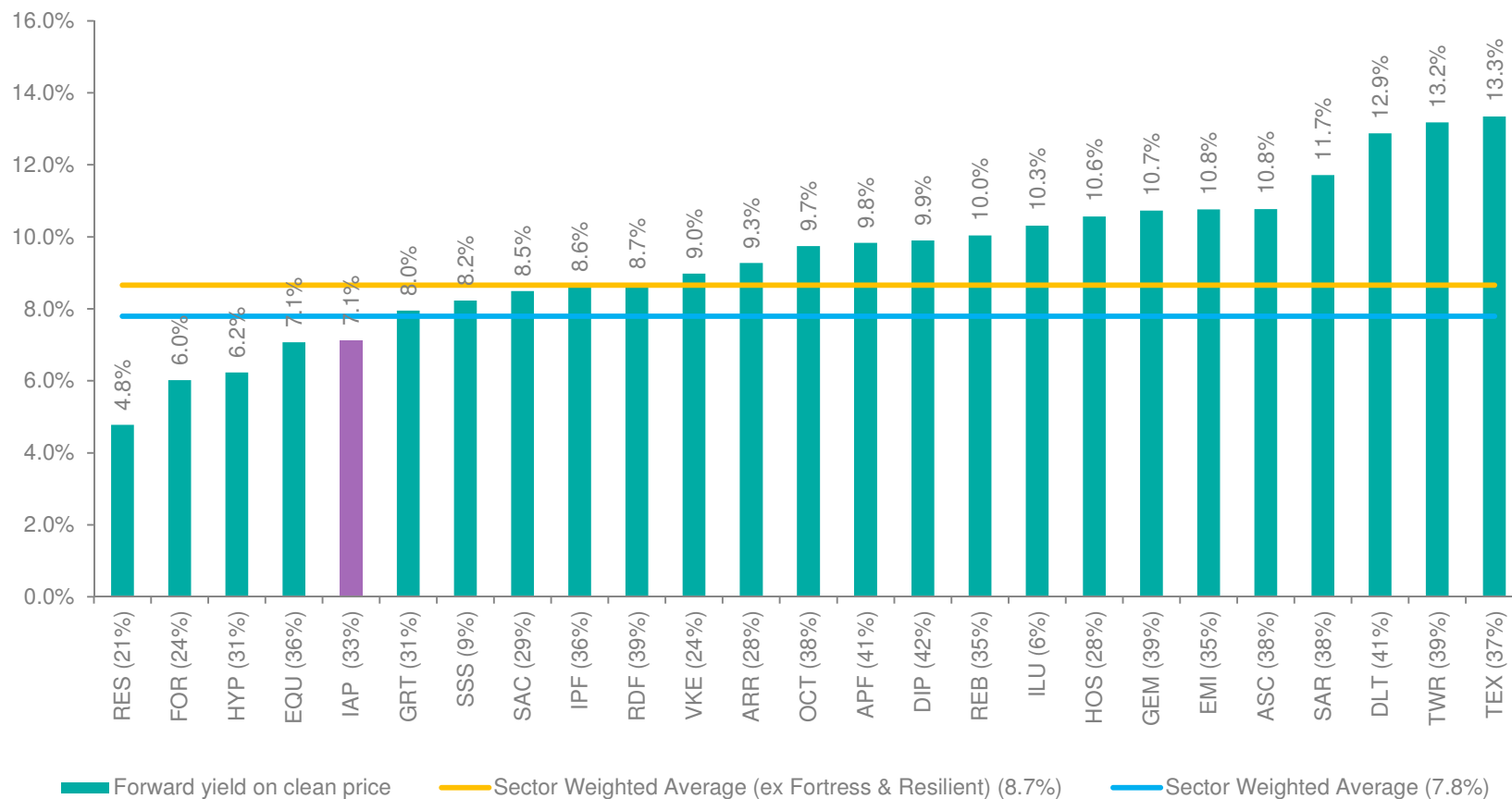
Attractively priced relative to inward listed peers



Source: Bloomberg as at 31 January 2017; Investec calculations

Note: Yields are earnings yields based on clean prices; where Bloomberg forecasts are not available, EPS forecasts are based on assumed growth rates applied to historical core or headline EPS; numbers in brackets represent gearing; IAPF forward yield is FY18 pre-withholding tax and includes the Proposed Acquisitions and Rights Offer and is based on the theoretical ex-rights clean price of ZAR 13.04 as at 15 December 2016 (being the date of board approval of the Proposed Acquisitions and Rights Offer); assumes no deployment post the Proposed Acquisitions

South African property sector yields



Source: INet Bridge as at 31 January 2017; Investec calculations

Note: Yields are based on rolling 12 month distributions on clean prices; numbers in brackets represent gearing; IAPF forward yield is FY18 post-withholding tax and includes the Proposed Acquisitions and Rights Offer and is based on the theoretical ex-rights clean price of ZAR 13.04 as at 15 December 2016 (being the date of board approval of the Proposed Acquisitions and Rights Offer); assumes no deployment post the Proposed Acquisitions

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Thank you



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