

MEDIA RELEASE

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**Investec Australia Property Fund new acquisition – AUD 177 million deployed in 6 months**

Investec Australia Property Fund (“IAPF” or the “Fund”) today announced the acquisition of an AUD 19.17 million industrial warehouse in the heart of Sydney’s western industrial corridor. The acquisition increases the Fund’s exposure in New South Wales and brings the value of the Fund’s total portfolio to AUD 347 million. The acquisition will be fully funded with debt which will take the Fund’s gearing to 29%.

The 16,461 square metre industrial warehouse, situated at 66 Glendenning Road in Glendenning, is located 35 kilometres from the Sydney CBD. Glendenning is one of Sydney’s most established industrial precincts and is home to tenants such as Wesfarmers, One Steel, BHP, Holcim, Khumo Tyres, Fletcher Building and Greens Foods. The precinct sits on the M7 motorway which connects the M4 and M5 motorways, the main arterial roads connecting the Sydney CBD to the western and south western suburbs. The property is easily accessible from the Port of Sydney, Sydney Airport and the Sydney CBD.

The property is 100% leased to McAlpine Hussmann Pty Ltd, a manufacturer of bespoke refrigeration display cases for the commercial refrigeration market, servicing customers such as Woolworths, Coles and IGA. The tenant has been operating in Australia, New Zealand and the Pacific Region for over 75 years and employs over 450 people in Australasia.

Rents at the property are AUD 90 per square metre, which are at market and compare favourably to rents in other established industrial precincts in western Sydney. The initial passing yield on acquisition is 7.66% which represents an attractive spread over the Fund’s borrowing costs of 4.15%. The lease expiry is four and a half years from the settlement date and contracted annual rental growth is 3.0%.

IAPF CEO Graeme Katz said:

“The acquisition is the seventh property acquired by the Fund since the rights issue in October 2014. Management has now deployed approximately AUD 177 million in the past six months and investors should begin to see the benefit of increased gearing in the Fund in the 2016 financial year. The acquisition further demonstrates management’s ability to source opportunities in a very competitive market.

We are pleased to increase the Fund’s exposure to the NSW market, particularly in a location such as Glendenning. The acquisition aligns well with the Fund’s strategy of investing in well-located, high quality assets underpinned by strong tenant covenants,” he added.

IAPF, listed on the Johannesburg Stock Exchange under the Real Estate Holdings and Development sector, provides South African investors with direct access to the Australian commercial property market.