

MEDIA RELEASE

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Investec Australia Property Fund increases its exposure to New South Wales

IAPF acquires metropolitan office properties.

Investec Australia Property Fund ("IAPF" or the "Fund") is pleased to announce the acquisition of 2 Richardson Road, North Ryde ("North Ryde Property") and 20 and 24 Rodborough Road, Frenchs Forest ("Frenchs Forest Property"). The acquisitions increase the Fund's exposure to New South Wales, Australia's largest and best performing economy.

The total purchase consideration amounts to AUD 160 million (excluding transaction costs):

- AUD 85 million (excluding transaction costs) for the North Ryde Property, which equates to an initial passing yield of 7.0% (pre transaction costs)
- AUD 75 million (excluding transaction costs) for the Frenchs Forest Property, equating to an initial passing yield of 7.5% (pre transaction costs) and a fully leased yield of 8.0% (pre transaction costs)

The North Ryde Property is a four level, high quality, A-grade office building located 10 kms northwest of the Sydney CBD in the established North Ryde commercial precinct. The North Ryde Property was built in 2004 and comprises 15,055m² of office space, 150m² of ground floor retail space and 492 undercover and on-grade car parks. The North Ryde Property benefits from immediate access to the M2 motorway, which in turn provides direct access to the Sydney CBD. It is located approximately 750 metres from the North Ryde train station which is currently undergoing a major upgrade as part of the Sydney Metro Rail Link project, which is Australia's largest public infrastructure project.

The Frenchs Forest Property comprises two separate buildings, 20 Rodborough Road and 24 Rodborough Road. 20 Rodborough Road is a campus style office building providing 12,366m² of office space, 325m² of ground floor retail space and 453 undercover and on-grade car parks. The building has recently undergone an extensive refurbishment program costing AUD 1.3 million which included upgrades to the lifts, refurbishment of some of the office levels, upgrades to the bathrooms and new disabled amenities. 24 Rodborough Road is a modern office and warehouse facility with two levels of office space totaling 3,219m², one level of high clearance warehouse space totaling 3,979m² and 130 undercover car parks.

The close proximity of the Frenchs Forest Property to the new Northern Beaches Hospital and the associated infrastructure upgrades is anticipated to positively impact tenant demand, especially from medical and health related tenants looking to locate in close proximity to the hospital and other tenants in the medical and health related sectors. This is further boosted by the fact that 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.

Commenting on the acquisitions IAPF CEO Graeme Katz said: "These acquisitions are attractive in that they increase our exposure to Australia's largest and best performing economy of New South Wales. These properties secure medium term income for the Fund with a weighted average lease expiry of at least 4.1 years. Furthermore the buildings have extremely low vacancy rates, are occupied by quality tenants, and are ideally located to benefit from rezoning initiatives and surrounding infrastructure developments."

Katz added: "The acquisitions continue the Fund's focus of investing in established metropolitan office markets where we see value relative to the major CBD office markets. We are starting to see rental growth in most of Sydney's office markets and as such, precincts such as North Ryde and Frenchs Forest, which both have comparably favourable net face rents to other Sydney metropolitan office markets, will only become more attractive to cost conscious occupiers."

The acquisitions will be partially funded by way of a ZAR 1.53 billion renounceable rights offer (approximately AUD 150 million). This will ensure that post transaction the Fund's gearing remains within or below its target range of 35% - 40%. The rights offer issue price of ZAR 13.50 equates to a clean price of ZAR 13.12 per unit and represents a forward yield of 7.6% pre withholding tax on the theoretical ex-rights price and a discount of 3.4% to the relevant 30 day weighted average clean price of R13.58, calculated as at the date of approval of the acquisitions and the associated rights offer by the Fund (being 15 December 2016). The Fund has already received irrevocable and underwriting commitments to the value of approximately ZAR1.02 billion (67.2%) from unitholders holding 29.2% of the units.

The effective date of the acquisitions is anticipated to be 6 March 2017.