

MEDIA RELEASE

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Investec Australia Property Fund delivers on growth objectives

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IAPF poised for acquisitive growth with gearing paid down to zero after successful rights offer

Highlights

- Interim distribution of 4.03 cents per unit pre withholding tax – annualised growth of 6.7%
- Quality core portfolio supported by sound property fundamentals
 - 6.7 year WALE;
 - 3.7% contractual escalations
 - 87% A grade tenants; and
 - 0% vacancy
- AUD104 million of completed acquisitions at a blended yield of 8.2%
- Favourable interest rate environment – funding locked in at 4.7% and debt facility extended
- AUD120 million rights offer fully subscribed subsequent to period end
- Average gearing during the period of 23.6% paid down to zero providing gearing capacity for future growth
- Since listing in October 2013, the initial portfolio of 8 assets valued at AUD129 million has grown to 12 properties valued at AUD254 million.

Investec Australia Property Fund (IAPF) CEO Graeme Katz said:

“We are extremely pleased with the Fund’s performance which reflects the attractive contracted fixed escalations, effective cost containment, the deployment of gearing to fund the acquisitions made since listing as well as the Fund’s efficient capital and interest rate management.”

Consistent with its strategy of investing in high quality properties, IAPF completed and announced acquisitions of AUD104 million during and subsequent to the period end at a blended yield of 8.2%. The properties are high quality, well located and have strong tenant covenants. They are reflective of the Fund’s strategic focus and its ability to unlock off-market transactions in a very competitive market through strong relationships with vendors. The acquisitions complement the existing property portfolio and contribute to the strength of the existing property fundamentals.

Subsequent to the reporting period the Fund’s gearing has again been paid down to zero from the proceeds of the successful rights offer. However, the Fund’s long term objective is to be geared at its target gearing levels of between 35% - 40%. The Fund has circa AUD160 million in debt capacity to pursue acquisitions.

The strength of the Fund’s property fundamentals remains a key underpin to the sustainability and growth of distributions. With 87% of the tenancies comprising A-grade tenants, a WALE of 6.7 years, contractual escalations of 3.7% and 0% vacancy, the Fund is well placed to deliver on its objectives.

Commenting on IAPF’s future prospects Katz said: “This set of results is reflective of our commitment to our strategy of investing in high quality properties that are favourably located to deliver income and capital growth for unitholders. The Fund is now anchored by a core of 12 quality well located properties and the recent successful rights offer provides us with significant capacity to further bolster our portfolio in line with our growth ambitions.”