

MEDIA RELEASE

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**Investec Australia Property Fund announces AUD 65.5 million acquisition in Brisbane and an associated rights offer**

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Investec Australia Property Fund ("IAPF" or the "Fund") has announced the Fund's third acquisition since listing late in 2013, with the purchase of an office development newly completed in July 2014, strategically situated in Brisbane for AUD65.5 million. This will take the portfolio to AUD250 million post the completion of the transaction, representing asset growth of 86% since listing. The property, situated at 757 Ann Street in the Fortitude Valley area adjacent to the Brisbane CBD, provides 10 levels of office space with a retail component on the ground floor and is 100% income producing with leases underpinned by high quality tenants. It benefits from excellent road access to the CBD and Brisbane Airport and is well served by various public transport options. The area is characterised by newer office buildings, significant newly developed high-density residential accommodation and good quality restaurants and cafes.

IAPF CEO Graeme Katz said: "This major addition to the Fund is a value accretive transaction secured on attractive terms representing an initial yield of 8.35%. It aligns well with our aim to grow the asset base by investing in high-quality properties situated in key metropolitan areas. We are pleased with this third excellent opportunity identified in the 10 months since listing which has enabled us to effectively deploy capital towards income enhancing transactions."

The property is let to major tenants including a 10 year lease with Ventyx (a subsidiary of the \$52 billion NYSE-listed ABB Group) for 60% of the office space, a 5 year lease with Corporate House Services ("CHS") for 20% of the office space and the remaining space let to a related party of the vendor, SIP Australia, supported by a cash backed guarantee for the full 5 year lease period. CHS provides an efficient alternative to traditional office spaces for small to medium users by offering potential tenants ready-to-go workspaces with complimentary support services. These medium to long term leases include a contracted annual rental growth of a minimum of 3% and represent a weighted average lease expiry of 7.54 years.

The purchase of Ann Street is another off-market transaction identified and secured through the strength of the Investec Property network in Australia.

The effective date of the acquisition is expected to be before the end of October 2014, subject to the fulfilment of related conditions, including the completion of due diligence, commencement of all leases, regulatory and unitholder approval for the acquisition and the execution of the proposed rights offer.

The acquisition is to be funded by way of a renounceable rights offer to existing unitholders in the Fund, details and timing of which will be released shortly.

On completion, the portfolio will comprise six industrial and five office properties; all located in established commercial precincts within major metropolitan areas.

IAPF was listed on the JSE in October 2013 under the Real Estate Holdings and Development sector and allows South African investors access to the Australian property market.