

MEDIA RELEASE

30 October 2019

Investec Australia Property Fund delivers first financial result post ASX listing

Highlights

- Completed listing on the ASX and raised \$161 million¹ in May 2019
- S&P/ASX 300 index inclusion and increased weighting in SAPY index in September 2019
- Acquisition of three industrial properties for \$81 million in September 2019²
- Oversubscribed institutional placement raised \$84 million in September 2019³
- Portfolio now comprises 31 properties valued at \$1.18 billion⁴
- 99.9% occupancy⁵, up from 99.4% at 31 March 2019
- Weighted average lease expiry (WALE) of 4.6 years with 54% of leases expiring after five years⁶
- Gearing reduced to 26.8%⁷ with a total cost of funds of 3.83%
- Net asset value increased from \$1.30 to \$1.33
- Annualised distribution guidance of 8.88 cents per unit for FY20 maintained

Investec Australia Property Fund (IAP or the Fund) has today reported its first interim financial result since its successful listing on the ASX earlier this year.

IAP reported an interim distribution for the period from 28 May 2019 to 30 September 2019⁸ of 3.20 cents per unit (cpu) pre-withholding tax (WHT) and 2.91 cpu post-WHT, which represents 100% of adjusted funds from operations (AFFO) for the period. Funds from operations for the full reporting period of 1 April 2019 to 30 September 2019 was 4.98 cpu and AFFO was 4.78 cpu.

Commenting on the Fund's interim results, IAP CEO Graeme Katz said: *"The Fund has delivered a pleasing result for the period ended 30 September 2019 off the back of the continued strong underlying performance of the property portfolio."*

The Fund listed on the ASX in May this year, achieving a significant milestone. The Fund is now dual listed on the JSE and the ASX.

The Fund also raised a total of \$161 million in conjunction with the ASX listing through the issue of new units and the sale of existing units owned by a large unitholder at a subscription price of \$1.32 per unit, above the minimum subscription price and the Fund's net asset value at the time of \$1.30 per unit.

¹ All figures are in Australian dollars unless otherwise stated.

² Settled post reporting date.

³ Settled post reporting date.

⁴ As at 25 October 2019, including the post reporting date acquisitions and institutional placement.

⁵ By gross property income. As at 25 October 2019, including the post reporting date acquisitions and institutional placement.

⁶ By gross property income. As at 25 October 2019, including the post reporting date acquisitions and institutional placement.

⁷ As at 25 October 2019, including the post reporting date acquisitions and institutional placement. Gearing means interest bearing liabilities (excluding debt establishment costs) divided by the total value of investment properties.

⁸ The interim distribution excludes income for the period from 1 April 2019 to 27 May 2019, which was distributed (by way of a special distribution) to unitholders on the unit register prior to the date on which the Fund was listed on the ASX (as disclosed in the product disclosure statement dated 3 May 2019, the Fund's 2019 Annual Report and the JSE announcements relating to that special distribution).

In September 2019, IAP completed an institutional placement raising a further \$84 million at a subscription price of \$1.52 per unit⁹. The proceeds from the institutional placement were used to fund the acquisition of three industrial properties valued at \$81 million, which increased the Fund's industrial exposure from 23% to 27%¹⁰.

"We are very pleased with the support we have received from both institutional and retail investors in Australia, and the continued support from our existing investor base in South Africa," Mr Katz said.

"The Fund's objective of delivering capital and income returns to investors over time, underpinned by investing in well located, good quality office and industrial properties, has been well received by the market.

"The fact that both the capital raising done in conjunction with the ASX listing and the subsequent institutional placement were significantly oversubscribed validates the decision to seek the dual listing, and has resulted in a strong unit price performance since the date of the ASX listing."

In relation to the operational performance of the Fund's portfolio, the focus remains on achieving lease extensions in advance of contractual expiry dates in order to secure the Fund's medium to long term income. The Fund's occupancy rate has improved to 99.9%¹¹ and the WALE has been maintained at just under five years.

"Since 1 April 2019 we have entered into leases over 18,456m² and have signed heads of agreement over a further 14,463m². This equates to approximately 11% of the portfolio by area and only 368m² remains vacant across the entire portfolio of 343,000m². More than 54% of leases now expire after five years, providing long term visibility of income for investors," Mr Katz added.

The portfolio now comprises 31 properties valued at \$1.18 billion with an underlying net asset value of \$1.33 per unit, up from \$1.30 per unit as at 31 March 2019. As a result of the recent capital raisings, and valuation uplift of approximately \$39 million for the period, gearing now sits at 26.8%¹² meaning the Fund's balance sheet is well positioned for future growth. The Fund has also reaffirmed its FY20 annualised distribution guidance of 8.88 cpu.

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About Investec Australia Property Fund

Investec Australia Property Fund is an Australian domiciled fund that is dual listed on the JSE and the ASX. The Fund invests in office, industrial and retail property located in Australia and New Zealand. The Fund is managed by an experienced team of property specialists on the ground in Australia who have an established track record. Investec Australia Property Fund is operated by Investec Property Limited.

For more about IAP please visit:

www.iapf.com.au

⁹ Settled post reporting date.

¹⁰ By gross property income.

¹¹ By gross property income. As at 25 October 2019, including the post reporting date acquisitions and institutional placement.

¹² Gearing means interest bearing liabilities (excluding debt establishment costs) divided by the total value of investment properties.

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Important Information:

Investec Property Limited ABN 93 071 514 246 AFS licence 290909 is the issuer of units in the Fund.

Investments in the Fund are not deposits with, or other liabilities of, Investec Australia Limited or any Investec Group entity and are subject to investment risk, including possible delays in repayment and loss of income and capital invested.

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The Fund is regulated in Australia and is approved by the FSCA in South Africa as a foreign collective investment scheme. The Fund is listed on the JSE Limited and the ASX Limited.