

## MEDIA RELEASE

3 May 2019

### IAPF delivers financial result in line with guidance and announces ASX listing

#### Highlights

- AUD 1 063 million total portfolio value
- Attractive portfolio comprising 28 properties supported by strong underlying property fundamentals and an established track record of delivering on strategic objectives
- AUD 49.2 million of property acquisitions during the year
- 99.4%\* occupancy at 31 March 2019, up from 98.5%\* at 31 March 2018
- Long WALE of 4.7 years\* with 48%\* of leases expiring after five years
- 88.9%^ total return in ZAR since listing
- Total distribution of 10.23 cents per unit pre-withholding tax – growth of 2.0% in AUD
- Strong balance sheet management - 3.75% all in funding rate; 77.5% hedged for 7.2 years
- ASX listing and associated capital raising° announced, seeking to raise approximately AUD 100 million

Investec Australia Property Fund (**IAPF** or the **Fund**) is pleased to announce a final distribution of 5.18 cents per unit (**cpu**) pre-withholding tax (**WHT**) and 4.75 cpu post-WHT (2018: 5.08 cpu pre-WHT and 4.65 cpu post-WHT). This brings the total distribution for the year to 10.23 cpu pre-WHT and 9.40 cpu post-WHT (2018: 10.03 cpu pre-WHT and 9.29 cpu post-WHT) and represents growth for the full year of 2.0% pre-WHT and 1.2% post-WHT, which is in line with guidance given to the market.

The financial result reflects the Fund's strategy of acquiring properties in established office or industrial precincts supported by key infrastructure, optimising returns through active asset management and the efficient management of the balance sheet and interest rates.

During the year, management focused on engagement with tenants in an effort to agree lease extensions in advance of contractual expiry dates in order to secure the Fund's medium to long term revenue. Commenting on the leasing activity for the year, IAPF CEO Graeme Katz said:

*"We are continually looking at ways to improve the tenant experience, whether by improving our management processes or investing in the portfolio through planned or discretionary capital expenditure. Ensuring our portfolio remains relevant and understanding users' occupancy requirements is critical in retaining existing tenants and attracting new tenants which ultimately drives revenue growth. During the year we entered into leases over approximately 12%<sup>a</sup> of the portfolio with only 1 417m<sup>2</sup> remaining vacant and 48% of leases expiring after five years.*

The Fund's portfolio now comprises 28 assets valued at AUD 1 063 million. IAPF's gearing ratio as at 31 March 2019 increased to 38.1%, primarily as a result of the acquisitions made during the year.

\* By revenue

^ Based on a spot rate of 10.2890 for the H2 distribution and a unit price of ZAR12.70

<sup>a</sup> By area

° The issuer of units under the Offer is Investec Property Limited ("**Responsible Entity**") as responsible entity of the Fund. The Responsible Entity has lodged a product disclosure statement dated 3 May 2019 (**PDS**) in connection with the Offer and ASX listing with the Australian Securities and Investment Commission, a copy of which can be obtained from the Fund's website at [www.iapf.com.au](http://www.iapf.com.au). Investors should consider the PDS in deciding whether to acquire and continue to hold units in the Fund.

<sup>n</sup> 31% gearing post drawdown for payment of FY19 / pre-allotment distributions. Gearing means interest bearing liabilities (excluding debt establishment costs) divided by the total value of the Fund's investment properties.

The Fund also announced that it is pursuing an ASX listing and associated capital raising and has issued a product disclosure statement in this regard. The ASX listing and associated capital raising, which aims to raise approximately AUD 100 million through the issue of 76.9 million new units (**Offer**)<sup>o</sup>, is being undertaken in accordance with the approvals received from unitholders in September 2018. Following the ASX listing, the Fund will delist from the BSX and will be dual primary listed on the JSE and ASX.

*“Following the recent acquisition of 24 Wormald Street in Canberra, and given the current favourable conditions in the Australian REIT market, Investec Property Limited as responsible entity of the Fund has decided to pursue the ASX listing and associated capital raising. The proceeds from the capital raising will be used to repay debt and pay the costs associated with the offer, and will result in the Fund’s gearing reducing to approximately 29%<sup>n</sup>. If the ASX listing proceeds, the Fund will be dual primary listed on both the ASX and the JSE. We believe this is an important strategic initiative which will provide the Fund with a more diversified pool of capital to allow it to grow and diversify its property portfolio,”* added Katz.

In light of the proposed ASX listing and Offer, the Fund is also pleased to announce a special distribution of 1.59 cpu pre-WHT and 1.46 cpu post-WHT on existing units for the period 1 April 2019 to 27 May 2019, being the date on which settlement of the new units issued pursuant to the Offer is expected to occur. The Fund’s first distribution following the ASX listing is expected to be for the period from 28 May 2019 to 30 September 2019.

The Offer comprises a broker firm offer and institutional offer. The broker firm offer is expected to open on Monday, 13 May 2019 and close on Monday, 20 May 2019 with the institutional offer and bookbuild being conducted on Monday, 20 May 2019 and Tuesday, 21 May 2019. The final subscription price and allocation of new units will be announced on Tuesday, 21 May 2019. New units issued pursuant to Offer are expected to commence trading on the JSE on Monday, 27 May 2019 (Johannesburg time), and on the ASX on Tuesday, 28 May 2019 (Sydney time), initially on a deferred settlement basis.

Further information on the ASX listing and the Offer, including a copy of the PDS, is contained on the Fund’s website at [www.iapf.com.au](http://www.iapf.com.au).

**ENDS**

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## Notes to editors

### About Investec Australia Property Fund

IAPF is an Australian domiciled fund that is listed on the JSE. The Fund invests in office, industrial and retail property located in Australia and New Zealand. The Fund is managed by an experienced team of entrepreneurial property specialists on the ground in Australia who have an established track record of managing third party property funds. The Fund's portfolio is geographically and sectorally diversified with quality tenants underpinning known rental income.

IAPF is operated by Investec Property Limited.

For more about IAPF please visit:

[www.iapf.com.au](http://www.iapf.com.au)

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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.

Past performance is not necessarily a guide to future performance. Returns and benefits are dependent on the performance of underlying assets and other variable market factors and are not a guarantee. Exchange rate fluctuations may have an adverse effect on the value of certain investments.

This document is for information only and readers should obtain their own investment, legal and tax advice. Neither Investec Australia Limited nor any member of the Investec Group guarantee any particular rate of return or the performance of the Fund, nor do they guarantee the repayment of capital from the Fund.

The Fund is regulated in Australia and is approved by the FSB in South Africa as a foreign collective investment scheme (CIS). The Fund is listed on the JSE Limited.

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