

INVESTEC AUSTRALIA PROPERTY FUND
Incorporated and registered in Australia in terms of ASIC (ARSN 162 067 736)
Registered in terms of the Collective Investment Schemes Control Act No.45 of 2003
Operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909) ("**Responsible Entity**")
Share code: IAP
ISIN: AU60INL00018
("**IAPF**" or the "**Fund**")

ACQUISITION OF NEW PROPERTY

1. ACQUISITION OF NEW PROPERTY

1.1. Acquisition

Unitholders are advised that the Fund has entered into and settled a contract for sale with Maritime Fire & Safety Pty Ltd (ACN 003 220 997) to acquire the property located at 67 Calarco Drive, Derrimut VIC 3030 (**Property**).

The effective date of the acquisition of the Property is the settlement date under the contract for sale, which occurred simultaneously with signing the contract for sale on 24 December 2014.

There were no conditions precedent to the acquisition of the Property.

1.2. Purchase consideration

The purchase consideration is AUD 8,100,000 which represents an annualised property yield of 7.73% (7.25% post all transaction costs) based on the net passing income as at the settlement date.

The purchase consideration and all transaction costs will be funded through the existing debt facility with Westpac Banking Corporation.

1.3. Rationale for acquisition of the Property

The acquisition of the Property is consistent with the Fund's strategy of investing in well located, high quality assets. The Responsible Entity is actively seeking opportunities to grow and diversify the Fund's asset base, enhance unitholder value and contribute to sustainable income growth. The acquisition of the Property represents an attractive investment for the Fund as:

- (a) it is accretive based on the positive spread between the property yield and funding costs;
- (b) the majority of the income (93%) is underpinned by a lease to Groundmaster Engineering Pty Ltd (**GEPL**), whose principal business activities comprise industrial engineering design solutions, and whose ultimate parent is Skips AS Tudor of Norway, the private investment vehicle of the well-known Wilhelmsen shipping and logistics family;
- (c) the balance of the income (7%) is underpinned by a lease to iOM Pty Ltd (**iOM**) in respect of a prominent advertising sign that fronts the Western Freeway;
- (d) the weighted average lease expiry is 8 years and contracted annual rental growth is 3.50% in respect of the lease to GEPL and CPI in respect of the lease to iOM;
- (e) all outgoings are fully recoverable under the leases;
- (f) the Property is located in one of Melbourne's most established industrial areas 18 kilometers from the Melbourne CBD and benefits from excellent road access and visibility; and
- (g) there are depreciation allowances which will provide a tax shield on distributions payable to unitholders.

1.4. Specific information relating to the Property

Registered description	Lot 2 in Plan of Subdivision 545053N
Title	Freehold
Sector	Industrial (warehouse)
Location	18 km west of the Melbourne CBD
Year built	2008
Site area	17,880m ²
GLA	7,149m ²
Car parks	57
Rent per m ²	AUD 81 per annum (net of outgoings) in respect of the GEPL lease
Vacancy	0%

The Property has been valued at AUD 8,100,000 as at 4 December 2014 by Urbis Valuations Pty Limited (ACN 105 273 523). The valuer, Shane Robb, is an independent valuer and is an Associate of the Australian Property Institute (Certified Practising Valuer No. 1753).

1.5. Forecast information on the acquisition of the Property

The forecasts have been prepared with effect from 1 December 2014 and include forecast results for the period ending 31 March 2015 and the year ending 31 March 2016.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the board of directors of the Responsible Entity. The forecasts have not been reviewed or reported on by the independent reporting accountants.

The forecasts presented in the table below have been prepared in accordance with the Fund's accounting policies and in compliance with IFRS.

	Forecast 4 months ending 31 March 2015 AUD'000	Forecast 12 months ending 31 March 2016 AUD'000
Revenue, including straight line adjustment	236	755
Total property expenses	(19)	(59)
Net property income	217	696
Fund management fees	(16)	(49)
Fund operating costs	(5)	(16)
Net operating income before finance charges	196	631
Finance costs	(128)	(385)
Net profit attributable to equity holders	68	246
Less: straight line revenue adjustment	(10)	(62)
Distributable income pre-withholding tax	58	184
Distributable income post-withholding tax	58	180

Notes:

- All revenue for the reporting periods shown is contracted and is based on the leases in place on settlement.
- Distributions payable to unitholders attributable to the acquisition of the Property are shielded from withholding tax in Australia as a result of interest expense on debt funding and depreciation allowances on the Property.
- Material expenditure items relate to the fund management fees (approximately 40% of total expenses).
- No material expenditure items have been increased in the forecast period ending 31 March 2016 by more than 15% over the previous financial period.
- The finance costs reflect an all in cost of funds of 4.47%.

1.6. Categorisation

The acquisition of the Property falls below the threshold for a categorised transaction in terms of the Listing Requirements of the JSE Limited and this announcement is disclosed on a voluntary basis.

Johannesburg
24 December 2014

Investment Bank and Sponsor
Investec Bank Limited