

MEDIA RELEASE

10-Apr-2018

Investec Australia Property Fund acquires Melbourne industrial property

Investec Australia Property Fund (“IAPF” or the “Fund”) today announced the acquisition of an industrial property in Dandenong South, Melbourne for AUD 19 450 000 which represents an initial yield of 6.3%.

The property is situated at 36-42 Hydrive Close, Dandenong South, 32 kilometres south east of the Melbourne CBD in one of the city’s most established industrial precincts. The property is well located with excellent access to major arterials and freeways including the South Gippsland Highway, Eastlink and the Monash Freeway. Significant major infrastructure projects, such as the Westall Road Extension, the AUD 100 million North-East Link and the AUD 300 million Moordialic Bypass, are either underway or planned to commence in the immediate vicinity of the property which will further improve connectivity and accessibility.

The property is 100% occupied by a subsidiary of ASX-listed Pact Group Holdings Ltd (ASX: PGH), which is one of Australia’s leading suppliers of milk and juice packaging. Pact Group Holdings Ltd is the largest manufacturer of rigid plastic packaging products in Australia and employs over 4 000 people across seven countries. The lease is long dated, expiring in 7.1 years and includes contracted annual rental escalations of the greater of 3.5% and CPI.

The acquisition is accretive for the Fund and will be funded by utilising the Fund’s existing debt facility. Post the acquisition the Fund will be geared to 37.6% with a weighted average cost of debt of 3.71% per annum and hedged to 86.4% for an average of 6.2 years.

IAPF CEO Graeme Katz is pleased to acquire another property in Victoria, one of Australia’s best performing economies, taking the value of the Fund’s total portfolio to AUD 967 million.

“The property is a well-located, high quality industrial facility that provides a sustainable income stream for investors. The property complements the acquisition of 6-8 and 11 Siddons Way in the neighbouring suburb of Hallam completed in late 2017,” Mr Katz said.

“Dandenong South is a prime industrial precinct evidenced by the quality of occupiers including Amazon, Carter Holt Harvey, Toyota, Swire Cold Storage and Bosch. The property is occupied by a tenant that is part of an extremely strong ASX-listed group under a long-term lease with 7.1 years to run. The site coverage is low at 44% with the opportunity to develop additional lettable area or create full drive-around access if required in order to retain or attract tenants.”

Settlement of the property is due to occur on 19 April 2018.

IAPF, listed on the Johannesburg Stock Exchange, provides South African investors with direct access to the Australian commercial property market.