

MEDIA RELEASE

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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 Hallam, Melbourne for AUD 22,000,000 which represents an initial yield of 6.3%.

The property comprises two separate buildings with a gross lettable area of 15,504m² split across warehouse and distribution facilities (13,584m²) and associated office accommodation (1,920m²), 80 parking bays and a site area of 32,701m².

The property is situated at 6-8 and 11 Siddons Way, Hallam, 33 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 national retailer Focus on Furniture, who uses the property as their national office and main distribution warehouse. Focus on Furniture is an Australian-owned company dedicated to selling premium quality furniture sourced both locally and from around the world. The company has been operating for 15 years and specialises in lounges, dining and bedroom suites. It currently has 33 stores in Victoria, NSW, ACT, South Australia and Queensland and employs more than 150 people. The lease is long dated, expiring in 7.8 years and includes contracted annual rental escalations of 3.0%.

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 35% with a weighted average cost of debt of 3.67% and hedged to 87% for an average of 7.2 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 801 million.

"The acquisition aligns well to the Fund's strategy of investing in well-located, high quality assets that provide a sustainable income stream for investors," Mr Katz said.

"The property is located in one of Melbourne's most tightly held industrial precincts which is home to other significant companies such as Ceva Logistics, Australia Post and TNT. In addition, Amazon has just announced it will locate its first Australian distribution facility in the adjoining suburb of Dandenong South. The property is currently occupied by a tenant with a strong track record under a long-term lease with 7.8 years to run, but the property has flexible future uses and could potentially be split into two separate units to accommodate multiple users. It is also split over two titles which could be sold separately. Additionally, there is expansion land available that could accommodate additional hardstand and loading capacity and increase the income generated from the property."

Settlement of the property is due to occur in mid-October 2017.

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