

**MEDIA RELEASE**

26 September 2019

**Investec Australia Property Fund announces acquisitions and placement**

Investec Australia Property Fund (IAP or the Fund) has today announced the acquisition of an industrial property portfolio and a fully underwritten institutional placement.

The Fund has contracted to acquire a portfolio of three industrial properties<sup>1</sup> from Charter Hall Prime Industrial Fund<sup>2</sup> for \$81 million<sup>3</sup>, which will deliver the Fund an initial yield of 7.3 per cent<sup>4</sup>.

The Fund also announced a fully underwritten institutional placement to raise approximately \$84 million at an issue price of \$1.52 per unit to fund the acquisitions and part of the associated transaction costs.

The three industrial properties are located in Perth, Adelaide and Darwin:

- 103 Welshpool Road, Welshpool WA - with 5,246sqm lettable area providing an initial yield of 6.6%. It is located in one of Perth's premier industrial locations (purchase consideration of \$26.5m)
- 46-70 Grand Trunkway, Gillman SA – with 31,589sqm lettable area providing an initial yield of 6.8%. It is located within close proximity to Port Adelaide (purchase consideration of \$25.5m)
- 16 Dawson Street, East Arm NT – with 14,410sqm lettable area providing an initial yield of 8.4%. It is located within immediate proximity to Darwin's main industrial freighting port (purchase consideration of \$29.0m)

The properties are leased, respectively, to Milne Feeds (one of the largest integrated agribusiness groups in Western Australia), Australian Wool Handlers (the world's largest wool and independent cotton handler), and Northline (Australian business specialising in road and freight management services, warehousing, and distribution). They have a weighted average lease expiry of 8.2 years<sup>5</sup> and weighted average annual rent reviews of 3.1%.<sup>5</sup>

IAP CEO Graeme Katz said: "The acquisitions build on IAP's track record of acquiring strategically located, good quality, income-producing properties.

Each of the properties being acquired is underpinned by strong tenant covenants and located near major transportation hubs.

The acquisitions offer an attractive return profile with an initial yield of 7.3%<sup>4</sup> and contracted annual rental growth of over 3%."

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<sup>1</sup> Each property will be acquired by a wholly owned sub trust of IAP.

<sup>2</sup> The three properties will each be sold by a sub trust of the Charter Hall Prime Industrial Fund, being The Trust Company (Australia) Limited ACN 004 027 749 as custodian of Bieson Pty Limited ACN 110 465 168 as trustee for the Welshpool Logistics Trust ABN 37 184 989 983, the Gillman Logistics Trust ABN 79 924 994 352 and the CPIF Port of Darwin Logistics Trust ABN 59 786 272 447.

<sup>3</sup> Purchase price excludes transaction costs and is subject to customary adjustments.

<sup>4</sup> Initial yield is pre transaction costs.

<sup>5</sup> Weighted by gross property income.

IAP added that it had launched a fully underwritten placement of 55,572,553 new units to raise approximately \$84 million at a fixed issue price of \$1.52 per new unit.

Mr Katz added: “The placement, the proceeds from which will be used to fund the acquisitions, provides IAP with the opportunity to increase liquidity on the ASX while preserving balance sheet capacity for future growth.”

The placement strengthens IAP’s balance sheet with pro forma gearing reducing to 27.1 per cent<sup>6</sup> (below IAP’s target range of 30 per cent to 40 per cent) providing approximately \$139.2 million of further acquisition capacity.<sup>7</sup>

**ENDS**

### **About Investec Australia Property Fund**

IAP 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 entrepreneurial property specialists on the ground in Australia who have an established track record. IAP is operated by Investec Property Limited. For more about Investec Australia Property Fund 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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<sup>6</sup> Pro forma based on the balance sheet of IAP as at 31 March 2019, adjusted only for the ASX listing, the acquisitions and the placement.

<sup>7</sup> Based on gearing of 35%, being the midpoint of IAP’s target gearing range of 30% to 40%.