

## **INVESTEC AUSTRALIA PROPERTY FUND**

Established in Australia and registered with ASIC as a managed investment scheme (ARSN 162 067 736)

Operated by Investec Property Limited (ACN 071 514 246; AFSL 290 909) ("**Responsible Entity**")

Registered as a foreign collective investment scheme in terms of the Collective Investment Schemes Control Act No.45 of 2003

Unit code: IAP

ISIN: AU0000046005

(the "**Fund**")

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### **SALE OF 757 ANN STREET**

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#### **Introduction**

Investec Property Limited as the Responsible Entity of the Fund is pleased to advise unitholders that a contract for sale has been entered into on 11 December 2019 with Trosa AusProp Pty Ltd as trustee of Trosa AusProp One Trust to sell the property located at 757 Ann Street, Fortitude Valley QLD ("**Property**" or the "**Sale**").<sup>1</sup>

The sale price for the Property is AUD 94 000 000<sup>2</sup> which equates to a passing yield of 6.6%.

#### **Use of the Sale proceeds**

The Sale proceeds will be used to repay debt. It is anticipated that the Fund's gearing following receipt of the Sale proceeds and the repayment of debt will be approximately 21%.<sup>3</sup>

#### **Rationale for the Sale**

- The Responsible Entity has previously advised that it would look to sell properties where it believes valuation creation has been maximised, to protect against downside risk or to improve the overall quality of the portfolio.
- Given the Property presents as new, the weighted average lease expiry is just under 4.5 years and there is currently strong demand for high quality office properties in the Brisbane fringe office market, the Responsible Entity determined that it was an opportune time to consider a sale of the Property.
- The Responsible Entity advised the market when it released its interim financial results in November 2019 that the Property was subject to an expression of interest campaign.
- The Responsible Entity received a strong response to the expression of interest campaign and the sale price of AUD 94 000 000 is 11% above the book value of AUD 85 000 000, which reflects the most recent directors' valuation<sup>4</sup> conducted in September 2019 and the most recent external valuation prepared by Colliers International in September 2018.
- The proceeds from the Sale will be used to repay debt, which will further strengthen the Fund's balance sheet and provide additional debt funding capacity for future acquisitions.

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<sup>1</sup> The Property is held in Investec Australia Sub Trust No.6, a wholly-owned subsidiary of the Fund.

<sup>2</sup> Subject to customary adjustments. An amount of AUD 1 300 000 is being retained by the Fund's solicitors for a period of 12 months following settlement in respect of a planning matter being considered by the Brisbane City Council. On the assumption that the planning matter is resolved, this amount will be released to the Fund on the relevant date.

<sup>3</sup> Gearing means interest bearing liabilities (excluding debt establishment costs) divided by the total value of investment properties.

<sup>4</sup> The directors are not independent valuers and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No.47 of 2000.

### Property specific information<sup>5</sup>

Registered description	Lot 20 of Registered Plan 172270
Title	Freehold
Sector	Office
Location	757 Ann Street, Fortitude Valley QLD
Year built	2014
Site area	1 219m <sup>2</sup>
Lettable area	9 422m <sup>2</sup>
Net office rent per m <sup>2</sup>	AUD 645
Vacancy	0%
WALE	4.3 years
Estimated transaction costs	AUD 1 400 000 <sup>6</sup>

### Effective date and financial information

The effective date of the Sale is the settlement date under the contract for sale, which is anticipated to be 1 April 2020. There are no conditions precedent to settlement.

The IFRS net operating income attributable to the Property amounted to AUD 2 797 334<sup>7</sup> for the six months ended 30 September 2019. The financial information contained in this announcement has not been reviewed or reported on by a reporting accountant.

### Categorisation

The Sale is a category 2 transaction in terms of section 9 of the JSE Listings Requirements and accordingly does not require approval by unitholders.

Johannesburg  
11 December 2019

Investment Bank and Sponsor  
Investec Bank Limited

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<sup>5</sup> As at the date of this announcement.

<sup>6</sup> Includes commission payable to the selling agents, legal and other vendor due diligence costs

<sup>7</sup> Extracted from the reviewed condensed consolidated interim financial results, being rental income for six months net of outgoings, amortisation of incentives and IFRS straight lining.