

**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**")

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**VOLUNTARY ANNOUNCEMENT – ACQUISITION OF NEW PROPERTY**

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**1. Acquisition**

Unitholders are advised that the Fund has entered into a contract for sale with SGRC Holding Pty Limited to acquire a warehouse and distribution facility located at 6-8 and 11 Siddons Way, Hallam VIC 3803 (**Property**).

The effective date of the acquisition of the Property is the settlement date under the contract for sale, which is scheduled for 18 October 2017.

**2. Purchase consideration**

The purchase consideration is AUD 22,000,000 which represents an annualised property yield of 6.3% (5.9% post all transaction costs).

The purchase consideration and all transaction costs will be funded through the existing syndicated debt facility with Westpac Banking Corporation and Australia and New Zealand Banking Group at a margin of 145 basis points. The Fund's gearing post the acquisition of the Property will be 35% with a weighted average cost of debt of 3.67% and hedged to 87% for an average of 7.2 years.

**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 for the following reasons:

- The Property is located in the established Melbourne industrial precinct of Hallam, approximately 33 km south east of the Melbourne CBD, with excellent access to major arterials and freeways including the South Gippsland Highway, Eastlink (M3) and the Monash Freeway (M1). Hallam 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.
- 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 improve connectivity and accessibility.
- The Property comprises two freestanding buildings with a gross lettable area of 15,504m<sup>2</sup> split across warehouse and distribution facilities (13,584m<sup>2</sup>) and associated office accommodation (1,920m<sup>2</sup>). The site coverage is only 46% providing potential for further development.
- The Property provides for flexible future use and could be split into two separate units to accommodate multiple users. The Property is also split over two titles and could be sold separately. Additionally, there is expansion land available and the current tenant has indicated a desire to create additional hardstand and loading capacity in the future, which could increase the income derived from the Property.
- The Property is leased to national retailer, Focus on Furniture, who uses the Property as their national office and distribution warehouse. Focus on Furniture is an Australian-owned company dedicated to selling premium quality furniture sourced both locally and from around the world. It has been operating for 15 years and specialises in lounges, dining and bedroom suites. The company currently has 33 stores in Victoria, NSW, ACT, South Australia and Queensland and employs more than 150 people.
- The WALE is 7.8 years with annual fixed escalations of 3.0%.
- The net rent of \$88/m<sup>2</sup> is considered to be at market.
- The acquisition increases the Fund's exposure to Victoria, which is one of Australia's best performing economies.
- The acquisition is accretive to the Fund.

#### 4. **Specific information relating to the Property**

Registered description	<ul style="list-style-type: none"><li>• Lot 27 on plan of subdivision PS334786T, being the land contained in certificate of title volume 10221 folio 993; and</li><li>• Lot 28 on plan of subdivision PS334786T, being the land contained in certificate of title volume 10221 folio 994</li></ul>
Title	Freehold
Sector	Industrial
Location	Hallam, 33 kms south east of the Melbourne CBD
Year built	1994 – 1997
Site area	32,701m <sup>2</sup>
GLA	15,504m <sup>2</sup>
Rent per m <sup>2</sup>	AUD 88/m <sup>2</sup>
Vacancy	0%

The Property has been valued at AUD 22,000,000 as at 14 July 2017 by Urbis Valuations Pty Ltd (ABN 97 104 383 691). The valuer, Shane Robb, is an independent valuer and is an Associate of the Australian Property Institute and a Certified Practising Valuer (registration no.62534).

Johannesburg  
18 September 2017

Financial Advisor and Sponsor  
Investec Bank Limited