

# Brisbane office building bought by Investec

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Investec Australia Property Fund (IAPF), a JSE-listed rand hedge announced that it had bought a large office development in Brisbane for A\$65.5m (R652m).



757 Ann Street, the building bought in Brisbane by Investec. Image: [Next Place](#)

The fund listed in October last year and was marketed as the JSE's first investment vehicle offering South African investors direct exposure to Australian property.

The IAPF is operated by Australia's Investec Property Ltd, a wholly owned subsidiary of Investec Bank. The office development was completed this month. It increased the value of the group's property portfolio to A\$250m, representing asset growth of 86% since listing.

The property is at 757 Ann Street in the Fortitude Valley area adjacent to the Brisbane central business district (CBD). "This major addition to the fund is a value-accretive transaction secured on attractive terms representing an initial yield of

8.35%. It aligns well with our aim to grow the asset base by investing in high-quality properties in key metropolitan areas," Chief Executive Graeme Katz said.

The property includes 10 levels of office space, with a retail component on the ground floor.

## Convenience and access

"It benefits from excellent road access to the CBD and Brisbane Airport and is well served by various public transport options. The area is characterised by newer office buildings, significant newly developed high-density residential accommodation and good quality restaurants and cafes," the fund said.

The property was let to major tenants including a 10-year lease with industrial group Ventyx for 60% of the office space and a five-year lease with Corporate House Services for 20% of the office space.

The remaining space was let to a related party of SIP Australia. These medium to long-term leases included contracted annual rental growth of a minimum of 3%.

Evan Robins, portfolio manager at Old Mutual Investment Group, said the fund had done well to find the property at strong fundamentals compared with similar properties in SA.

"From a South African perspective such an acquisition is attractive. They are buying a brand new office building in Brisbane, Australia, at about a 7.5% yield which is not miles away from what you would pay for a new office in SA. The 3% escalation compares with 8% in SA. But as SA has higher inflation, currency depreciation may narrow the gap," Robins said.

The purchase would be funded by way of a renounceable rights offer to existing unit-holders in the fund, the details and timing of which would be released in the next few days.

On completion, the portfolio would comprise six industrial and five office properties; all located in established commercial



Investec's Graeme Katz says the new Brisbane building has stable tenants, retail space and is a solid investment for the group. Image: [SA Commercial Prop News](#)

precincts within major metropolitan areas.

Source: Business Day via I-Net Bridge

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