

Northbridge tax office sold for \$95m

News: 15-April-09 by Rebecca Lawson

The Australian Tax Office building in Northbridge has been sold to an overseas buyer for \$95 million.

Macquarie Office Trust said today it has executed a contract to sell the building on 45 Francis Street, subject to the unnamed buyer gaining approval from the Foreign Investment Review Board.

The trust said the property was sold at a \$3 million discount to its book value.

The sale will deliver a \$31.6 million profit to Macquarie and a 12.8 per cent annualised return over the 15 years since the trust bought the building.

Funds generated from the sale will be used to reduce the trust's debt position.

"The sale of the Northbridge property is the third significant sale transaction for the Trust this financial year," chief executive Adrian Taylor said.

"Asset sales over the past four months now total \$423 million, a considerable achievement given the difficult investment climate."

He added the trust will continue to make further selective asset sales across its portfolio with four US properties currently up for sale.

Macquarie meets the market for office sales

Property: 23-April-09 by Janelle Macri

Two major Perth CBD commercial sales in recent weeks have given early indications of where values could be headed, after months without a major commercial office sale.

Last week, Macquarie Office trust sold 45 Francis Street Northbridge, which houses the Australian Tax Office, for \$95 million to German banking group Dekabank.

The property was sold at a \$3 million, or 3 per cent, discount to the December book value and will deliver a \$31.6 million profit to Macquarie.

Macquarie also sold its 81 St Georges Terrace 14-storey office building to former Australian Fast Foods owner Nick Tana for \$39 million late last month.

The off-market deal was a bargain buy for Mr Tana, who picked up the property for almost \$3 million less than what Macquarie bought it for from former owner GE Real Estate for in mid-2007.

"If you are selling in the market at the moment you have got to be motivated. Macquarie has its own reasons choosing to sell and it was prepared to meet the market," Australian Property Institute president Ross Hughes said.

"The yield on ATO was close to 10 per cent and that is up from about 8 per cent two years ago. If you are selling you will have to expect to sell at higher yields and therefore lower value.

"The theme coming through these two deals is that they are government tenants locked in until 2016 and 2017, therefore you are buying security and you are probably going to bridge the challenging times that will apply for the next few years."

Also this week, listed property trust Commonwealth Property Office Fund reduced the book value of 53 Ord Street in West Perth by 20 per cent following an independent valuation.

 JONES LANG LASALLE		PERTH INVESTMENT SALES Q1, 2009	
ATO, Francis Street Northbridge		81 St Georges Terrace	
			
Sales Price	\$95,000,000	Sales Price	\$38,000,000
Vendor	Macquarie	Vendor	Macquarie
Purchaser	Deka Immobilien	Purchaser	Private
Sale Date	Mar-09	Sale Date	Mar-09
Yield (Initial)	9.78%	Yield (Initial)	6.33%
Yield (equiv)	8.95%	Yield (equiv)	9.18%
WALE	8.4 years	WALE	6.94 years
IRR	10.50%	IRR	10.10%
Rate per sqm	\$4,036/m²	Rate per sqm	\$3,190/m²
NLA	23,536m² (approx)	NLA	11,910m² (approx)
	<i>Sold by JLL</i>		<i>Sold by JLL</i>
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