

CorVal buys Bris tower

Ben Wilmot and
Matthew Cranston

Sydney-based property fund manager CorVal Partners has made its first property purchase for one of Australia's largest wholesale fund mandates.

It has bought 160 Ann Street in Brisbane from the unlisted Investa Enhanced Fund (IEF) on behalf of a club of high-profile club of investors for about \$75 million, once adjustments for incentives and works are made.

CorVal was awarded an investment mandate for core-plus strategies earlier this year by a club that included the Future Fund, Funds SA and the Victorian Funds Management Corporation, according to industry sources.

The mandate has been estimated as giving the club up to \$600 million of spending power but CorVal has declined to identify the investors or the quantum, saying only the mandate was backed by three large insti-

KEY POINTS

- Property fund CorVal is looking over the market to build a new fund worth about \$600 million.
- It has bought 160 Ann Street, in Brisbane, for about \$75 million.

tutional investors that managed a total of more than \$130 billion.

"The fund mandate will seek to invest in Australian office and industrial properties, focusing on assets that require active management," the group said.

CorVal has been scouring the market for bargains, taking a considered approach to buying as so much property has come on the market this year.

CorVal head of property Ian O'Toole said 160 Ann Street represented an attractive first investment.

"We are acquiring this asset well below replacement cost and on an initial yield in excess of 10 per cent with a purchase price of circa \$75 million," he said.

"The property has a [weighted average lease to expiry] of just under 7 years but also presents some opportunity to add value by managing the current and upcoming vacancy over three floors," he said.

"We believe that it provides tenants with good quality, cost effective accommodation that is well located, being close to major public transport hubs and Queen Street Mall. The appeal of the property is evidenced by the new tenants that have recently taken up space on long-term leases."

Mr O'Toole said CorVal had observed a significant amount of stock coming to the market and said the fund was well placed to acquire assets before the year's end as it was not subject to debt or equity raising risk which mitigated the completion risk for vendors.

Investa picked up the asset in a 2006 swap deal with Precision Group under which the tower was bought for \$66.5 million. Paul Noonan and Geoff McIntyre of Jones Lang LaSalle brokered the latest sale.



A good start ... the tower at 160 Ann Street, Brisbane.

Photo: GLENN HUNT