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Melbourne's newest office tower tipped to attract local and international buyer interest

Melbourne, VIC (9 March 2010)

Australian retail and development group Austexx has appointed CB Richard Ellis as the exclusive selling agent for one of Melbourne's newest office towers, South Wharf Commercial.

Martin O'Sullivan, Mark Granter and Mark Coster will steer the Expressions of Interest campaign for the A grade commercial tower, which is located within Melbourne's new South Wharf precinct linking Southbank and Docklands.

The South Wharf tower comprises a net lettable area of 20,763 square metres. The 30 Convention Centre Place building is fully leased to a series of highly regarded national and international tenants including ANL, Kraft Foods, Boulderstone and LeasePlan.

Mr Coster said the strength of the tenancy covenants and the building's long weighted average lease expiry (WALE) of 8.7 years were expected to underpin strong interest in the sale campaign from both local and international purchasers.

"The successful leasing of the building is a testament to the quality of construction, environmental credentials and strategic location of the building," Mr Coster said.

"Given that South Wharf was completed at the end of Melbourne's last construction cycle, the building is perfectly positioned to benefit from improving leasing fundamentals going forward. Market forecasts are for a limited supply of new and refurbished office stock in the CBD and this, coupled with Melbourne's continued low vacancy rate, will underpin substantial increases in both net and effective rents for existing office stock."

The South Wharf tower forms part of the South Wharf mixed use development which incorporates the new Melbourne Convention Centre, the Hilton Hotel and a major retail centre.

Completed in October 2009, the 12-level riverfront tower comprises a ground floor foyer, large two-level car park for 424 cars and nine levels of office accommodation providing a total net lettable area of 20,763 square metres.

CBRE's Mr O'Sullivan said Melbourne remained good value when compared to other CBD markets given the city's relatively low \$/sqm rate for commercial assets and the strong forecasts for future rental growth. This combined with South Wharf's strategic location in the city's Southbank precinct was expected to underpin strong interest in the sale campaign.

"The Southbank and Docklands precinct has overtaken St Kilda Road to be the second largest office market in Melbourne outside the CBD," Mr O'Sullivan said.

"Many of the larger St Kilda Road occupiers have relocated to Docklands or Southbank including ANL, National Foods, LeasePlan, Parsons Brinckerhoff, Infosys and Kraft."

The South Wharf tower was recently awarded a 5 Star Green Star – Office Design v2 rating, which was an advantage not only in terms of building performance but also in attracting future tenants Mr O'Sullivan said.

The building features excellent natural light to all four sides and the office levels enjoy 360 degree views towards Port Phillip Bay, Docklands, along the Yarra River and across to the CBD. Large, efficient floor plates of approximately 2,170 square metres around a central core make the building suitable for whole floor tenants or subdivision.

Given its recent construction, Mr Coster said the South Wharf Office Tower would provide the successful purchaser with the benefit of considerable depreciation allowances.

"The exceptional weighted average lease expiry provides potential investors with a low risk, stable cash flow to 2017 and beyond while the fully leased net passing income of approximately \$9,090,430 per annum is underpinned by annual rental increases' Mr Coster said.

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