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Half stake in landmark Melbourne office building listed for sale

Melbourne, VIC (19 July 2010)

Continued strong demand for Melbourne office investment opportunities is expected to underpin significant interest in the sale of a half share in the city's landmark 570 Bourke Street tower.

The Western Australia-based Perron Group has appointed CB Richard Ellis as the exclusive selling agent for the 50% stake in 570 Bourke Street - an institutional grade building in the heart of the Melbourne CBD.

CBRE's Mark Coster and Martin O'Sullivan will steer the Expressions of Interest campaign, closing Thursday 19<sup>th</sup> August 2010 at 3pm.

Mr Coster said local and international buyers were continuing to show strong interest in the Melbourne office market, given forecasts of significant rental and capital value growth in the short to medium term.

"570 Bourke Street has an exceptional tenant profile, made up of major national and international corporations such as the State Government of Victoria, ANZ Bank, EMC Global Holdings, Willis Australia and Allianz," Mr Coster said.

"These strong covenants are underpinned by excellent income growth potential, with some forecasters tipping that effective rents could grow by as much as 28% in the Melbourne CBD in the medium term."

570 Bourke Street is centrally located between King and William Streets in the popular western sector of the CBD, immediately adjacent to Bourke Place and the CBW office towers.

Mr O'Sullivan said the building's prime city location, midway between Docklands and the eastern end of Melbourne's traditional CBD grid, was expected to underpin buyer interest in the EOI campaign.

"The western core is home to the largest concentration of office accommodation and one of the most popular business addresses in Melbourne," Mr O'Sullivan said.

"570 Bourke Street is encircled by some of Melbourne's most prominent business addresses and benefits from its close proximity to Southern Cross Station, the legal precinct and the retail core surrounding Bourke Street Mall."

The building has been progressively refurbished to A grade standard including a full internal and external ground floor refurbishment as well as a staged upgrade of the office floors and lift lobbies. Works are currently being undertaken to target a 4.5 star NABERS Energy rating - an advantage in terms of building performance and attracting tenants in the future.

570 Bourke Street comprises a five level basement car park of 522 bays, a ground floor foyer and 30 upper office levels. The net lettable office area is 35,089 square metres.

Some 96% of the office space is currently leased to a range of tenants with the State Government of Victoria and ANZ together occupying some 46% of the NLA.

"The asset's staggered lease expiry profile provides the opportunity to capitalise on Melbourne's forecast rental growth, a result of low vacancy and limited new supply," Mr Coster said.

At present the building produces a passing net income of circa \$13,563,000. Some \$2.38 million of that is generated by the building's large commercial car park of 522 bays - well in excess of comparable CBD buildings.

"The car park diversifies the building's income stream and offers considerable rental growth prospects," Mr Coster said.

"The office leases also provide fixed rental growth of between 3% and 5% per annum, guaranteeing consistent, escalating cash flow into the future."

The building also occupies a significant site area of approx 3,268 square metres - providing a substantial underlying land value.

#### About CB Richard Ellis

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