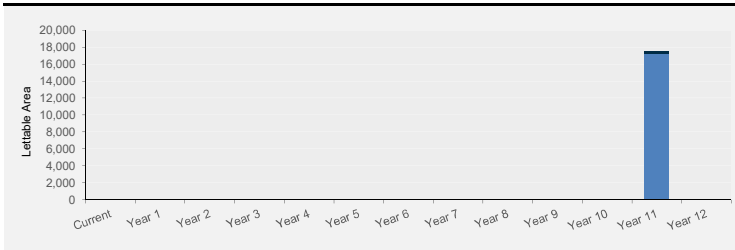


# SALES ANALYSIS

## GREEN SQUARE SOUTH TOWER, 505 ST PAULS TCE, FORTITUDE VALLEY, QLD



### LEASE EXPIRY PROFILE



### DESCRIPTION

The Property is situated on the corner of St Pauls Terrace and Constance Street, in Fortitude Valley. It is located approximately 2km radially north-east of Brisbane's GPO. The vehicular access is from Green Square Close. The building is known as Green Square South Tower. It is a five-storey, A-Grade commercial office building that comprises a total NLA of 17,613 sqm. It was completed in mid-2007 and the improvements provide lower ground floor retail and office accommodation, ground level office accommodation (at Constance St level) and a further three upper levels of office accommodation. Additionally, there are two basement levels of car parking for approximately 355 vehicles.

### COMMENTS

The property has sold after a lengthy on-market Expression of Interest Campaign. The extra time of the sale process centred around the off-shore nature of the investors, both the successful buyer as well as the unsuccessful party that had the property under contract/option for several months. Advisedly the prior party was not able to complete due to internal structure issues of their own circumstance. We are advised that both contracts were at or about the same price. The successful buyer is a mandate being managed by Eureka / AXA Real Estate Funds on behalf of a fund backed by the Korean Teachers Pension Fund (KTPF). This sale price is a record low yield for the Brisbane fringe market and it is a record in terms of other metrics too. The property is fully leased to the Brisbane City Council (BCC) until August 2027, thus providing a strong lease covenant for a lengthy tenure. We additionally note that the property is over-rented at an office rent of \$561/sqm net, whereas we have assessed a market rent of \$550/sqm gross face. Further, we highlight that there is an additional substantial passing fitout rent that presently amounts to circa \$2.56m pa, equating to \$21/sqm (it is summarised in the Special Rent row of the Net Income Analysis - passing only; it is excluded from our market income assessment). It is a large factor as to why the Initial Yield is 90 basis points above the Equated Market Yield.

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### SALE PARTICULARS

SALE PRICE	\$205,500,000	
SALE DATE (CONTRACT)	Dec-16	SETTLEMENT: Mar-17
PURCHASER	Eureka (AXA IM) Real Assets on behalf of KTPF	
VENDOR	ISPT Super Property	
SALE METHOD	Expressions of Interest Campaign	

### SALE ANALYSIS

INITIAL YIELD (PASSING)	6.56%
INITIAL YIELD (FULLY LEASED)	6.56%
EQUATED MARKET YIELD	5.66%
TERMINAL YIELD	6.50%
10 YEAR IRR	6.40%
\$PSQM NLA (UNADJUSTED)	\$11,668
WALE	10.73 Years

### ASSUMPTIONS

OFFICE RENT GROWTH (10 Yr Ave.)	2.94%
NEW LEASE TERM ON VACANT SPACE	7 years
LETTING UP ALLOWANCE (Months)	12 - 9 Months
GROSS INCENTIVE (%)	38%-17%
CAPEX TOTAL (10YR)	\$1,488,331
CAPEX PROPORTION OF SALE PRICE	0.7%
ADJUSTMENT WINDOW	24 Months

### PROPERTY PARTICULARS

SITE AREA	6,426 sqm	ZONING	MU (I.C.)
NLA			17,613 sqm
CARS			355 bays
CONSTRUCTED			2007
PRECINCT (PCA)			URBAN RENEWAL
GRADE (PCA)			A GRADE
VACANCY (%)			NIL

### INCOME ANALYSIS

	NET PASSING (\$PA)	\$PSM or \$/BAY	GROSS MARKET (\$PA)	\$PSM or \$/BAY
OFFICE	\$9,677,417	\$561	\$9,488,600	\$550
CAR PARKING	\$1,273,864	\$299	\$1,278,000	\$300
RETAIL	\$394,666	\$1,093	\$394,666	\$1,093
SPEC. RENT	\$2,561,961	\$145		
RECOVERIES	\$367,175	\$21		
OUTGOINGS	(\$785,750)	-\$45	(\$785,750)	-\$45
<b>TOTAL</b>	<b>\$13,489,333</b>		<b>\$10,375,516</b>	

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