



29 January 2014

## Australian Property Opportunities Fund

### Acquisition of 390 St Kilda Road, Melbourne

The Australian Property Opportunities Fund (Fund) announced today that it has signed an agreement to acquire its first commercial office building, 390 St Kilda Road, Melbourne, for \$56.0 million.

The acquisition is consistent with the Fund's strategy of acquiring high quality properties with secure rental income and long term growth potential. The property will provide an initial yield of 8.3% and fully leased yield of 9.6%, which is at the high end of the Fund's target 7-9% yield range.

David Rogers, Director of Investments for Fort Street Real Estate Capital, the Fund's Investment Manager, said the building is St Kilda Road's tallest office tower with 22 office levels, providing sweeping views over the city skyline, Royal Botanic Gardens and Albert Park Lake.

"We're very pleased to have secured this property, our first office tower, with a well diversified mix of tenants, in a prime location on St Kilda Road and close to the Melbourne CBD," Mr Rogers said.

"The office tower, which has recently undergone refurbishment, complements the three retail properties in the portfolio, providing good diversification for the fund."

390 St Kilda Road provides a total lettable area of 16,335m<sup>2</sup> across 22 office levels, with ground floor retail, entrance foyer and five levels of basement car parking for 212 vehicles. The property has efficient 750m<sup>2</sup> floor plates, providing an abundance of natural light on every level, and accommodation for 33 high quality tenants including Toll Transport, Optus, Lend Lease, Quest Serviced Apartments, and ISG Management. There is also good access to public transport being opposite the Domain Tram Interchange. The weighted average lease expiry is 3.3 years.

The acquisition of the office tower, together with three earlier investments (Oxford Square, Darlinghurst, NSW, Lynbrook Village Shopping Centre, south-east Melbourne, Victoria, and Lake Innes Village, Port Macquarie, NSW), brings the Fund's total investment to date to \$166 million.



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Mr Rogers said that if the Fund is to adopt gearing of 50%, consistent with the stated capital management strategy, the four investments would represent approximately 52% of the Fund's total assets once fully invested.

The Fund further announced that James Besson, an experienced real estate analyst at UBS, is joining Fort Street Real Estate Capital as the Fund Manager for the Australian Property Opportunities Fund. "With his proven track record in property with UBS Australia and Westfield Group, we believe James will make a valuable contribution to Fort Street Real Estate Capital," said Richard Hunt, Chairman of Fort Street Real Estate Capital.

**Media enquiries:**

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The Australian Property Opportunities Fund is an unlisted trust with the primary objective of providing investors with access to a diversified portfolio of Australian commercial property. The Fund acquires small-to-medium-sized assets in the office, retail and industrial sectors, predominantly in major real estate markets on Australia's eastern seaboard. Fort Street Real Estate Capital is the Manager of the Fund. Archerfield Capital Partners provides strategic and investment advisory services to the Fund.