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AMP Capital acquires key Perth office property

AMP Capital Investors today announced its Select Property Portfolio No.3 (SPP3) had acquired a Perth office property for just under \$40 million.

The property, 30 The Esplanade, was purchased from GE Real Estate at a price that represents an initial yield of approximately 6.6 per cent.

AMP Capital Investors Head of Opportunity Funds, Dale Phillips said he expects the investment to deliver a high income yield as existing rents in the building are brought up to market levels over the next 18 months.

“This is one of the first major asset sales in the Perth CBD office market this year. We are pleased to acquire this asset after seeking opportunities in Perth, as well as other major office markets this year,” Mr Phillips said.

The 12 storey commercial building, which was completed in 1990, has a net lettable area of 7,000 sqm and views overlooking the Swan River. The property currently has one floor vacant with 646 sqm of space available, which is currently being sought by a number of tenants.

Mr Phillips said the property is well positioned to capture ongoing tenant demand with a number of leases due to expire over the next few years.

“Tenant demand in Perth remains very strong with the vacancy rate in the CBD office market currently at less than 1 per cent. The continuing escalation in construction costs in Perth is something that could temper the level of new office supply where projects have not commenced,” Mr Phillips said.

SPP3 is a close ended, unlisted diversified fund that focuses on higher return/higher risk property opportunities in the Australasian property market. SPP3 recently completed an equity raising from institutional investors of nearly \$200 million, with the funds to be used to source opportunities in commercial, industrial, residential and retail assets.

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