

BUSINESS PROPERTY

Rabinov beats big players for office buildings

Report Nicole Lindsay

The listed Rabinov Diversified Property Trust has nearly doubled in size with the \$100 million-plus purchase of the buildings leased to GE at the Botanicca office park in Melbourne.

Contracts have been exchanged between the trust and the development's vendor, RMAC, a joint venture between Macquarie Bank and Andrew Rettig's R. Corporation.

Rabinov is understood to have edged out big institutions like West-

pac to win the property, paying an estimated \$115 million, reflecting a sharp 7 per cent yield.

Rabinov Trust managing director Ronald Serry refused to confirm the figure, saying "we still have a building to be finished so a final price is yet to be determined".

"We have assets of just over \$100 million in the trust and this more than doubles the size of the funds," he said.

However, he confirmed that the yield on the deal would be about 7 per cent, a record for Melbourne's

suburban office market. FPD Savills agents David Harrison and Anthony Wilson negotiated the deal.

Mr Harrison said this was the most high-profile and largest suburban office deal in Australia this year.

GE has a 14-year lease on buildings One and Three, which offer a total of 11,600 square metres plus 262 car spaces.

When the 14,400 sq m building Two is completed late next year, 12-year lease terms will start on

the project. All three properties are leased to finance group GE, which is understood to be paying more than \$8 million net a year in rent.

Located in Swan Street, Richmond - only four kilometres east of the CBD on the Yarra River - the site was once owned by pharmaceutical research company Amrad, which sold the property to R. Corporation for \$47.5 million last year.

Amrad has leased back a 4000 square metre building at the office park, which is expected to

have up to nine buildings when it is finished.

Mr Serry said the trust would fund the transaction through a loan from the Commonwealth Bank.

Melbourne's Rabinowicz family is the major stakeholder in the trust, which holds 16 properties. The tightly held stock closed untraded on Friday at \$1.25 each.

"We are still looking for opportunities. We have always maintained the strategy that we would not grow for the sake of growth alone," Mr Serry said.