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Precision-Investa swap sealed
By Paddy Manning

Redevelopment

THE Precision Group and Investa Property Group have pulled off their \$186 million swap deal in Brisbane, trading the MacArthur Central shopping centre for an office building at 160 Ann Street, plus cash.

Precision, a private Sydney-based developer, has acquired Investa's MacArthur Central holding for \$119.5 million, as foreshadowed in The Australian.

On a prime site bounded by Queen, Edward and Elizabeth streets, the 15,000sqm centre is anchored by Woolworths, Big W, Crazy Clarks and Millers Fashion. There are also 40 specialty shops. It was acquired on an initial yield of 6.1-6.2 per cent, with two minor vacancies in the food court.

On a fully leased basis, the yield was 6.25 per cent.

Investa made a \$22.5 million gain on the sale, having acquired MacArthur Central for \$97 million in 2003.

"We're looking forward to taking ownership and further enhancing the property," said Precision's general manager Neil Proudlove.

In turn, Investa paid \$66.5 million for 160 Ann Street, which Precision had acquired for \$49 million only 12 months earlier, thereby realising a profit of over 35 per cent.

The recently refurbished 22-storey property has fully let more than 16,000sqm, and major tenants include Suncorp and the Queensland Government. There is parking for 63 cars.

The yield on Investa's purchase was not disclosed yesterday.

Early reports indicated Precision was also seeking to trade its 144 Edward Street office property, which was acquired for \$44 million in 2004, and which now has an estimated book value of \$75 million to \$80 million.

Mr Proudlove said, however, that 144 Edward Street was never offered to Investa, and Precision was not seeking to exit the Brisbane office market.

"We only ever offered 160 Ann Street," he said.

"We're still confident about future rental growth prospects in the Brisbane market."

Precision Group chief executive, founder and owner, **Shaun Bonett**, said the next region of particular interest for the group was the Melbourne CBD.

"That's where we're under-represented," he said. "But there's probably an oversupply in Melbourne at the moment, so I think it's the right time to look for opportunities."

Speaking of the Brisbane transaction, Mr Bonett said that Precision planned to reposition MacArthur Central by giving the ground floor more of a fashion focus and reinvigorating the food court.

"With the improved retail environment in Brisbane, I think we've got a significant number of new tenants which we'd like to bring to MacArthur.

"We've pulled off a swap in an environment where most players are of the view that swaps are either too difficult, or simply don't work. And we've done it in an exclusive dealing period of just over a month," he said.

Precision Group has approximately \$1 billion in property assets in Sydney, Adelaide and Brisbane.

The Investa-Precision swap was negotiated by joint marketing agents Simon Rooney and Geoff McIntyre of Jones Lang LaSalle, and Stewart Gilchrist and Bill Tucker of CB Richard Ellis.

Caption: Enhancement: Precision plans to reposition MacArthur Central by giving the ground floor more of a fashion focus and reinvigorating the food court

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