

CorVal takes on Puma HQ project in Brisbane

Matthew Cranston

Specialist property funds management group CorVal is seeking to raise \$15 million in equity for a new office trust which will own a brand new office building in Brisbane's northern river-front suburb of Hamilton leased to an international oil company.

CorVal, which advised Australia's Future Fund on the sale of its half share in Brisbane's \$635 million Waterfront Place last week, is in due diligence to buy and fund the construction of Puma Energy's headquarters for \$31.23 million.

In an information memorandum obtained by *The Australian Financial Review*, the new trust is projected to have an internal rate of return of 11.1 per cent a year, with an average income distribution of 9 per cent a year.

The \$31.23 million purchase will reflect an initial yield of 7.2 per cent.

The 6000-square-metre property, about five kilometres from Brisbane Airport and six kilometres from the city centre, will be leased to Puma Energy, a global oil company.

Puma has recently entered the Australian market through a series of acquisitions mainly in Queensland,

Western Australia and the Northern Territory. It will lease the building for 15 years.

CorVal director Rob Rayner said the sharemarket jitters boded well for unlisted, well-backed property trusts.

"What we like about this offering is the high-quality tenant, its long lease and attractive income return and nice tax benefits in what is a pretty volatile equities market at the moment," Mr Rayner said.

"We are also attracted to the Hamilton precinct which will change enormously for the better over the next five years," he said.

"It is new but it has potential capital uplift."

The Northshore Hamilton precinct is Brisbane's largest urban renewal precinct with 304 hectares of space and a 2.5-kilometre frontage to the Brisbane River.

Puma will also be a co-investor in the trust for up to 14.9 per cent of the trust's equity and spend an estimated \$9.2 million of its own funds on its office fit-out.

The trust will be geared at 55 per cent and CorVal will look to hedge 100 per cent of the interest rate exposure for three years.