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Australand and GIC establish logistics joint venture

Australand Property Group today announced that it has established a logistics joint venture with the Government of Singapore Investment Corporation (GIC) with a target investment size of $450 million.

The Australand Logistics Joint Venture ("Joint Venture") will initially invest in a portfolio of eight prime quality industrial assets, with a total value on completion of $220 million, sourced from Australand's investment portfolio and development pipeline. Australand will manage the Joint Venture and will hold a 19.9% interest with GIC holding the remaining 80.1%.

The initial portfolio comprises six completed assets and two properties currently under development. The completed assets have been sold into the Joint Venture at or slightly above Australand's December 2010 book value and the two properties under development are to be acquired in early 2012. Full details of the initial portfolio are detailed in the annexure attached.

This Joint Venture is consistent with Australand's strategy to establish new capital partnering relationships and will provide an additional source of funding for future logistics opportunities. The Joint Venture is expected to remain ungeared.

The initial term of the Joint Venture is five years, with an investment period comprising the first two years. During the investment period, the Joint Venture will have a first right of refusal on all wholly owned logistics facilities Australand proposes to sell to a third party.

Australand's Managing Director, Bob Johnston, said "We are very pleased to enter into a long term strategic relationship with GIC. The Joint Venture provides the Group with an aligned investment partner that has capacity to acquire completed assets from the Group's industrial development pipeline. We look forward to growing the Joint Venture to its full potential."

Dr Seek Ngee Huat, President of GIC Real Estate, said "Australand has a strong track record in developing and managing good quality industrial assets. GIC is confident that this joint venture will help us grow our logistics presence in Australia, leveraging on our partner's integrated development platform."

Australand will use proceeds from the transaction to fund its development pipeline and operating activities. Key portfolio metrics of Australand's investment portfolio remain strong with high occupancy and a long weighted average lease expiry.

"By reinvesting the proceeds from this transaction into the business we remain confident of maintaining passive earnings between 60-70% in line with Australand's overall strategic weightings. The transaction is not expected to impact the Group's full year 2011 earnings," Mr Johnston said.

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Australand Logistics Joint Venture

Portfolio details as follows;

Property	Suburb	State	NLA (sqm)	Value ($)	Major Tenants
1 and 7-15 Kellet Close	Erskine Park	NSW	23,267	31,250,000	Strandbags, Diageo
Lot 14 Powers Road	Seven Hills	NSW	13,555	18,250,000	Sigma
62 Sandstone Place	Parkinson	QLD	13,738	20,000,000	Kimberly Clark
Lots 37-39 & Part Lots 35-36 & 44-45	Parkinson	QLD	9,223	15,600,000	Salmat
162 Australis Drive	Derrimut	VIC	23,252	20,150,000	Queensland Cotton
35-61 South Park Drive	Dandenong	VIC	32,167	28,000,000	Priceline
Under development					
Lot 122 Wonderland Drive	Eastern Creek	NSW	51,660	72,000,000	Kmart
Corner Aylesbury Drive and Kimpton Way	Altona	VIC	17,505	14,900,000	Toll
Total			**184,367**	**220,150,000**	