

## Barwon seeds new healthcare fund



Growing health: (from left) Barwon's Rob Morrison, Tom Patrick and Peter Connors. Janie Barrett



by [Nick Lenaghan](#)

Sydney-based investment manager Barwon Investment Partners has seeded its new institutional healthcare property with a Melbourne pathology facility in a \$20.5 million deal.

Through a sale and leaseback transaction Barwon has bought the Australian Clinical Labs facility on Dandenong Road at Clayton, in Melbourne south-east.

It is the first asset the fund manager has secured for [the \\$500 million fund established to tap institutional appetite for healthcare funds](#).

The deal was struck on a yield of below 6 per cent.



Australian Clinical Labs at Clayton, In Melbourne. **Cloud 9 Aerial Photography Pty Ltd**

"The Clayton Clinical Laboratories facility offers our investors an attractive investment underpinned by a long-term lease to a leading pathology group," Barwon's managing partner Robert Morrison told *The Australian Financial Review*.

"The large land parcel offers expansion and redevelopment opportunities in the longer term."

The facility covers 8623 square metres and stands on a 27,180 sq m land plot.

The equity cap on the new Barwon fund is around \$325 million. Barwon has raised close to that amount already from five cornerstone investors including four local super funds.

The investment mandate for the fund includes investments in private hospitals, medical centres, pathology laboratories and allied health facilities.

Australian Clinical Labs is controlled by Crescent Capital [after the private equity player took over Healthscope's pathology arm in 2015](#).

The Clayton deal was brokered by Colliers International's Adrian Rowse, Tony Iuliano and Justin Fried.

The property is on the western side of Dandenong Road within Clayton's commercial and industrial precinct.

It has a mix of office, laboratory and warehouse space across two buildings.

The 10-year leaseback term began before settlement in January at \$1.205 million per annum, plus GST and outgoings.

The property collects additional income from a telecommunications tower.

"Clayton is one of the largest centres of science, technology and research in Australia," Mr Iuliano said.

"Future development could be an option for the purchaser, subject to council approval, due to the property's low site coverage of about 32 per cent."

Barwon's move to take institutional money into the sector follows the success of its smaller Barwon Healthcare Property Fund which has delivered a distribution yield of 7.6 per cent, above its target range.

The healthcare property sector is growing as institutional investors look for long-term core-style yields beyond the confines of office, retail and industrial real estate.

Players such as [Generation Healthcare REIT](#) have attracted offshore money as their portfolios grow, while in the unlisted sector [the Australian Unity Healthcare Property Trust](#) is also expanding.