

Century is Allianz Centre mystery buyer

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Sydney-based boutique funds management group **Century Funds Management** has emerged as the mystery buyer of Melbourne's Allianz Centre.

Century agreed to spend \$23.95 million on 601 Bourke Street late last year and has just put together a new syndicate, **Century** CBD Trust No. 10, for the site.

The Allianz Centre was owned by Australian Growth Properties but was put up for sale last year during the takeover battle with Trans Tasman Properties.

The 11-storey building on the corner of King and Bourke Streets sold on a yield of just over 9 per cent. It has two ground floor showrooms and a net lettable area of 8082 square metres. AGP bought the property in August 2001 for \$10.8 million and then spent an estimated \$18.6 million on a major refurbishment in 2002.

About 48 per cent of the building is let to Allianz Australia on a lease expiring in 2013 and 24 per cent is let to Deakin University on a 2010 expiry. Other tenants make the building 81 per cent leased and a two-year rent guarantee is in place over the remaining two floors.

Century director John McBain said the property had excellent prospects because of its corner location in Melbourne's western CBD corridor. He noted recent major lease commitments in adjoining buildings and the redevelopment of the Spencer Street station.

"It is possible that in time the building may have strata potential but with the long-term lease commitments in place, **Century's** current plans are to hold the asset in a single asset trust," MrMcBain said.

Century had a quiet 2003 and refrained from buying properties while it considered prices were excessive.

The market went through "a very bullish period", he said.

In January, **Century's** Diversified Trust No. 9 announced it had spent \$39.55 million on an office building in Hurstville and two large-format retail stores at Griffith. The latest buy takes the boutique manager to \$205 million of property.

It plans to lift the number of funds it runs from 12 to 20 by 2006. "This will represent a portfolio of around \$400 million but still maintain a core-investor list of around 300 to 350," MrMcBain said. He and fellow **Century** director Jason Huljich will focus on buying metropolitan and CBD offices and homemaker centres.

The vendor, AGP, is now controlled by New Zealand-listed Trans Tasman Properties, which in turn is controlled by Jesse Lu's Hong Kong-listed SEA Holdings. Last year it was the subject of a boardroom tussle over its future after it sold two Sydney office towers to giant German open-ended fund, Deka Immobilien Investment for \$397 million.

Trans Tasman Properties announced on Monday that it has entered into a conditional contract for the sale of Qantas House, Brookfields House, Durham House and car parks on Queen and Victoria Streets in Auckland.

The Melbourne sale was conducted by Colliers International and DTZ. Colliers International agent Martin O'Sullivan said: "It's a good barometer for the strength of the syndicator-investor market."