



“If we don't have a financial planner, we go and find one; if we don't have a lawyer, we go and find one”

Developer David Deague on his hand-picking method for finding tenants

Century considers bulky trust

Funds manager on the lookout for bulky goods sites

By Larissa Bannister

Century Funds Management is in the early stages of planning to roll its bulky goods homemaker centres into one vehicle, which it would launch as a trust once it has made further acquisitions.

According to Century director John McBain, the plan has already been discussed with syndicate investors. “We think we'd get higher value from rolling the centres into one vehicle,” he says.

“We've already been branding our existing centres as ‘Hometown’ and we'd be looking at owning six to eight centres in total before we make a move.”

Bulky goods is an area that Century has identified for growth. In January, the funds manager spent \$29 million on a bulky goods centre and a Harvey Norman centre in Griffith, regional New South Wales.

Century director Jason Huljich says a portfolio value of \$100 million is the aim. “That would be a good size to float,” he says.

“Alternatively, we would look at offering the sites as a package for sale. Because we tend to buy B-grade centres and turn them around, we feel that we could get a premium for our investors if we sold them all together and that a big listed trust would be very interested in them.”

Century's current four bulky goods retail sites were bought for between \$10 million and \$30 million each, at a combined total of around \$60 million. But refurbishment and upgrades to the sites mean that they could now be worth considerably more.



Warwick Farm Hometown, part of the Century portfolio

McBain says that regional centres offer a good value investment. “Some people thought we were mad when we bought in Griffith,” he says. “But big regional centres with national tenants are good properties available at yields that are now impossible to get in areas around the cities.”

Century is also selling strata units in the Cremorne office building it bought in 2002. “We're not developers, but the number of investors we have allows us to react to the market,” says McBain.

“We'd owned the building for 18 months when we were approached by someone who wanted to buy part of the building to run his business from.”

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■ **Macquarie Goodman Management** is to acquire a 37.5% interest in New Zealand's **Highbrook Development**, which owns 153 hectares of land on Auckland's Waiouru Peninsula in East Tamaki, for \$NZ34.2 million (\$A29.8 million). Meanwhile, **Macquarie Goodman Industrial Trust** will also acquire 37.5% for the same price.

■ Queensland-based **Watpac Developments** has purchased an 11-storey mixed-office building in Brisbane in partnership with **KS3** from Japan's **ICCO Corp** for \$22.5 million, representing a yield of 8.81%.

■ **The Multiplex Group** has announced new leasing arrangements of more than 28,000 square metres for its **Multiplex Property Trust**. The new arrangements are divided by retail (11,778 square metres) and commercial (16,314 square metres) assets, including 9,500 square metres leased to **AAPT** in the **Ernst & Young Centre** in Sydney for an initial term of eight years, with rent reviews fixed at 4% a year.

■ The **Megamart** centre in Alexandria, NSW, has been sold by **Colonial First State Property's** Direct Property Investment Fund for \$45 million. **Mariner Retirement Solutions** purchased the prime retail bulky goods complex. The fund acquired the centre, which is south of the Sydney CBD, from developer **St Hilliers** in June 2002 for \$38.16 million.

■ The **Investa Property Group** has won the 2004 **Banksia Environmental Award** for Leadership in socially responsible investment. The top Australian environmental award recognises those trying to protect the environment.

Deal of the Week:

AMP Capital Investors and Charter Hall Australia have sold their combined interest in 49-59 O'Riordan St, Alexandria, in the heart of South Sydney's vibrant industrial district, for \$92 million. Agents **Simon Greig** and **David Harrison** of **FPDSavills** say the sale price reflected both the value of the lease on the occupied portion, and a capitalisation of the remaining vacant space. **ING Retail Property Fund** bought the 22,500 square metre property at a yield of 7.4%.

For more news on the latest sales and leasing deals from around Australia, turn to page 40 for our exclusive market action.