

# Property

## Funds finding classy assets

Ben Wilmot

Property funds managers are snapping up shopping centres and office towers for new products, but industry players say that conditions are still relatively tough going into the new year.

In one of the largest deals this year, Armada Funds Management bought Ingle Farm sub-regional shopping centre in Adelaide's northern suburbs from a fund managed by Colonial First State Global Asset Management for \$82 million. The group, founded by former UBS director Chris Monaghan, will settle the purchase of the centre, which shows an initial yield of about 9 per cent, in mid-December.

Simon Rooney of Jones Lang LaSalle brokered the sale.

Mr Monaghan, Armada's managing director, said that many existing funds managers were stuck dealing with disgruntled investors and concerned banks, and most had been out of the market.

### KEY POINTS

- Armada Funds Management bought a shopping centre for \$82 million.
- There is more competition for assets, and it's hard to raise funds.

Mr Monaghan said there was now slightly more competition for assets, and while it remained difficult to raise funds, his group wanted to buy more next year.

"Now we will explore opportunities available in the retail and commercial sectors," he said.

Traditional syndicators are also seeking to take advantage of selling by institutions. West Australian wholesale property syndicator, Primewest Management, has agreed to buy an office building in Brisbane's Fortitude Valley for \$63.5 million.

The building, known as Centenary Square, is being sold by Fortius Funds Management, and is likely to show a yield of about 9 per cent.



The sale of this shopping centre in Adelaide's northern suburbs for \$82 million was one of the largest deals this calendar year.

Primewest director David Schwartz said the group would tap sophisticated investors for \$34 million and flagged further buys. "We are also seeking to acquire further high-quality properties with strong income and growth potential," he said.

Flint Davidson of CBRE, who brokered the Fortitude Valley deal, said there had been opportunities for syndicators during 2009, particularly in Brisbane and Perth. He said it was "becoming increasingly difficult to find strong yielding assets with good weighted average lease terms suited to retail syndication, with assets in markets such as Sydney and Melbourne recently transacting on sharper yields".

Some fund managers are picking assets out of their own wholesale funds. Charter Hall is raising

\$40.6 million for a trust that will buy 130 Stirling Street, an office tower on the fringe of Perth's central business district, out of one of its funds.

Amici Funds Management head of property Graham Brewer said that property would emerge as "a pretty good" asset class but cautioned that funds managers must structure products so that investors benefited.

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