

Centro syndicates sell Adelaide centres



A 50 per cent stake in Centro Bankstown is also expected to be sold by the company's syndicate business

AFP

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CENTRO'S syndicates have sold more than \$100 million of South Australian retail property, with the sale of Centro Hollywood and a distribution centre in Kidman Park struck in recent weeks.

Centro Hollywood, after languishing on the market for almost a year, has been sold to Armada Funds Management for \$73m.

The shopping centre was held by Centro syndicate MCS 9, and the sale was handled by Lachlan MacGillivray of Colliers International and Alistair Laycock and Steven Lerche of CBRE.

The shopping centre, in the Adelaide suburb of Salisbury, was valued by Centro on December 31

at \$73m, down 5.19 per cent from a mid-2011 valuation of \$77m. It has a gross lettable area of 31,000sq m and includes Coles and Woolworths supermarkets and a full-line Target store.

Earlier last year, Centro Hollywood attracted Centuria Funds Management as a potential buyer. However, the sale to Centuria did not proceed. It is understood that Armada will hold a 50 per cent stake in the property directly, while the remaining stake will be opened up to retail investors.

Mr MacGillivray said the property was a good fit for Armada, which also owns the \$82m Ingle Farm shopping centre in Adelaide.

Armada managing director Chris Monaghan said the retail environment was not as bad as various pundits had implied.

"The centre is located on a very large site and has ample room for expansion, if required," he said.

Meanwhile, Centro syndicate MCS 22 has sold its Kidman Park distribution centre in Adelaide for \$35m, in a campaign managed by Jones Lang LaSalle's Jamie Guerra and Roger Klem.

Both agents declined to comment on the sale.

The property is leased to Metcash but has been sold with the view to residential development in the future when Metcash's lease expires.

Centro did not name the purchaser of the Kidman Park centre in its letter to shareholders, but a South Australian-based investor is understood to have picked up the property.

Centro will now move to wind up MCS 22.

The sales form part of a larger sell-down of properties by Centro's 26-strong syndicate business.

More than \$500m in shopping centres held by Centro's syndicates have changed hands over the past year, with a further \$500m expected to come to market or already being marketed by the company's syndicate business.

Included in that mix is Centro Keilor and Centro Lutwyche as well as 50 per cent stakes in Centro Roselands and Centro Bankstown.

The two other shopping centres held by the MCS 9 syndicate, Centro Dianella and Centro Gympie, have also been offered for sale over the past year.

The \$54m Centro Dianella has attracted two separate buyers over the past 12 months, but both sales were not completed.