

Armada cruises in for AMP site

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The Gateway Plaza in Warrnambool, Victoria, looks set to fall to Armada Funds Management for \$40m

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BOUTIQUE property house Armada Funds Management is closing in on the purchase of Gateway Plaza and an adjacent land parcel in the regional Victorian town of Warrnambool from an AMP Capital Investors managed fund for about \$40 million.

The Sydney-based fund manager is looking to launch a new trust for wealthy investors to back its purchase, which is split \$36m for the sub-regional shopping

centre and \$4m for the land. Colliers International national director, retail investment services, Lachlan MacGillivray, is brokering the deal.

The sale is likely to show an attractive yield of just over 8 per cent and comes as the vendor, AMP's Property Income Fund, is in wind-up mode. Institutions have been selling their non-core centres as they reconfigure their portfolios and other fund managers have been finding value in the investment-grade assets due to their steady income streams.

The centre is anchored by a

Kmart and a Coles supermarket. There are about 25 specialty shops and 92 per cent of the income is derived from national tenants. The asset's weighted average lease to expiry is about 7½ years. The centre could be developed further by the new owner.

Approval has been granted for an expansion that could see another discount department store and supermarket brought into the centre. The maximum shop floorspace may be lifted from about 14,000sq m to about 33,000sqm.

About \$20m will be raised for

the unlisted Armada Gateway Plaza Trust, which is expected to generate a yield of about 8.5 per cent. Demand for such funds has been strong and the trust should be fully subscribed.

Armada now manages about \$400m worth of property funds as it has picked up assets, including the *Hollywood Plaza* and *Ingle Farm* shopping centres in Adelaide and two Brisbane office towers.

The group also has a portfolio of three neighbourhood shopping centres. The parties declined to comment.