AFR

Property

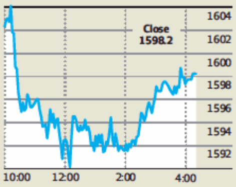
Commercial Real Estate.com.au

www.afr.com | Wednesday 11 August 2021

Inside

Property snapshot

S&P/ASX 200 REITs Tuesday (pts)



Best	Close ($)	Change (%)
Lendlease Gp	12.24	+1.24
SCA Property Gp	2.60	+1.17
Cromwell Prop	0.88	+1.15
Natl Storage REIT	2.20	+0.92
Charter Hall Gp	16.89	+0.78
Worst		
Unibail Rodamco Wfld	6.00	-2.44
GPT Gp	4.64	-1.69
Scentre Gp	2.59	-1.52
Dexus	10.46	-1.32
Vicinity Centres	1.565	-1.26

Go to afr.com for live updates

Crunch time for AMP office fund

Nick Lenaghan
Property editor

AMP Capital's governance arrangements will be thrown into the spotlight as crunch time fast approaches for its $7 billion unlisted office fund, which is fielding offers from the country's top fund managers to take over its running.

The final say on those offers – before any potential investor vote – rests with the fund's trustee board, which comprises three senior AMP Capital executives only and no independent directors.

It is a high-stakes decision as the loss of the fund, the flagship vehicle in AMP Capital's battered real estate arm, would deal a big blow to AMP's ambition to demerge its private markets business, which combines the property platform together with its infrastructure funds.

AMP Capital Wholesale Office Fund's trustee board is expected to begin briefings with the fund's 40-odd institutional investors as early as this week, outlining key elements of the takeover proposals from rival managers.

In an effort to mitigate the governance issue and any perceived conflicts of interest, AMP has set up an independent advisory committee and brought in investment bank Jarden Australia to review the fund's options.

The trustee board is chaired by Michael Bessell, AMP Capital's co-head of infrastructure equity, joined by his fellow infrastructure co-head Michael Cummings and Simon Warner, global head of public markets.

Advising the trustee board is a high-powered advisory committee chaired by experienced director Paul Say and including property veteran Barry Brakey and Wesfarmers director Sharon Warburton.

Senior sources inside and outside the fund describe the lack of independent directors on the trustee board as a legacy issue for the $7 billion fund, known as AWOF, but one that has now come sharply into focus as its future hangs in the balance.

"The Trustee Board has a legal duty to act in the best interests of investors as a whole," a board spokesman said.

"It takes that responsibility incredibly seriously. To that end, it set up the independent advisory committee and hired independent financial and legal advisors to assess and advise on expressions of interest regarding AWOF. A key part of that process will be consulting with the fund's investors. Ultimately, the fund's investors decide who manages their money."

The governance arrangements for the office fund contrast with those in place for two other AMP Capital funds which have been the target of takeover approaches this year, a $5 billion property fund which subsequently merged into a Dexus-run fund and the $1.4 billion Community Infrastructure Fund, which remains in the AMP stable.

The final decision recommending on takeover proposals for both those funds was made by a three-person independent board committee of AMP Capital Funds Management, chaired by Ming Long.

At stake for AMP and its investment platform is one of the country's top-performing funds, holding trophy assets including Quay Quarter Tower in Sydney and Collins Place in Melbourne.

Charter Hall, GPT Group, Mirvac and Dexus itself have been shortlisted in the AWOF review. AMP Capital will put forward its best proposal on why it should be retained. A recommendation from Jarden and the advisory committee is expected to go the trustee board within weeks.

Mirvac, Dahua lead $220m Melbourne land splurge

Larry Schlesinger

ASX-listed Mirvac and Chinese developer Dahua have led $220 million of major residential land acquisitions in Melbourne's outer suburbs as the city's post-COVID-19 housing boom rolled on.

With these latest deals, more than $1.2 billion of greenfield sites in Melbourne and regional Victoria have changed hands this year at a rate and at prices that valuers say are "unprecedented".

"There's been an extraordinary turnover of sales," said one industry insider. "The buyer pool is so deep, so if you want to secure a good site you have to pay funny money."

With Melbourne on track to sell 25,000 lots this year after stock was sucked up by the HomeBuilder program and with lot prices rising, developers have been willing to pay big prices to restock their landbanks. Demand has been particularly strong for permit-approved sites, where sales can begin almost immediately.

At 105 Smiths Lane, in Clyde North, Mirvac has reinforced its presence in Melbourne's south-east after paying about $70 million for a 30-hectare site that will support almost 300 lots, with an end value exceeding $100 million or about $180 million including completed homes.

The site adjoins Mirvac's Smith Lane and Clyde North estates, where sales rates have been strong.

A Mirvac spokesman declined to comment. The company will release its full-year result tomorrow.

Colliers agents Trent Hobart, Michael Gardiner, Mark Burgio and John Marasco negotiated the sale on behalf of owner Nancye Gearon.

Housing is booming in Melbourne's Clyde and Clyde North. PHOTO: WAYNE TAYLOR

Less than 10 kilometres away, Dahua Australia has bought a 41-hectare site at 75 McCormacks Road, Clyde North, from another developer, SightStone, for about $100 million, according to industry sources.

In a textbook case of highly profitable land speculation, SightStone bought the site for $45.6 million in 2017, but only settled the acquisition in May this year, before flipping it to Dahua for more than double the price it paid. The approved site is expected to deliver about 750 housing lots with an end value of about $250 million.

Continued next page

AFRGA1 A029