

Sentinel buy ends break-up of DFO

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RETAIL

The final elements of the DFO empire have sold with Sentinel Property Group buying the DFO Cairns retail centre in north Queensland for \$39.7 million.

The move follows Chin Hong Investments' picking up the DFO Jindalee retail centre in Brisbane's western suburbs for \$46.6m in February.

The two sales, struck at healthy premiums to the value of the centres when the DFO empire split apart five years ago, support the developer's decision to hold on for a recovery in retail property values.

The Cairns purchase is a boost to Sentinel's retail portfolio and its rising presence in north Queensland.

DFO Cairns is set on an 8.15ha site just outside the city's CBD and covers about 25,000sq m and has parking for more than 1500 cars. It houses national and international tenants including Coles, Hungry Jacks, Trade Secret, Bonds, EB Games, Ralph Lauren and Royal Doulton.

The property will be the sole asset of the Sentinel DFO Cairns Trust, which has forecast average distributions of 10.5 per cent a year.

Sentinel managing director Warren Ebert said: "This is our largest ever retail purchase in both value and size and also provides us with a high-profile entry into the Cairns market."

Mr Ebert said the group had focused on buying property in parts of Queensland that were well positioned to benefit from a tourism rebound and sees the potential to capitalise on the centre's size, location and tenants.

Sentinel owns and manages a national portfolio of 42 retail, industrial, office, land and tourism infrastructure assets, worth about \$1 billion.

The Cairns deal, negotiated by JLL's Jacob Swan and Sam Hatcher, settled earlier this week.

The sale of DFO Jindalee was brokered by Peter Tyson of Savills, following a marketing campaign by himself, Jon Tyson and Steven Lerche of the agency. Mr Tyson said the new owner plans to continue the DFO operation and retain the centre's branding.

The single-level centre, built in 2007, has more than 80 stores with brands such as Nike, Adidas, Puma, Bonds and Jeans West.