

Sentinel sheds shopping centres for \$44.5m to RAM

Matthew Cranston

Sentinel Property Group has offloaded three neighbourhood shopping centres in regional NSW for a total of \$44.5 million to wealth management and advisory firm Real Asset Management.

Sentinel, which manages over \$1 billion in property, acquired the three centres in June 2014 for \$36.1 million.

Managing director Warren Ebert said the sale of the three NSW centres was an outstanding result for investors who were likely to receive a total Internal rate of return of more than 20 per cent.

He said it showcased Sentinel's ability to buy at the right time, add value and then sell at the right time.

"Regional retail properties such as these were out of favour when we acquired them, when many of the big property and superannuation funds were selling. We identified the opportunity to capitalise on their strong fundamentals and have worked hard to add value, which is reflected in the sale price we have achieved," he said.

The properties sold include the 4205sq m Coles-anchored Rutherford Shopping Centre, on a yield of 6.89 per cent, the 5560sq m Coles-anchored Gunnedah Shopping Centre on a yield of 7.71 per cent, and the Coles-anchored 3841sq m Tanilba Bay Shopping Centre on a 7.17 per cent yield.

The three centres were sold in one line to Real Asset Management after



Sentinel sold Rutherford Shopping Centre on a yield of 6.89 per cent.

an expressions of interest campaign run by JLL directors of retail investments Sam Hatcher and Jacob Swan.

"The centres were offered to the market as a portfolio and individually with strong offers received on varying terms," Mr Hatcher said.

"Portfolio weighted average lease expiry, national tenant representation, and geographic diversity were key drivers of value and interest from parties."

"Whilst inflation indexed bond rates are on an upward trend, portfolios of this quality that provide consistency of income remain keenly sought by investors."

The NSW sales are the latest in a series of strategic retail property divestments across Sentinel's

national portfolio. Sentinel sold the Hunter Supa Centre retail home-maker property at Rutherford, in NSW, in January this year for \$42.25 million, a property originally acquired by the group in May 2013 for \$18.5 million.

Mr Ebert said Sentinel had bought very well in the retail sector, predominantly large-format retail and neighbourhood shopping centres, in a national counter-cyclical buying spree when others were not.

"There is now a growing weight of money chasing retail assets, in particular well-leased non-discretionary style centres in key regional locations, and we are in the strong position of having plenty of stock," he said.