

CorVal to roll out syndicates

Ben Wilmot

When property investor Andrew Roberts, best known as the former head of Multiplex Group and an heir to the Roberts family construction fortune, tied up the purchase of a \$65 million Coles distribution centre in Melbourne this month, it was hailed as one of the deals of 2011.

Roberts will back the development of the centre that Coles will anchor for 20 years. It's the kind of deal that only the big players normally can access.

But thinking of it as just another property deal would be a mistake. The purchase is part of Roberts' plan to both diversify his holdings and to bolster the funds management operation, CorVal Partners, which he backs. Since setting up two years ago, the Sydney-based group has operated mainly under the radar.

CorVal had burst onto the scene with the \$123 million purchase of Canberra's Industry House in the middle of the property crunch. Roberts bought the property and then a syndicate owning a stake was sold through financial planning networks during what was a tough time to raise equity.

In one of the biggest direct

property deals after the global financial crisis, the group switched tack, buying a half share in Brisbane landmark Waterfront Place from a Stockland-managed fund on behalf of the Future Fund.

CorVal executive director Rob Rayner is circumspect about dealings with the fund, noting only that Corval would like to acquire more properties with the fund and other like-minded investors.

CorVal, with former Multiplex executives Ian O'Toole and Rayner at the helm and former ING operative Kerr Bray as a fund manager, hope to use their skills in institutional property to advise the very largest players on forming investment clubs and buying up properties while the opportunities are still good.

For now, the focus is on the first of a series of new syndicates it is planning, CorVal Property Trust No. 2. The trust will own a half interest in the newly constructed headquarters for the Red Cross in Alexandria and an office asset in Canberra.

CorVal will benefit from long-term secure income with a weighted average lease term of more than 12 years and a forecast initial distribution yield of 8.5 per cent. It is



CorVal's Ian O'Toole, Rob Rayner and Kerr Bray.

Photo: MICHEL O'SULLIVAN

seeking to raise about \$30 million in equity.

Roberts bought the Red Cross centre from Goodman Group during the GFC and his balance sheet is one of the firm's big advantages.

Rayner says the group wants to create up to four small-scale syndicates each year. "We want to pull the sizes back and do two, three, four a year." The aim, he says, is to become "a bit of a production machine" for new syndicates.

CorVal's focus is on high-quality, conservatively geared, long leased assets, in line with Roberts' own preferences.

Once completed, the Coles centre he secured is likely to make its way into the fourth and fifth vehicles, along with other industrial assets.

"We've got potentially over the next 12 months a pipeline of up to \$200 million of retail syndicates, which is significant by any measure," Rayner says.