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**GROWING OUT:** Lloyd Clark says investor demand has resulted in MGroup seeking new asset classes and more geographic diversification. Photo: Attila Csaszar

# Eastern deals attract west coast groups

East coast opportunities are increasingly beckoning for WA-based property companies.

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MGROUP'S acquisition of Wodonga Plaza Shopping Centre in regional Victoria last month has provided a window into the diversifying strategies of property groups dealing with reduced levels of activity in Western Australia.

The \$43.5 million deal was the first move east and the second regional shopping centre acquisition in 2017 for **MGroup**, formerly Match, a company better known for its involvement on the residential side of property as a boutique apartment developer for the past 16 years.

MGroup managing director Lloyd Clark said the company's interest in eastern states, as well as retail assets, was a direct result of investor demand, coupled with the identification and availability of opportunities that met the company's investment criteria.

"Retail assets are often poorly managed or mismanaged, so real opportunity exists to reposition or redevelop, and add great value," Mr Clark, who was head of retail for JLL prior to founding Match, told *Business News*.

"MGroup directors have extensive experience in retail leasing and management, and our approach is to take a hands-on role

in evolving the asset, rather than simply buying vanilla assets on tight yields and being only a caretaker, like many asset managers in this space."

Mr Clark said current market conditions represented the perfect opportunity for MGroup to diversify further into commercial property, following its \$20 million purchase of the Albany Brooks Garden shopping centre in January, which it has since rebranded as Chester Pass Mall.

"Most MGroup investment funds are made up of long-standing investors, many of which have been with us for 16 years," he said.

"They are very active and share our same vision, which is why our funds generally fill quickly and are often oversubscribed.

"Needless to say, our investors are excited by the new direction."

Mr Clark said MGroup was also closely watching the office market, which was currently experiencing a lot of pain, but represented what he described as tremendous opportunity.

MGroup is not alone in its strategy of seeking more portfolio diversity, which has become a common theme in WA property circles.

Earlier this year, the managing director of construction and development outfit

**Pindan**, George Allingame, told *Business News* a partnership with Singapore's Oxley Holdings would be the key to the company increasing its footprint on the east coast.

Mr Allingame said while he believed Pindan was going to be alright in a tough Perth market, the partnership with Oxley and the focus on other markets was a reaction to the WA downturn.

"We had some people that wanted to go to NSW, the market is definitely quieter here so we thought it would be good to have a bit of a dash over there," he said.

"Our ambition is to find a site, we then get investors in, we manage the development then we build it, then sometimes we do the sales and sometimes we don't.

"We try and give our clients the best of the whole suite of project services, we manage the whole lot for them

"With Oxley Holdings, they want to diversify a bit out of Singapore and Asia so they are keen to do more developments in Australia.

"We are the project managers of that."

Pindan recently sold one of its Sydney commercial office assets, the Warner Music Building, booking a near-\$9 million profit as it shifted its focus to an apartment development in Turrumurra, and a mixed-use project in North Sydney.

Another Perth-based company increasingly active in other markets is ASX-listed **Cedar Woods Properties**, which recently closed a \$58 million deal to sell an office building being developed in Williams Landing in Victoria.

The Williams Landing estate is one of 12 current projects outside of WA on Cedar Woods' books, and with 11 projects on the go in WA, the developer has completed a metamorphosis into a truly national group.

While Cedar Woods has been active in Victoria for more than a decade, it made its first Queensland acquisition in early 2014, following that up with its first South Australian purchase in 2017.

Operations in Queensland now provide 20 per cent of Cedar Woods' pre-sales revenue, while Victorian operations provide the company an even larger pre-sales revenue share, at 51 per cent.

Around 29 per cent of Cedar Woods' pre-sales revenue comes from its WA projects.

The interstate strategy is holding Cedar Woods in good stead, with the company recently reaffirming its forecast of a record net profit of around \$45 million in FY2017, which would be a seventh consecutive year of net profit growth.