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Pengana in \$158m German spree

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THE rush to buy European property is gathering pace with Pengana Capital the latest Australian fund manager to acquire northern hemisphere assets.

Yesterday Pengana announced the acquisition of German properties worth \$158.5 million, to seed its proposed Pengana Credo European Property Trust.

Pengana expects its new European trust to grow to a billion-dollar fund within a few years.

Down the track it will consider listing the fund. Led by Macquarie Bank, Stockland, GPT, Rubicon Asset Management, APN Property Group and Valad Property Group have recently joined Lend Lease, Multiplex and Westfield, which have already established a strong footprint in Europe.

Pengana executive chairman Russel Pillemer told The Australian yesterday that six months ago senior executive Stuart Stuckey relocated to London to set up an office.

Mr Pillemer said having an on-the-ground presence there made it more comfortable to expand into Europe.

Pengana has formed a joint venture with British property management company Credo to source and manage assets.

Pengana Credo joint venture executive director Alex Vynokur said having a good partner was the key to success in Europe.

He said Credo had a good track record.

It has bought and sold more than \$1 billion worth of properties in the past five years and managed around pound stg. 750 million (\$1.8 billion) in assets.

Mr Vynokur said assets in the newly acquired portfolio were built in the past six years and they were all leased to leading Germany companies on long leases.

Mr Pillemer said Germany had presented the initial opportunities.

But he said the venture would also look at Austria, Belgium and Switzerland for future assets.

Based on the covenants of its tenants and quality of the assets, Pengana intends to gear the fund up to 70 per cent.

It will raise \$52 million from institutional investors and rich individuals for the fund.

National Australia Bank's structured property finance team will lead-manage the placement.

Arthur Psaltis, managing director of structured property finance for NAB Capital said: "We will be seeing more activity offshore in the coming months as we focus on international expansion with our clients."

A month ago Macquarie Office Trust acquired almost \$260 million worth of office buildings in Milan, Italy.

And Macquarie Goodman is reportedly close to exchanging contracts to purchase the privately owned British property group Rosemound, which specialises in warehouses and logistics sites.

Chief executive Greg Goodman said at the time that Macquarie Goodman was doing due diligence on about \$800 million of British assets.

One of its largest acquisitions was the \$600 million purchase of Eurinpro, which will deliver an annual pipeline of \$424 million in logistics properties in Europe.

Stockland is due to finalise the purchase of British property group Halladale for pound stg. 171 million.

The listed \$500 million Rubicon Europe Trust bought assets worth E58 million (almost \$96 million) in Austria last month to boost its \$500 million fund.

Another listed trust, APN European Retail Trust, which manages about \$500 million worth of assets, added 23 properties, costing \$251 million, to its holdings last November.

The Melbourne-based SAI group has also flagged its interest in expanding to Europe.

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