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PROPERTY

Precision's $85m NZ deal boosts appetite for offshore plays
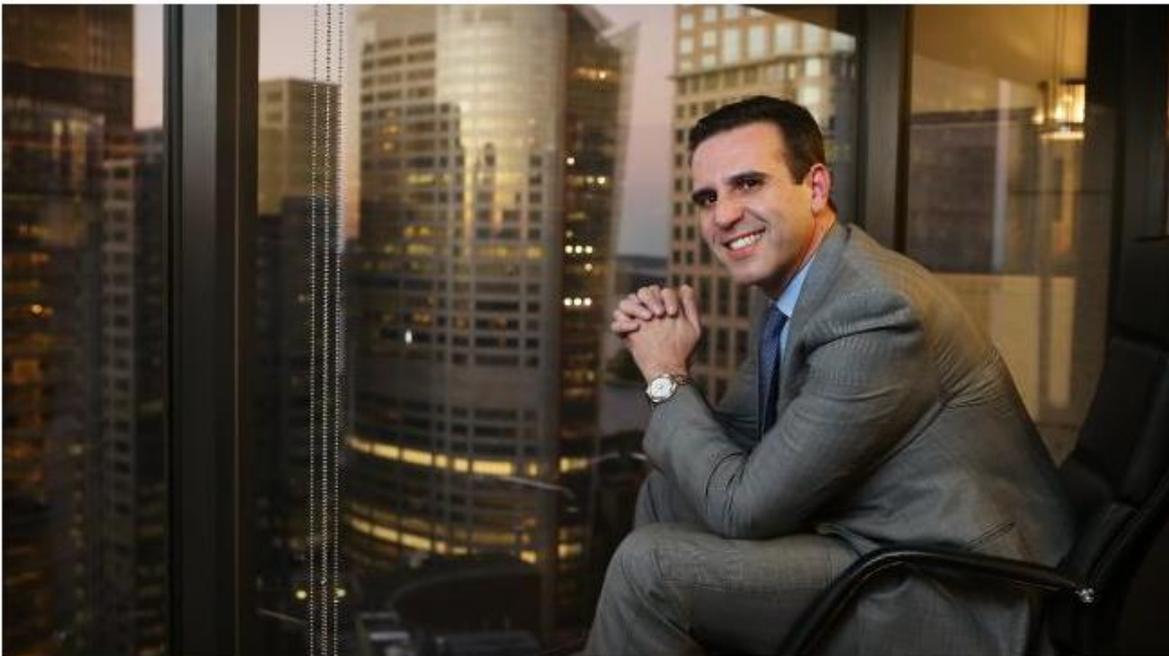
Precision Group founder Shaun Bonnet. Picture: John Feder

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Property rich-lister Shaun Bonett's Precision Group is looking to make further investments offshore after finalising the $NZ90 million ($85m) purchase of an iconic shopping centre in New Zealand's biggest city.

Precision recently bought the Shore City Shopping Centre in Auckland, which boasts more than 70 stores, from the Aviva Investors Asia Property fund. The property was previously owned by Westfield. The move was Precision's first overseas.

Precision now has six key shopping centres among its asset portfolio and has plans to keep growing, with an eye on further deals in New Zealand.

"As the Australasian market becomes more connected, we need to look at offshore opportunities in order to remain relevant to our customers,'' Mr Bonett, whose wealth was estimated at $478m in the latest BRW Rich List, told *The Australian*.

''If any business looks offshore from an Australian point of view, New Zealand presents the most streamlined location to do business in. Over the past two years the New Zealand

economy, particularly Auckland, has improved in a number of areas. International retailers are landing in the Auckland CBD, as they are in the Australian market. We had been looking at New Zealand for the best part of the past decade."

He said the deal had been important from "a maturing business point of view'' for Precision's international ambitions. "There is a whole range of commercial boxes to tick in a different jurisdiction.''

Precision, founded by Mr Bonett in 1994 when he was only 24, owns over $1 billion of commercial assets in Australia.

Mr Bonett has grown the company from purchasing, developing and selling retail properties to being involved in large-scale retail and commercial property developments. Its empire has been built around two major shopping centres in Adelaide and Brisbane and now has a portfolio of 10 centres.

Last September it bought a distressed shopping centre on the Gold Coast for $74m. Apple has set up its Australian flagship store at Precision's MacArthur Central shopping centre in Brisbane.

A hallmark of Mr Bonett's property business has been its relationship with the Bank of China, which recently opened a branch in Adelaide, its 10th in Australia. Following the GFC in 2009, Precision refinanced over $250m of its loan facilities with the powerhouse Chinese bank.

"We've been working with the Bank of China for the past seven years. The relationship has really grown from an initial refinancing to now backing Precision in a number of developments and acquisitions,'' Mr Bonett said.

"The relationship has been an ever strengthening one. As we have done more together the understanding and co-operation has become at an all-time high.''

While the big Chinese banks have sought to reduce the concentration of their assets in China, Mr Bonett said there was an option of Precision looking at deals inside China. "As Australia continues to get closer to China, just like it took a number of years for my team to get comfortable with NZ, we continue to learn a lot more about the Chinese system.''

Precision has also diversified into financial services and private equity investments, primarily in the IT and health sectors. It was an early investor in internet jobs site Seek, and Mr Bonett is on the board of health insurance comparison website iSelect.

Late last year Precision took a 40 per cent stake in Prezzee, an e-gift card app founded by Sydney couple Claire Morris and Matt Hoggett. "That business has continued to be well received by consumers. It has rapidly been taken up by retailers,'' Mr Bonett said." Its performance has been within expectations and I have pretty high expectations.''

Mr Bonett has previously claimed Prezzee could account for up to 10 per cent of all transactions in the $3bn gift-card market within three years.