

Sovereign wealth fund backs Rich Lister's \$1.2b BTR platform

Nov 25, 2021

Financial Review Rich Lister Tim Gurner and non-bank lender Qualitas have secured \$1.2 billion of equity funding for their build-to-rent development fund after winning cornerstone investment from a global sovereign wealth fund.

The oversubscribed raising – will fund the platform's first 1700 apartments across projects in Sydney and Melbourne, starting with 385-unit development in Parramatta on a \$70 million site.

Over the longer term the GQ platform hopes to develop more than 5000 units worth about \$5 billion as it positions itself as one of the bigger players in the emerging build-to-rent sector in Australia, , Aware Super, US-based giants Greystar and Sentinel as well as Daniel Grollo's Grocon whose \$2 billion pipeline is backed by Singaporean sovereign wealth fund GIC.

A spokesman for the GQ platform said the cornerstone investor was a "large international sovereign fund, with significant property holdings around the world" but decline to identify it.

No Australian institutional investors participated in the raising. Qualitas and Mr Gurner both co-invested.

Mr Gurner – a new convert to the merits of build-to-rent having called it "economically stupid" as recent as last year – said he was both "humbled" and "excited" at the oversubscribed capital raise.

"With the majority of the capital now allocated we will soon be commencing another round of capital raising in the coming months as we look to aggressively grow the size of the fund, and as we prepare to commence construction across various projects in the next 12 months," he said.



A render of the 61-level tower in Parramatta that Tim Gurner and Qualitas will develop.

Having previously said the platform would begin with three Melbourne projects comprising more than 1100 units, the initial focus has now shifted to Sydney despite it being a tougher market to get BTR projects out of the ground than Victoria.

However, Mr Gurner and Qualitas will have the advantage of a less competitive market, since most of the local BTR players are focusing their energies into projects in Melbourne,

“We need to cement ourselves in Sydney first to build a serious platform. No one will get real scale and platform value without a serious presence in Sydney,” Mr Gurner told *The Australian Financial Review*.

For Qualitas, which last week raised \$300 million ahead of an an ASX listing that will value the non-bank at \$700 million, the joint venture with Gurner deeply embeds it in the success of the BTR sector in Australia.

Alongside the development platform, it has a \$1 billion debt fund (backed by the Clean Energy Finance Corporation) to provide construction loans to developers for build-to-rent projects,

In July, its Build-to-Rent Impact Debt Fund made its first investment with a \$120 million debt facility for a 30-level build-to-rent project in South Brisbane.

While no yield targets have been disclosed, total returns of between 10 per cent and 15 per cent are anticipated for the development fund, a spokesman said.

“The overwhelming response to this capital raising reinforces our belief in the future of the build-to-rent sector,” said Qualitas global head of real estate and co-founder Mark Fischer.

“Across Australia, we are anticipating strong and growing demand for high-quality build-to-rent assets as population growth and declining home ownership drive the need for quality rental stock.

“The scale of our debut capital raising in the build-to-rent sector and its support from blue-chip institutions is vindication of our decision to pursue a fully vertically integrated model for BTR.”