



Business

Strata owners (bar one) in \$48m sale

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A stubborn strata property owner has defied 15 other owners in a Melbourne building, twice refusing to sell his unit, even though the other owners have gone on to claim a \$48 million windfall.

The hold-out strata owner, criminal lawyer Michael Gleeson, has refused to sign onto a deal for a key corner CBD property which has transacted without him, netting 15 other owners \$48 million or \$3.2 million for each unit.

It was the second attempt by 15 of the building's strata owners to offload their share of 600 Lonsdale Street, an expansive, 1918 square metre block on the corner of King Street with a three-storey structure known as Lonsdale Court.

Lonsdale Court has been on the market for the past four years, ever since a similar previous arrangement - when all 16 owners were willing to sell for \$45 million - fell over after Mr Gleeson pulled out.

The purchaser at the time was refunded their \$4.5 million deposit.

The building, mainly occupied by small legal practices, is next to a forest of soaring apartment towers built on The Age newspaper's former site in Lonsdale Street opposite a notorious city fleshpot, the Men's Gallery.

Most of the towers on The Age site were developed by Hong Kong-listed Far East Consortium, while an adjoining site - also previously owned by The Age - was more recently developed by Melbourne-based Central Equity.

Lonsdale Court was purchased by Andy Zhang's V-Leader group, a developer that lists four medium-scale projects, including an apartment on Burwood Highway in Vermont South, on its website.

"We are instructed that the purchaser is a land banker who has no immediate plans and is happy to sit for five-10 years," said the lawyer acting for the vendors, Graeme Efron.

"This was on the market for four years. Central Equity [who built an apartment next door] said we would never achieve consensus from the 16 vendors. They were right!

"Nevertheless, we managed after some four years to achieve a sale of the property without the last unit-holder's participation," Mr Efron said. "It's quite a remarkable achievement."

The building has a colourful history involving Melbourne property identities.

It was sold in 1984 for \$1.1 million by Issy Herzog, whose descendants still own a large portfolio of office, commercial and industrial assets under the Herzog Group, to developer George Frew, the first husband of socialite and business identity Pixie Skase.

Mr Frew then strata-titled the building, selling it down to multiple owners.

The first sale was to Nedovic & Co, a firm still operating from the same premises under Peter Nedovic, one of the current vendors.

Keleman Commercial's Rudy Keleman, who introduced the buyer to the vendors, said it was rare to sell the same building on two different occasions with 34 years in between.

"I sold it the first time and I sold it the second time," Mr Keleman said.

The sale follows another potential King Street transaction.

Property developer Lorenz Grollo's Grollo Group is understood to be circling a four-storey building at 26-32 King Street on the south-east corner of Flinders Lane that has potential for redevelopment.

Mr Grollo's interest is thought to be motivated by securing views for tenants in the premium Rialto Tower nearby, an asset the Grollos jointly own with a Kuwaiti government investment vehicle.

The property is being marketed by Gross Waddell.

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