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FINANCIAL REVIEW

SE Property
HD Bank of China eyes Sussex Street tower for new HQ

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LP The world's fourth-biggest bank, Bank of China, is negotiating to acquire an office tower in Sussex Street to house its Sydney headquarters for about \$130 million.

The state-owned bank, which prefers to own rather than rent its offices throughout the world, is understood to have entered due diligence on the tower at 140 Sussex Street.

TD The Australian Financial Review foreshadowed the building was being sold by owner Deutsche Asset Management in January. The anchor tenant, ING Australia, is moving out in May 2017 to 60 Margaret Street. The Bank of China owns its building at 39 York Street but has been looking to expand into a better building.

The building overlooks Darling Harbour and the new commercial precinct at Barangaroo. It also has development potential.

Built in 1991, 140 Sussex Street has 14 levels of office space and several levels of basement parking. The total net lettable area is 12,440 square metres.

Deutsche bought the tower in 2011 from Eureka for \$84 million on behalf of a European institutional client on a yield of about 7.9 per cent. Since then prices for well-located commercial property have risen sharply.

CBRE handled the sale on behalf of Deutsche but the parties did not respond to AFR requests for comment.

Bank of China is likely to undertake the acquisition on its own balance sheet. The bank, headquartered in China, had \$US2.56 trillion in assets under management at the end of 2015.

As an occupier, the acquisition would be rare but is still demonstrative of demand for Sydney CBD office property.

Several buyers expressed interest in 140 Sussex Street including other owner-occupiers like Channel 7 and even hotel groups such as M&L Hospitality, which owns a nearby hotel. .

It will be a busy second quarter for Sydney transactions. The most noteworthy so far has been Investa Commercial Property Fund's purchase of a \$443 million majority stake in 420 George Street from Fortius Funds Management.

The sale of the \$400 million-plus David Jones building in Market Street will also be closely watched. One of the contenders is Scentre Group.

Elsewhere, parties are also closing on 55 Clarence Street, which wholesale specialist Eureka Funds Management put on the market this year.

In another significant transaction, [Charter Hall Group](#) has also entered due diligence on Macquarie's building at 1 Shelley Street.

CO nn : ING Groep NV | bkchin : Bank of China Ltd | iaand : Stichting ING Aandelen

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