

SE Business
 HD **PAG takes reins of \$400m tower**
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HONG Kong-based Pacific Alliance **Group** has seized control of one of North Sydney's landmark development sites by appointing receivers Ferrier Hodgson to the \$400 million 1 Denison office tower project.

The long-stalled development by Korean-backed Eastmark Holdings had fallen behind rival projects as it was unable to lock down precommitments and top-tier tenants demanded steep incentives for moving to the city's north shore. Ryan Eagle and Peter Gothard of Ferrier Hodgson were appointed in late October and have since been working to protect the **site**'s valuable development approval while continuing to explore the **sale** of a small office stratum that is part of the **site**.

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PAG is one of Asia's top alternative investment management groups with \$US11 billion (\$13bn) of funds across private equity, real **estate** and absolute returns.

The **group** bulked up in Australia last year with the **purchase** of about \$600m worth of assets from GE Capital's suburban office portfolio. It has also emerged as an active financier. But it does not have a local development presence and is seen as a seller of the **site**.

Local developers are likely to chase the opportunity to build a major tower on the **site** as the fundamentals of the North Sydney market are improving and investors such as **China**'s Fosun are chasing properties in the area.

Eastmark, run by Jin Yong **Park**, formally launched its project in September last year with hopes that its proposed 30-level building would be the largest **commercial** tower in North Sydney, with floor space of 40,270sq m.

However, the developer's lack of familiarity with the local market saw it beaten to the punch by more savvy Australian players.

A Leighton Properties project at 177 Pacific Highway forged ahead, with the 30 level A-grade building, anchored by a head lease to the development **group**, quickly pre-**sold** to Singapore's Suntec REIT for \$413m. Another office project mooted in North Sydney — by land owner Laing O'Rourke and listed developer Mirvac **Group** — would also have an end value of about \$400m.

Then Australian employee-owned Sinclair Knight Merz held talks with the pair last year. But the engineering **group**'s merger with Jacobs Engineering set back any shift into the planned office tower, to comprise 40,100sq m of space, at 100 Mount Street.

The three developments, if all went ahead, would deliver a combined floor space of 125,000sq m and boost the number of workers in North Sydney by 6000. In April, a Singaporean **group** bought a small empty office block next to the main Eastmark **site** from the Korean **group** for \$12.5m. The buyer plans to develop a **hotel** with more than 200 rooms on the **site** it picked up at 88 Walker Street.

CO ferhod : Ferrier Hodgson & Company | gecapt : General Electric Capital Corporation | gnelc : General Electric Company

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