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HD **China's Poly eyes southern CBD asset buys**
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Poly Australia, the local arm of Shanghai-listed Poly Real Estate, has revealed its ambitions to acquire prime office assets in Melbourne after completing the purchase of two buildings in Sydney's CBD, where it plans to develop a major tower.

The company, which is beefing up its acquisition capacity with the appointment of a new acquisitions director, will also evaluate more residential projects in Melbourne after losing out in the contest for the Telstra tower earlier this year.

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It will open an office in Melbourne this year as it seeks to further these plans, which build on its investments in South Yarra and Docklands apartment projects.

"Our key focus is on larger site projects, I would say; we like the \$100m plus investments," Poly Australia's sales and marketing director Philip Best said.

"We will certainly look at Melbourne CBD office, A-grade office in the CBD. Whether we take it as a development play, or whether we take it as an asset and hold, it really depends on the opportunities there," he said. "We see the Melbourne office market being stable to strong." The company bought adjacent buildings at 210-220 George Street in Sydney, near Circular Quay, for \$160 million in July.

It has flagged bold plans to redevelop the two existing buildings into a single new A-grade office tower with ground floor retail space, in keeping with Mirvac's recently completed EY Tower at 200 George Street.

That plan is still at the early stages of a feasibility study, but the company will work as quickly as possible to submit it for approval, according to Mr Best.

"We would like to be able to submit construction design concepts for approval next year," he said. "Conceptually, based on the City of Sydney town planning regulations, we are able to get greater heights, so our expectation would be to create an A-grade or prime grade building at that location." On the residential front, Poly aims to create a development pipeline of up to 3000 apartments annually in Australia, with plans to acquire more development sites in Melbourne and Sydney.

Earlier this year, Poly put a bid for the 308 Exhibition Street site in Melbourne sold by Telstra but lost out to Malaysian developer SP Setia, which just lodged plans for a \$640m twin tower development.

"Obviously we like high-density residential, but at the same time we are doing house and land as well," Mr Best said.

The company is launching its first house and land project, the Grove Place, in western Sydney this month. It bought the vacant 30,610sq m site at 229 Victoria Street in Werrington from the City of Penrith earlier this year for an undisclosed sum.

The 67-lot master planned community, 6km from Penrith, has received hundreds of inquiries, mainly from owner-occupiers in the Indian community near Parramatta, according to Mr Best.

As to the underlying demand, Mr Best noted there were fewer foreign buyers at its residential project in Epping in Sydney's northwest, but he shrugged off concerns about an oversupply of inner-city high-rise apartments, particularly in Melbourne. "You've got to remember it can take three to four years to actually bring a project to finish, so today everyone is talking about oversupply, (but) if you look at five years out, seven years out, is that the same story? That's the question we ask ourselves."

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