

FINANCIAL REVIEW

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HD **Patience seals Sino deals**
BY Matthew Cranston
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Of the billions of dollars in **Chinese** funds pouring into Australian real **estate**, most vendors say one ingredient helps to ensure the money is converted into a deal – and that is patience.

In mid-2013 the Tianjin-based General Nice **Group**, which has a global annual revenue of \$US8 billion (\$9.2 billion), bought an A-grade building in North Sydney from Investa **Commercial Property** Fund.

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However, for General Nice, which also happens to be one of the largest importers of coking coal in **China**, regulations on the flow of capital had created difficulties in the attempt to **buy** the 8171-square-metre tower.

"With complications in financial markets in **China**, the deal and the deposit were fading quickly," Investa's Michael Cook said.

The deal looked destined for the scrap heap. But Mr Cook, who met General Nice in **China** and understood the pressure the **company** faced, remained loyal to the buyer.

"You need unprecedented levels of patience," Mr Cook said. "If you have confidence in your buyer and your process, you also have to be confident in them to get their house in order, no matter how many twists and turns." Patience rewarded

Eventually, a deposit for the office tower was locked in, albeit at a fraction of the first figure which Investa has declined to detail. But Investa's patience was rewarded, the deal went ahead, and General Nice bought the office tower for more than \$50 million.

CBRE's Rick Butler has dealt with **Chinese** investors since 1983 when he **sold property** in Sydney's **Chinatown**.

"The Asian cultures are all very different," he said. "The **Chinese** do business in a different way – they calculate in a different way.

"The patience factor is crucial, but in saying that some of them are like lightning and deals can go through very quickly."

Mr Butler advised **Chinese**-backed Bright Ruby, which has gone on to **buy** \$260 million in office towers in Australia. Eye on passive income

While better known **Chinese** buyers, such as Greenland **Group**, have been focused on buying development sites, others such as the **Hong Kong** Monetary Authority and Ping An have been looking to **buy** passive income assets such as office towers.

Both those investors made bids on QIC's 52 Martin Place, which was the largest office tower **transaction** in Sydney for five years.

Chinese groups have also taken to Australian farming assets where there have also been drawn-out campaigns.

Chinese group Orient Agriculture emerged as the buyer of a major Queensland cropping **property** for \$30 million this week. The **property** had been on the market for more than a year and another **Chinese** buyer had been unable to secure funding.

IN ireest : Real Estate | icre : Real Estate/Construction

RE china : China | austr : Australia | sydney : Sydney | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | bric : BRICS Countries | chinaz : Greater China | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | easiaz : Eastern Asia | nswals : New South Wales

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