

HD Alternative Investments: New UBS joint venture eyes high-yield **property**

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Asian investors seeking high-yielding foreign **property** assets are a key target for a new joint venture between UBS Global Asset Management and Australia's largest private **property** developer.

The deal gives the Swiss **firm** first right of refusal over Grocon's Adollars 2 billion (dollars 1.8 billion) construction pipeline, which includes investment grade **commercial** and **residential** developments.

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The JV can also **buy** non-related third-party assets in the open market.

The joint venture, UBS Grocon Real **Estate**, plans to amass assets worth dollars 10 billion over the next five years, with much of that expected to come from Asian institutions.

About 50% of current investment flows into Australian **property** comes from offshore, with 'a large portion of that coming from Asia Pacific', says Trevor Cooke, Asia-Pacific head of global real **estate** at UBS Global AM.

In November sovereign wealth fund **China** Investment Corporation bought into a three-tower complex in Sydney in a deal worth more than Adollars 400 million, while Singapore-listed Suntec Reit and Aims AMP Capital Industrial Reit are negotiating deals for Australian office towers worth a total of Adollars 770 million.

UBS Grocon is based in Sydney and chaired by UBS Global AM chief executive John Fraser, while Daniel Grollo, CEO of Grocon, is a non-executive director.

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