

SE MarketWatch
 HD **Blackstone deal puts Circular Quay in play**
 BY BEN WILMOT
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THE apartment boom is set for its biggest test yet, with private **equity** giant Blackstone calling in real estate agencies CBRE and JLL for advice on the future of **Gold** Fields House that sits right on Sydney's Circular Quay.

That building on its own could be converted into a \$1 **billion** luxury apartment project, but other parts of the Circular Quay block have been earmarked by rival developers Lend Lease and AXF for office and apartment projects.

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The agents' mandate was to canvass options rather than run a sales process, sources said.

The greatest value could lie in a consolidation play, as one player could take control of the entire block and seek to win a favourable planning and development outcome.

Given the heat in Sydney's apartment market, it is likely the site will attract parties ranging from London's Candy & Candy to **Chinese** giant Greenland Holding.

The building has been earmarked for a luxury apartment development for more than six years and the joint owners, Valad and one of its managed funds, in which global pension funds hold sway, have fielded several aggressive offers.

Gold Fields House was last bought in 2006 for \$274 **million**, with Valad teaming up with its wholesale Australian V-Plus Fund — that reportedly includes the Abu Dhabi Investment Council, Dutch pension fund APG and the Telstra super fund as investors — owning the rest.

The site could now sell for \$400m.

In 2008, Valad gained stage-one development approval for a commercial and residential tower on the block, and secured approvals for luxury apartments, before Blackstone took control of the **company** and appeared to put these plans on ice. The time they have taken to consider their strategies may pay off, as **Gold** Fields House, at 1 Alfred Street, is the most prominent building on the Circular Quay block. Last month, The Australian reported that Lend Lease was negotiating with Richard Gu's AXF Group on a joint-venture to develop a \$1bn-plus commercial, apartment and hotel project.

CO blgrou : The Blackstone Group LP

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