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HD Charter Hall divests two towers

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LP The unlisted Charter Hall Office Trust has reaped more than \$230 million from selling Avaya House in Sydney and another office tower in Melbourne’s St Kilda Road precinct to Asian developers.

The Australian flagged last month that China’s Shimao Group and Sydney-based developer B1 Group were undertaking exclusive due diligence to buy Avaya House.

TD **The sale was confirmed by Charter Hall yesterday, with the value revealed to be \$118m at a yield of 6.1 per cent. Simon Fenn and Graeme Russell and Cl Australia’s Bevan Kenny and Chris Veitch brokered the sale.**

The 10-level, A-grade building at 123 Epping Road, North Ryde, is mainly occupied by Avaya Australia. The asset was fiercely contested on the back of Macquarie Park’s residential boom, which has recently drawn local giant Meriton and Chinese-backed group JQZ.

Shimao, controlled by billionaire [Hui Wing Mau](#), has emerged as a major backer of local developer B1, headed by Chinese-born chairman [Anne Bi](#), which has projects in Sydney’s Parramatta, Burwood, Epping and Erskineville.

“Shimao’s last purchase in Sydney was 175 Liverpool Street that is earmarked for a luxury residential conversion and the Macquarie Park area carries similar possibilities,” said Mr Fenn, noting the strong demand for apartments and hotels in the precinct.

In Melbourne, the trust has sold the office tower at 5 Queens Road to a unit of Singaporean developer Tong Eng Group for \$116.3m.

The 11-storey tower, located opposite Albert Park, comprises a net lettable area of 17,449sq m and is anchored by major tenants including [Unico Computer Systems](#), Beca and Shape.

The sale was managed by CBRE’s Michael Andrews, Luke Etherington and Kiran Pillai and [Colliers International’s](#) Leigh Melbourne and Nick Rathgeber.

The buildings were seen as non-core assets by the Charter Hall fund. “These non-core divestments provide an opportunity to improve the quality and size of our underlying portfolio which is weighted towards core CBD assets, strong tenant covenants and long leases,” Charter Hall Office Trust fund manager Trent James said. “This transaction also reconfirms the group’s focus on being an active seller in order to further enhance returns for our capital partners.”

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