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HD **Eureka runs ruler over asset**
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Property investment - Sandstone properties attract covetous eyes

Eureka Funds Management has emerged as the latest serious contender to run an eye over the Sandstone properties in Bridge Street, Sydney, as the market for hotels and investment assets heats up before the end of the year.

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This comes amid speculation that the owners of the Westin **Hotel** at the GPO, Sydney, and the Hilton, Sydney, could also consider selling.

The trigger was said to be **China's** Sunshine Insurance **Group purchase** of the Sheraton on the **Park** in Sydney for \$463 million, which is the highest price yet for a **hotel** in Australia.

Starwood Hotels & Resorts Worldwide will continue to operate the Sheraton under a long-term management agreement.

The NSW government is also hoping for a competitive price from the **sale** of the Lands and Education buildings, called the Sandstone properties.

They are to be converted for tourism use, including a **hotel**. One price estimate has valued the Lands building at \$80 million, with a 99-year lease.

Eureka recently **sold** its half share of 101 Miller Street and Greenwood Plaza to TIAA Henderson real **estate** for \$310 million. Eureka has shown an interest in the **hotel** sector, and last year **sold** the Four Seasons in Sydney for a record \$340 million.

The Sandstone assets would allow Eureka to flex its skills of buying assets and redeveloping for sales at a significant profit.

Industry body Tourism & Transport Forum chief executive Margy Osmond said there was significant interest from the tourism industry in the heritage buildings and the sector was keen to explore the opportunities they represented.

One of the latest deals is by the private W **Property**, which has bought 132 McEvoy Street, Alexandria, with plans to refurbish the buildings and return them to their original glory as **commercial** and industrial sites and then sell down to owner-occupiers in 2015.

Knight Frank South Sydney agency director Danny O'Brien, who advised on the **sale**, declined to comment on the price.

Other agents said similar properties in the area recently **sold** for about \$30 million.

"We expect demand to be strong for owner-occupiers as most of the South Sydney occupiers are cashing in on their land values now and moving to more efficient buildings," Mr O'Brien said.

The final leg of the \$650 million Ingham Enterprises **sale** and leaseback program was also completed on Monday when Charter Hall paid \$171.4 million for a portfolio of six industrial assets.

CBRE's Danny Thomas and Mark Granter, who advised on the deal, said it was the largest food and agribusiness real **estate transaction** in 2014, by a good margin.

CO efmltd : Eureka Funds Management Ltd | hotinv : Starwood Hotels & Resorts Worldwide Inc

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