

# FINANCIAL REVIEW

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HD **Gu nets \$60m in Footscray**  
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Melbourne developer Richard Gu has **sold** the west Melbourne **site** he paid \$17 million for in 2011 for \$60 million.

The prime development **site sale** followed a recent buying spree by Mr Gu's AXF **Group** in prominent Sydney and Melbourne locations.

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Shanghai-born but Melbourne-based Mr Gu paid \$17 million for the Kinnears Rope Factory, a four-hectare **site** in Footscray, about six kilometres west of Melbourne's CBD.

Industry sources confirmed an offshore investor paid about \$60 million for the **site** in an off-market deal brokered by CBRE director Mark Wizel, who declined to comment on sales details.

Mr Gu won approval for a 1500-**apartment** project with retail space on the **site** and it is understood the buyer will proceed with the development.

While offshore development has spiked in Melbourne, it is uncommon for an offshore developer to sell sites, particularly with approved plans.

Speaking to The Australian Financial Review, Mr Gu confirmed he had entered into contracts of **sale** for the Ballarat Road **site**.

"It was not an easy decision to sell Kinnears, however we weighed up seriously the direction in where I see our **group** heading in the next 24 months and felt that the decision was the right one to part ways," he said.

AXF took a 70 per cent stake in a \$3 billion **residential** development in Melbourne's west this year, partnering with Hyde **Property**.

The **group** also teamed up with Ever Bright **Group** to **buy** and redevelop Fairfax House at Sydney's Circular Quay for \$55 million.

The **group** will soon begin marketing Sovereign Tower, the tallest building in the Box Hill activity centre, about 35 kilometres east of Melbourne's CBD.

"My responsibility to our **company** is to continue not only to look for well-priced properties to acquire, but also to recognise when strong value is seen for our existing assets from outside parties," he said.

Mr Wizel who said the deal followed the emerging trend of offshore developers buying sites outside Melbourne's CBD, Docklands and Southbank area.

"The doomsayers will continue to compare this run of off shore interest to other cycles over the past 40 years, the difference in this run is that for many driver of **Chinese** investment specifically relates to a structural change, not a cyclical one," Mr Wizel said.

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