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Straits Trading buys stake in Sydney office building for A\$119m

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A UNIT of The Straits Trading Company Limited is acquiring a stake in an office building in Sydney, Australia, in line with its capital redeployment strategy, the group announced on Tuesday.

The diversified investment company with interests in real estate, hospitality and resources is investing about A\$119.0 million (about S\$122.7 million) for a share of the property located at 320 Pitt Street through its subsidiary Straits Real Estate, and will be funded by internal resources and bank borrowings.

The group said the acquisition is in line with its strategy of redeploying capital from its existing property portfolio of high quality, but low yielding investment properties into potentially higher return real estate opportunities via Straits Real Estate.

The 32-storey office building with

a total net lettable area of 29,159 square metres is situated strategically between various transport nodes.

It is within walking distance from Central Rail Station, the upcoming George Street light rail system and Pitt Street Metro station. It is also near Chinatown and Pitt Street Mall, which offers ample lifestyle and food and beverage amenities.

Built in 1989, it underwent upgrades to the mechanical and hydraulic systems in 2010 and the lift cars in 2016. It has the potential to be repositioned as a core investment through an asset enhancement programme, the group said.

Desmond Tang, chief executive officer of Straits Real Estate, said: "We see value in this property as it gives us a healthy stream of income via the building's existing leases."

The acquisition is, however, conditional upon the satisfactory due diligence of the property and Australia Foreign Investment Review Board approval, among others.