



Exchange Centre in Sydney's Bridge Street, which houses the Australian Securities Exchange, is open to bids again.

Photo: MICHEL O'SULLIVAN

ASX HQ to go back on sale

Ben Wilmot

The receivers of the Record Realty Trust are to put the Australian Securities Exchange headquarters building in Sydney back on the market with hopes of reaping more than \$190 million.

The receiver has called for sales submissions and expects to appoint an agent in coming weeks to market the Bridge Street building.

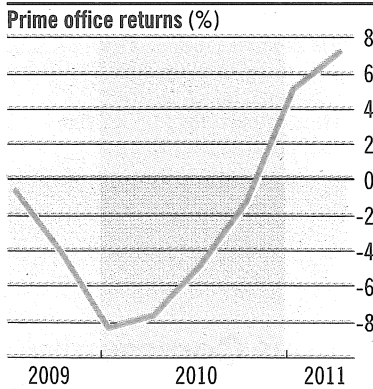
The move by KordaMentha comes amid the continuing recovery in the value of high-grade office stock that may see lender Bank of Scotland International recoup its exposure to the tower.

It was bought by the Allco Finance Group-managed Record Realty Trust from German group Deka in August 2006 for \$235.7 million as the property boom reached a crescendo.

Record Realty put just \$68 million of equity into the deal as part of its model of debt-funding the bulk of its purchases.

It was revalued at \$250 million in June 2007 and it had attracted interest at even higher levels earlier that year from Korean group Mirae Asset Investment Management.

Better times



At its 2007 peak, Record Realty's portfolio hit \$2.3 billion with properties in Australia, Germany and the United States. But steep falls in values, particularly offshore, saw the portfolio's value sink to less than its near \$1.8 billion debt load.

By April 2009, after attempts to turn the trust around, the Bank of Scotland International (BOSI) appointed KordaMentha as receivers of a series of trust assets.

It had loans of more than

\$400 million at both the corporate and asset level — some of which have now been paid down as smaller trust assets have been sold off.

The trust's US portfolio was sold this year to the ASX-listed Real Estate Capital Partners USA Property Trust and US investor Saban Capital Group and its European portfolio is also being sold.

Since taking control of the asset, the receivers and bank have ridden the lows of the property cycle and are hoping to benefit from the recovery in demand for towers in Sydney and Melbourne.

In mid-2009, in the depths of the commercial property market, the former Allco-controlled Max Trust, which held the senior debt on the tower, marketed the asset.

A unit of Hong Kong-based CLSA Asia-Pacific Markets came close to buying the building for about \$140 million. Valuers were concerned the deeply discounted sale would have rippled through the market, lowering values across the industry.

But in September of that year, the Bank of Scotland International, then the junior lender on the tower and facing heavy losses on the sale,

stepped in and bought out the senior debt holder.

The bank, already owed about \$90 million on the asset, paid about \$100 million for the senior debt.

Last year, KordaMentha took Record Realty's remaining \$600 million of Australian assets to market as a portfolio. But it ditched these plans in January as it received greater interest in the assets as individual properties.

The delays in sales plans have allowed the receiver to improve 20 Bridge Street. During the 2009 campaign, the 14 level building had four vacant floors and faced a tough leasing market.

Now only one floor remains to be leased and talks may see anchor tenants ASX and Standards Australia extend their leases.

KordaMentha has undertaken a renovation of Exchange Square, revamped the reception area and resolved conflicts over lift access and operations.

KordaMentha partner Craig Shepard and BOSI declined to comment yesterday. But other Record Realty properties under their control are also likely to be offered.