

Headline	S P Setia's land in Melbourne CBD at justified premium
Media Title	Borneo Post KK
Date	5 May 2016

# SP Setia's land in Melbourne CBD at justified premium

**KUALA LUMPUR:** SP Setia Bhd (SP Setia) has acquired a piece of 4,140 square meter (sqm) land in Melbourne's Central Business District (CBD) for A\$101 million.

According to MIDF Amanah Investment Bank Bhd's research arm (MIDF Research) the company intends to transform the land into a mixed development consisting of multilevel retail, prime A-grade office space and luxurious apartment towers.

Gross development value (GDV) of the project is estimated at A\$640 million with expected launch date in 2H17.

The research house explained that previously, SP Setia has acquired four pieces of land in Melbourne. In 2009, SP Setia purchased a 0.2 hectares (ha) Fulton Lane site for A\$30 million and developed it into luxury apartments with a GDV of A\$470 million.

This is followed by acquisition of 0.9ha land at Parque. The third land bought is the 0.51 acre Carnegie land with a price of A\$6.68 million transacted in Nov-2015. Lastly, the fourth piece of land is acquired only two weeks ago.

"Valuation works out to be A\$2,266 per sq ft which we think



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is fair. Although the valuation is higher than SP Setia's recent purchase of Prahran land transacted at A\$1,093 per sq ft, we believe that the premium is justified as this land is located inside Melbourne CBD while Prahran is 4.5km away," MIDF Research explained.

The Land is only a five minute walking distance away from Bourke Street, Melbourne Central and the

Royal Melbourne Institute of Technology University (RMIT).

Land cost-to-GDV ratio at 15.8 per cent is within the range of 10 per cent-26 per cent of recent transactions by SP Setia in Melbourne.

"Separately, we estimate that the shareholders are likely to approve the final dividend of 19 sen in the upcoming AGM on May 18, 2016."