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Chatswood vision gets final go-ahead

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The Chatswood Transport Interchange on Sydney's North Shore has passed its final financial hurdle with the pre-sale of the shopping centre component of the project to the Precision Group at a price of about \$100 million.

One of the largest public-private partnerships in NSW, the \$361 million interchange has been put together by the state government's Transport Infrastructure Development Corporation and its private-sector partner CRI Australia.

CRI chairman Peter Wills said the partnership would bring transport, retail and residential development to the heart of Chatswood in an iconic and pedestrian-friendly, world-class interchange.

The residential component, comprising three towers in Chatswood and accommodating about 500 apartments, is now under option to Walker Corporation and Babcock & Brown. Babcock is already the mezzanine financier and underwriter for the interchange project.

Other partners include Barclay Mowlem Construction as builder and the Commonwealth Bank as financial adviser and arranger.

The retail section will consist of five levels, including a convenience centre at the concourse level, a food level anchored by an express supermarket, a health and leisure floor, most likely including a gym, and a 500-seat food court.

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All up, the net lettable area will be just over 10,050 square metres.

Precision expects that, on completion, the centre will be worth about \$130 million on a yield of 7.5 per cent.

Under the sale, negotiated by CB Richard Ellis's Tom Southern and Neil Proudlove, CRI will take the delivery risk, but the leasing risk will rest with Precision.

With Chatswood, Precision will hold a diversified property portfolio worth close to \$1 billion, including the flagship Adelaide Central Plaza in Rundle Mall, the Axa and Zurich office towers in Brisbane and such tourism assets as the Victory Hotel, also in Brisbane.

Precision's chief executive and owner, Shaun Bonett, said the retail precinct of the interchange would be "one of the most vibrant and cosmopolitan convenience shopping centres in Australia, servicing not only the travelling public but also the workers and residents in Chatswood and Sydney's lower North Shore".

Mr Wills said the interchange would link the eastern and western sides of Chatswood.

The interchange partnership, announced earlier this year, was subject to development approval, already granted by the NSW government, and on the sale of the retail centre.

With the sale exchanged late on Thursday, construction work started in earnest on Friday morning for completion in December 2007, ahead of opening of the Epping to Chatswood rail line in 2008.

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CRI director Geoff Baxter said his group recognised the importance of public-private partnerships in the efficient delivery of significant infrastructure development.

"With our property experience and culture of partnership over the past 25 years, CRI is well placed to successfully deliver this complex project," he said.

KEY POINTS

- * The interchange will link east and west Chatswood.
- * The retail centre will be worth \$130 million on a yield of 7.5 per cent.
- * The retail centre's net lettable area will be around 10,050 square metres.

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