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Warburg Pincus's Asian arm closing in on Propertylink

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Propertylink takeover on cards. A takeover of Propertylink by the Asian real estate interests of Warburg Pincus appears to be coming increasingly closer to fruition.

DataRoom understands discussions have ramped up in recent days and what is being mooted is that the Warburg Pincus subsidiary, e-Shang Redwood (ESR), acquires the \$600 million Australia-listed real estate group Propertylink as well as the listed industrial property satellite of Centuria — the Centuria Industrial REIT, worth \$613m.

The thinking is that the assets would be jointly managed by ESR and Centuria.

It comes after much anticipation of a deal in the market over the past few months among the three parties and after the private equity firm embarked on two separate share raids of the targets last year.

Earlier speculation had suggested Centuria and ESR would buy Propertylink together, and that the assets would be carved up between the bidders.

Working for Propertylink is Credit Suisse and Goldman Sachs. Centuria counts Moelis as its adviser.

ESR is a prominent logistics fund developer and manager in Asia. Propertylink owns about 30 properties worth close to \$758m, mostly in Sydney and Melbourne.

Its six funds control \$959m of industrial and office assets.

For the six months to December, Propertylink generated \$72.6m in statutory income after tax and \$101.5m in revenue.

Centuria Industrial REIT owns 39 Australian industrial properties worth at least \$1 billion.

Share raids on the two listed property groups by the private equity firm caused quite a stir in real estate circles late last year, when ESR bought a 19.9 per cent interest in Propertylink and also bought shares in Centuria.

Centuria itself had earlier built up a 17 per cent Propertylink interest as part of its attempts to buy the company.

Elsewhere, it is understood the sale of Rio Tinto's metallurgical coal mine Kestrel has caught the attention of the Foreign Investment Review Board.

While the FIRB typically does not wade into a straightforward coalmine divestment, the understanding is that it is taking a close look at the transaction because of the high quality of the coal within the mines and the eye-watering price paid by the bidder, which has received

much of its funding firepower from Chinese backers, including the China Investment Corporation.

Rio surprised the market when it secured \$US2.25bn for the 80 per cent stake in the Queensland coal mine, not long after Glencore paid \$US1.7bn for its Hail Creek mine.

EMR Capital ousted underbidders Apollo Private Equity and the locally listed Whitehaven Coal.

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