

FINANCIAL REVIEW

SE **Property**
HD **Super fund possible Bluewater buyer**
BY Mercedes Ruehl
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Major **property** players are circling Lend Lease's £550-600 million (\$1 billion) stake in Bluewater shopping centre in the UK.

Retail landlords such as Simon **Property Group** as well as the likes of AustralianSuper have been linked to the Kent asset, one of the UK's largest shopping centres, newspapers have reported.

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AustralianSuper has appointed managers to help expand its international **property** portfolio so its potential interest in the stake would make sense.

Lend Lease has told the The Australian Financial Review the **group** is open to selling the management rights as well if the price is right, which could make the stake more valuable.

The **group** has not commented on price but market expectations are for as high as £600 million and in some cases even higher.

Bank of America Merrill Lynch this month told clients "given the compression in cap rates in trophy assets, we apply a 5.5 per cent cap rate for Bluewater."

The London **commercial property** market is booming and investor appetite, especially from offshore, is growing fast.

HSBC's global headquarters, the city's biggest office building is up for **sale** and is expected to fetch a record price of more than £1.1 billion. A host of would-be buyers

Other groups to have expressed an interest in Lend Lease's Bluewater stake, according to reports, are Hammerson, M&G Real **Estate**, Intu Properties, **China's** Ginkgo Tree Investments and US **group** Hines. Lend Lease drafted in investment bank Morgan Stanley earlier this year to start a formal sales process.

It began following the resolution of a long-running legal battle with M&G Real **Estate** over pre-emption rights to the shopping centre.

In addition to Lend Lease's stake, the **group** manages a 25 per cent stake owned by funds via the Lend Lease Retail Partnership. Co-owners also include M&G and GIC, which have 17.5 per cent stakes, while Hermes owns 10 per cent.

The centre was developed by Lend Lease in the 1990s and comprises more than 150,000 square metres.

Citi expects the **sale** of Bluewater, as well as the **sale** of other developments and other project awards will drive Lend Lease's share price even further than its current highs.

Key points AustralianSuper a possible buyer of Lend Lease's \$1b stake in the Bluewater shopping centre in the UK. Though Lend Lease is not discussing price, the Bluewater stake is tipped to sell for up to \$1.1b

CO arefnd : AustralianSuper Pty Ltd

IN ireest : Real Estate | icre : Real Estate/Construction | i81502 : Trusts/Funds/Financial Vehicles | i8150214 : Private Pension Funds | ifinal : Financial Services | iinv : Investing/Securities | ipension : Pension Funds

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