

**SE** The Week in Asian Real Estate; Exclusive

**HD** Weekly news through July 11

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Deal of the week

Westfield spinoff Scentre Group raked in A\$3.05 billion in what has been tapped as one of the largest European debt deals by an Australian firm ever.

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Scentre launched its road show June 30, drawing substantial interest from offshore investors amid a favorable interest rate environment. Demand drove pricing lower, with all four tranches priced at the tight end of revised guidance, with the euro notes priced at 67, 72 and 92 basis points over midswap and the sterling notes priced at 113 basis points over gilts, the Sydney Morning Herald reported, citing the managing director of capital markets at BNP Paribas, which advised on the deal along with Deutsche Bank, with assistance from HSBC and Barclays plus a syndicate of another 13 banks.

The Australian Financial Review noted that Scentre Group is now the highest-rated REIT in the world, with an A rating from S&P and an A1 from Moody's.

The company will use some proceeds to help refinance the A\$5 billion bridge facility it took on as part of the Westfield Group restructuring. The success of the bond deal may now relieve some of the pressure on Scentre to sell assets and bring down gearing, the AFR noted.

The bond issuance also carries implications for the Australian market and the macro environment. The Australian Financial Review columnist Tony Boyd noted that the deal underscores that it is now cheaper for companies to borrow in the euro markets than in the U.S. and that offshore capital markets offer Australian firms the chance to lock in the cheapest long-term debt funding in more than six years.

Meanwhile, analysts at Moelis Australia think sister company Westfield Corp. Ltd. could be a takeover target ahead of its expected listing in New York, given its smaller size, geographic concentration and higher percentage of trophy malls than predecessor Westfield Group, The Australian reported. American mall giants Simon Property Group Inc. and Taubman Centers Inc. are tipped to be potential suitors for the company.

Expanding horizons

\* Speak of Taubman, the U.S. mall REIT is mulling an expansion in the Far East. Taubman Asia has set aside \$600 million for projects in Asia, with 40% of the money committed for joint ventures in China, the South China Morning Post reported, citing an interview with Rene Tremblay, president of Taubman Asia.

It has joined forces with Beijing Wangfujing Department Store, the country's largest department store operator, to invest about \$230 million in two shopping centers in Xi'an, Shaanxi province, and Zhengzhou, Henan province.

Seoul is also on Taubman's radar as part of a joint venture with Korean department store conglomerate Shinsegae.

Tremblay told the Post that Taubman likes China and South Korea "for their long-term potential."

\* Singapore's Ascott Residence Trust agreed to acquire its first serviced residence in Kuala Lumpur, as well as properties in the **Chinese** cities of Wuhan and Xi'an, for an aggregate **purchase** price of \$131.6 **million**.

The **acquisition** will enlarge Ascott's portfolio to 9,985 units in 86 properties in 36 cities across 13 countries.

Other activity

\* The Queensland, Australia, government approved Grocon's plans for a 2018 Commonwealth Games athletes' village on the **Gold** Coast. Construction on the A\$500 **million** project is slated to take place early in 2015.

\* Lend Lease Corp. Ltd. will start work on the first stages of its delayed A\$1 **billion** Harpley master planned **residential** community in Werribee, a suburb in Melbourne, in August.

\* Global and local investors have earmarked over A\$10 **billion** to **buy** major retail centers in Australia, the AFR reported, citing Colliers International.

Now featured on SNL

The Eastern Front: Newly minted Jinmao's performance contradicts asset quality: Franshion Properties (**China**) Ltd.'s **hotel** business spinoff seems to have missed a window of opportunity, industry observers told SNL Financial.

The Eastern Front: **China** Vanke cuts to the chase: **China** Vanke Co. Ltd., the largest **residential** developer on the mainland, is fighting the good fight against a slowdown in **China's** **property** market, industry observers told SNL Financial.

Q&A: No crash yet for **China** (Part 1 of 2): SNL Financial talked trends with Kenneth Rhee, the Urban Land Institute's chief representative in mainland **China**, following the release of the ULI's rankings for the **Chinese** real **estate** market.

Asian **property transactions** to July 11: Abacus **Property** is undertaking due diligence on a landmark Melbourne tower; Scentre **Group's** A\$1 **billion** mall project on Australia's **Gold** Coast faces possible delays; and Sun Hung Kai snares two **Hong Kong residential** sites for HK\$4.19 **billion**.

Hires and Fires: European/Asian real **estate** moves through July 8: SNL Financial presents a weekly rundown of recent significant management and **board** changes and personnel moves in the European and Asia-Pacific real **estate** industries.

**CO** westgp : Westfield Group

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**IPD** Debt

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