

FINANCIAL REVIEW

SE Property

HD Mirvac firms as manager for \$2.5b CIC portfolio

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LP Mirvac is firming as the likely party to win management of the \$2.5 billion portfolio of office towers bought by China Investment Corporation in July.

For Mirvac it would salvage something out of the long-running sale of the Investa Property Group. Mirvac first linked up with Blackstone to bid for the entire business earlier in the year. After Blackstone lost out to CIC, Mirvac then became the frontrunner to manage the entire Investa platform - the CIC assets, Investa Commercial Property Fund and the listed Investa Office Fund.

TD But it was stalled by ICPF's surprise bid to manage its own future.

Of the nine CIC assets, five are fully owned by the Chinese group. Mirvac, should it win CIC's support, will both asset and fund manage those towers while the remaining four, including the landmark Deutsche Bank Place in Sydney will continue to be managed by Investa.

The deal would not have an impact on ICPF's bid for the Investa Office management platform. The wholesale fund's term sheet never included management of CIC's fully owned assets.

It is understood Mirvac has offered to manage the assets at a cut price of 20 basis points, which is low by institutional standards. It is likely some Investa staff managing those assets will likely move across to Mirvac.

In return Mirvac would gain a powerful investment partner.

For CIC, the deal would provide a development partner in Australia. At the same time it would also provide it with certainty given the sale of the Investa management platform is yet to be resolved.

Morgan Stanley Real Estate Investing, who is existing the Investa business, agreed to sell the platform to ICPF at the beginning of November. ICPF's due diligence period ends in mid-December and this week it hopes to put a memorandum of understanding to Morgan Stanley.

CO ajogau : Investa Office Fund | chinvm : China Investment Corp. Ltd. | wptaus : Investa Property Group | mirva : Mirvac Group | mgstre : Morgan Stanley Real Estate Funds

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