

FINANCIAL REVIEW

SE **Property**
HD **Propertylink's best year yet**
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Boutique real **estate** and infrastructure fund manager Propertylink has finished the year as an aggressive **purchaser** of **property**, with a now-powerful presence in Australian real **estate** after buying more than \$600 million of assets.

"It's been our best year yet and we intend to do it again next year," managing director Stephen Day said.

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"We took the business from \$33 million of assets 3½ years ago to \$2.4 billion across **property** and infrastructure. The plan is to continue growing both of those."

Mr Day, founder of Valad **Property Group**, is also considering ways to provide liquidity to some long-standing shareholders. "Listing is just one way of doing that. But for now, we are still focused on building the business so you won't get a surprise in the next six months reading about [a float]," he said.

The acquisitive real **estate firm** on Wednesday bought the Gateway **Estate** at Mount Kuring-Gai for \$55 million, on a passing yield of 8.04 per cent. The multi unit **estate** has a gross lettable area of 40,000 square metres. Colliers International's Gavin Bishop and Richard Ford brokered the deal. Mr Bishop said the **site** will benefit from the North Connex project which will link the M1 and M2 Motorways.

Propertylink is also tipped to be nearing a deal to **buy** 73 Miller Street in North Sydney in a joint venture with **China's** Fosun for around \$120 million, but declined to comment when asked about the **transaction**.

Mr Day stepped into the Propertylink business when it merged with Echo Capital Partners in 2011.

"We have fixed it, we have grown it, we have turned dividends back on and we have brought in new investors," Mr Day said.

Propertylink, which itself is ungeared, will grow its funds business next year after kicking off the Propertylink Australian Industrial Partnership 2. Propertylink's investment management platform is made up of several funds and mandates but the largest is PAIP 1.

"PAIP1 has been acquiring an asset on average every 11 days this year, so it has been busy. It will be about \$500 million by Christmas, which will mark the end of the fund's investment phase," Stuart Dawes, chief operating officer and head of investment management for Propertylink, said.

PAIP 1, whose two investors are Goldman Sachs and Grosvenor, has 28 assets and is focused towards NSW and Victoria. PAIP2 will have a similar strategy, Mr Dawes said. Propertylink is in discussions with a Asian sovereign wealth fund as a cornerstone investor in the fund. The fund will have a hard cap of \$400 million.

Propertylink has been a big buyer of core plus industrial assets but next year intends to invest more in the core plus office space, head of **property** Peter McDonald said.

Mr McDonald has just been endorsed by the **board** as a director.

Other investors through mandates and other funds include Bahrain-based Islamic bank Al Salam, M&G Real **Estate**, HRL Morrison & Co, RBS and UK listed Balfour Beatty.

Infrastructure has also been an important part of the Propertylink business. Through Echo Capital the team has managed PPP projects for 11 years.

Propertylink's infrastructure joint venture InStruct provides independent management services for PPP projects, one of which is the Royal North Shore Hospital. InStruct has been hired to do the operational management and all the finance for RBS.

Last week, the **group** was appointed to manage the construction and operational management for the \$250 million expansion of student accommodation at the University of Wollongong by the Living + Learning consortium, whose lead partner is Balfour Beatty.

CO valpgp : Valad Property Group | blgrou : The Blackstone Group LP

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