



blenheim partners

no limitations

The Blenheim Report
CONFIDENTIAL INTELLIGENCE REPORT
RETAIL PROPERTY

APRIL 2013



blenheim partners

no limitations

Blenheim Partners is an elite international Board, Executive Search and Advisory firm. The Blenheim Partners team have acted at Board, Chief Executive Officer and other C-Level for the ASX 100, FTSE 100, North American and European multi-national companies, Asian listed, and a range of premier financial institutions, mid-cap and early stage developing companies both publicly and privately owned. Our philosophy is to perform at the highest standard and to provide a service which is innovative and unmatched by committing to a strategic long term partnering relationship. We are bonded by a singular purpose of providing a search and consulting model that ensures our clients achieve the optimal outcome. Our goal is to help our clients deliver superior performance by maximising the composition of their Board and Executive team. Blenheim combines the quality, structure and process of a large firm with the flexibility, creativity and relationship focus of a boutique.

Our work falls into three areas: Top Level Executive Search, Non-Executive Search and Advisory.

- We only partner with one to two companies per sector to ensure our clients receive sector expertise and complete market coverage.
- We do not have Conflicts of Interest or Off Limits restrictions as a result of our partnering model.
- We support our clients long term planning capability with Strategic Succession Planning.
- We provide an end to end international search process, including Assessment and a 90 day On Boarding Programme.
- We provide international reach and superior candidates due to our rigorous research methodology and confidential recommendations from key industry leaders. This includes our commitment to enhancing the gender diversity of our candidate pool.
- We provide a fixed fee of which the final 25% is only payable if our client assesses that expectations have been exceeded.
- We have “no limitations” in the pursuit of excellence.

Confidentiality

This report and the information contained in it are confidential and proprietary information belonging to Blenheim Partners. The report contains confidential and proprietary information based on data from public and private sources, including Blenheim Partners’ proprietary database of information. **The recipient will not use or disclose, or permit the use or disclosure of, this Report by any other person or for any other purpose.** The information contained in this report is preliminary in nature and subject to verification by Blenheim Partners. Blenheim Partners does not guarantee its accuracy or completeness.

blenheim partners

CONTENTS

Introduction.....	3
Abacus Property Group.....	4
AMP Capital Shipping Centre Fund.....	7
Aspen Group.....	10
Australand Property Group.....	14
BWP Trust.....	18
CFS Retail Property Group.....	20
Challenger Diversified Property Group.....	26
Charter Hall Group.....	30
Dexus Property.....	36
Federation Centres Ltd.....	41
FKP Property Group Ltd.....	46
Gandel Group Pty Ltd.....	51
Goodman Group.....	52
GPT Group.....	62
Growthpoint Properties Australia.....	69
Investa Office Fund.....	72
Lend Lease Corporation Ltd.....	76
Mirvac Group.....	80
Queensland Investment Corporation.....	87
Shopping Centres Australasia Property Group.....	92
Stockland.....	94
Westfield Group.....	98
Market intelligence.....	107

blenheim partners

MIRVAC GROUP

Market cap: \$5.38b | **Net assets:** \$5.75b | **Staff:** 2,700 | **Net profit:** \$416m(FY12) | **Operations:** Australia | **Head office:** Sydney

Mirvac Group is involved in real estate investment, development and investment management. It has a stapled security structure, comprising Mirvac Property Trust (MPT) and Mirvac Limited. The Group owns a diversified property portfolio of retail, commercial, and residential properties across Australia.

Divisions:

- **Investment Management (80% of the business)** – Comprises two business activities: third party, listed and unlisted funds management; and the property asset management business, Mirvac Asset Management (MAM). It manages listed and unlisted property funds on behalf of retail and institutional investors. At 30 June 2012, MAM was responsible for the management of four wholesale funds: Mirvac Wholesale Residential Development Partnership; Travelodge Group; JF Infrastructure Yield Fund; and, Australian Sustainable Forestry Investors. MAM also managed the ASX listed Mirvac Industrial Trust and two unlisted residential development funds. MAM provides asset management services for the Investment Division's portfolio. MAM currently manages 78 properties principally located in metropolitan locations on the east coast of Australia.

Mirvac's retail portfolio currently comprises 19 properties. According to the latest Strategic Business review in May 2013, Mirvac doesn't have competitive advantage in retail and a number of measures have been undertaken to address this (see the MGR Strategic Review Presentation, 9 May 2013 - http://groupir.mirvac.com/page/ASX_Announcements/)

- **Property Development (20% of the business)** – Comprises residential and commercial development, it operates four national product lines consisting of Apartments, Masterplanned Communities and Commercial, as well as a new product line, being Resource Partnerships. Mirvac conducts property development and construction of residential, office, industrial and retail across Western Australia, Victoria, New South Wales and Queensland.

2012

Significant management changes were made in 2012 and in early 2013: Appointment of new CEO, CFO and other key executives (see below)

EXECUTIVE LEADERSHIP TEAM

NAME	TITLE	BACKGROUND	LOCATION	COMMENTS
		Profiles available upon request		

OTHER KEY EXECUTIVES

NAME	TITLE	BACKGROUND	LOCATION	COMMENTS
		Profiles available upon request		

OTHER KEY EXECUTIVES

NAME	TITLE	BACKGROUND	LOCATION	COMMENTS
------	-------	------------	----------	----------

blenheim partners

		Profiles available upon request		
BOARD MEMBERS				
		Profiles available upon request		

MARKET INTELLIGENCE – SAMPLE INFORMATION

November 2012

Sydney Morning Herald

Property trusts have an average of 14.5% of their senior workforce occupied by women, one of the highest levels in corporate Australia, according to the 2012 Australian Census of Women in Leadership survey. **Carmel Hourigan** recently left Lend Lease to take up the senior role as head of investment management at GPT Group. She was replaced by the highly regarded property executive **Kylie Rampa**, who is the new managing director of Lend Lease's \$8.8 b investment platform. In the leadership survey, Mirvac and GPT have the highest percentages of women in senior roles. At Goodman Group's recent annual meeting, shareholders overwhelmingly voted for Rebecca McGrath as a director. Westfield, Stockland and many others have had female directors for years. All property chief executives have made it clear they wish to increase the level of female leaders in the sector and that all appointments are made on merit, not gender.

February 2013

Australian Financial Review

South Australian property billionaire Con Makris bought Marina Mirage shopping centre located at Gold Coast for \$52m. He bought the centre from receivers KordaMentha and said the Gold Coast was now on the way up.

February 2013

Australian Financial Review

Sentinel Property Group has purchased the Ipswich homemaker centre Home HQ in Queensland from Charter Hall Group for \$23.5m, building on a run of transactions in the recovering sector. Sentinel, founded by Warren Ebert, purchased the centre fully leased. Most of the property's income comes from national tenants, including ASX-listed Fantastic Furniture, Spotlight, Trade Secret, IGA and Chemist Warehouse. The purchase is the third major bulky goods homemaker centre in Queensland that Sentinel has acquired, bringing its total to about \$65m for that sector in just over 12 months. Other specialist investors such as Brett Blundy and the Karidises have been buying, while groups such as Charter Hall and GPT Group have been looking to divest and take advantage of renewed interest.

Values in the sector appear to have stabilised and sales volumes have jumped by more than 150 per cent. Mr Ebert said the Home HQ centre, developed in 2009, is the most recent bulky goods centre built in Queensland and there are no new ones under construction. Recent data from the Property Council/IPD property indices showed that the bulky goods sector had bucked the trend of declining property asset returns. Capital losses in the bulky good sector during 2011 were reversed in 2012 and the sector showed an improved total return. Savills director for retail sales Peter Tyson, who negotiated the sale of the 26,760sq m Ipswich centre, said the high-yielding asset class had now become very attractive to private and syndicate investors seeking income. The property will go into the Sentinel Ipswich Homemaker Trust, which has a forecast distribution of 12.25 per cent in its first year.

MARKET INTELLIGENCE – SAMPLE INFORMATION

December 2012

The Australian

Listed property developer and fund manager Charter Hall is competing with ISPT to buy a **\$600m shopping centre portfolio owned by supermarket chain Coles**, according to sources. Charter Hall was interested in buying and managing the properties, but the Wesfarmers-owned Coles was also considering offers by other groups, including those such as the Industry Superannuation Property Trust, the state-owned Queensland Investment Corporation and the Government of Singapore Investment Corporation, where they would offer to buy a stake of at least 50% in the portfolio, allowing the supermarket chain to remain as manager, according to sources. Wesfarmers subsidiary Coles in October appointed investment banks Goldman Sachs and Royal Bank of Scotland to review its strategy, while real estate firm Jones Lang LaSalle was appointed to find a possible investor in the properties. The two options being considered were believed to be either the entire sale of the portfolio, which would be handled by Jones Lang LaSalle, or a second option mooted by the investment banks, which involved a deal where Coles would keep an investment in the properties, continue to manage the portfolio and introduce another investor. One source suggested Coles wanted to own a stake of only 25% in the portfolio, allowing another investor to buy the remaining share. GIC, QIC and ISPT had all been active investors in shopping centres, and the decision made by the Wesfarmers board would come down to the best price, a source said. Charter Hall was believed to be interested in buying and managing the portfolio in a partnership deal with a superannuation or pension fund. However, the company said it would not comment on speculation. Coles, GIC and QIC would not comment. ISPT could not be reached. The listed real estate company manages \$2.3b worth of retail assets, with 2500 tenants.

In October, Charter Hall announced it had purchased a portfolio of warehouse retail stores from the Wesfarmers-owned Bunnings for \$176m in partnership with Telstra Super, along with an additional Bunnings-anchored property in Brisbane for \$30.7m. This year, it also purchased the Bay Village Shopping Centre on NSW central coast for \$164m from Stockland for a new unlisted wholesale trust in a deal backed by Canada's PSP Investments. In the same month that it emerged that Coles was considering a divestment of its retail properties, rival Woolworths announced it would spin off 69 shopping centre assets worth \$1.4b into the newly created company Shopping Centres Australasia Property Group, which attracted strong demand from retail investors and closed at \$1.44 on the stock exchange after its first day of trade. Wesfarmers had spent the past 6mths exploring options, and it was understood that the company's board would make a decision on December 12. Coles is also reportedly looking for a joint venture partner for its \$900m hotels portfolio as it looks to separate its liquor and hotel-gaming operations. Superannuation funds and other major groups have either recently embarked on or are about to finalise at least \$3b worth of shopping centre deals this year as they chase sub-regional shopping centres to secure stable investments with reliable sources of income amid global economic uncertainty. The \$8b ISPT super fund is negotiating to buy half-shares in 5 shopping centres from Centro Retail Australia in a deal worth almost \$400m.

Last month, The Australian reported that QIC Real Estate was in exclusive due diligence to buy a half-stake of the \$340m Claremont Quarter shopping centre in Perth from Brookfield Asset Management. QIC Real Estate is also expected to buy half of the Queensland government's \$2b property portfolio to be placed into a newly launched fund, in a deal that sources say is likely to be agreed upon by next month. The Queensland government-backed QIC manages \$64.7b of superannuation funds and oversees \$8.6b of property through its subsidiary QIC Real Estate. Other major groups to have invested in Australian shopping centres this year include the Canada Pension Plan Investment Board and the Abu Dhabi Investment Authority. Both poured a collective \$872m into an AMP fund that owns the Macquarie shopping centre in Sydney and Pacific Fair on the Gold Coast. The deal was announced in October as part of Westfield Group and AMP Capital's ownership split of seven Australian shopping centres.



blenheim partners

no limitations

ABN 21 160 009 236

Level 5, 17-19 Bridge Street, Sydney NSW Australia

p +61 2 9253 0950

w blenheimpartners.com