

► Live updates throughout the trading day at afr.com/street-talk

Charter Hall, GPT square off in Ascot Capital auction

Get your chequebooks ready.

The short-list of bidders for Ascot Capital's portfolio of logistics and office properties are understood to have until this afternoon to get their final offers in for the group of 24 industrial sites and four office properties, which have tenants locked in for close to a decade.

Sources said Charter Hall and GPT were among the short-listed bidders, while fingers were pointing to industry superannuation-backed property investor ISPT as a logical third suitor.

Auctioneers Morgan Stanley and CBRE are understood to have initially pitched the portfolio's value at upwards of \$950 million, but bids are expected to have been closer to the \$750 million mark. A first round of offers landed last week, with short-listed bidders asked to sharpen their pencils for the quickfire round two.

Ascot's property portfolio is the second-biggest to hit the block this year (behind Milestone, which global real estate investment group ESR acquired for about \$3.8 billion). It covers 179,000

square metres gross lettable area on the logistics side and another 22,000 square metres in office properties.

Charter Hall, a perennial dealmaker, has been busy since the start of the new financial year, with \$531 million worth of acquisitions, including a one-third share of the Myer Melbourne store and the acquisition of the remaining 50 per cent it did not own of 275 George St in Brisbane.

Its long WALE (weighted average lease expiry) REIT grew in value by almost \$2 billion in the year to June 30, with Charter Hall going on its biggest shopping spree ever and snapping up \$1.4 billion of new assets across the retail, office and industrial sectors.

Malls landlord GPT Group has been increasing its industrial exposure. In November last year it acquired buildings and vacant land in an industrial area of Melbourne's west from Charter Hall.

It has also formed an \$800 million partnership with Canadian investment giant QuadReal and the GPT QuadReal

Logistics Trust recently acquired the Keylink development from Cadence Property Group.

While it's down to the last three bidders, it's understood there was plenty of interest in Ascot's portfolio and the data room was active.

The properties up for grabs are spread throughout Australia, with 34 per cent in Queensland, 19 per cent in South Australia, 16 per cent in the ACT, 14 per cent in Victoria, 8 per cent in NSW, 8 per cent in Western Australia and only 1 per cent in the Northern Territory and Tasmania.

While the ongoing lockdowns in NSW and Victoria may be bad news for office properties in those states, for Ascot's industrial logistics properties the lockdowns mean there's plenty of activity at its locations, with greater package volumes.

As always though, how much the three bidders are willing to pay remains the big question, with the vendors and bidders seemingly having different price expectations.