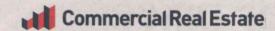
Property



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GPT wins portfolio with \$825m bid

Nick Lenaghan and Martin Kelly

The ASX-listed GPT Group has swooped on a 28-asset warehouse portfolio offered by Ascot Capital, stretching past its competitors with an offer of around \$825 million that will help set a benchmark on pricing for the booming industrial property market.

The contest for the portfolio of 24 logistics assets and four offices has been closely watched in the market. The Ascot transaction is the latest in a series of mega-deals this year as investment and prices rise in the sector amid an e-commerce boom.

The GPT offer pipped its competitors in a closely contested two-round bidding process, according to market sources. The price represents an overall yield across the portfolio of about 4.4 per cent, with the yield on industrial assets coming in around 4 per cent.

Led by Bob Johnston, GPT has been steadily swinging its diversified portfolio towards a greater focus on industrial assets, investing into a surging demand for warehouse space driven by by online shopping and by tenants' need to stockpile inventory as a bulwark against supply chain bottlenecks.



The logistics facility at Crestmead, near Brisbane, part of the Ascot Capital portfolio.

Last month, GPT withdrew its earnings and distributions for 2021, citing the impact of extended lockdowns in Sydney and Melbourne, which have put pressure on income from its malls portfolio.

Ascot Capital put up its offering – appointing investment bank Morgan

Stanley and CBRE to broker the portfolio – after a series of big real estate deals this year evidencing the depth of demand for industrial assets.

In mid-April, global real estate investment group ESR, backed by Singapore's GIC, acquired Blackstone's Milestone Logistics portfolio for \$3.8 billion, in the single-biggest direct property deal in Australia. Based on income, the yield on the Milestone transaction was about 3.9 per cent. Factoring in a further \$400 million outlaid for its management business, the yield was closer to 4.5 per cent.

Soon after, Blackstone sold its 90 per cent stake in the so-called Fife industrial and logistics portfolio to PGIM Real Estate and Manulife for about \$850 million at a capitalisation rate of 4.5 per cent.

In another headline deal in July, a club of institutional investors, including AustralianSuper and AXA IM Alts, teamed up with Logos to acquire Australia's largest intermodal logistics facility at Moorebank in south-western Sydney from Qube for \$1.67 billion.

Companies understood to have canvassed the Ascot opportunity as well as GPT include Mirvac, Lendlease, ESR, GIC, Manulife, Nuveen, Allianz, Charter Hall, Capitaland, and Centuria.

"We were getting a lot of approaches on various properties and this led us to do a strategic review of our holdings," Ascot director Peter Agostino told *The Australian Financial Review* this month.

Rent relief under attack

Martin Kelly

Commercial landlords in NSW are now required by law to provide rental relief to tenants with annual turnover of up to \$50 million following a legislative overhaul pushed through by the state government late last week.

The move, announced at 6pm on Friday, has been attacked by retail and commercial property industry groups angry at government meddling in an issue they say was under control.

Much of their ire is directed at the turnover limit of \$50 million, which shocked landlords and also surprised tenant lobby groups.

"It is unfathomable why this policy applies to businesses with a turnover up to \$50 million," said Luke Achterstraat, NSW executive director of the Property Council of Australia (PCA).

"Both the banks and the retailers' association have recognised that support should be targeted to genuine small businesses with a turnover up to \$5 million."

Angus Nardi, executive director of the Shopping Centre Council of Continued p31