

Dexus in talks to buy airport, logistics hub

Exclusive

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Property giant Dexus is in exclusive talks to buy Jandakot Airport and the Jandakot City industrial estate in Perth from Ascot Capital and 89-year-old southern Africa billionaire Nathan Kirsh for more than \$1 billion.

Multiple sources have confirmed that talks are well advanced with a deal potentially on the verge of being done, but neither party would comment when contacted.

It is the biggest strategic move yet by Australia's largest office landlord, which will fast-forward its asset diversification. If the deal comes off, it will mark the company's first investment in operational infrastructure.

The sale of Jandakot would also be a game changer for Ascot Capital, a Perth-based property syndication and funds management company selling most, if not all, of the assets under its control.

Ascot Capital first hit the headlines

with the sale just over two weeks ago of a 28-asset office and logistics portfolio to ASX-listed GPT Group for \$825 million on an overall yield of 4.4 per cent.

The business, led by directors Greg King and David van der Walt, won the 99-year head lease of Jandakot Airport, 21 kilometres south of the Perth CBD, from the Commonwealth in 2005 with the financial backing of Kirsh Group.

Kirsh Group is controlled by Nathan "Natie" Kirsh, a native of Eswatini – known as Swaziland until 2018 – worth an estimated \$US4.6 billion (\$6.3 billion), whose other Australian holdings include 68 per cent of ASX-listed Abacus Property Group.

Jandakot Airport is Perth's only general aviation facility and one of the busiest airports in Australia in terms of aircraft movements, according to Ascot, with more than 50 tenants on-site.

After gaining control of the airport and surrounding land, the partnership carved out 200 hectares from the 622-hectare holding to create Jandakot

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A sign of Dexus' future investment. Jandakot Airport is Perth's only general aviation facility and one of the busiest airports in Australia in terms of aircraft movements, according to Ascot Capital. PHOTO: TREVOR COLLENS

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City, a commercial and industrial development.

Ascot builds and leases warehouse and distribution facilities to major companies such as Halliburton, General Electric, Kmart and Grays Online on terms of up to 25 years.

In its most recent portfolio document, dated 2018, Ascot said Jandakot City had 43 tenants occupying 350,000sq m of leased built space over 100 hectares.

That has since increased to 380,000sq m, according to the Jandakot City website, while the land holding has shrunk to 150 hectares, with Ascot selling down some assets. The Jandakot City development is worth up to



Headed for new ownership? The deal, if it comes off, would be Dexus' first ownership of operational infrastructure. PHOTO: TREVOR COLLENS

\$1 billion with potential for 800,000sq m of net lettable area, the website says.

That would give Dexus plenty of development upside, something it is actively seeking, plus long-term funds management income – another priority for the business as it seeks to bolster revenue and minimise risk.

Informed sources said the deal was being done directly, with no agents or investment bankers involved.

Former Perth local and Dexus chief executive Darren Steinberg and Ascot Capital director Greg King are said to have a solid long-term relationship.

Mr Steinberg and his management team, while still staunch advocates of the future of office, are stepping up efforts to turn Dexus into a more diversified investment vehicle. In the past week alone, Dexus has put five office buildings – four in Sydney, one in Brisbane – with a combined book value of \$1.75 billion onto the market with the stated intention of recycling the capital through other projects.

Since last September it has completed 18 transactions in the industrial space, most with development potential, including recent purchases of the \$186 million McPhee portfolio and \$125 million for 30 hectares of industrial land at Kemps Creek, in western Sydney.

In April, Dexus brought the \$5.5 billion AMP Capital Diversified Property Fund onto its platform, merging it with its existing wholesale vehicle, and a month later bought APN Property for \$320 million, boosting its funds under management to \$25 billion. On June 30, the value of its owned office properties was \$14 billion compared with \$3 billion in industrial holdings.