

Dexus lands Jandakot Airport in \$1.5b deal

Nick Lenaghan and Martin Kelly

Dexus has swooped on Perth's Jandakot Airport and a surrounding logistics estate, the centrepiece in a complex \$1.5 billion portfolio deal it has struck, partnered by the APN Industria REIT it now manages.

With the busy, 620-hectare general aviation airport comes the Jandakot City industrial estate and its 49 properties, along with considerable potential for further development.

That acquisition – foreshadowed by *The Australian Financial Review* last month – is one leg, albeit the largest, in a series of transactions that Dexus, led by Darren Steinberg, has pulled together alongside the ASX-listed industrial vehicle it brought into its stable when it bought out fund manager APN Property in May.

Altogether, the deals underline an ambition by the country's largest office landlord to expand its funds management activity, while diversifying fur-

Dexus in talks to buy airport, logistics hub

Exclusive

Martin Kelly

Property giant Dexus is in exclusive talks to buy Jandakot Airport and the surrounding industrial estate in Perth.

How the *Financial Review* broke the story on August 30

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.

ther into logistics real estate, a sector that has enjoyed a purple patch for the past 18 months or more, primarily driven by the rise of e-commerce and the need to secure supply chains.

"We've said clearly over the last couple of years that our strategic objectives are to improve the capital efficiency of the group and to provide further diversification across our balance sheet," Mr Steinberg told the *Financial Review*.

"We've always been a diverse busi-

ness. Our main weighting is to office but over the last couple of years that office weighting has been diluted as we've grown our industrial and healthcare exposures."

On the sell side at Jandakot is investment house Ascot Capital, which, backed by 89-year-old Swazi-South African billionaire Nathan Kirsh, took over the 99-year head lease of Jandakot Airport from the Commonwealth in 2005.

The Perth acquisition represents



The deal will boost Dexus' earnings.

Dexus' first investment in operational infrastructure. Worth \$1.5 billion overall, the deal put together by Dexus involves three major components. Dexus itself takes a two-thirds stake in Jandakot Airport and its industrial estate, while APN Industria REIT takes the remaining third, for a combined acquisition price of \$1.3 billion.

Separately, Dexus and the Industria REIT will jointly acquire a 42,500sq m facility at Kemps Creek in Sydney, close to where Dexus has won a pre-

commitment for a 72,000sq m warehouse from McPhee Distribution Services.

As well, the Industria REIT, which is undertaking a \$350 million capital raising organised by Macquarie Capital and Citi, will take over a logistics hub at Truganina in Melbourne's west, occupied by Australia Post, which Dexus put its foot on last month, having the ability to nominate an alternate purchaser within its group.

Morgan Stanley analysts estimated the combined deals will help lift Dexus' earnings overall by as much as 3 per cent in the 2022 financial year.

"Of course south of Perth is not as enviable as South Sydney [where Goodman dominates], but with appetite for industrial escalating and yields compressing, Dexus has found a way to give shareholders exposure to this asset class, without necessarily compromising income, as it seeks to simply be a minority owner, but earn management fees," they wrote in a client note.