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Living large: Aventus buys Home Hubs for \$436m

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The Aventus Property Group has struck the country's biggest-ever large-format retail purchase with the listed trust buying Home Hubs in the northwestern Sydney suburbs of Castle Hill and Marsden Park for \$436 million.

The company beat stiff competition from retail magnate Gerry Harvey to buy the two Sydney centres from international heavyweight LaSalle Funds Management, leaving it well positioned to consolidate further in the industry.

The blue chip centres sold on a weighted average capitalisation rate of 5.6 per cent. Home Hub Castle Hill went for \$336m at a fully leased yield of 5.5 per cent and Home Hub Marsden Park for \$100m at a fully leased yield of 6 per cent.

Aventus chief executive Darren Holland played down concerns that prices in the emerging sector had escalated too quickly, citing its growing maturity and the rising proportion of tenants that were listed on the ASX and pursuing multibrand strategies.

"We think there might be some (capitalisation rate) compression off the back of this... but it doesn't rerate the entire industry," Mr Holland said.

He pointed to other deals involving private buyers but the value of well-positioned centres is expected to rise as a result of the new metrics that have been set and Aventus may sell some smaller assets.

Mr Holland noted that Aventus had grown from a 9 per cent share of the national large-format retail market to 14 per cent as its portfolio had lifted to more than \$1.8 billion.

He agreed that it was pursuing industry consolidation but insisted that it was also boosting value by delivering on its development pipeline and exploring planning reform at its existing sites.

Aventus yesterday conducted a \$215m entitlement offer, handled by investment banks Mac-



HOLLIE ADAMS

Aventus Property chief executive Darren Holland denies prices are rising too quickly in the large-format sector

quarie and UBS. The raising was backed by billionaire co-founder Brett Blundy and Sanity boss Ray Itaoui who will hold a combined stake of about 35 per cent after the heavily bid raising.

The \$2.32 per share price showed a 7.1 per cent fiscal 2018 distribution per security yield.

Macquarie said the deal was consistent with the Aventus strategy of consolidating in large-format retail. The company listed in late 2015 to allow it to access listed capital to move on opportunities in a fragmented asset class.

Since then it has bought a Blackstone portfolio and snapped up smaller individual centres, with the latest deal viewed as earnings-neutral or slightly dilutive, although Mr Holland pointed to a number of opportunities to improve the centres.

"Whilst the deal is not hugely material for earnings in the very near term, this transaction improves Aventus' exposure to the Sydney market," Macquarie said.

The sale of the centres by the LaSalle Australia Club Investment Trust is another marker for

the sector that is producing steadier performance than landlords exposed to department stores and some struggling anchor supermarket chains.

The homemaker portfolio was marketed by Simon Rooney of JLL and Dan McVay and Sam McVay of McVay Real Estate after being assembled by LaSalle on behalf of four industry superannuation funds — AustSafe Super, Club Plus Super, Energy Super and Intrust Super.

The reaped a hefty premium after buying the Castle Hill facil-

ity for \$178.5m in 2012 and the site for the Marsden Park property in 2015 for \$66m, and then developing it.

"The dominant, strong performance, high growth aspect and exceptional quality of the assets resulted in significant investor interest from international investors, domestic institutions and a range of high-profile private investors," Mr Rooney said.

"The deep investor pool was clearly attracted to the long-term potential and the high population growth outlook for both assets."