

Sentinel Property Group does red hot deal on Bluescope sale



Sentinel Property Group has struck a red hot deal on its Bluescope facility in Brisbane.



by Matthew Cranston

Sentinel Property Group has sold a major industrial facility in Brisbane leased to the \$7.5 billion listed steel producer BlueScope for a price 60 per cent higher than what it purchased it for in 2011.

Sentinel Property, run by Brisbane based Warren Ebert, has been one of the star performing property funds in Australia, delivering huge returns for its investors.

Mr Ebert said that with Sentinel having purchased the facility at Banyo in the city's north for \$23 million, the sale to Fife Capital for \$36.775 million was an "outstanding result for investors".

"This transaction showcases Sentinel's ability to buy at the right time, and sell at the right time," Mr Ebert said.

"Our decision to sell this high performing asset is consistent with Sentinel's strategy of buying at an opportune time and then selling based on our view of the market."

CBRE's Ed Bull and Peter Turnbull negotiated the sale.

The entire property, which comprises about 17,000 square metres of warehouse and office space, is leased to BlueScope Distribution, a subsidiary of ASX-listed BlueScope Steel Limited, until 2026.

BlueScope Steel became one of the highest profile victims of a fairly downbeat profit reporting season this year, with \$1.7 billion wiped from its market capitalisation after warning that the US division faced shrinking margins, and soaring energy costs as well as renewed dumping of products by Asian rivals would crimp its Australian operations.

Bluscope used the property, located about 10 kilometres from the Brisbane CBD, as a steel processing and distribution facility. It provided good utility for that purpose with high clearance, extensive crane capacity and excellent transport access to the Brisbane Airport and direct access to the Gateway Arterial Motorway.

The facility on a 47,880 sqm site at 920-928 Nudgee Road, has potential for expansion with only 36 per cent of the site covered. For Sentinel's Banyo Industrial Trust the deal means it will achieve a total annual internal rate of return of about 24 per cent over the 6.5 years of ownership.

Mr Ebert said Sentinel has been both a buyer and a seller of industrial property in the prime TradeCoast precinct where the Bluescope property sits. He recently purchased a waterfront bulk storage facility at nearby Pinkenba for \$48.5 million in a leaseback arrangement with global diversified industrial chemical company Incitec Pivot.

"The proximity to Brisbane Airport, Port of Brisbane and major transport infrastructure continues to drive demand in the TradeCoast precinct," he said.