

FINANCIAL REVIEW

SE **Property**
HD **\$400m tower sale off**
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DEXUS **Property Group** and Perron **Group** 's Elizabeth Street tower in Sydney has been withdrawn from **sale**.

Chief executive Darren Steinberg said a \$400 million plus offer for the building at 201 Elizabeth Street had not gone ahead. The tower was earmarked as having development potential.

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"We had a number of off-market bids on that asset and, as a result, ran a campaign in which 10 parties participated," Mr Steinberg said at a **group** investor day and quarterly update on Tuesday.

"At the time there was one stand out price of \$400 million. What has transpired since then is the offer did not proceed."

Industry sources said **China**'s Wanda **Group** made the high bid for the **property**. Underbidders included Fosun **Group** and Far East Organization.

The demand for office buildings with **residential** conversion potential prompted the owners to run an off-market campaign for the building.

At its full-year results in August, DEXUS said the building was in due diligence. But DEXUS and Perron will now hold the 34-storey asset, which has views of Sydney Harbour, through the current cycle as an office asset.

Mr Steinberg said the **property** was withdrawn despite two other strong offers above book value.

"We currently have two **firm** offers in excess of 10 per cent above book value. However, as a long-term owner of Sydney CBD assets, and the fact that this is one of the key gateway sites in the CBD, we have decided not to sell the asset at this point in time," Mr Steinberg said.

"We are currently reviewing our masterplan for the **property** and will hold it through the current cycle," he said.

DEXUS did not detail the reason the initial high offer was withdrawn. However, parties close to the negotiations suggested strict conditions to development were a key factor.

The building's height exceeds current planning controls aimed to ensure that Hyde **Park** is not shadowed.

On one reading of the current development control plan, a change of use, to apartments or **hotel**, would involve cutting the height of the tower.

In the process valuable floor space would be lost.

CO dbrrrt : Dexus | dwgrcl : Dalian Wanda Group Company Limited | prrn : Perron Group

IN ireest : Real Estate | icre : Real Estate/Construction | i81502 : Trusts/Funds/Financial Vehicles |
i8150206 : Closed-end Funds/Investment Trusts | i815020602 : Real Estate Investment Trusts |
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