

# Dexus (ASX:DXS)

## ASX release



18 November 2020

### Sale of 50% interest in Grosvenor Place, Sydney

Dexus announces that it has conditionally exchanged contracts to sell a 50% interest in Grosvenor Place, Sydney. The 50% interest comprises 25% owned by Dexus and 25% owned by the Dexus Office Partnership, in which Dexus holds a 50% interest.

The sale will realise total net proceeds of \$925 million<sup>1</sup> for the 50% interest or \$694 million<sup>1</sup> for Dexus, representing a circa 5% discount to the property's book value at 30 June 2020, reflecting the current vacancy and short term leasing risk in the asset<sup>2</sup>.

The transaction was concluded following an on-market campaign and follows \$803 million of recent sales for Dexus, consistent with or above book values held prior to the sales. The purchaser is an existing co-owner of the property and the sale is subject to FIRB approval, with settlement expected in early 2021.

Grosvenor Place is a 44-level, Premium grade office tower with ground floor retail, designed by Harry Seidler and built in 1988. The property interest is leasehold with 78 years remaining on the ground lease<sup>3</sup>. At 30 June 2020, the property was 89% occupied and had a weighted average lease expiry of 3.4 years. Major customers include Deloitte and Wilsons Parking. Dexus acquired an initial interest in Grosvenor Place in 2013, with the investment generating an unlevered annualised total return of circa 12% since acquisition.

Dexus has not had property management control of the asset, which has limited its ability to leverage its asset management platform to drive investment performance.

Dexus Chief Investment Officer, Ross Du Vernet said: "This transaction continues our asset recycling strategy, realising value for both Dexus and our Dexus Office Partner.

"The sale further strengthens our balance sheet and enables us to organically fund higher return growth initiatives in our funds and development businesses. It also provides improved capacity to undertake capital management initiatives should there be a continued disconnect between public and private markets."

The net sale proceeds will initially be used to repay debt.

*Authorised by Brett Cameron, General Counsel and Company Secretary of Dexus Funds Management Limited.*

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### About Dexus

Dexus is one of Australia's leading real estate groups, managing a high quality Australian property portfolio valued at \$32.0 billion. We believe that the strength and quality of our relationships is central to our success and are deeply committed to working with our customers to provide spaces that engage and inspire. We invest only in Australia, and directly own \$16.5 billion of office and industrial properties. We manage a further \$15.5 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$10.4 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.8 million square metres of office workspace across 51 properties, we are Australia's preferred office partner. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 29,000 investors from 21 countries. With 36 years of expertise in property investment, development and asset management, we have a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for investors. [www.dexus.com](http://www.dexus.com)

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<sup>1</sup> Net sale proceeds are before transaction costs.

<sup>2</sup> 11% vacancy (by income, as at 30 June 2020) and 60% expiring over the next three years (by income, between November 2020 and November 2023).

<sup>3</sup> As at 30 June 2020.