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# David Jones sells Central Plaza with precision

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The deal flow continues in the Adelaide property market, with retailer David Jones announcing it has entered into a formal contract for the sale of the \$85 million Adelaide Central Plaza project.

The 31,500 sq m, yet to be completed, development has been sold to the privately owned Precision Group of Companies, which is associated with businessmen Mr Ross Makris and Mr Shaun Bonett.

The six-level project the biggest retail development in the Adelaide CBD in about a decade is expected to be completed in September and will include a David Jones department store and about 40 specialty shops. It will provide a link between the shopping precinct of Rundle Mall with the cultural institutions on North Terrace.

Analysts said the deal would provide Precision with a yield of around 9 per cent on completion, which compares well with recent CBD retail property activity in other capital cities.

The Commonwealth Bank provided the funding for the project, while FPDSavills acted as the agent.

The deal was flagged by The Australian Financial Review in October, but was denied by the relevant parties at the time.

The deal is another step in David Jones' plans to rationalise its operations, the motivation being to

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move away from owning property to focus on its core competency of retailing.

Mr Peter Wilkinson, chief executive of David Jones, said the Adelaide Central Plaza sale price covered both the book value of the property and the planned development costs. He said David Jones was undertaking a long-term lease for its new Rundle Mall store. It is understood that the lease is for 25 years with the option of another 25 years.

Retail analysts anticipate the proceeds of the sale will be used by David Jones to fund expansion programs as well as development upgrades.

"The sale is most pleasing and reflects the particularly strong investment interest currently evident in Adelaide CBD property investment," said Mr Wilkinson. "It is not only pleasing financially for the David Jones group but we are very happy that the new owners of both our existing Rundle Mall site and the Adelaide Central Plaza development are clearly focused on progress in the Adelaide CBD."

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