

# Dexus (ASX:DXS)

## ASX release



28 June 2017

### Dexus establishes healthcare joint venture with Commercial & General

Dexus today announced that it has entered into a joint venture agreement (JV) with Commercial & General (C&G) for the purpose of establishing a new wholesale unlisted healthcare fund.

The new fund, known as the Australian Healthcare Property Fund (the Fund), will be seeded with approximately \$370 million of properties (on completion value) including the Adelaide Calvary Hospital (under development) and GP Plus Healthcare Centre in Adelaide. In addition to the seed assets, the new Fund has a pipeline of further opportunities of approximately \$390 million (on completion value) located in other states including NSW and Queensland.

The Responsible Entity of the Fund will be wholly owned by Dexus as part of the group's funds management platform. As part of the joint venture, Dexus and C&G will co-invest in the Fund and establish a jointly owned Investment Manager. Dexus's initial co-investment will be approximately \$80 million.

Darren Steinberg, Dexus Chief Executive Officer, said: "We are pleased to partner with C&G and look forward to continuing to build scale in the growing healthcare sector which will benefit from the underlying mega-trends of population growth and an ageing demographic. We see this property asset class as a logical extension to our funds management platform."

Jamie McClurg, Commercial & General Executive Chairman said: "We are very excited about this JV with Dexus and are committed to delivering consistently outstanding outcomes. We see our combined capabilities being leveraged to develop a leading, scalable Fund for wholesale investors."

Marketing of the new Fund is expected to commence in July 2017 with a view to launching the Fund by the end of 2017.

### Healthcare property sector

The Australia healthcare sector is under-invested and offers a significant long term opportunity. Demand for health care services is being driven by favourable population demographics, and due to its non-discretionary nature, the sector is less exposed to cyclical impacts than other property asset classes.

Graham Pearson, Dexus Executive General Manager, Funds Management said: "Healthcare property assets and their locational drivers share the same characteristics with the office and retail property sectors. In addition, they offer longer term leases, often beyond 20 years, that are structured to remove the property owner from operational management responsibilities, providing attractive risk adjusted returns."

The healthcare sector comprises an estimated \$125 billion of assets in Australia, with hospitals and medical centres alone equating to a sector comparable in size to the industrial property market.

### Strategic rationale for Dexus

The establishment of the JV and the Fund is in line with Dexus's strategic objective of being a wholesale partner of choice in Australian property.

Healthcare property provides an opportunity for Dexus to drive long term returns through leveraging capabilities of the Dexus platform across transactions, development, leasing and investment management.

Dexus has also demonstrated its capability to unlock the highest and best use alternatives from existing assets in its portfolio via redevelopment and repositioning.

## Australian Healthcare Property Fund seed properties

### Adelaide Calvary Hospital, Adelaide SA (under development)

The Adelaide Calvary Hospital is a 57,000 square metre private hospital currently under construction. Located on the corner of Angas and Pulteney Streets in the Adelaide CBD, the hospital will offer clinical services, consulting suites as well as a 24 hour emergency department. The accommodation includes 343 overnight beds including intensive care unit beds and 62 day beds.

Construction of the hospital commenced in May 2016 with completion expected in the first half of 2019. On completion, the hospital will be leased and operated by Calvary Health Care Adelaide Limited on a 30-year triple net lease.

### GP Plus Healthcare Centre, Elizabeth SA

GP Plus Healthcare Centre is located at 16 Playford Boulevard, Elizabeth, in the northern suburbs of Adelaide and was completed in 2010. The property is a modern campus-style, purpose built primary grade healthcare facility providing 35 consultant suites.

The property is currently leased to the South Australian Government with a 13 year weighted average lease expiry across 4,600 square metres of net lettable area.

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#### About Dexus

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at more than \$22 billion. As property innovators, we are deeply committed to working with our customers to provide spaces that engage and inspire, as well as delivering quality, sustainable returns for our investors. We invest only in Australia, and directly own \$11 billion of office and industrial properties. We manage a further \$11.7 billion of office, retail and industrial properties for third party clients. The Group's \$4.5 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With more than 1.7 million square metres of office workspace across 55 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 30,000 investors from 20 countries. With more than 30 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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