

Dexus (ASX:DXS)

ASX release



14 August 2018

Replenishing industrial development pipeline in core locations

Dexus today announced that it had exchanged contracts to acquire three industrial sites in Melbourne, Sydney and Brisbane with a combined end value of circa \$700 million, replenishing the group's industrial development pipeline in core locations.

The sites include:

- 11-167 Palm Springs Road, Ravenhall, Victoria (50% Dexus; 50% Dexus Wholesale Property Fund (DWPF))
- 54 Ferndell Street, South Granville, NSW (100% Dexus)
- 425-479 Freeman Road, Richlands, QLD (100% Dexus)

Ross Du Vernet, Dexus Chief Investment Officer said: "These sites replenish our industrial pipeline in core locations, supporting initiatives and objectives we are progressing in our funds management business.

"The planned developments on the sites, which align with our focus of activating the development pipeline, will be built out over the next five to seven years. They provide the opportunity to leverage our extensive market knowledge, development and leasing capabilities and track record in each of these markets.

"Since 2010, we have developed and leased 39 industrial development projects across 730,000 square metres in Sydney, Melbourne and Brisbane."

The acquisitions will have a combined acquisition price of \$188 million¹ and initially have an immaterial impact to Dexus's AFFO and distribution per security and will be funded from existing debt facilities.

11-167 Palm Springs Road, Ravenhall, Victoria

Dexus and DWPF will each acquire a 50% interest in a large 127-hectare site at 11-167 Palm Springs Road in Ravenhall, Victoria.

The site is located in the core West Melbourne industrial precinct and is set to benefit in the medium to long term from its proximity to the proposed Western Intermodal Freight Terminal. Dexus plans to develop up to 380,000 square metres of prime commercial and industrial property on the site, providing the opportunity to create circa \$480 million of prime industrial product over a five to seven-year period.

Settlement is expected to occur across two tranches in December 2018 and August 2019.

54 Ferndell Street, South Granville, NSW

Dexus will acquire a 100% interest in a 10-hectare brownfield opportunity at 54 Ferndell Street in South Granville.

Located within a tightly held industrial market with constrained land supply, the site is also in close proximity to the M4 Motorway (Westconnex). Dexus plans to develop over a two-year period 54,000 square metres of industrial property across four buildings with varying tenancy sizes to appeal to a range of customers in this precinct.

Settlement is expected to occur in September 2018.

425-479 Freeman Road, Richlands, QLD

Dexus will acquire a 100% interest in a 9-hectare brownfield opportunity at 425-479 Freeman Road in Richlands, South Brisbane.

The site has excellent connectivity to key transport infrastructure and employment hubs and is located in close proximity to DWPF's Drive Industrial Estate which completed in 2015 and is now fully leased. Dexus plans to develop over a two to three-year period circa 52,000 square metres of industrial property with a flexible design to suit varying tenancy sizes. The development has an expected end value of circa \$90 million.

¹ Excluding acquisition costs and including DWPF's 50% interest in 11-167 Palm Springs Road, Ravenhall.

Acquisition key metrics

Key metric	Ravenhall	South Granville	Richlands
Size	127ha	10ha	9ha
Settlement	Dec-18 / Aug-19	Sep-18	Dec-18
Development period	5-7 years	2 years	2-3 years
End value	circa \$480m	circa \$140m	circa \$90m

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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 \$26.5 billion. We believe that the strength and quality of our relationships will always be 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 \$13.1 billion of office and industrial properties. We manage a further \$13.4 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$4.2 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.8 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 28,000 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

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