

Dexus (ASX: DXS)

ASX release



5 June 2019

North Shore Property Tour

Dexus is hosting a North Shore Property Tour today for institutional investors and brokers and provides the attached tour book.

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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 \$28.9 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 \$13.9 billion of office and industrial properties. We manage a further \$15.0 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$5.0 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.7 million square metres of office workspace across 53 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 27,000 investors from 19 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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Dexus Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS)



North Shore Property Tour

5 June 2019

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Welcome to the North Shore Property Tour.





Tour agenda

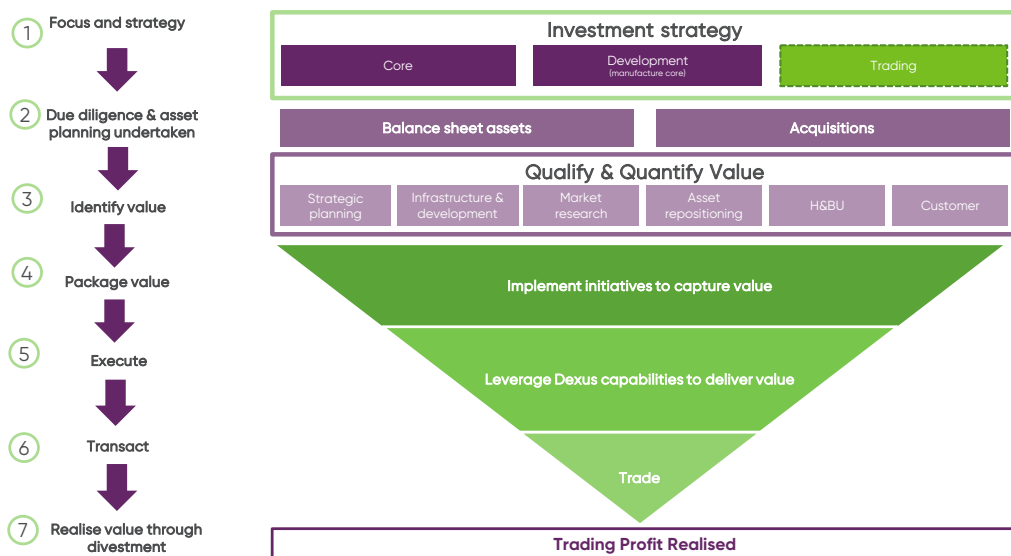
- | | |
|-----------------|---|
| 9.45am | Depart Dexus for St Leonards <ul style="list-style-type: none">- Welcome- Trading overview- Healthcare Wholesale Property Fund |
| 10.15am-10.30am | North Shore Health Hub <ul style="list-style-type: none">- Development overview |
| 10.30am-10.45am | Depart for 100 Mount Street, North Sydney <ul style="list-style-type: none">- North Sydney office market overview |
| 10.45am-11.45am | Tour 100 Mount Street, North Sydney |
| 11.45am | Depart for Sydney CBD, tour concludes |



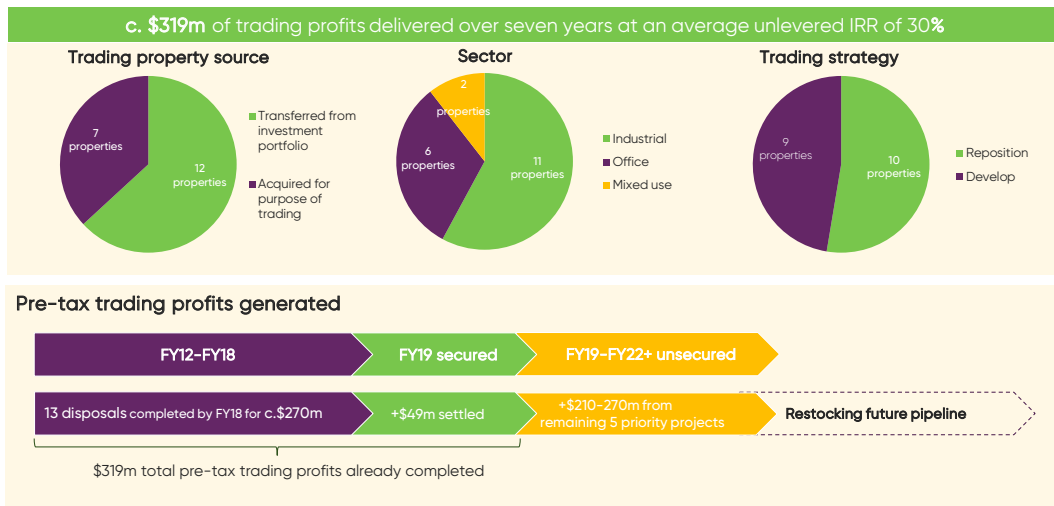
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Trading approach



Leveraging capabilities to deliver profits



Diversified future trading pipeline

FY19 profits de-risked and pipeline progressed

- Settled on sale of 32 Flinders Street, Melbourne securing \$34.7 million (post-tax) of trading profits for FY19
- Commenced construction of North Shore Health Hub at 12 Frederick Street, St Leonards
- Future trading pipeline of \$210-\$270 million of trading profits (pre-tax) from five trading projects¹

Trading projects	Current use	Trading strategy	FY20	FY21	FY22+
12 Frederick Street, St Leonards – Stage 1	Industrial	Healthcare development			
Lakes Business Park South	Industrial	Development			
201 Elizabeth Street, Sydney ²	Mixed	Rezoning & development			
436-484 Victoria Road, Gladesville	Industrial	Rezoning			
12 Frederick Street, St Leonards – Stage 2	Industrial	Healthcare development			

1. Excludes 32 Flinders Street, which settled during HY19.
 2. 201 Elizabeth Street, Sydney transferred to trading book in May 2018.

Healthcare Wholesale Property Fund



Healthcare Wholesale Property Fund

- Healthcare Wholesale Property Fund (HWPF) is an open-ended unlisted property fund
- Provides investors with a unique, high-quality portfolio and the opportunity to participate in an asset class with exceptional long-term potential
- Key Fund details
 - Investment in Calvary Adelaide Hospital
 - WALE of 27.4 years, providing secure income streams
 - An identified potential pipeline of next-generation healthcare assets, with an estimated \$565 million on completion value including the North Shore Health Hub
 - A clearly defined strategy to build a diversified healthcare portfolio and increase scale



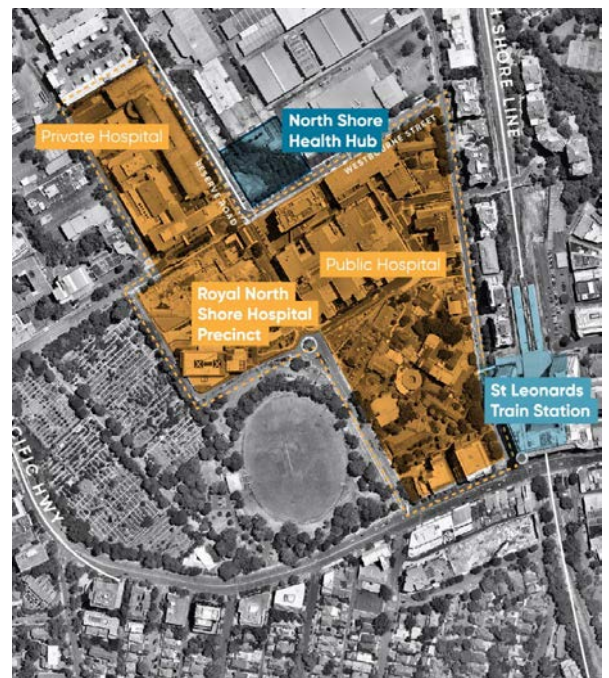
Calvary Adelaide Hospital – under construction.



North Shore Health Hub

North Shore Health Hub Development of a specialist health hub

- Dexus-owned and controlled site co-located with Royal North Shore and North Shore Private Hospital
- Approximately 50% committed¹ with
 - Ramsay Healthcare
 - Genesis Cancer Care
 - North Shore Radiology
- Covers approximately 15,000 square metres
- Completion of construction estimated to be late 2020
- Indicative value on completion \$225 million

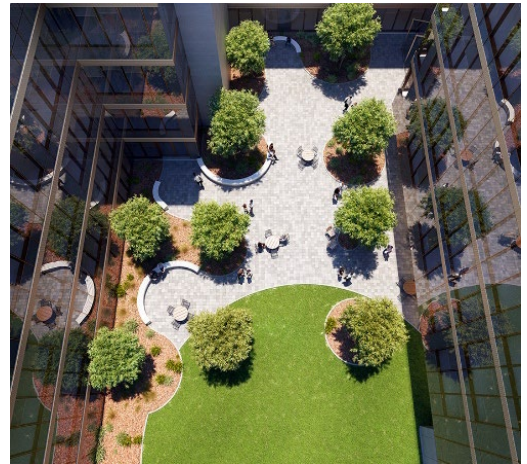


1. Subject to Agreements for Lease (AFL), Heads of Agreement (HOA) or HOAs under negotiation, by net income.

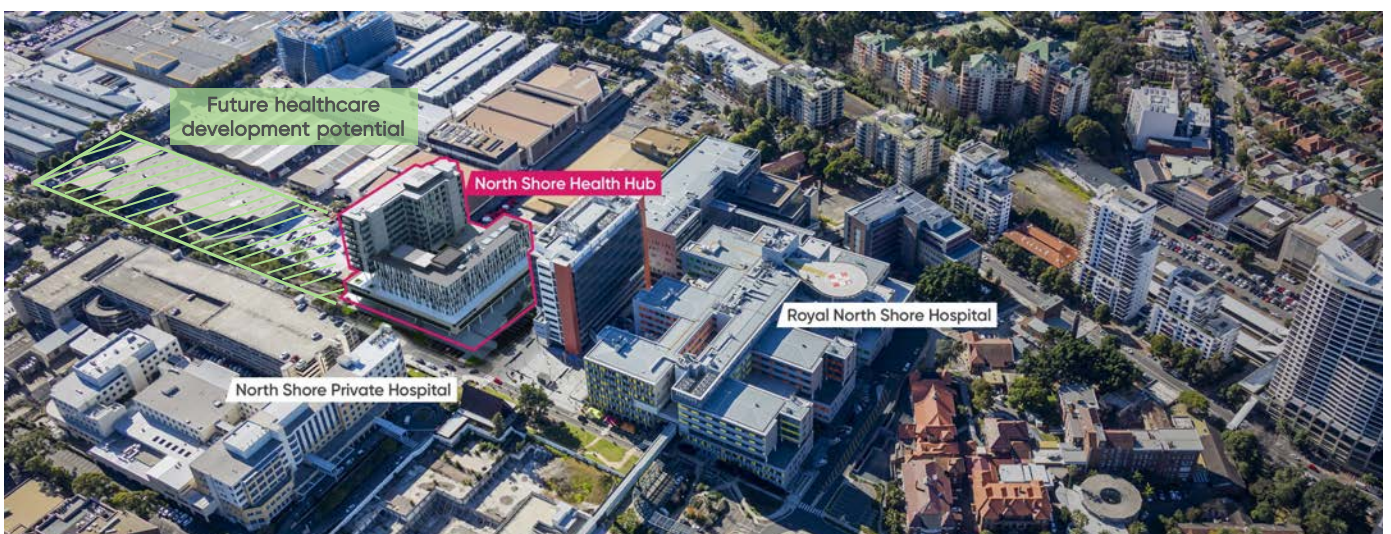
North Shore Health Hub

New world-class facilities within 5km from Sydney CBD

- North Shore Health Hub offers premium facility for auxiliary medical specialists
- Offers high-level customer amenity
 - central courtyard
 - end-of-trip facilities
- Improved access to public transport, better connections across the healthcare campus and to St Leonards' railway station via pedestrian bridge
- North Shore Health Hub (Stage 1) is the first building to commence construction (January 2019)
- Stage 2 – expanding facilities to provide space for teaching facilities, specialist accommodation and patient recovery care



North Shore Health Hub

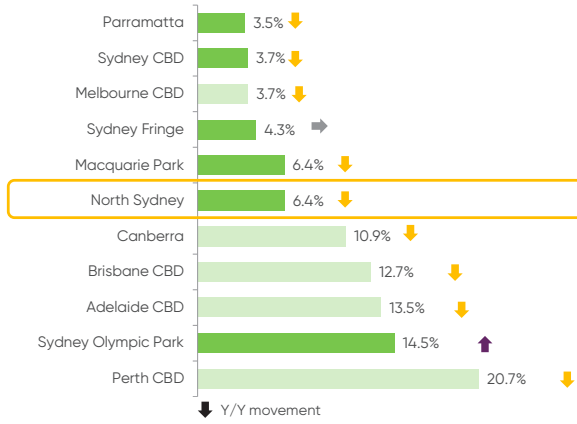




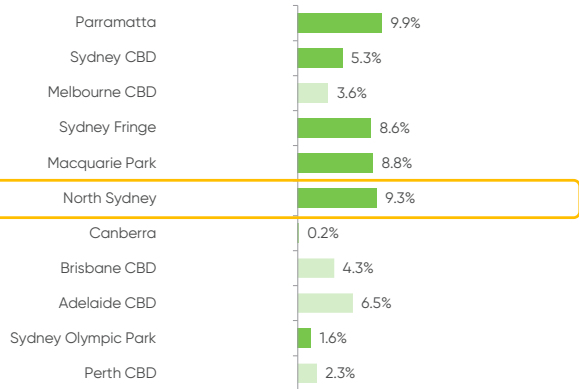
North Sydney office market

NSW office market overview NSW markets continue to perform strongly

Vacancy rates (%)



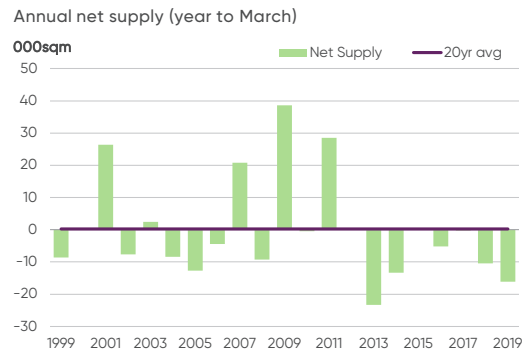
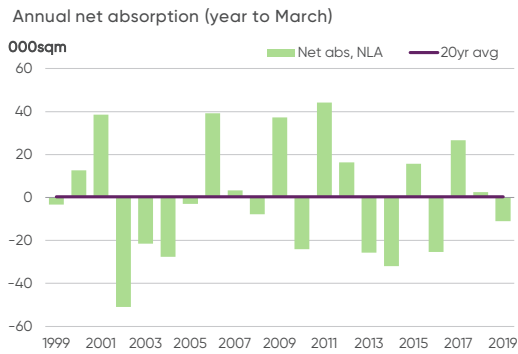
Prime net effective rental growth, annual %



Source: JLL, Dexis Research.

North Sydney office market

Demand has fluctuated while stock withdrawals have limited net supply



Source: JLL, Dexis Research.

North Sydney office market

Much needed new supply to support civic improvement and boost demand



Source: Nearemap, Dexis Research, includes major refurbishments and new developments >10,000sqm.

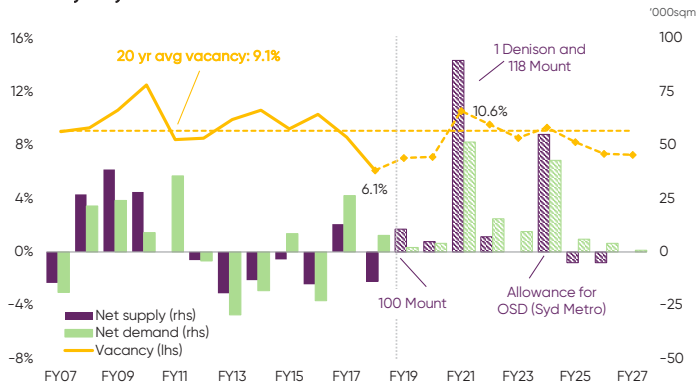
Legend

- Under construction
- DA approved/confirmed/site works
- Mooted/Early/Feasibility
- M Sydney Metro Train Station (expected completion 2024)
- Ward Street Precinct

North Sydney market outlook

Upcoming supply to increase vacancy over next few years

North Sydney market outlook



Source: JLL, Dexus Research.

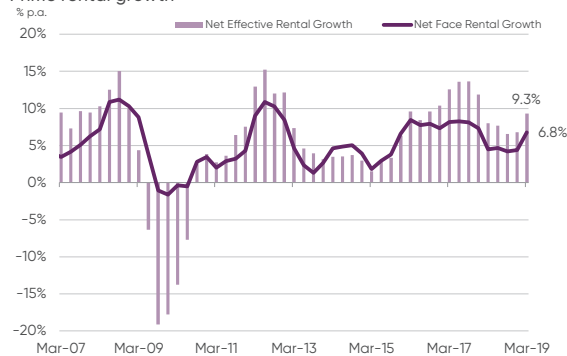
What are we forecasting?

- Positive demand outlook supported by solid economy and tight market conditions in the Sydney CBD
- After minimal new supply in recent years, vacancy to increase over medium term as new supply enters the market (100 Mount, 1 Denison)

North Sydney market outlook

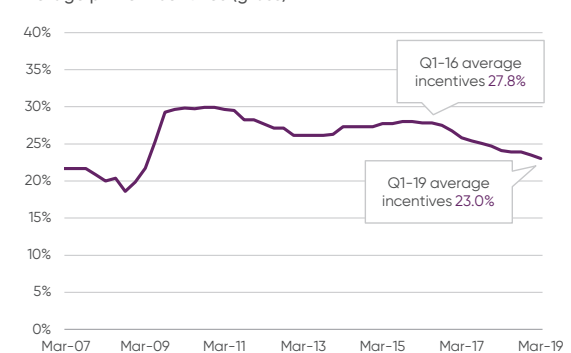
Rent growth has been solid, while incentives have declined

Prime rental growth



Source: JLL Research, Dexus Research.

Average prime incentives (gross)



North Sydney market tenants



Notes

100 Mount Street, North Sydney



Description

100 Mount Street is a new 35-level premium office tower spanning approximately 41,500 square metres, with floor plates ranging from 1,200–1,300 square metres. The building occupies one of the best locations in North Sydney on the corner of Mount and Walker Streets, with a third street frontage to Spring Street. The site has prime retail exposure, excellent natural light, harbour views across to the Sydney CBD and is set to benefit from its proximity to the new North Sydney Metro Station currently under construction.

The development is targeting 5 star Green Star and 5-star NABERS Energy ratings, as well as a Shell & Core WELL Gold rating.

Property details as at 31 December 2018

Building type	Development
Title	Freehold
Site area (hectares)	1.8
Lettable area ('000sqm)	42.2
Lettable area adjusted for ownership ('000sqm)	21.1
Typical floor area (sqm)	1,200
Number of buildings	1
Car parking spaces	113
Green star rating	5.0 Star Design (Design & As Built v1.1)
Year built	2019
Major tenant	NBN
Owner	DXS
Ownership (%)	50
Co-owner	Dexus Wholesale Property Fund

Property statistics

Metro area	North Sydney
Zoning	B3 Commercial Core
Acquisition date	April 2016
Book value at ownership (\$m)	269.0
Independent valuation date	December 2018
Independent valuation at ownership (\$m)	269.0
Market cap rate (%)	5.00
Leased by area (%)	84
Weighted lease term by income (years)	6.7

Notes

100 Mount Street, North Sydney



Landmark office development

Leased space increased to 95% from 84% at 31 December 2018

A visionary solution where form meets function

- 35 levels, 41,500sqm of premium quality office space
- Floor to ceiling glass offering exceptional views to the South, East and North
- Highly efficient floorplates, side core maximising light, flexibility and efficiency
- Inviting, light filled lobby with 8 metre ceiling height
- Low energy, healthy and flexible active chilled beam air conditioning system



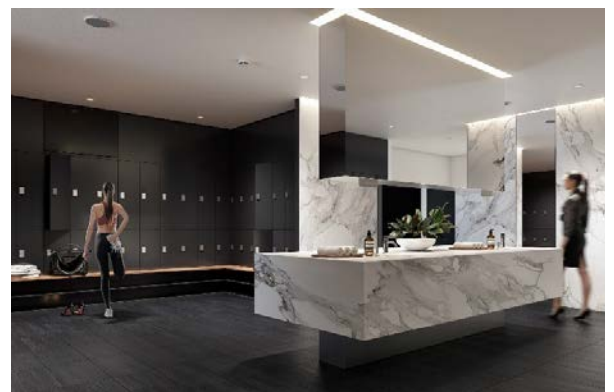
Leading design and innovation

- Connect on every level using glass enclosed fire stairs between floors
- Highly transparent closed cavity facade (CCF) with automated blind system reduces glare while maximising natural light and visibility
- Leading global architecture (SOM) combined with best local expertise (Architectus)
- Innovative digital art with LED wrapped core, showcasing local photography by artist Tamara Dean
- Connectivity
 - Leading wi-fi and cellular coverage
 - Plug and play tenant wi-fi
 - Connectivity for IoT devices



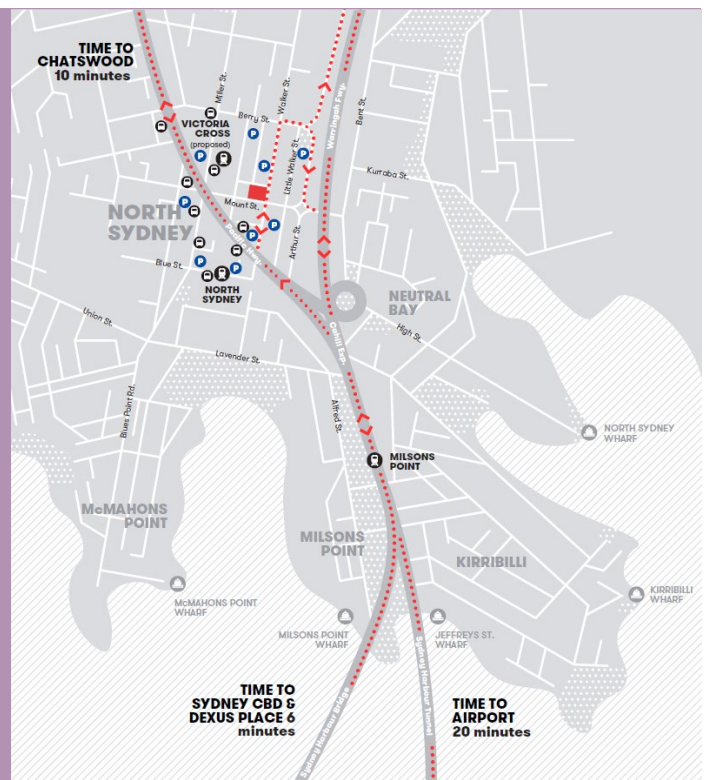
Premium services and amenity

- Wellness and convenience
 - Building and environmental monitoring/analytics
 - Advanced lighting control
- Enhanced amenities
 - Fully integrated retail food and beverage on ground floor plane
 - Premium end of trip facilities, including showers, towel service, lockers, bicycle storage
 - 113 car spaces and on site GoGet services
 - Electric car charging stations on each car parking level



Accessibility

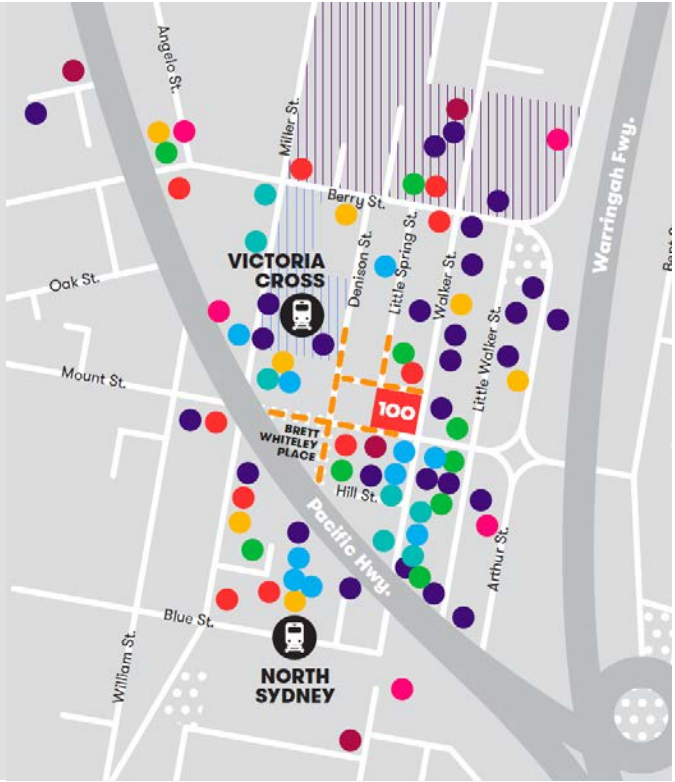
- Walking times
 - Train – 3 minutes
 - Bus – 3 minutes
 - Ferry – 15 minutes Luna Park
 - Taxi rank – 2 minutes (Miller Street)
- 1 minute from the new metro stop Victoria Cross
 - 100 Mount Street will be just 5 minutes from Martin Place via Barangaroo with trains operating at minimal intervals of 2 minutes



Conveniently located

Laneways Precinct
 Victoria Cross over station upgrade
 Ward Street Masterplan

Cafes
Bars & Restaurants
Retail & Supermarkets
Hotels
Health & Fitness
Childcare
Banks
Car Share



Sustainability



Targeting a 5-Star Green Star (v1.1) energy and water certification



Targeting NABERS 5-Star Energy rating



Targeting Shell & Core WELL Gold rating

WELL is a performance-based system for measuring, certifying, and monitoring features of the built environment that impact human health and well-being, through air, water, nourishment, light, fitness, comfort and mind

Ground floor and foyer floor plan



Mid-rise floor plan



High-rise floor plan



