

# Dexus (ASX: DXS)

## ASX release



**7 November 2018**

### Perth Property Tour

Dexus is hosting a Perth property tour today for institutional investors and brokers and provides the attached tour book.

#### For further information please contact:

Investor Relations  
Rowena Causley  
+61 2 9017 1390  
+61 416 122 383  
rowena.causley@dexus.com

Media Relations  
Louise Murray  
+61 2 9017 1446  
+61 403 260 754  
louise.murray@dexus.com

### About Dexus

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at \$27.2 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 \$13.3 billion of office and industrial properties. We manage a further \$13.9 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 1.7 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 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)

### Download the Dexus IR app

Download the Dexus IR app to your preferred mobile device to gain instant access to the latest stock price, ASX Announcements, presentations, reports, webcasts and more.

Dexus Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS)

dexus

# Dexus Perth Property Tour

Wednesday, 7 November 2018





# Agenda

## Time

## Details

1.15pm start

Lunch - Perth Market Overview

2.00pm - 2.30pm

240 St Georges Terrace

2.45pm - 3.00pm

58 Mounts Bay Road

3.15pm - 4.00pm

Kings Square, Wellington Street

4.15pm - 5.00pm

Carillon City - DWPF\* city retail asset

5.00pm - 5.30pm

Travel to dinner venue (transport provided)

5.30pm - 8.00pm

Drinks and Dinner

\* Dexs Wholesale Property Fund







# Perth Market Overview



## GSP share by industry



Mining continues to lead the way, with increased dominance



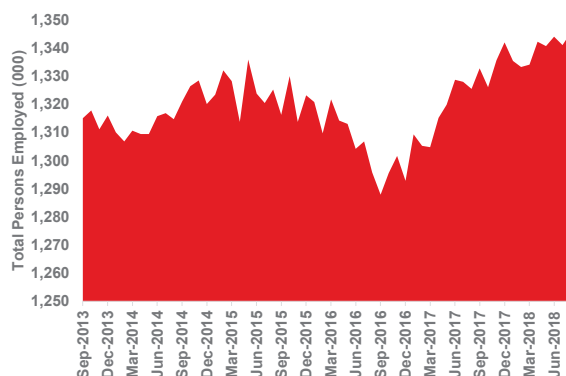
Source: ABS, JLL Research

3

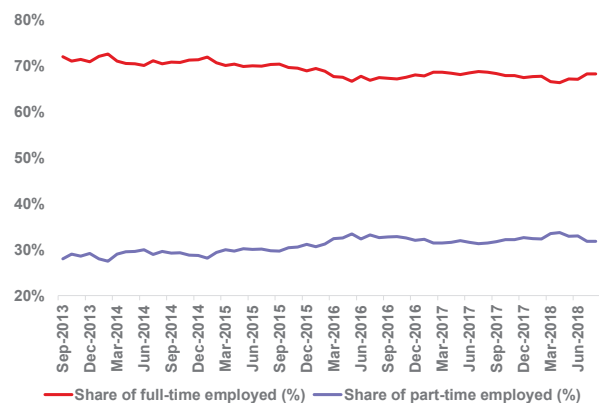
## WA labour market trends



Employment levels at all-time highs



Share of full-time persons employed beginning to improve



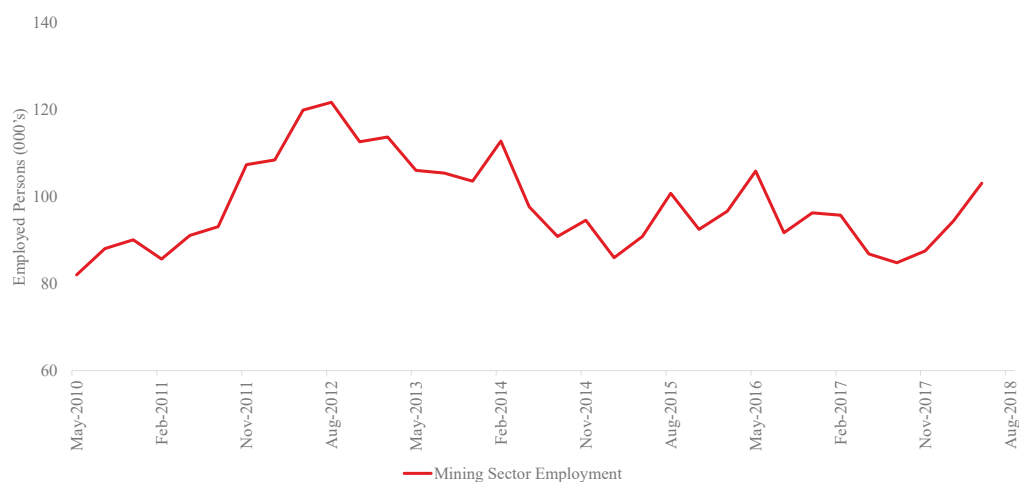
Source: ABS, JLL Research

4

## WA private sector employment



Mining employment is on the rise once again



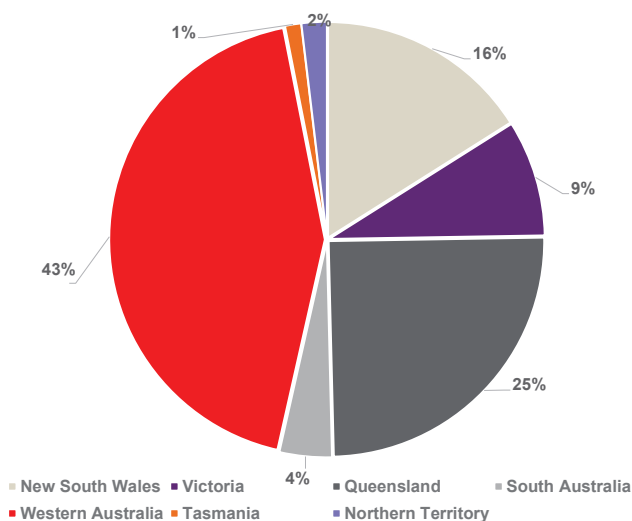
Source: ABS, JLL Research

5

## Merchandise Exports by State



WA dominates the export industry



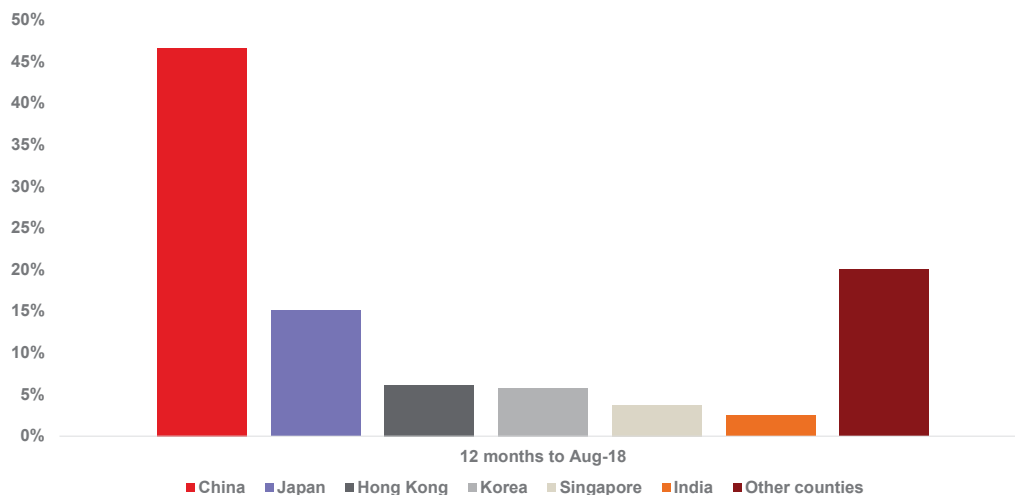
Source: ABS, JLL Research

6

## WA merchandise exports by destination



China is by far the dominant consumer of WA merchandise exports



Source: ABS, JLL Research

7

## WA share of mining investment



WA leads the way in mining capital investment



Source: DMIRS, JLL Research

8



## Could the Perth recovery be stronger?



Perth CBD underlying demand model (no. people employed - forecast)						
Industry Sector	2018	2019	2020	2021	2022	Total
Professional services	11,000	11,500	15,400	17,700	16,600	72,200
Public administration	1,200	4,000	3,700	4,500	4,300	17,700
Finance & Insurance	4,600	2,300	3,600	4,400	4,300	19,300
Others	4,700	4,600	9,200	10,300	10,400	39,300
<b>Total</b>	<b>21,500</b>	<b>22,400</b>	<b>32,000</b>	<b>36,800</b>	<b>35,700</b>	<b>148,400</b>
<b>JLL</b>	<b>15,000</b>	<b>15,000</b>	<b>30,000</b>	<b>10,000</b>	<b>10,000</b>	<b>80,000</b>

Source: JLL Research, Deloitte Access Economics

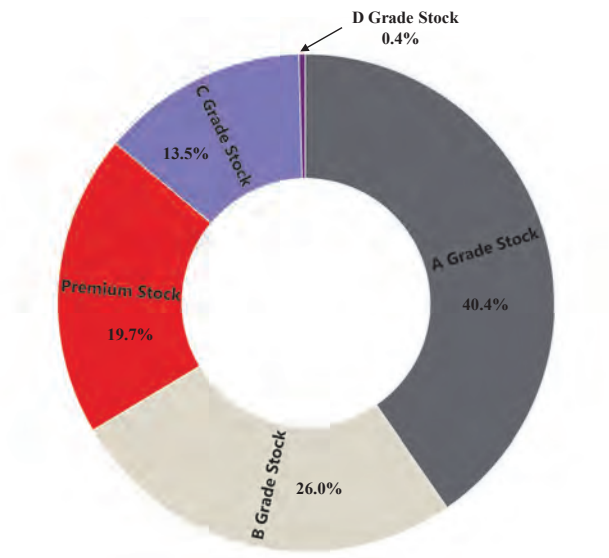
9

## Perth CBD Office Market

	Q3 2018	Q3 2017
Total Stock	1,816,441 m <sup>2</sup>	1,768,323 m <sup>2</sup>
Vacant Stock	400,228 m <sup>2</sup>	386,147 m <sup>2</sup>
Vacancy	22.0%	21.8%



# Perth CBD Office Market by Quality



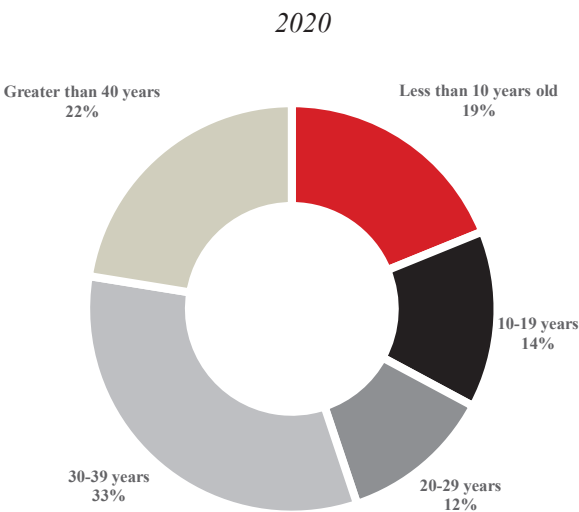
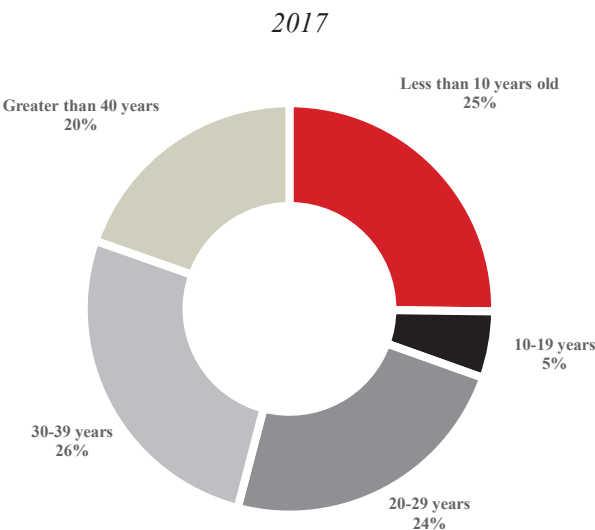
Source: JLL Research

11

# Perth CBD stock is ageing



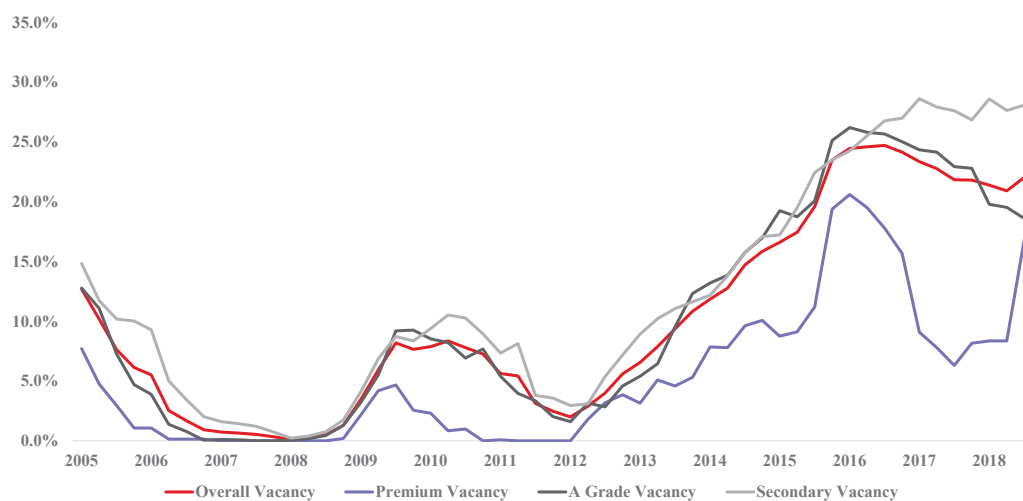
Age profile of stock, 2017 and 2020



Source: JLL Research

12

## Perth CBD vacancy rate by Grade, 2005 to 2018



Source: JLL Research

13

 *Achieve Ambitions*  
**Supply**

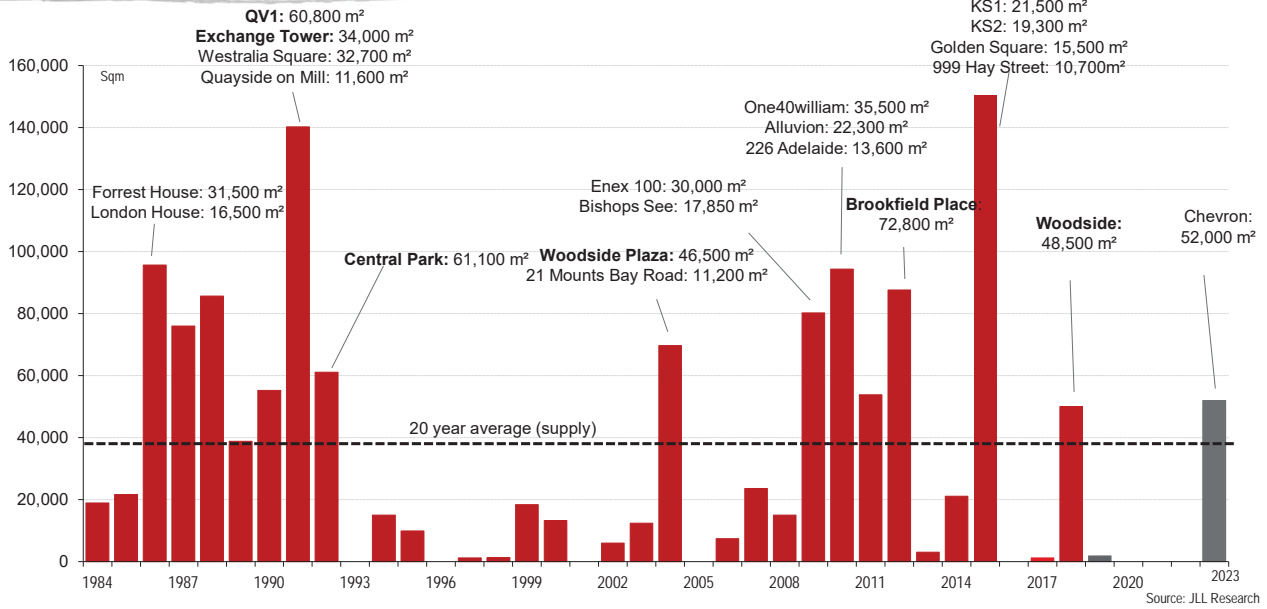


© 2018 Jones Lang LaSalle IP, Inc. All rights reserved.

14



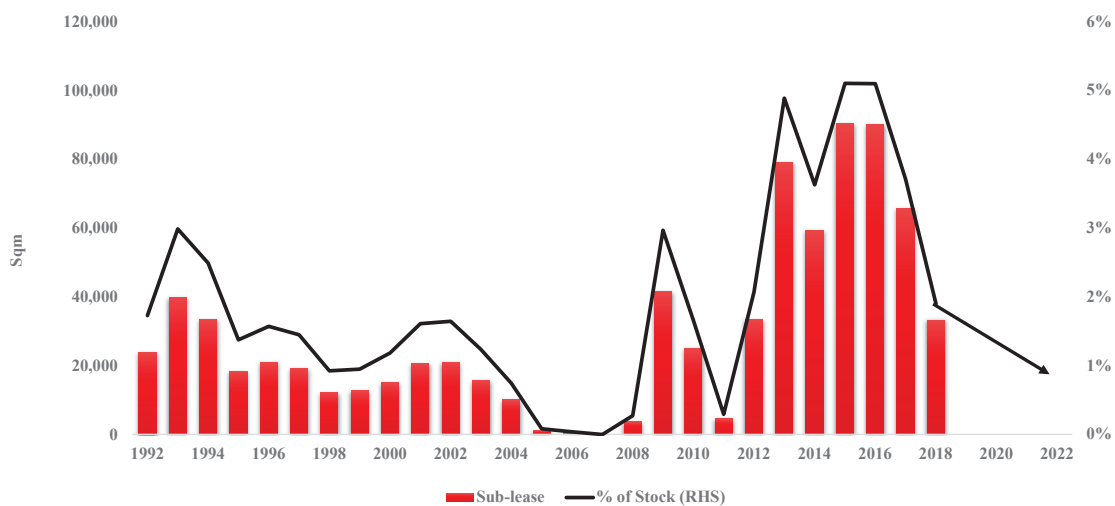
## CBD Office Supply to 2023



## Sharp reduction in sublease availability



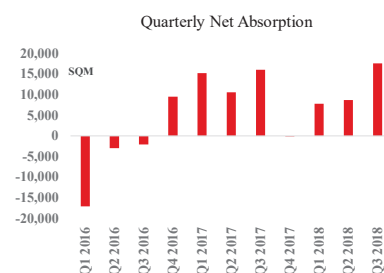
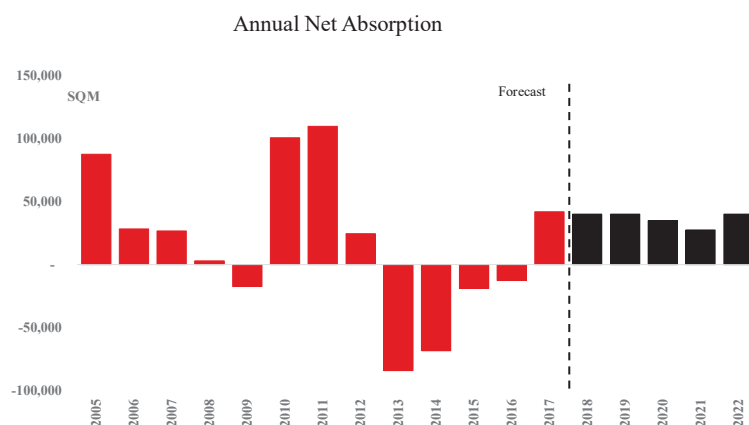
Perth CBD sub-lease availability, 1992 to 2018



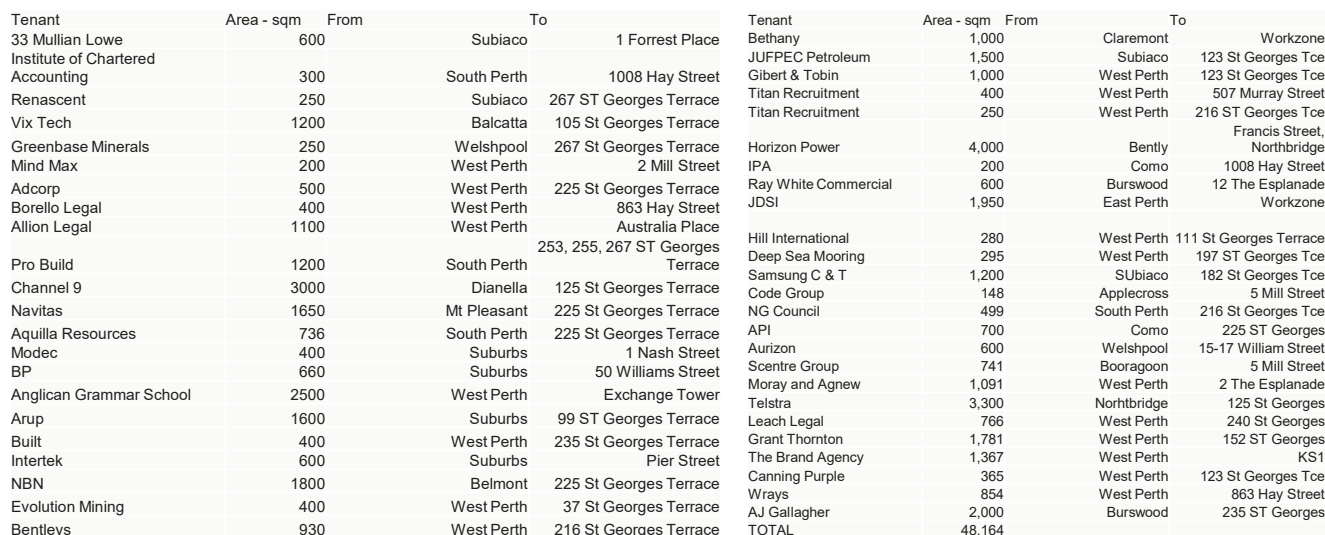


## Tangible signs of recovery

Perth CBD net absorption, 2005 to 2022 (f)

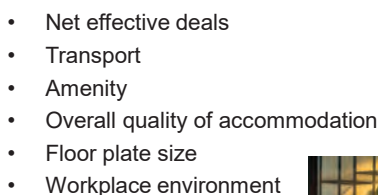


Source: JLL Research



P&N 3,000sqm , Department of Human Service 8,000 sqm, Technip  
6,000sqm, St. John of God 5,000sqm

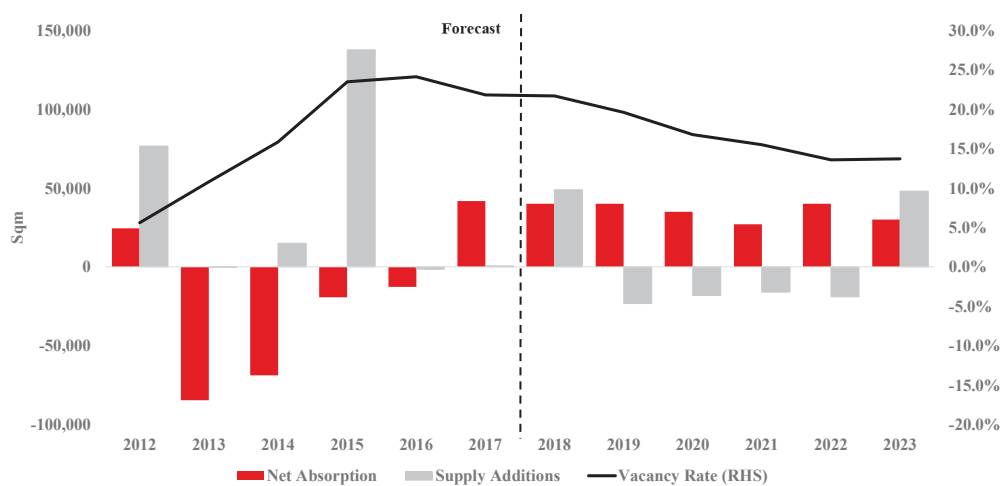
## Why the City?







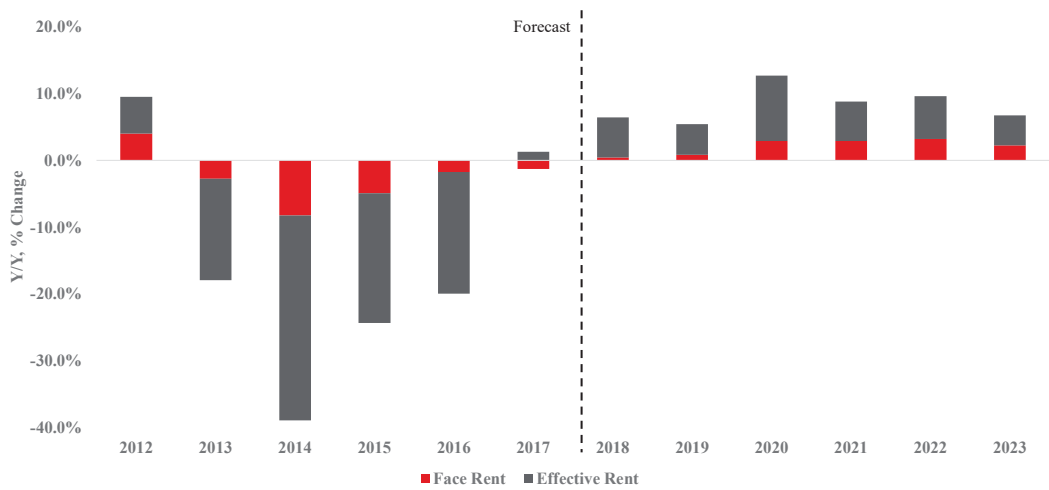
## Vacancy to recover gradually



Source: JLL Research

22

# Effective rents have passed the cyclical trough



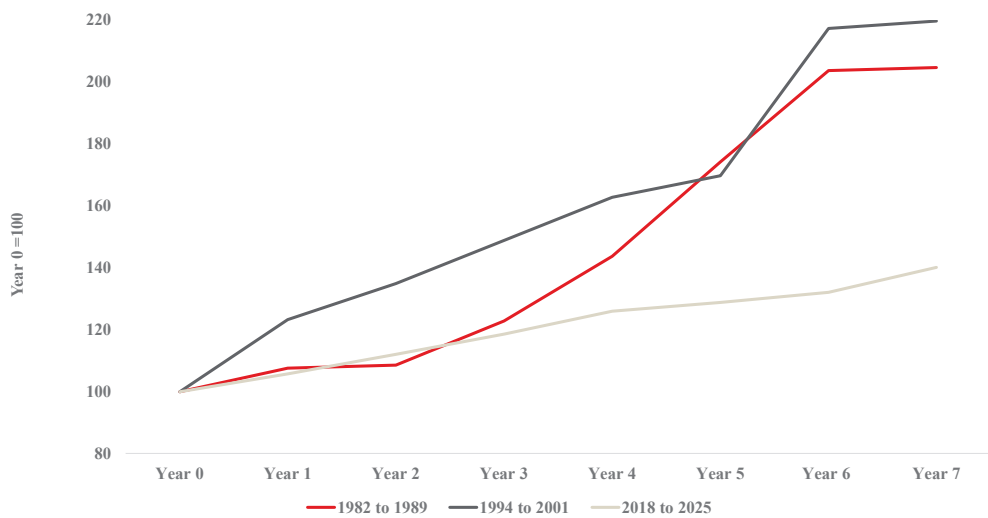
Source: JLL Research

23

# Rental upswings post economic down-turns



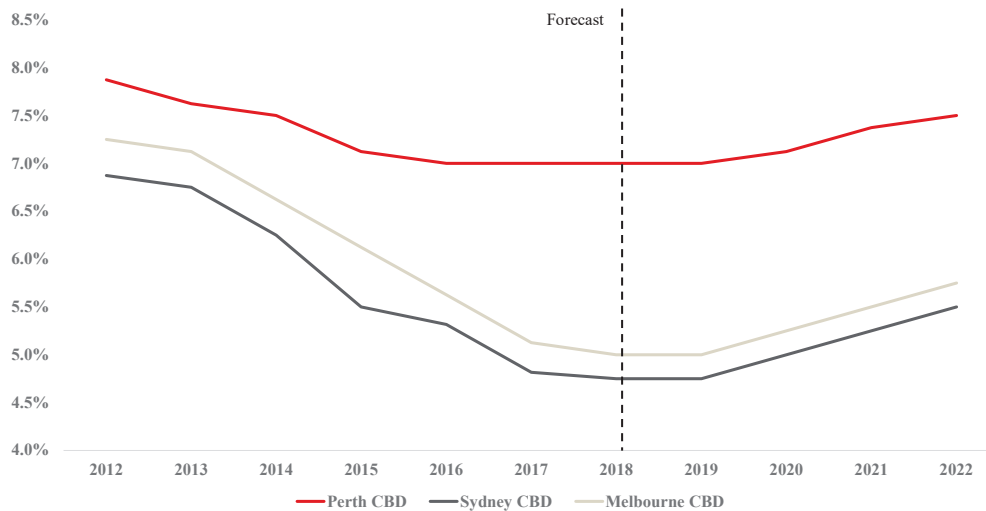
Based on net effective rental growth



Source: JLL Research

24

## Sydney, Melbourne and Perth prime equivalent yields (mid-point)



Source: JLL Research  
25

## Perth office sales - 2018



Address	45 St Georges Terrace	6-8 Bennett Street	55 St Georges Terrace	182 St Georges Terrace	441 Murray Street	202 Pier Street, Workzone West	836 Wellington Street	1 Havelock Street	The Optima Centre
Sale Price	\$53,570,000	\$43,500,000	\$44,200,000	\$21,100,000	\$22,000,000	\$125,250,000	Est. \$103,000,000	\$33,000,000	Circa \$125,100,000
Vendor	Credit Suisse	Buckeridge Estate	Select Property Holdings	Select Property Holdings	Centuria Capital	Charter Hall	Investa Office Fund	Ascot Capital	Blackrock
Purchaser	Straits Trading / Redhill Partners	HSB / OKP Holdings	Zone Q	Zone Q	Redhill Partners	Elanor Investors	Growthpoint	Offshore Private	Charter Hall
Sale Date	Jan 2018	Jan 2018	Jan 2018	Jan 2018	Apr 2018	Jun 2018	Jun 2018	Sep 2018	Oct 2018
Yield (Initial)	8.30%	6.31%	0.25%	3.14%	-3.40%	9.18%	6.23%	7.72%	7.21%
Yield (Equiv.)	8.66%	7.77%	7.92%	8.58%	7.25%	7.21%	6.21%	7.49%	6.36%
WALE	5.02 years	6.02 years	4.40 years	2.38 years	0.00 years	7.27 years	8.67 years	3.29 years	11.23 years
10 year IRR	8.88%	8.34%	8.12%	8.13%	7.93%	8.13%	7.41%	6.80%	7.58%
Rate / sqm	\$5,351	\$4,257	\$5,152	\$3,897	\$3,761	\$8,028	\$8,603	\$6,444	\$7,762
Total NLA	10,010 sqm	10,219 sqm	8,579 sqm	5,414 sqm	5,849 sqm	15,602 sqm	11,973 sqm	5,121 sqm	16,116 sqm

26



## This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.



# Dexus's Perth CBD portfolio



Carillon City - city retail  
100% DWPF owned  
100% managed

Kings Square  
50% DXS owned  
50% DWPF owned  
100% managed



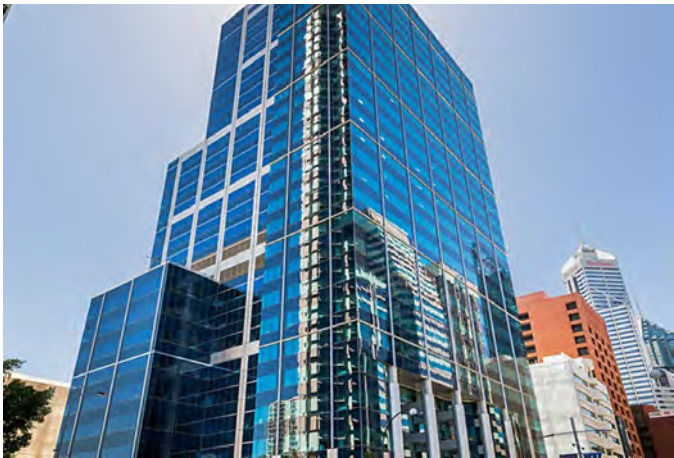
58 Mounts Bay Road  
50% DXS owned  
50% Dexus Office  
Partner owned  
externally managed

240 St Georges Terrace  
100% DXS owned  
100% managed





# 240 St Georges Terrace, Perth



## Description

240 St. Georges Terrace is a modern Premium office tower located in the prestigious western-end of the Perth CBD at the intersection of St. Georges Terrace and Milligan Street.

The 24 level office tower is highly specified and provides large, efficient floor plates ranging from 2,360 square metres in the low rise to 1,656 square metres in the high rise. The low-sill windows maximise natural light and feature views over Kings Park, the Swan River and the Indian Ocean to Rottnest Island.

The property is currently undergoing renovations to enhance the overall feel of the building to provide a new, updated structure along with modern amenities for customers. These renovations aim to create a vibrant, working environment while enhancing the overall street appeal and will include:

- A renewed and more open frontage to St Georges Terrace
- State-of-the-art wellness centre with new end-of-trip facilities
- New retail food offering with open access to the existing external plaza
- Onsite childcare facility
- Refurbished office floors, including LED tenancy lighting
- Dexus Place providing a tailored extension to your work environment
- The Terrace, a perfect contemporary outdoor space for events

The property is well connected to public transport with Elizabeth Quay Railway Station and Perth Railway and Underground stations nearby; while motorists entering via the city's major motorways have access to a basement car park with 247 spaces.



## Property Details

Building type	Premium Grade - office
Title	Freehold
Site area (hectares)	0.6
Lettable area ('000sqm)	46.9
Lettable area adjusted for ownership ('000sqm)	46.9
Typical floor area (sqm)	2,000
Number of buildings	1
Car parking spaces	247
NABERS Energy rating (with Green Power)	5.0
NABERS Energy rating (without Green Power)	5.0
NABERS Water rating	3.0
Year built	2003
Major tenant	Woodside Energy
Owner	DXS
Ownership (%)	100

## Property Statistics

Metro area	Perth CBD
Zoning	Central City Area
Acquisition date	January 2001
Book value at ownership (\$m)	320.0
Independent valuation date	June 2018
Independent valuation at ownership (\$m)	320.0
Market cap rate (%)	6.75
Initial yield (%)	6.99
Leased by area (%)	88
Weighted lease term by income (years)	4.1



# 58 Mounts Bay Road, Perth



## Description

58 Mounts Bay Road, also known as Alluvion, is a contemporary A-Grade office building located in the central forefront of the Perth CBD with dual access on St George Terrace. The 20 level tower features an impressive triple height marble clad ground floor lobby with a plaza café on the external landscaped terrace.

The property benefits from large, efficient, column-free floor plates with breathtaking views of the Swan River and the city on all but the first level.

The building has direct access to public transport from walkway bridges over Mounts Bay Road to the Esplanade Train and Bus Stations. For motorists there are 96 car parking bays and 24 motorcycle bays across three basement levels, as well as end-of-trip facilities including bicycle racks and lockers.

Being at the heart of the city centre the building is surrounded by a variety of clothing retailers, world class restaurants, bars and cafés, fitness facilities, hotels and childcare services.

## Property Details

Building type	A Grade - office
Title	Freehold
Site area (hectares)	0.3
Lettable area ('000sqm)	22.4
Lettable area adjusted for ownership ('000sqm)	5.6
Typical floor area (sqm)	1,570
Number of buildings	1
Car parking spaces	96
NABERS Energy rating (with Green Power)	5.0
NABERS Energy rating (without Green Power)	5.0
NABERS Water rating	4.0
Green star rating	4.0 Star (Office Design v2)
Year built	2010
Major tenant	Clough Projects
Owner	DXS
Ownership (%)	25
Co-owner	Dexus Office Partner / Cape Boulevard Investments Pty Ltd

## Property Statistics

Metro area	Perth CBD
Zoning	City Centre
Acquisition date	April 2014
Book value at ownership (\$m)	53.8
Independent valuation date	June 2018
Independent valuation at ownership (\$m)	53.8
Market cap rate (%)	6.75
Initial yield (%)	8.99
Leased by area (%)	97
Weighted lease term by income (years)	3.8





# Kings Square, Wellington Street, Perth



## Description

Kings Square comprises three A-Grade office buildings located in Perth's emerging mixed-use precinct adjacent to the CBD. The buildings comprise Kings Square 1 (19 levels), Kings Square 2 (11 levels) and Kings Square 3 (9 levels) providing in excess of 50,000 square metres combined office and retail space.

Kings Square is surrounded by the city's entertainment and cultural precincts bookended by the recently completed Yagan Square Civic space and the RAC Arena.

The King Square precinct provides unprecedented connectivity being at the heart of Perth's transport hub of underground rail and bus infrastructure, and the junction of four commuter cycle paths.

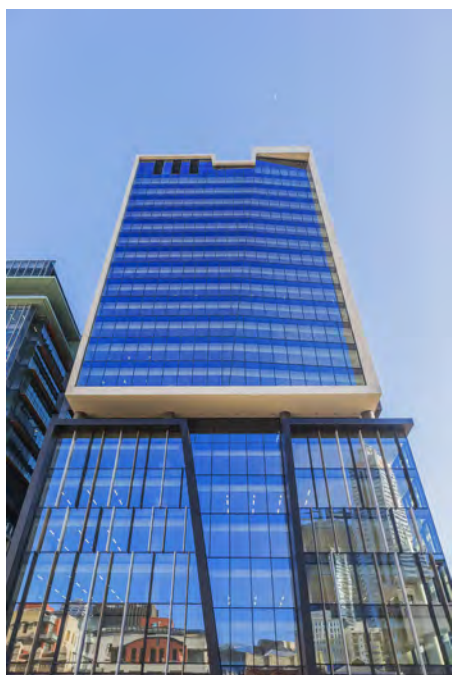
At its heart lies a vibrant plaza with financial and retail services, bars, restaurants and cafés. There are also extensive end-of-trip facilities including hundreds of bicycle racks, lockers and fully-equipped shower and change facilities, as well as a large onsite childcare service.

## Property Details

Building type	A Grade – office
Title	Freehold
Site area (hectares)	0.6
Lettable area ('000sqm)	52.3
Lettable area adjusted for ownership ('000sqm)	26.2
Typical floor area (sqm)	1,400
Number of buildings	3
Car parking spaces	155
NABERS Energy rating (with Green Power)	KS1 NR / KS2 5.5 / KS3 NR
NABERS Energy rating (without Green Power)	KS1 NR / KS2 5.5 / KS3 NR
NABERS Water rating	KS1 NR / KS2 NR / KS3 NR
Green star rating	KS1 5.0 Star (Office As Built v3) / KS2 5.0 Star (Office As Built v3) / KS3 5.0 Star (Office Design v3)
Year built	2015
Major tenant	Shell
Owner	DXS
Ownership (%)	50
Co-owner	Dexus Wholesale Property Fund

## Property Statistics

Metro area	Perth CBD
Zoning	City Centre
Acquisition date	May 2013
Book value at ownership (\$m)	216.0
Independent valuation date	June 2018
Independent valuation at ownership (\$m)	216.0
Market cap rate (%)	6.79
Initial yield (%)	8.73
Leased by area (%)	100
Weighted lease term by income (years)	6.6



Kings Square 1, 556 Wellington Street



Kings Square 2, 562 Wellington Street



Kings Square 3, 10 Telethon Avenue



Kings Square  
50% DXS owned  
50% DWPF owned  
100% managed

240 St Georges Terrace  
100% DXS owned  
100% managed

Carillon City - city retail  
100% DWPF owned  
100% managed

58 Mounts Bay Road  
50% DXS owned  
50% Dexus Office Partner owned  
externally managed





# Carillon City, Hay Street, Perth



## Description

Carillon City is located in the geographical heart of the Perth CBD, occupying a super-prime foothold between Murray and Hay Street Malls – Perth's premier retail destination. Carillon City is a major CBD shopping centre with key linkages to Forrest Chase, Perth Railway Station, bus and ferry interchanges and the office core on St Georges Terrace. The centre is constructed over five levels with an additional 14 levels of offices situated above the Murray Street end of City Arcade.

## Location

Carillon City is located in the city centre of Perth. It is approximately 70 metres south of Perth's GPO. Carillon City is strategically positioned between Murray and Hay Street Malls. The Perth CBD houses over 800 retailers, making the city the premier retail destination in Western Australia.

## Development Opportunity

Development Approval has been received for a major refurbishment. Proposed to deliver approximately 15,000 square metres of retail space that will span across four levels.

## Property Details

Ownership (%)	100
Co-Owner	-
Classification	City Retail
Year Built	1970
Site Area (sqm)	5,724
Gross Lettable Area (sqm)	17,619
Occupancy by Area (%)	72.7
Weighted Average Lease Expiry by Income (years)	1.9
Car Parking Spaces	-
NABERS Energy Rating	n/a
NABERS Water Rating	n/a

## Independent Valuation

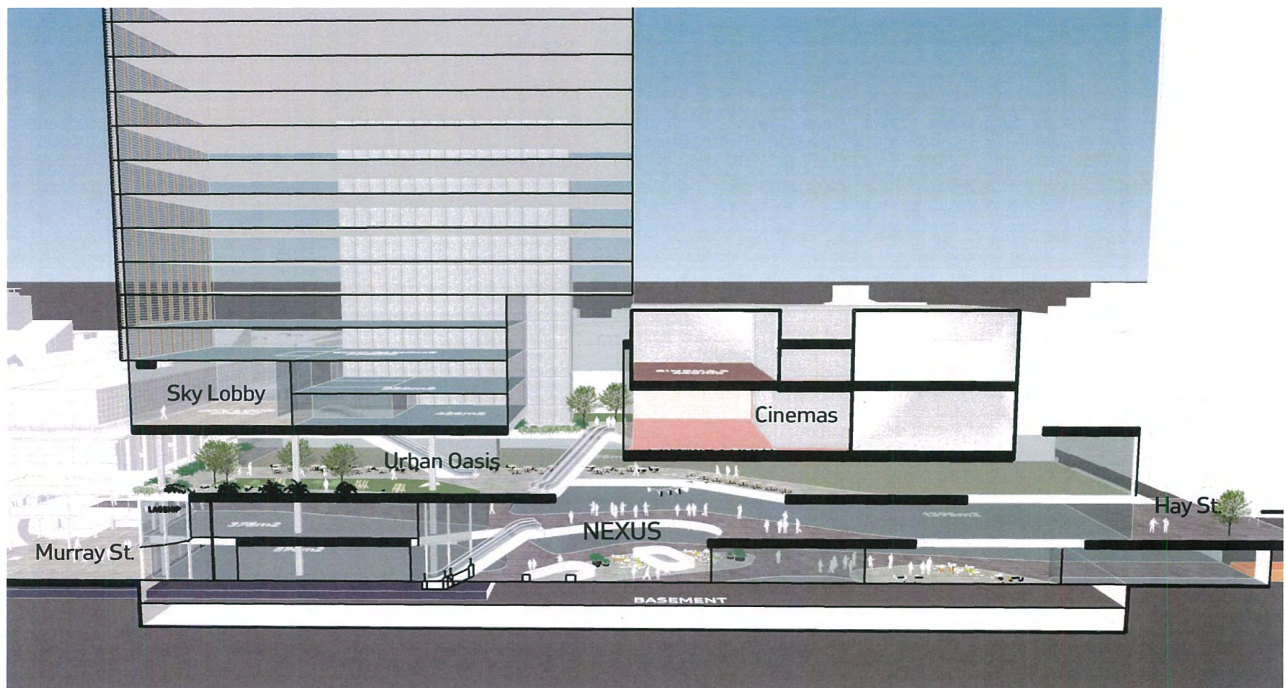
Independent Valuation (A\$m)	135.00
Independent Valuation Date	September 2018
Valuation Agency	JLL
Cap Rate (%)	6.50
Discount Rate (%)	7.00

## Lease Expiry Profile by Income

Available (%)	16.6%
FY 2019	14.9%
FY 2020	33.1%
FY 2021	15.5%
FY 2022	8.3%
FY 2023	0.0%
FY 2024	1.0%
FY 2025	4.1%
FY 2026	4.7%
FY 2027	0.0%
FY 2028+	1.8%

## Major Tenants

Major Tenant 1	Hype DC
Income (%)	8.65
Lettable Area (sqm)	381.0
Lease Expiry Date	May 2026
Major Tenant 2	Mazzuchellis
Income (%)	6.70
Lettable Area (sqm)	224.6
Lease Expiry Date	October 2024
Major Tenant 3	Cotton On
Income (%)	2.91
Lettable Area (sqm)	2,190.0
Lease Expiry Date	November 2019



Artist's impression



# New energy, New opportunities

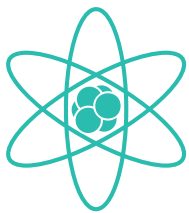
## Pathway to net zero and smart, sustainable workplaces

Our goal is to achieve a net zero position for all carbon emissions across Dexus's managed property portfolio by 2030 through improving energy efficiency and increasing renewables

We will achieve net zero emissions by 2030 through a prioritised approach to avoid, reduce, re-source and offset our impacts.

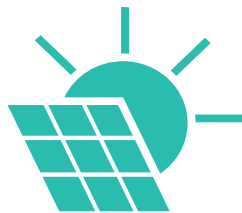
The target is in line with the Paris Climate Agreement which is advocating significant reductions in emissions to keep global warming under two degrees against a pre-industrial baseline.

## Net zero emissions by 2030



### Improving energy efficiency

Achieve up to 50% energy savings by 2030



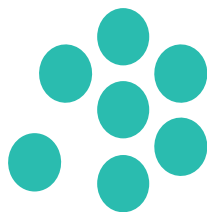
### On-site renewables

Increase uptake of solar panels across our portfolio



### Off-site renewables

Leverage large-scale renewable sources as they become available on national energy grid



### Water, waste and refrigerants

Reduce or eliminate emissions from operational waste, wastewater, and impacts from air conditioning refrigerants



### Electrification

Transition to all-electric buildings powered by clean energy

To learn more about our sustainability performance visit [www.dexus.com/sustainability](http://www.dexus.com/sustainability)

[illegible]

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at \$27.2 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 \$13.3 billion of office and industrial properties. We manage a further \$13.9 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 1.7 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 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)

Dexus Perth Property Tour 27

