

Dexus (ASX: DXS)

ASX release



19 September 2018

Dexus secures prime development site in Melbourne CBD

Dexus today announced that it has exchanged contracts to acquire 60 Collins Street, Melbourne, for \$160.0 million¹. In addition, Dexus has entered into an agreement to acquire the adjoining property at 52 Collins Street, Melbourne for \$70.0 million¹.

Dexus proposes to consolidate the two sites at 52 and 60 Collins Street across circa 2,000 square metres and in the medium term activate a Prime grade office development to create a total of circa 35,000 square metres of space, subject to planning approval.

Darren Steinberg, Dexus CEO said: "These acquisitions provide us with a presence in the tightly held 'Paris end' of Collins Street in the Melbourne CBD. They also present us with a unique opportunity to undertake an office development creating long term value for investors in the next supply cycle, in a prime location where we receive significant enquiry from our customer base."

Kevin George, Dexus Executive General Manager, Office and Industrial said: "There is no better site in Collins Street to deliver the latest generation of office space in the next supply cycle. We expect office demand in Melbourne to remain strong, with the vacancy rate to fall below 4% next year and remain well below long term averages for the foreseeable future."

Dexus has a strong track record in developing world-class office buildings that deliver customer-focused, sustainable workplaces and enhance the amenity and vibrancy of the CBDs in which they are located. Developments completed by Dexus include 1 Bligh Street and more recently 5 Martin Place in Sydney, 480 Queen Street in Brisbane and Kings Square in Perth. Projects currently under construction include 100 Mount Street in North Sydney, to be completed in early 2019 and 180 Flinders Street, Melbourne, to be completed in mid-2020.

The acquisitions will be funded through existing debt facilities and will not impact Dexus's FY19 guidance² for distribution per security growth of circa 5%.

60 Collins Street, Melbourne

60 Collins Street is a 13,817 square metre B-grade office building, located on a 1,357 square metre site on the prime corner of Collins and Exhibition Streets in the Eastern Core of the Melbourne CBD. The office space is 100% occupied with a weighted average lease expiry on settlement of 2.6 years.

Settlement is expected to occur by end of October 2018.

52 Collins Street, Melbourne

52 Collins Street is a 3,454 square metre B-grade office building, located on a 587 square metre site adjoining 60 Collins Street. The property is 100% occupied with an expected weighted average lease expiry on settlement of 3.5 years.

Settlement is expected to occur in July 2019.

For further information please contact:

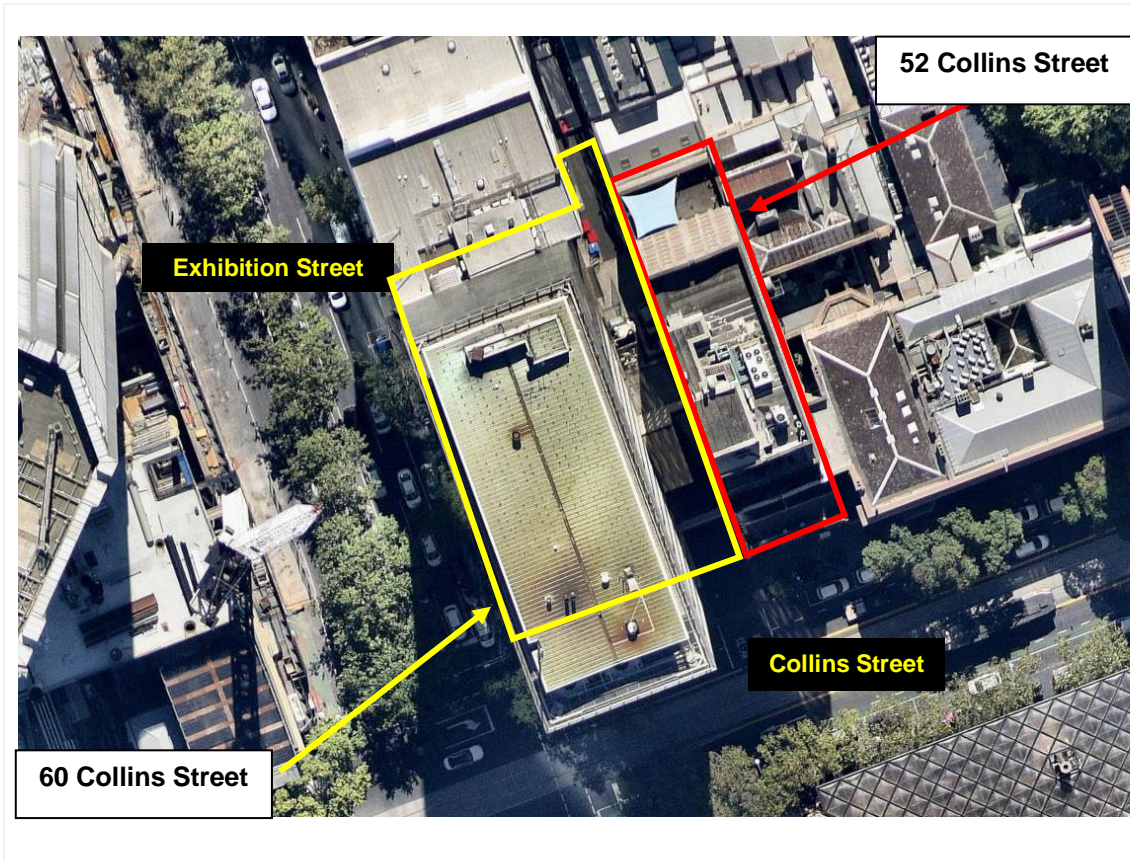
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¹ Excluding acquisition costs.

² Barring unforeseen circumstances guidance is supported by the following assumptions: Impacts of announced divestments and acquisitions; FFO per security growth of circa 3%, underlying FFO per security growth of circa 3% underpinned by Dexus office portfolio like-for-like growth of 4-5%, Dexus industrial portfolio like-for-like growth of 2.5-3.5%, management operations FFO and cost of debt broadly in line with FY18; trading profits of \$35-40 million net of tax; maintenance capex, cash incentives, leasing costs and rent free incentives of \$155-165 million; and excluding any further transactions.

Appendix - Location



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

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