

Dexus (ASX:DXS)

ASX release



7 July 2020

Dexus Australian Logistics Trust acquires two quality industrial assets

Dexus today announced that the Dexus Australian Logistics Trust (in which Dexus holds a 51% interest) has exchanged contracts to acquire two quality industrial properties, delivering on its active acquisition and development mandate.

The properties are 37-39 Wentworth Street, Greenacre NSW (Greenacre) and the Ford Facility at Merrifield Business Park, Mickleham VIC (Merrifield), which have been acquired for a combined price of \$173.5 million, (Dexus share \$88.5 million).

Greenacre is a 19,246 square metre modern cold store and ambient facility leased to Real Dairy Australia and Tomkin. It includes 5,950 square metres of expansion space currently under development for Real Dairy Australia. The site comprises circa 4 hectares and is located 13 kilometres west of the Sydney CBD benefiting from excellent connection to major arterial roads such as M4 and Centenary Drive, with immediate proximity to the Enfield intermodal terminal. In February 2021, on practical completion of the expansion space currently under development, the asset will have a weighted average lease expiry by income of circa 13.5 years and will generate a passing yield of 5%, with fixed annual increases of 3% per annum. Settlement of the existing facility and the expansion land is expected in July 2020.

Merrifield is a brand new 51,595 square metre prime grade logistics facility currently being developed for Ford Australia as their national distribution centre for spare parts. The site is located in an emerging industrial market, strategically located for metropolitan and interstate goods distribution, providing direct access to the Hume Highway, easy connections to the Western Ring Road and Melbourne airport. The acquisition is structured as a fund-through development with a coupon on contributed capital of 6.5% up to practical completion in August 2021. On completion the asset will have a weighted average lease expiry by income of 10 years and will generate a passing yield of 5.25% with fixed annual increase of 3.25% over the initial lease term. Settlement of the land component is expected in July 2020.

Darren Steinberg, Dexus CEO said: "These acquisitions build on the Dexus Australian Logistics Trust's mandate to acquire quality, well leased assets that deliver favourable total returns and increase the total group industrial exposure to over \$5 billion."

The acquisitions follow the completion or exchange of more than \$1.6 billion of property acquisitions across the group during FY20.

Each investor in DALT will fund their respective share of acquisition costs, with Dexus's interest to be funded from existing debt facilities.

Authorised by Brett Cameron, General Counsel and Company Secretary of Dexus Funds Management Limited.

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About Dexus

Dexus is one of Australia's leading real estate groups, managing a high-quality Australian property portfolio valued at \$33.8 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 \$16.8 billion of properties, with a further \$17.0 billion of properties managed on behalf of third-party clients. The group's \$11.2 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 27,000 investors from 20 countries. With 35 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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