

DEXUS Wholesale Property Fund

Media release

2 December 2013

DEXUS Wholesale Property Fund grows retail and industrial portfolio

DEXUS Wholesale Property Fund (DWPF or the Fund) today announced the acquisition of two Queensland properties, including Beenleigh Marketplace, Beenleigh¹ and 1439 Lytton Road, Hemmant, for a total consideration of \$128.03 million (excluding acquisition costs), reinforcing the Fund's commitment to Australian core retail and industrial markets.

Beenleigh Marketplace

Beenleigh Marketplace (Beenleigh) has been acquired by DWPF for \$88.4 million² (excluding acquisition costs) and is an important addition to DWPF's \$2.1 billion retail portfolio.

DWPF Fund Manager, Graham Pearson said: "Beenleigh Marketplace represents a core investment opportunity in line with DWPF's strategy of investing in high quality shopping centres which have the ability to dominate their main trade areas and leverage off the strong trade area demographics. The acquisition also progresses the Fund's retail strategy of increasing the allocation to centres that have strong non-discretionary expenditure."

Beenleigh is a 17,590 square metre, fully-enclosed sub-regional shopping centre located 35 kilometres south of the Brisbane CBD in the Beenleigh Town Centre, an established commercial, residential and community destination. The centre is conveniently situated adjacent to a major rail and transport interchange, with access to the M1 Pacific Motorway which links Brisbane and the Gold Coast. Beenleigh benefits from:

- **Being located in an area with significant growth opportunities.** Beenleigh is located in a significant growth corridor with a Main Trade Area (MTA) projected annual growth rate of 2.4% to 2026. Retail spending is expected to increase from \$837 million to \$1.73 billion by 2026, which equates to annual growth in the order of 5.8%. Beenleigh town centre has been identified as a future Key Metropolitan Centre³, underpinning the long term fundamentals of the trade area
- **Having a strong market position.** Beenleigh is the dominant retail centre within its MTA and includes the only discount department store, one of four major full-line supermarkets and the largest provision of national retailers in a single location in the MTA
- **Having a secure tenancy profile.** The centre is 99.8% occupied and anchored by Woolworths, Big W and Woolworths Plus Petrol which have long-term leases
- **Having a strong non-discretionary expenditure bias.** Approximately 93% of the centre's area is leased to majors and national chain tenants that have a strong bias towards non-discretionary food, convenience and service retailing

The centre has been acquired on a 7.50% capitalisation rate⁴, with an attractive initial yield⁴ of 7.67%. Settlement is expected to occur on 16 December 2013.

DEXUS Group General Manager, Head of Retail, Stewart Hutcheon said: "The origination and execution capability for retail property at DEXUS is exemplified in this latest acquisition. Our acquisition process is well supported by our strong team of research, asset management and development experts who have proven their ability to move quickly to analyse and secure good opportunities."

1. Unconditional exchange.

2. Including four adjoining properties with a lettable area of 2,312 square metres for a consideration of \$4.8 million.

3. Identified by the South East Queensland Regional Framework for Growth Management.

4. Capitalisation rate and initial yield for core centre only.

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1439 Lytton Road, Hemmant

The industrial estate at 1439 Lytton Road, Hemmant (Hemmant) was acquired for \$39.63 million (excluding acquisition costs) and comprises four warehouses and one multi-tenanted property across 25,304 square metres of space providing a range of modern, well-designed, functional buildings. The estate is anchored by a long term lease with Electrolux which occupies the largest building.

Hemmant is strategically located in Brisbane's highly desirable Trade Coast industrial precinct, a core market well known to DWPF. The precinct benefits from a limited land supply and a steady low vacancy rate. Located within close proximity to major infrastructure, including the Gateway Arterial network, Hemmant is 8 kilometres from the Port of Brisbane, 13 kilometres from the Brisbane airport and 14 kilometres from the Brisbane CBD.

Graham Pearson said: "Hemmant provides a strong alignment with DWPF's strategic objectives, further diversifying its portfolio of quality industrial buildings which are located in core markets anchored in employment hubs with access to key infrastructure. The estate allows further exposure to one of the Fund's preferred industrial locations, following our recent acquisition of 441 Nudgee Road, Hendra, acquired in October 2013 and 34 Manton Street, Morningside in December 2011.

"Acquired for favourable pricing terms in an off-market transaction with an attractive initial yield of 8.44%, a capitalisation rate of 8.25% and occupancy of 97.3%, the property provides an opportunity to generate valuation upside over the long term to the Fund's unitholders through active asset management."

The Beenleigh and Hemmant acquisitions will be funded from existing debt facilities.

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About DWPF

DEXUS Wholesale Property Fund (DWPF) is an open-ended unlisted property fund with a \$4.4 billion diversified portfolio of high quality retail, office and industrial properties in key locations in Australia. DWPF has a Standard & Poor's A (Stable) rating and is supported by over 44 Australian and international wholesale investors. DWPF has outperformed its benchmark, the Mercer IPD Unlisted Property Fund Index over the last one, three and five year periods. DWPF is managed by DEXUS, one of Australia's leading real estate groups with over \$13 billion assets under management. www.dexus.com

DEXUS Wholesale Property Limited ABN 47 006 036 442, AFSL 238166, as Responsible Entity for DEXUS Wholesale Property Fund

