

RELEASE NOTICE

Ernst & Young ("EY") was engaged on the instructions of Dexus Funds Management Ltd ("Dexus") and Frasers Property Australia ("Frasers Property") ("Client") to prepare this economic contribution report in connection with the proposed redevelopment of 14-30 Lee Street, Haymarket ("proposed project"), in accordance with the engagement agreement dated 8 November 2018 including the General Terms and Conditions ("the Engagement Agreement").

The results of EY's work including the assumptions and qualifications made in preparing the report, are set out in EY's report dated 11 September 2019 ("Report"). The Report should be read in its entirety including this public release notice, the applicable scope of the work and any limitations. A reference to the Report includes any part of the Report. No further work has been undertaken by EY since the date of the Report to update it.

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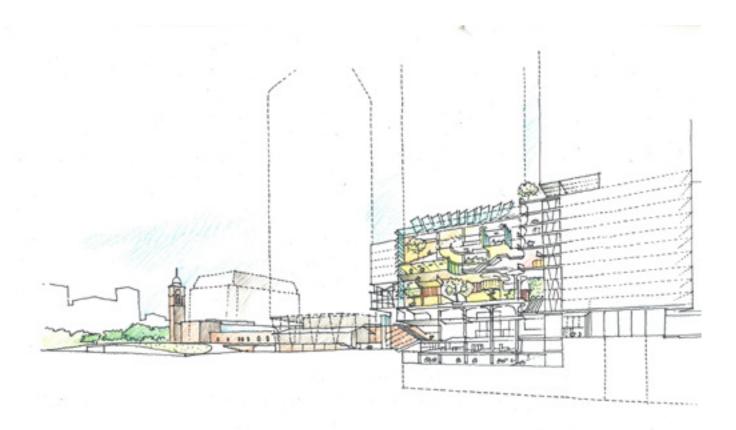
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EXECUTIVE SUMMARY

The proposed project will create a vibrant new business district and will revitalise the face of Sydney's busiest transport interchange by catering for:

- High tech jobs accommodated in large, flexible workspaces that embrace the vision for Sydney's Innovation and Technology Precinct and enhance its global competitiveness.
- ► Better pedestrian amenity that will redefine the customer experience for 20 million people who walk through Henry Deane Plaza each year.
- World class public realm with lively retail, dining and entertainment attractions that will re invigorate Sydney's day-time and night-time economy.
- ► Future proofed infrastructure with shared logistics, waste and building services to enable smart, integrated and sustainable development across the Western Gateway Sub-Precinct.¹



The proposed project addresses a gap in the market for large floor plate office space

- ► 600,000 square metres (sqm) of high quality office space will be required over the next 10 years.
- The global trend for commercial office space is for large floor plates over 2,000 sqm. The supply of large floor plate office space is constrained due to Sydney's compact geography, restrictive planning laws, and fragmented land parcels.
- The proposed project is one of few sites in Sydney's CBD that can deliver two towers with floor plates over 2,000 sqm, providing 155,000 sqm of retail and commercial office space.

600,000 sqm

of new, high quality office space will be required over the next decade

Development projects in Sydney's CBD typically only add

25% net additional floorspace

The proposed project will deliver two towers with floor plates greater than

2,000 sqm and a podium with floor plates of

6,000 sqm

Development across the Western Gateway Sub-Precinct will deliver

430,000 sqm

of mixed-use capacity, including

155,000 sqm

from the proposed project

The proposed project will deliver flexible workspaces designed for high value jobs

- The proposed project includes a "Modern Factory" podium with floor plates of 6,000 sqm and workspaces designed for high tech jobs, which will also be co-located with Atlassian's new global HQ.
- The podium will support high-value tech jobs creating a centre of gravity for the Sydney Innovation and Technology Precinct and a place the tech community can call home.
- For every tech job there will be a multiplier effect of at least 0.9 more jobs across the CBD South area (Ultimo, Haymarket and Chippendale) providing food, retail and professional office services. Research shows that innovation precincts can create as many as four additional jobs.

Sydney is home to

60%

of Australia's fintech companies

48%

of start-ups

50%

of jobs growth is in Professional, Scientific and Technical Services

The proposed project will conservatively generate a multiplier effect of 0.9 more jobs across the CBD South area. Research has shown that innovation precincts can have multiplier effects of up to 4 additional jobs

CBD South is home to a young and diverse population with

55%

being 18-34 years, singles and couples with no children

23% students

The proposed project will support

11,100

direct jobs that will contribute

\$1.5 billion

in gross value add to the economy each year

The proposed project will improve transport connectivity with better pedestrian amenity

- The proposed project will integrate with the redeveloped Henry Deane Plaza and Central Station's new Central Walk pedestrian link which will be a 19 metre wide underground concourse.
- The 20 million visitors, students, locals and workers who walk through the area each year will experience improved connectivity, access and wayfinding to and from Central Station.
- The creation of a destination with dynamic retail, dining and entertainment attractions will increase visitor, worker and student spending.

Central Station is Australia's busiest station serving **72 million** customers each year

Central Station is only

7km

to the airport which is significantly closer than other global cities like New York, Paris and Tokyo Up to

\$50m

in economic benefits can be achieved by improving the pedestrian experience through Henry Deane Plaza, helping people to feel safe and comfortable, and creating a sense of place for people to interact

The proposed project will deliver a high quality built environment with world class public realm

- Redevelopment of Block B will improve the urban amenity of the built environment through the provision of better public spaces, mixeduse development, high quality streetscapes and activation of the urban domain, potentially catalysing further redevelopment and investment across neighbouring areas.
- The proposed project will stimulate land values and catalyse higher value land uses across the precinct such as retail, commercial, food and entertainment attractions.
- The proposed project will support 21,100 jobs on the site and across the CBD South area worth \$3.2 billion in value added each year (direct, indirect and induced impacts).

Only **12**% of the **2.4 million sqm** of floorspace in the CBD South area caters to high value professional jobs – the remainder is dominated by low value food, retail and tourism outlets

The proposed project will support

\$3.2 billion

in gross value add per year which is **3%** of City of Sydney's annual GRP The proposed project will support

21,100 jobs

(direct and indirect), a **28**% jobs boost for CBD South

UTS has a goal that half its

45,000 students

will work with start-ups within 5 years

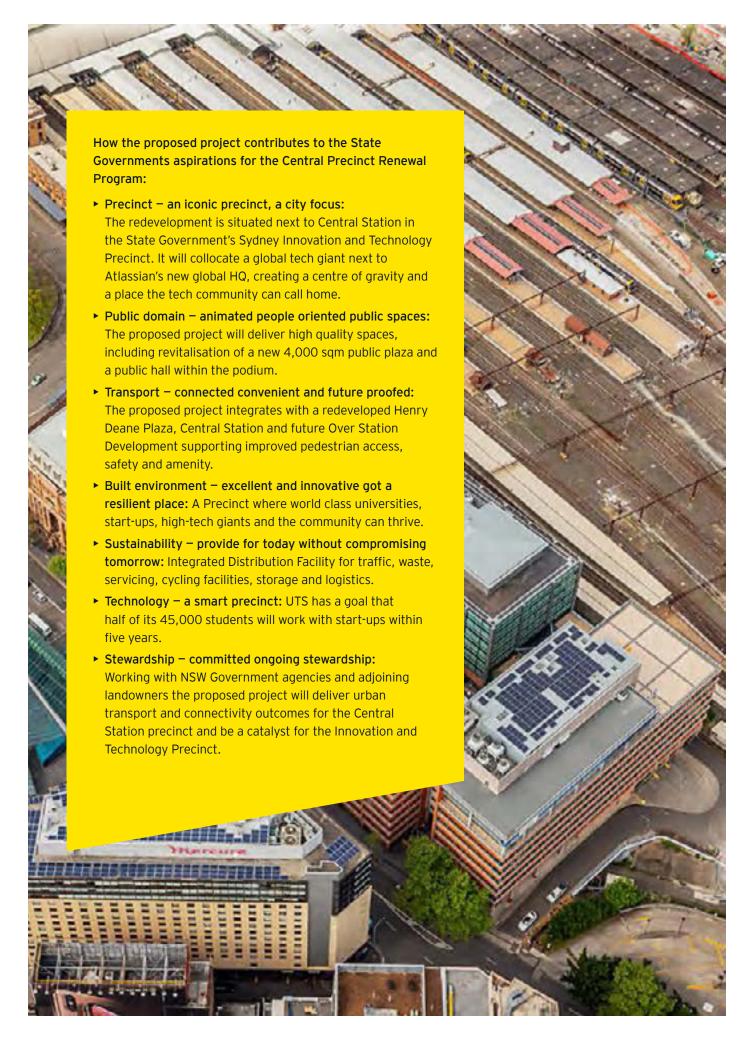
The proposed project will support shared services by delivering future proofed infrastructure

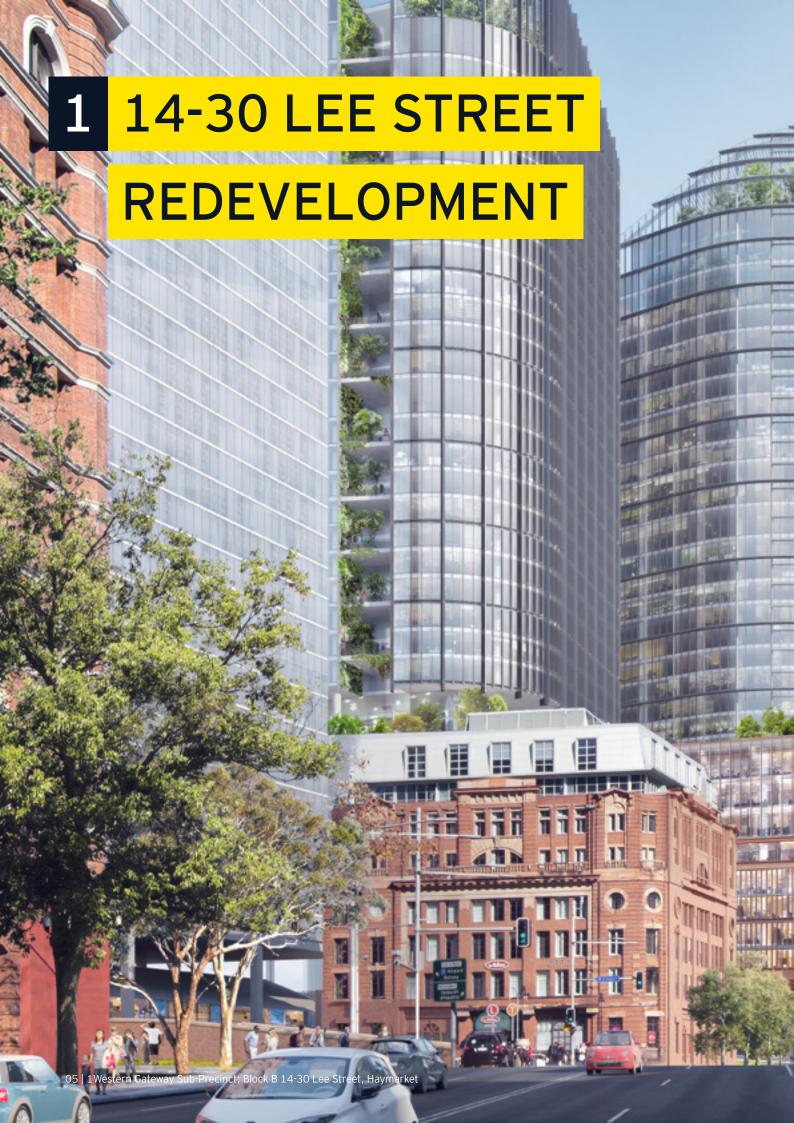
- The proposed project will deliver shared logistics, waste and building services by providing integrated basement facilities for the whole precinct, including the proposed Atlassian development at the YHA site and future Over Station Development at Central Station.
- Delivering future proofed basement infrastructure as part of the proposed project, is worth an estimated value of \$470 million in avoided infrastructure costs.

The proposed project will deliver shared basement infrastructure to support future Over Station Development

\$470 million

in economic and financial savings with shared logistics, waste and building services







Building a vibrant new precinct that will revitalise Sydney's busiest transport interchange.

The proposed project

The proposed \$2 billion redevelopment of Block B 14-30 Lee Street (the proposed project) in Haymarket seeks to convert the site into high quality, mixed-use development comprising commercial, high tech and retail uses. Construction of the proposed project will take three years, creating 510 jobs at its peak in 2023. The proposed project will result in two commercial towers with gross floor area of 60,000 square metres (sqm) and 40,000 sqm, 5,000 sqm of retail, a 'Modern Factory' podium with 45,000 sqm and three levels of shared basement.²

This mixed-use development will include a significant commercial component and the potential for improved urban, transport and connectivity outcomes. It presents a unique opportunity to integrate Transport for NSW's plans to revitalise Central Station, along with the new Sydney Metro and Light Rail projects, complementing the State Government's vision for a new technology and innovation precinct stretching from Central to Eveleigh.³

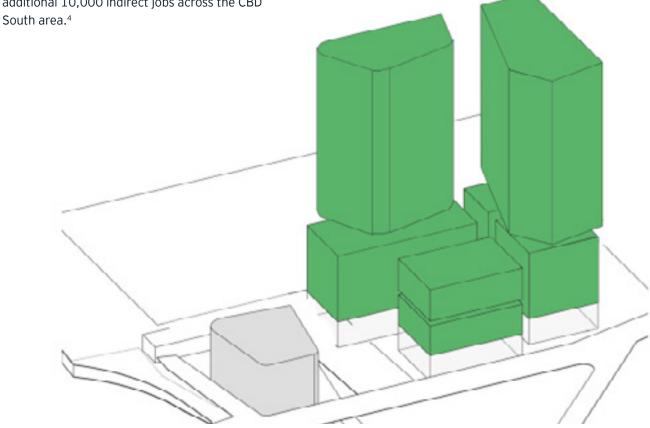
Adjacent to Sydney's Central Station and near to the UTS campus, the proposed project will transform the western edge of Central Station and the surrounding area by creating high quality open space and mixeduse development for workers, students, locals and tourists. When completed in 2024, the two towers and podium will support 11,100 direct jobs on site and an additional 10,000 indirect jobs across the CBD

Vision

Dexus' Vision for the proposed project is to create a vibrant new precinct that will revitalise Sydney's busiest transport interchange by catering for:

- High tech jobs accommodated in large, flexible workspaces that embrace the vision for Sydney's Innovation and Technology Precinct and enhance Sydney's global competitiveness.
- ► Better pedestrian amenity that will redefine the customer experience for 20 million people who walk through Henry Deane Plaza each year.
- World class public realm with lively retail, dining and entertainment attractions that will invigorate Sydney's day-time and nighttime economy.
- ► Future proofed infrastructure with shared logistics, waste and building services to enable smart, integrated and sustainable development across the Western Gateway Sub-Precinct.

Source: Vision/Objectives, 2019, Dexus.



Addressing a gap in the market for large floorplate office space

600,000 sqm

of new, high quality office space will be required over the next decade⁵

Development projects in Sydney's CBD typically only add

25% net additional floorspace⁶

The proposed project will deliver two towers with floor plates greater than

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Development across the Western Gateway Sub-Precinct will deliver

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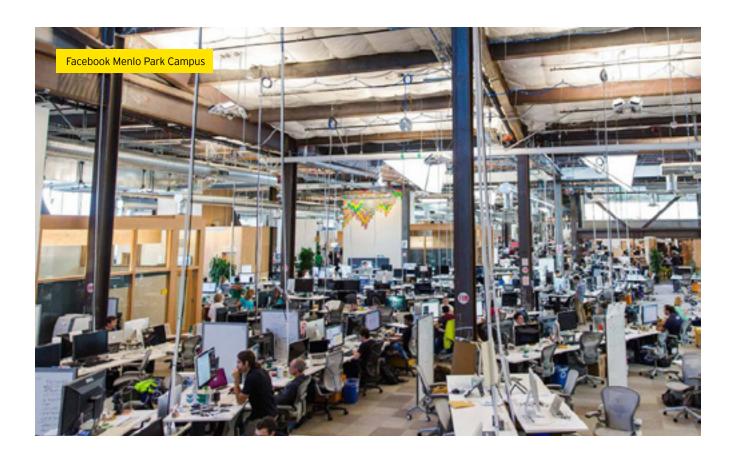
155,000 sqm

from the proposed project⁷

Sydney's CBD is the largest commercial office market in Australia. It attracts major companies, global investment and talent, and it is home to Australia's most significant cluster of financial and professional services. Recent analysis by the Reserve Bank of Australia shows that tenant demand combined with a strong local economy is contributing to low CBD commercial vacancy rates of around 3.7%, the lowest it has been for more than a decade.9 Supply is not keeping up with demand – total office floor space in the Sydney CBD has declined by 100,000 sqm in the past two years.¹º Projects in the CBD typically only add 25% net additional floorspace and this year's completions will deliver around 56,000 sqm of commercial space, 55% below the historic 20 year average.¹¹¹

Demand continues to grow and up to 600,000 sqm of new, high quality office space will be required in the CBD over the next 10 years. ¹² Commercial tenants are also demanding buildings with larger floor plates in excess of 2,000 sqm to support their business needs. ¹³

The ability for Sydney's CBD to deliver this supply is constrained due to its compact geography, restrictive planning laws, and fragmented land parcels. ¹⁴ Inability to supply the demanded CBD office space will limit the city's economic growth potential, reducing its competitiveness and productivity. ¹⁵



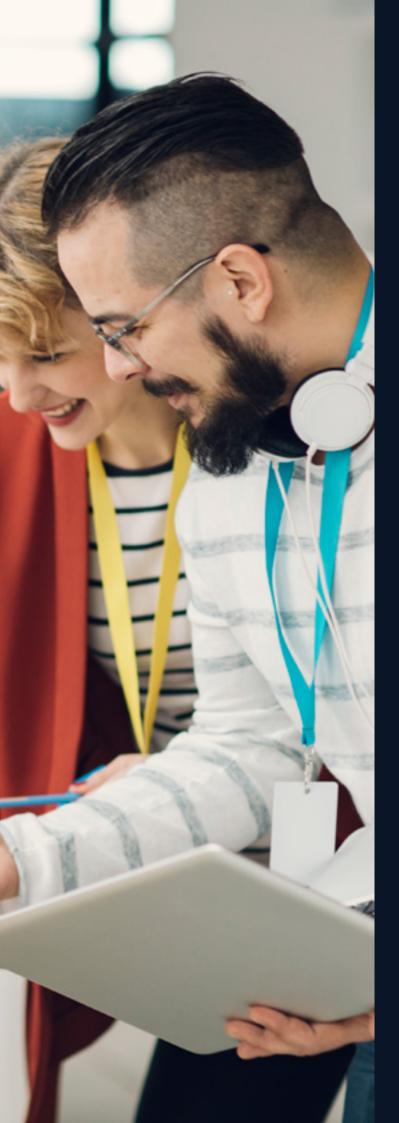
Located in the NSW Government's Innovation Corridor, the proposed project and the other developments in the Western Gateway Sub-Precinct – comprising Atlassian's HQ's, existing Toga site, potential Over Station Development and Western Walk retail – will deliver a substantial increase in supply and capacity of 430,000 sqm of mixed-use space. He when complete in 2024, the proposed project will open up 155,000 sqm of high quality space for commercial and retail uses. By delivering world class office space and more capacity in the CBD South area. The proposed project will create additional economic value to Sydney's economy through attracting more knowledge based and productive jobs and generating additional business activity.

Analysis of large floor plate (greater than 2,000 sqm) office space data from the Property Council of Australia indicates only 7% of total supply is in the CBD South area. The First State Super building in Darling Square (total 26,000 sqm) and the Department of Immigration building on Lee Street (total 14,400 sqm) are the only buildings that have large floor plates in the CBD South area (3,250 sqm and 2,200 sqm respectively).









High tech jobs accommodated in large, flexible workspaces that embrace the vision for Sydney's Innovation and Technology Precinct and enhance Sydney's global competitiveness.

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The proposed project will conservatively generate a multiplier effect of 0.9 more jobs across the CBD South area. Research has shown that innovation precincts can have multiplier effects of up to 4 additional jobs

CBD South is home to a young and diverse population with

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being 18-34 years, singles and couples with no children

23%

students²⁰

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\$1.5 billion

in gross value add to the economy each year²¹

A flexible, mixed-use development that supports future growth in tech jobs

Sydney's economy is home to a growing Professional, Scientific and Technical Services sector, including 60% of Australia's fintech companies and 48% of start ups. Forecasts indicate this sector is expected to contribute half of total growth in professional employment over the next 10 years and it will require around half of the estimated 600,000 sqm demand for new office space.²² To realise this growth, the future supply of commercial space will need to meet the business requirements of companies in this sector. These companies are looking for large, high grade commercial space that allow them to quickly mobilise and expand teams.

The proposed project will deliver buildings with larger footprints – two towers with floor plates of 2,000 to 2,300 sqm and a podium with 6,000 sqm floor plates – that will attract global companies and higher value jobs. Arranged in a campus style formation, the large span workspaces will encourage adaptable and functional workplace clusters. The built form will be inspired by the universal appeal of industrial warehouse structures which have been favoured by creative tech companies for their informal character.

Once complete, the proposed project will have a substantial impact on employment, supporting an additional 11,000 knowledge-based Professional, Scientific and Technical Services jobs and 100 Retail Trade jobs, delivering \$1.5 billion in direct value add each year. These jobs will generate around \$1.1 billion per annum in gross salaries and wages, and the majority will be spent throughout Sydney's economy contributing to further economic activity. New world class commercial space will attract high value added jobs that potentially service the entire Asia Pacific Region.²³

The proposed project is also located in NSW Government's prospective Sydney Innovation and Technology Precinct where it plans for tech giants, start-ups, and universities and research institutions to co locate. By delivering a 40,000 sqm podium, it is also one of the very few sites in the CBD that will be attractive to tech companies. Located next door to Atlassian's new HQ in Block A within the Western Gateway, the redevelopment will provide a focal point for the Precinct.²⁴

The future of work is changing

Over the past decade, there has been a trend across global financial centres for buildings with larger footprints, i.e. floor plates greater than 2,000 sqm. This is in part a response to how technology is changing production patterns and the way business operates. The World Bank reports that to realise the rapid growth opportunities made possible by digital transformation, companies are increasingly hiring workers that are adaptable and can work effectively in teams. EY research shows that employees are increasingly seeking to work for companies that offer flexibility, have a purpose and offer the latest digital tools and technology.

The proposed project will deliver high quality spaces and working environments in a connected area of the CBD that will be attractive to employees, helping companies to attract and retain talent and access a young and diverse population that resides in the CBD South area.

Major workforce trends:



of the world's workforce are going to be millennials by 2025



of millennials said that workplace technology influences their choice of job



of companies use flexible (freelancers, temps and agency) workers



of executives said the need for globally mobile employees will increase

Source: The future of work is changing. Will your workforce be ready?, © 2017 EY. World Development Report 2019, The Changing Nature of Work, © 2019 International Bank of Reconstruction and Development/ The World Bank.





King's Cross station redevelopment

The King's Cross redevelopment in London is transforming what was once industrial wasteland into a new vibrant, mixed use part of the city. The success of the project has been in part due to securing global anchor tenants, including Google, Havas and Universal Studios, which have attracted other large media organisations and companies to move to the area. The redevelopment has resulted in a significant increase in the number of people working in knowledge based jobs, increasing by 65% over five years, compared to 22% across London.

Source: Dr Tim Moonen, Caitlin Morrisey, Opportune Simon, Jake Nunley and Prof Greg Clark, Cities, Gateway Destinations and Global Competitiveness?, July 2019.

The proposed project contributes to enhancing the CBD's global competitiveness by:

- Creating a new home for companies in Professional, Scientific and Technical Services, supporting new jobs, growth and innovation, and net productivity improvements.
- Enhancing Sydney's brand and image as a global centre for knowledge-based companies and jobs.





Better pedestrian amenity that will redefine the customer experience for 20 million people who walk through Henry Deane Plaza each year.

Central Station is Australia's busiest station serving **72 million** customers each year²⁵

Central Station is only

7km

to the airport which is significantly closer than other global cities like New York, Paris and Tokyo²⁶ Up to

\$50m

in economic benefits can be achieved by improving the pedestrian experience through Henry Deane Plaza, helping people to feel safe and comfortable, and creating a sense of place for people to interact²⁷

Improved connectivity and world class public realm

The proposed project will be a transit orientated development located on the western edge of Central Station and is adjacent to Henry Deane Plaza. It provides a critical interchange for customers travelling on suburban, regional, light rail, bus and coach services. The Station is only 7 kilometres from Kingsford Smith Airport.²⁸ The Station provides connecting services to and from the airport and it is the gateway station for domestic and international tourists. The introduction of Sydney Metro and Light Rail services combined with a growing population will mean Central Station will become increasingly busy, highlighting the need for efficient and smooth pedestrian movements.

Around 8,400 people travel through Henry Deane Plaza between 8-9 am making it a heavily trafficked plaza during this hour.²⁹ A survey of current users of the Plaza and the surrounding area shows that it is not viewed positively and could be improved in several ways. Most users only pass through because it is the easiest and fastest way of getting to where they need to go, and they generally only stop if and when they have a reason.³⁰

The proposed project will integrate with a redeveloped Plaza and the Station's new Central Walk pedestrian link, which is a 19 metre wide underground concourse. Over 20 million pedestrians who walk through the area each year will experience improved connectivity, access and wayfinding to and from the Station reducing pedestrian travel times.³¹

Using parameters from the UK Pedestrian Environment Review System (PERS – a methodology that is used to estimate the value ("willingness to pay") pedestrians place on improvements to public spaces) up to \$50 million in economic benefits can be achieved by improving the pedestrian experience through Henry Deane Plaza, helping people to feel safe and comfortable, and creating a sense of place for people to interact.³²

The redevelopment has the potential to connect with the Goods Line, a dedicated shared pedestrian and cycle path, providing students, workers, locals and visitors with access to UTS, Sydney TAFE, cultural and media institutions and organisations, and major attractions at Darling Harbour.

Seamless integration between the street scape, public realm, Henry Deane Plaza and Central Station will revitalise a space that connects places and activates street fronts. This will provide better placemaking outcomes, amenity and significantly improved user experience for workers, visitors and students. The creation of a destination with a dynamic retail offering is also likely to increase visitor, worker and student spend, and potentially catalyse further redevelopment and investment across neighbouring areas.

Improvements to the urban form will make it more attractive for existing pedestrians, including workers, students, tourists and residents, to travel through and spend time in the area, as well as attracting new visitors and users who want enjoy the improved public spaces.



Value of placemaking and economic public value

Another lens to help understand the value of the proposed project is impact on economic public value. Public value measures less tangible benefits to society, including the value of time, public domain, productivity, health benefits, and the impact on heritage and the environment. The proposed project will contribute to a more liveable, efficient, productive and sustainable city and a summary of these benefits is provided below.

A more liveable city

Improving efficiency of land use

Economic benefit realised by releasing land to its highest and best use

A more productive city

Urban densification benefits

Agglomeration benefits of increasing population and employment density within Sydney

A more efficient city

Public infrastructure

Infrastructure efficiency savings of brownfield development

Transport network efficiency

Vehicle externalities from reduced car tips

Source: Urban renewal benefits catalogue, EY.

A more sustainable city

Health benefits

Health benefits resulting from more people taking an active mode to work

Social benefits

Public amenity of improved public spaces

The proposed project contributes to enhancing the CBD's global competitiveness by:

- Integrating with multi-modal access and improving access to and from public transport.
- Providing businesses with new a new office location that offers high quality amenity, public realm and access to transport maximising public benefit.





World class public realm with lively retail, dining and entertainment attractions that will invigorate Sydney's day-time and night-time economy.

Only 12% of the 2.4 million sqm of floorspace in the CBD South area caters to high value professional jobs – the remainder is dominated by low value food, retail and tourism outlets³³

The proposed project will support

\$3.2 billion

in gross value add per year which is 3% of City of Sydney's annual GRP³⁴ The proposed project will support

21,100 jobs

(direct and indirect), a **28%** jobs boost for CBD South³⁵

UTS has a goal that half of its

45,000 students

will work with start ups within five years³⁶

A high quality built environment and improved urban amenity

The redevelopment of the site will improve the urban amenity of the built environment through the provision of better public spaces, mixed-use development, high quality streetscapes and activation of the urban domain. This will include:

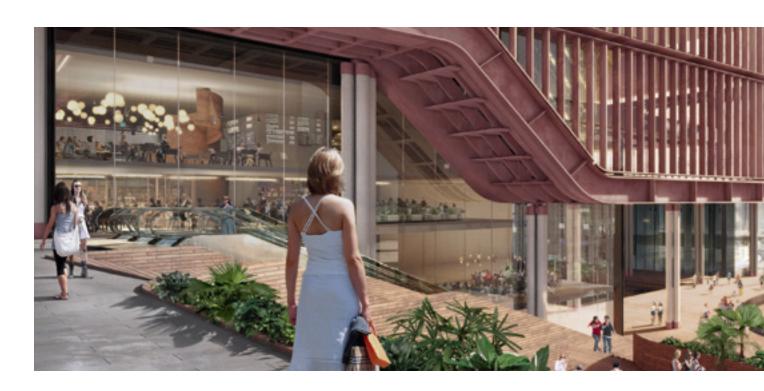
- 5,000 sqm of retail floorspace and attracting around five new international retailers and increasing consumer choice and quality.
- An activated Lee Street frontage and a lobby with access to podium and towers above at upper ground level.
- An upper ground public space, which will be accessible outside of work hours.
- Redeveloped public space and stairs from 14-30 Lee Street to future Over Station Development forming part of the Central Precinct Renewal.
- ► Integration with a redeveloped Henry Deane Plaza.

Currently, only 12% of the 2.4 million sqm of floorspace in the CBD South area caters to high value professional jobs – the remainder is dominated by low value food, retail and tourism outlets. The proposed project creates the opportunity to create a more vibrant and safe day and night time economy, contributing to Sydney's standing as a globally competitive city and forging close ties to nearby universities. Upon completion the proposed project is expected to enable net additional 11,100 direct jobs which represents a 28% jobs boost

for the CBD South area. A further 10,000 indirect jobs will also be supported by the proposed project. , Combined, these jobs will contribute \$3.2 billion in value add each year which is 3% of City of Sydney's annual GRP (further information on the economic contribution methodology is provided in the appendix).

The proposed project is also likely to catalyse further investment and economic activity in nearby areas, resulting in investment and development that regenerates the surrounding area shifting it towards better uses and improved quality of services, and higher land values. For example, King's Cross and Battersea Power Station redevelopments in London attracted new investment to surrounding areas, resulting in increases to land values of around 22% and 33% respectively. A number of international precincts located next to major stations demonstrate how an initial investment has acted as a catalyst, including London King's Cross, Hong Kong Kowloon Station, Berlin Central Station, Vienna Central Station, Osaka Umekita and Denver Union Station.

The proposed project will expand and enhance the CBD South economy, helping to ensure that Sydney remains an attractive prospect for major businesses that operate in the Asia Pacific region. Investing in projects, like 14-30 Lee Street, that create denser pools of companies and resources is also likely to generate wider economic benefits by attracting business investment across wider areas, including net productivity improvements through agglomeration benefits.



The value of urban densification and productive cities

There is a well-documented relationship between the density of cities (e.g. the number of workers, residents and jobs per sqm) and the productivity of the economic activity taking place there. Larger and denser cities facilitate better connectivity between firms, provide businesses with easier access to a larger workforce and market, and give firms access to a wider range of inputs. It is straightforward to observe this relationship in practice – why would companies otherwise be willing to pay higher rents, wages and transport costs associated with inner city locations?

Densification benefits, or agglomeration benefits, occur when urban renewal puts businesses and workers physically closer, or better connects them to each other. The most commonly described agglomeration benefits are:

- ► Economies of scale falling unit costs of production due to competition from multiple suppliers, cheaper inputs or input sharing, a larger combined customer base, and opportunities for product differentiation.
- Network and agglomeration benefits where interlinked firms can lower their transaction costs and increase interfirm productivity.
- Knowledge sharing and technology spillovers the more rapid diffusion of innovation, technology and information.
- Labour market pooling greater specialisation where workers are better matched to their roles and enhanced labour mobility leads to skill 'spillovers' between firms.

These benefits tend to be even stronger where densities are already high. Considering the Sydney CBD is experiencing capacity constraints and the proposed project is densifying the use of the sites, it is likely that a "clustering" of economic activity will occur leading to productivity benefits for companies that they otherwise would not have enjoyed.

Source: EY.





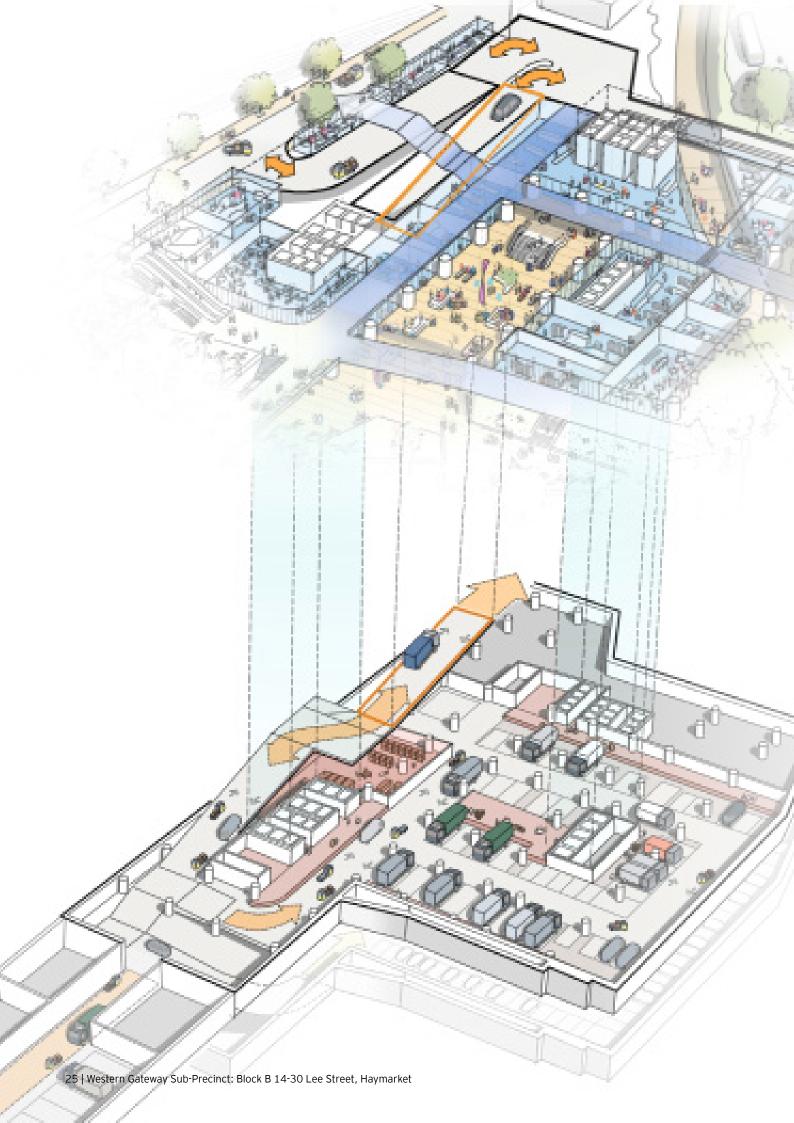


Future proofed infrastructure with shared logistics, waste and building services to enable smart, integrated and sustainable development across the Western Gateway Sub-Precinct.

The proposed project will deliver shared basement infrastructure to support future Over Station Development⁴⁰

\$470 million

in economic and financial savings with shared logistics, waste and building services⁴¹



Shared infrastructure that supports future development

The proposed project provides an integrated approach to logistics and servicing by providing crucial shared use basement facilities costing over \$70 million. It will deliver a shared use basement with capacity for critical services not only for the proposed project, but also the proposed development of Blocks A and C within the Wester Gateway Sub-Precinct and future Over Station Development at Central Station.

The shared use basement will accommodate an integrated distribution facility comprising 48 loading dock spaces for a range of service vehicles from utility vans to medium rigid vehicles, and bicycle parking for visitors and staff, and end of trip facilities for staff.

The basement will also provide a dedicated emergency vehicle access ramp to the future Over Station Development forming part of the Central Precinct Renewal development and it will remove vehicle movements from Ambulance Avenue and enable pedestrianisation of the future Central Walk West concourse.⁴²

Future Over Station Development at Central Station will only be realised if there is an appropriate location to house major service facilities and a distribution centre. Planning and delivering a future proofed basement infrastructure as part of the redevelopment of Block B:

- Allows for future Over Station Development, which Dexus estimates will deliver a cost saving of around \$470 million (comprising avoided duplication of basement ramps, avoiding the need for a dedicated Over Station Development loading docks and unlocking more developable floorspace).⁴³
- Optimises the use of the sites and creates better design outcomes by freeing up ground space for high value uses, including public spaces, activated facades and quality urban amenity.



Hudson Yards, New York City

Hudson Yards is a significant 15 acre over rail development on Manhattan Island. The first phase of the project opened in early 2019 and it has come under scrutiny for its cramped public spaces. The project is built on an over rail platform and has no basement, which means its two main buildings, a performance venue and stairway known as New York's Staircase, occupy valuable space on the pedestrian level which is normally reserved for plazas and open space. Hudson Yards highlights the need for quality urban design and basement facilities, which allow for an appropriate separation between street level open space and commercial development.

Source: Metropolis, *Dig We Must: What Hudson Yards* Gets Wrong, 15 March 2019²³

The proposed project contributes to enhancing the CBD's global competitiveness by:

- Enables the competitive performance of new and established companies by providing infrastructure that allows companies to collocate and compete more effectively.
- Encourages new ways of delivering major projects efficiently, for example through the provision of shared infrastructure.

APPENDIX A:

Summary of the Economic Contribution Analysis Report

EY were engaged by Dexus Funds Management and Frasers Property to provide an economic contributions analysis of the proposed project. The result of this analysis is reflected in this report. This appendix presents an overview of the methodology and key results.

Methodology

Economic contribution analysis measures all market related direct and indirect expenditure and economic activity generated by a specific industry and/or activity.

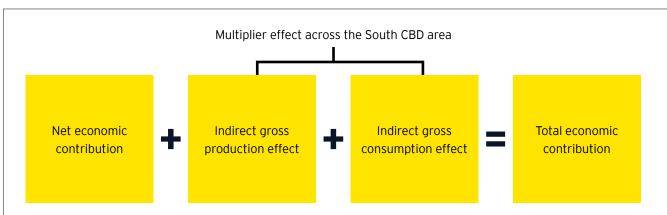
Direct net economic contribution involves understanding and mapping the contributions directly attributable to an activity i.e. the proposed redevelopment of Block B 14-30 Lee Street, Haymarket. The key direct impacts come from capital and operating expenditures, employment and tax contributions associated with the redevelopment.

Indirect gross economic contribution involves mapping the multiplier effects from the redevelopment as the direct impacts of the proposed project activity trickle through the economy. These multiplier impacts are reflected through the production effects as more goods and services are demanded, and consumption effects where a proportion of wages and salaries paid to workers are spent on consumptions activities.

The figure below shows the relationship between these effects and the total economic contribution.



We used an input-output table (IO) to measure the direct, production and consumption effects resulting from the construction and operation of the proposed project, and the size of the contribution to the local economy – the South CBD area, which includes the suburbs of Ultimo, Haymarket and Chippendale.



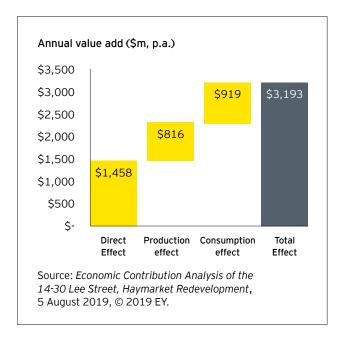
An IO table accounts for all of the transactions in the South CBD area's economy, making up total demand for and supply of goods, labour and capital. The direct and indirect impacts on value add and employment were calculated to understand the impact of the proposed project.

Source: REMPLAN 2019.

Summary of key results

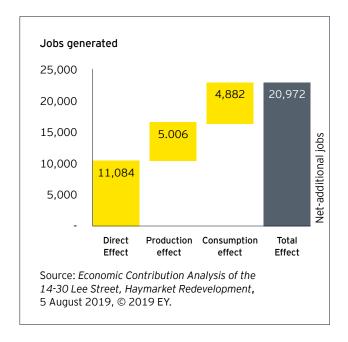
Value add

The incremental jobs deliver \$1.5 billion in direct value add each year. This increases to \$3.2 billion per year when counting value add through the direct, indirect and induced effects. The figure below shows the breakdown of value add delivered to the CBD South area as a result of the redevelopment.



Employment

When capturing all effects, the development supports around 21,000 jobs (direct and indirect) in the CBD South area. Around 11,100 are directly enabled through the net-additional floorspace on the Site, the remaining 10,000 jobs result from the indirect and induced effects of production and consumption. The figure below shows the number of jobs generated by the redevelopment.





APPENDIX B:

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