

DEXUS Property Group (ASX: DXS)

ASX release

11 December 2015

Significant increase in valuations across the DEXUS portfolio

DEXUS Property Group (DEXUS) today announced that 40 of its 102 properties, comprising 35 office properties and 5 industrial properties have been externally valued as at 31 December 2015, reflecting 79%¹ of the DEXUS portfolio. Combined with internal valuations across the remainder of the portfolio, this has resulted in an estimated \$450 million or 4.8% increase on prior book values.

This valuation increase adds to the \$40 million uplift booked on valuations as at 30 September 2015 and announced to the ASX on 22 October 2015.

Darren Steinberg, CEO of DEXUS said: “This valuation period has seen some considerable cap rate tightening flow through for quality properties driven primarily from recent comparable market transactions, combined with leasing success.

On average cap rates have tightened 40 basis points across the total portfolio to 6.48%, with the weighted average cap rate of the office portfolio tightening 41 basis points from 6.71% at 30 June 2015 to 6.30% at 31 December 2015. The industrial portfolio weighted average cap rate tightened 19 basis points from 7.77% to 7.58%.”

5 Martin Place, Sydney achieved a 28.0% increase in value following the completion of the development and further leasing success, increasing the valuation by \$30.4 million and resulting in a 62 basis point tightening in the property’s capitalisation rate to 5.13%.

The 16.7% decrease in value at 240 St Georges Terrace in Perth reflected the impending vacancy by Woodside in 2019 and the soft market fundamentals of the Perth office market.

Strong leasing success, tenant retention and growth in market rents at 1 Farrer Place, Sydney has contributed to a \$108.3 million or 14.9% increase in value and resulted in a 96 basis point tightening in the property’s capitalisation rate to 5.29%.

Darren Steinberg said: “Continued strong investment demand for quality properties combined with a low interest rate environment are expected to result in cap rates remaining around these levels for the foreseeable future.”

For further information please contact:

Investor relations

Rowena Causley T: +61 2 9017 1390
M: +61 416 122 383
E: rowena.causley@dexus.com

Media relations

Louise Murray T: +61 2 9017 1446
M: +61 403 260 754
E: louise.murray@dexus.com

About DEXUS

DEXUS Property Group is one of Australia’s leading real estate groups, investing directly in high quality Australian office and industrial properties. With \$19.6 billion of assets under management, the Group also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. The Group manages an office portfolio of 1.7 million square metres located predominantly across Sydney, Melbourne, Brisbane and Perth and is the largest owner of office buildings in the Sydney CBD, Australia’s largest office market. DEXUS is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange under the stock market trading code ‘DXS’ and is supported by more than 32,000 investors from 21 countries. With 30 years of expertise in property investment, development and asset management, the Group has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for its investors. www.dexus.com

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 Property Group (ASX: DXS)

¹ By total portfolio value.

DEXUS Property Group (ASX: DXS)

ASX release

APPENDIX 1 - DEXUS office portfolio independent valuations for the period ending 31 December 2015

Property	DXS ownership	External valuation ^{2,3}	Variance to book value (\$m) ³	Variance to book value (%) ³	Prior cap rate	New cap rate
Office						
Finlay Crisp Centre, Canberra ACT	50%	\$39.9m	-\$2.8m	-6.5%	9.25%	10.58%
1 Margaret Street, Sydney NSW	100%	\$239.0m	\$17.3m	7.8%	6.50%	6.00%
45 Clarence Street, Sydney NSW	100%	\$328.0m	\$26.5m	8.8%	7.00%	6.13%
201-217 Elizabeth Street, Sydney NSW	50%	\$184.0m	\$15.1m	8.9%	6.50%	6.00%
44 Market Street, Sydney NSW	100%	\$285.0m	\$16.9m	6.3%	6.75%	6.38%
309-321 Kent Street, Sydney NSW	50%	\$233.3m	\$26.7m	12.9%	6.83%	6.33%
Governor Phillip & Macquarie Towers, 1 Farrer Place, Sydney NSW	50%	\$833.0m	\$108.3m	14.9%	6.25%	5.29%
1 Bligh Street, Sydney NSW	33%	\$293.3m	\$0.9m	0.3%	5.25%	5.25%
2 & 4 Dawn Fraser Avenue, Olympic Park NSW	75%	\$116.6m	-\$13.7m	-10.5%	7.75%	7.50%
Grosvenor Place, 225 George Street, Sydney NSW	37.5%	\$516.8m	\$53.1m	11.4%	6.00%	5.50%
60 Castlereagh Street, Sydney NSW	50%	\$167.0m	\$20.4m	13.9%	6.50%	5.88%
175 Pitt Street, Sydney NSW	50%	\$166.0m	\$27.0m	19.4%	6.68%	6.03%
56 Pitt Street, Sydney NSW	50%	\$111.0m	\$17.3m	18.5%	6.75%	6.13%
101 George Street, Parramatta NSW	50%	\$52.3m	-\$0.4m	-0.8%	8.00%	7.25%
130 George Street, Parramatta NSW	100%	\$99.0m	\$13.0m	15.1%	8.25%	7.00%
201 Miller Street, North Sydney NSW	50%	\$50.0m	\$2.3m	4.9%	8.00%	7.25%
5 Martin Place, Sydney NSW	25%	\$139.0m	\$30.4m	28.0%	5.75%	5.13%
Australia Square, 264-278 George Street, Sydney NSW	50%	\$376.0m	\$38.5m	11.4%	6.69%	5.72%
383-395 Kent Street, Sydney NSW	100%	\$179.0m	\$18.6m	11.6%	7.00%	6.13%
383-395 Kent Street, Sydney NSW (car park)	100%	\$78.5m	\$12.7m	19.3%	8.25%	6.75%
39 Martin Place, Sydney NSW	50%	\$111.0m	\$16.6m	17.6%	6.62%	5.88%
11 Talavera Road, Macquarie Park NSW	100%	\$172.0m	\$15.7m	10.1%	8.50%	7.50%
123 Albert Street, Brisbane QLD	100%	\$430.0m	\$7.1m	1.7%	6.75%	6.50%
12 Creek Street, Brisbane QLD	50%	\$138.8m	\$3.8m	2.8%	6.75%	6.50%
480 Queen Street, Brisbane QLD	50%	\$235.6m	\$13.5m	6.1%	6.75%	6.50%
10 Eagle Street, Brisbane QLD	50%	\$108.5m	\$4.0m	3.8%	7.25%	6.75%
145 Ann Street, Brisbane QLD	50%	\$133.8m	\$3.0m	2.3%	6.63%	6.50%
Waterfront Place Complex, 1 Eagle Street, Brisbane QLD	50%	\$348.5m ⁴	\$0.2m ⁴	0.0% ⁴	6.90%	6.44%
108 North Terrace, Adelaide SA	50%	\$43.1m	\$0.0m	0.1%	8.00%	8.25%
385 Bourke Street, Melbourne VIC	50%	\$225.0m	\$19.7m	9.6%	6.75%	6.25%
Southgate Complex, 3 Southgate Avenue, Southbank VIC	100%	\$482.2m	\$10.6m	2.2%	7.45%	6.41%
240 St Georges Terrace, Perth WA	100%	\$400.0m	-\$80.4m	-16.7%	7.00%	7.00%
58 Mounts Bay Road, Perth WA	25%	\$57.8m	-\$2.1m	-3.5%	7.25%	7.00%
46 Colin Street, West Perth WA	50%	\$15.5m	-\$2.0m	-11.3%	8.50%	8.50%
Kings Square Towers 1-3, 556-562 Wellington Street, Perth WA	50%	\$226.5m	\$1.5m	0.7%	7.23%	7.01%

² Valuations and variance to book value are estimated for period ending 31 December 2015.

³ Represents DEXUS's share of value.

⁴ Compared to acquisition valuation in June 2015 and including acquisition costs.

DEXUS Property Group (ASX: DXS)

ASX release

APPENDIX 2 - DEXUS industrial portfolio independent valuations for the period ending 31 December 2015

Property	DXS Ownership	External valuation ^{5,6}	Variance to book value ⁶ (\$m)	Variance to book value (%)	Prior cap rate	New cap rate
Industrial						
Axxess Corporate Park, Corner Ferntree Gully & Gilby Roads, Mt Waverley VIC	100%	\$192.8m	\$0.9m	0.5%	8.43%	7.46%
2-4 Military Road, Matraville NSW	100%	\$69.2m	\$5.4m	9.5%	7.25%	6.75%
131 Mica Street, Carole Park QLD	100%	\$25.0m	\$1.3m	5.7%	7.00%	6.75%
Knoxfield Industrial Estate, Henderson Road, Knoxfield VIC	100%	\$44.3m	\$3.2m	7.7%	8.00%	7.75%
Lakes Business Park North, Botany NSW	100%	\$110m	-\$6.1m	-5.3%	n/a	6.75%

⁵ Valuations and variance to book value are estimated for period ending 31 December 2015.

⁶ Represents DEXUS's share of value.

