

DEXUS Property Group (ASX: DXS)

ASX release

13 December 2016

Increase in valuations for HY17

DEXUS Property Group (DEXUS) today announced that 31 of its 106 properties, comprising 25 office properties and 6 industrial properties have been externally valued as at 31 December 2016, reflecting 56% by value of the total DEXUS portfolio.

Combined with internal valuations across the remainder of the portfolio, this has resulted in an estimated \$341 million or 3.2% increase on prior book values for the six months to 31 December 2016.

Darren Steinberg, CEO of DEXUS said: “As expected our properties have seen further cap rate tightening, and it’s pleasing to see that rental growth is being reflected in our valuations at properties in Sydney and Melbourne. The Brisbane office market is showing signs of improvement, however Perth remains challenging.”

The weighted average cap rate across the total portfolio tightened 20 basis points over the past six months to 6.13%. The weighted average cap rate of the office portfolio tightened 21 basis points from 6.16% at 30 June 2016 to 5.95% at 31 December 2016 and the industrial portfolio weighted average cap rate tightened 10 basis points from 7.38% to 7.28%.

30 The Bond, Sydney achieved a circa 18% increase in value following leasing success within a short timeframe post the surrender of Lend Lease’s space, increasing the valuation by approximately \$40 million and resulting in a 37 basis point tightening in the property’s capitalisation rate to 5.63%.

In the industrial portfolio, quality facilities have achieved valuation increases as a result of leasing success.

Details relating to the individual property valuations will be announced at DEXUS’s HY17 result on Wednesday 15 February 2017.

Darren Steinberg said: “With property fundamentals continuing to improve in Sydney and Melbourne we expect to see underlying valuation assumptions improving over the next 12 months and expect this to continue to support values in key markets.”

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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 \$22.2 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 1.8 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 31,000 investors from 20 countries. With more than 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

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