

Dexus (ASX: DXS)

ASX release



14 December 2018

\$405 million uplift achieved across Dexus's portfolio

Dexus today announced that 108 of its 112 assets, comprising 46 office properties and 62 industrial properties have been externally valued as at 31 December 2018.

The external independent valuations have resulted in a total estimated \$405 million or circa 3.1% increase on prior book values for the six months to 31 December 2018. As a result of these valuations, Dexus's net tangible asset backing (NTA) per security is expected to increase 40 cents.

Darren Steinberg, CEO of Dexus said: "From a capital perspective we are still seeing strong transactional activity and demand for quality properties across the key Australian capital cities driven by global and domestic capital seeking real assets with solid income streams. Taking this dynamic into account along with the current yield spread over the bond rate we believe there is still an opportunity for capital values to increase further over the next 12 months."

The weighted average capitalisation rate across the total portfolio tightened 16 basis points over the past six months to 5.36%. The weighted average capitalisation rate of the office portfolio tightened 15 basis points from 5.37% at 30 June 2018 to 5.22% at 31 December 2018 and the industrial portfolio weighted average capitalisation rate tightened 26 basis points from 6.40% to 6.14%.

The majority of the office portfolio valuation uplift was due to further capitalisation rate compression and increasing market rents, particularly in Sydney. MLC Centre in Sydney increased by \$27.8 million as a result of increased market rents from recent leasing activity and a 12.5 basis point tightening in the capitalisation rate of the office tower component. The development nearing completion at 100 Mount Street in North Sydney increased by \$33.1 million following continued leasing success and a 12.5 basis point tightening in the property's capitalisation rate.

Valuation increases across the industrial portfolio were driven by continued capitalisation rate compression at properties across the key Eastern seaboard markets.

Details relating to specific individual property valuations will be available in Dexus's 2019 half-year results which will be released on Wednesday, 6 February 2019.

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About Dexus

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at \$27.2 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 \$12.9 billion of office and industrial properties. We manage a further \$14.3 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$4.2 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.7 million square metres of office workspace across 53 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 more than 30 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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