

# Dexus (ASX:DXS)

## ASX release



18 December 2017

### \$660 million valuation uplift across Dexus's portfolio

Dexus today announced that 96 of their 103 assets, comprising 44 office properties and 52 industrial properties have been externally valued as at 31 December 2017.

The external independent valuations have resulted in a total estimated \$660 million or circa 5.3% increase on prior book values for the six months to 31 December 2017. As a result of these valuations, Dexus's net tangible assets per security is expected to increase 65 cents.

Darren Steinberg, CEO of Dexus said: "The strength of the fundamentals in the Sydney and Melbourne office markets combined with solid transactional evidence across both the office and industrial asset classes has seen a strong uplift in values across our portfolio over the past six months. Pleasingly our property values in Brisbane have also benefited from leasing success and values in Perth have stabilised."

The weighted average cap rate across the total portfolio tightened 29 basis points over the past six months to 5.66%. The weighted average capitalisation rate of the office portfolio tightened 28 basis points from 5.78% at 30 June 2017 to 5.50% at 31 December 2017 and the industrial portfolio weighted average capitalisation rate tightened 23 basis points from 6.88% to 6.65%.

The majority of the valuation uplift was due to the increase in market rents and further capitalisation rate compression experienced in both Sydney and Melbourne. In Sydney, 45 Clarence Street increased \$55 million and 383-385 Kent Street increased \$76 million as a result of capitalisation rates firming 50 basis points. 100 Mount Street, North Sydney, which is currently under construction, increased in value by approximately \$36 million following leasing success which resulted in a 75 basis point tightening in the property's capitalisation rate to 5.25%.

In the industrial portfolio, strong leasing at recently completed developments located at Greystanes and Laverton and capitalisation rate firming in the Prime South Sydney market led to valuation increases.

Details relating to specific individual property valuations will be released in Dexus's HY18 result to be announced on Wednesday 14 February 2018.

Darren Steinberg said: "Australia is a key destination for commercial real estate investment, with recent transactions pricing in line with global metrics. This has been driven not only by the strong fundamentals in the Sydney and Melbourne office markets but also by the long dated nature of debt now able to be obtained by well capitalised institutional real estate owners."

### For further information please contact:

Investor Relations  
Melanie Bourke  
+61 2 9017 1168  
+61 405 130 824  
melanie.bourke@dexus.com

Media Relations  
Louise Murray  
+61 2 9017 1446  
+61 403 260 754  
louise.murray@dexus.com

### About Dexus

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at \$24.9 billion. We believe that the strength and quality of our relationships will always be 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 \$12.2 billion of office and industrial properties. We manage a further \$12.7 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$4.3 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.8 million square metres of office workspace across 54 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 28,000 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](http://www.dexus.com)

### Download the Dexus IR app

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 (ASX: DXS)