

Dexus (ASX: DXS)

ASX release



16 December 2020

Recent sales support resilience in asset values

Dexus today announced that 111 of its 122 assets, comprising 42 office properties and 69 industrial properties have been externally valued as at 31 December 2020.

The external independent valuations have resulted in a total estimated increase of circa \$109 million or 0.7% on prior book values¹ for the six months to 31 December 2020.

Darren Steinberg, CEO of Dexus said: “We have seen continued interest and demand from investors despite softer fundamentals in the office occupier market. These investors are looking through the current cycle, recognising the long-term value and benefits of being able to increase their investments in Australian real estate. This dynamic, coupled with lower for longer interest rates has supported cap rates and asset values.

“Our latest independent valuations demonstrate the resilience of high-quality assets in prime locations. The office portfolio value was in line with prior book values as a result of the softer valuer assumptions over the next 12 months relating to rental growth, downtime and incentives, being offset by successful leasing. The industrial portfolio experienced a circa 4.5% increase on prior book values, reflecting recent portfolio leasing and the continued investment demand for industrial assets globally.”

The weighted average capitalisation rate across the total portfolio tightened circa 4 basis points over the past six months from 5.05% at 30 June 2020 to circa 5.01% at 31 December 2020. The weighted average capitalisation rate of the office portfolio tightened circa 2 basis points from 4.97% at 30 June 2020 to circa 4.95% at 31 December 2020 and the industrial portfolio weighted average capitalisation rate tightened circa 30 basis points from 5.66% at 30 June 2020 to circa 5.36% at 31 December 2020.

Details relating to specific individual property valuations will be available in Dexus’s 2021 half year results which will be released on Tuesday, 9 February 2021.

1. Excluding 45 Clarence Street, Sydney, Grosvenor Place, Sydney and 60 Miller Street, North Sydney following the announcement of the sale of these assets in the six months to 31 December 2020.

Authorised by the Board of Dexus Funds Management Limited.

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About Dexus

Dexus is one of Australia’s leading real estate groups, managing a high-quality Australian property portfolio valued at \$32.0 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 \$16.5 billion of office and industrial properties. We manage a further \$15.5 billion of office, retail, industrial and healthcare properties for third party clients. The group’s \$10.4 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.8 million square metres of office workspace across 51 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 29,000 investors from 21 countries. With 36 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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