

DEXUS Property Group (ASX: DXS)

ASX release

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Further increases in property valuations for FY16

DEXUS Property Group (DEXUS) today announced that 57 of its 111 properties, comprising 23 office properties and 34 industrial properties have been externally valued as at 30 June 2016, reflecting 45%¹ of the total DEXUS portfolio.

Combined with internal valuations across the remainder of the portfolio, this has resulted in an estimated \$220 million or 2% increase on prior book values for the six months to 30 June 2016. Taking into account the valuation uplifts booked at September and December 2015, this has resulted in an estimated \$754 million or 7.4% increase on prior book values for the 12 months to 30 June 2016.

Darren Steinberg, CEO of DEXUS said: "Our valuations for the six months to 30 June 2016 have delivered on our expectation of further cap rate tightening, with comparable market transactions as well as leasing success across a number of our properties having a positive impact."

The weighted average cap rate across the total portfolio tightened 55 basis points over the past 12 months to 6.33%, 17 basis points of which occurred in the past six months. Over the past six months, the weighted average cap rate of the office portfolio tightened 14 basis points from 6.30% at 31 December 2015 to 6.16% at 30 June 2016 and the industrial portfolio weighted average cap rate tightened 17 basis points from 7.56% to 7.39%.

480 Queen Street, Brisbane achieved a 15% increase in value following completion of the development and further leasing success, increasing the valuation by \$45 million and resulting in a 62 basis point tightening in the property's capitalisation rate to 5.88%.

External valuations across seven of DEXUS's Sydney CBD office properties resulted in an estimated combined \$88 million or 5.5% increase in the value of these properties.

In the industrial portfolio, quality facilities have achieved valuation increases as a result of comparable market transactions, development completions and leasing success.

Details relating to the individual properties that have been externally valued will be announced at DEXUS's FY16 annual result on Wednesday 17 August 2016.

Darren Steinberg said: "A lower for longer interest rate environment and the continued investor demand for the defensive nature of well leased quality properties should see further support for real estate valuations as we move into FY17."

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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 \$21.5 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

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DEXUS Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for DEXUS Property Group (ASX: DXS)

¹ By total portfolio book value.