

Global Asset Management

Colonial First State Property Limited ABN 20 085 313 926

Manager of Commonwealth Property Office Fund

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# **COMMONWEALTH PROPERTY OFFICE FUND (CPA)**

### June 2013 valuations

Colonial First State Property Limited, the Manager of Commonwealth Property Office Fund (CPA or the 'Fund'), announces that eight of the Fund's 25 office assets have been independently valued as at 30 June 2013, resulting in a \$2.0 million<sup>1</sup> or 0.2% decrease on prior book value.

Mr Charles Moore, Fund Manager of CPA, said: "The valuations of the CPA assets this period are reflective of the range of market conditions evident across the country. In Canberra, the valuation of the Finlay Crisp complex has been impacted by poor market fundamentals, while 10 Shelley Street and 46 Colin Street are being influenced by their expiry profile and the limited near term market rental growth in Sydney and Perth. Conversely, assets such as 175 Pitt Street and 750 Collins Street which have limited lease expiries and capital expenditure requirements are experiencing solid valuation growth. The change in the 5 Martin Place valuation largely reflects timing differences in forecast development expenditure."

"Despite the current weakness in underlying office space market fundamentals, we are encouraged by the strength of investor demand for quality Australian office property," added Mr Moore.

The valuations conducted as at 30 June 2013 comprised:

Property	CPA share (%)	New valuation by ownership (\$m)	Variance to book value by ownership <sup>1</sup> (\$m)	Change <sup>1</sup> (%)	Prior capitalisation rate (%)	New capitalisation rate (%)
5 Martin Place, Sydney, NSW <sup>2</sup>	50	52.5	(6.3)	(10.8)	n.a.	n.a.
175 Pitt Street, Sydney, NSW	100	245.5	5.6	2.3	Office: 7.25 Retail: 6.75	Office: 7.25 Retail: 6.88
10 Shelley Street, Sydney, NSW	50	108.0	(12.2)	(10.1)	7.50	7.00
101 George Street, Parramatta, NSW	100	93.0	2.6	2.9	8.00	8.00
655 Collins Street, Melbourne, Vic	100	100.0	3.0	3.1	7.13	7.00
750 Collins Street, Melbourne, Vic	100	240.0	14.9	6.6	7.50	7.50
46 Colin Street, West Perth, WA	100	44.0	(1.3)	(3.0)	9.25	9.75
Finlay Crisp Centre, Canberra, ACT - Allara House - Customs House - Nara Centre	100 100 100	21.0 31.5 25.0	(2.6) (4.1) (1.6)	(11.1) (11.6) (5.9)	9.75 9.50 8.75	9.25 9.25 8.75
Total		960.5	(2.0)	(0.2)		

<sup>2</sup> Development asset.

<sup>&</sup>lt;sup>1</sup> Unaudited figures.

After taking into account the current round of valuations, and the sale of 45 Pirie Street, Adelaide since the March 2013 quarterly update, the portfolio weighted average capitalisation rate is 7.6%. This is unchanged since 31 March 2013, as was the portfolio weighted average discount rate of 9.2%. Over this same period, CPA's Net Tangible Asset backing per unit (NTA) remained unchanged at \$1.15 and the Fund's gearing<sup>3</sup> fell from 27.7% at 31 March 2013<sup>4</sup> to an estimated 25.2% at 30 June 2013.

The Fund's total assets are estimated at \$3.8 billion at 30 June 2013.

- 3. Gearing equals total drawn debt to total assets. For this calculation total assets exclude the fair value of derivatives.
- 4. Adjusted for the acquisition of a further 25% interest in 201 Kent Street, Sydney and the tapping of \$60 million of December 2019 medium term notes, which occurred post 31 March 2013.

#### **ENDS**

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## **About Commonwealth Property Office Fund**

CPA is an office sector-specific Australian Real Estate Investment Trust (A-REIT) which invests in prime quality office property located in central business districts and major suburban markets across Australia. The Fund is managed by entities within CFSGAM Property on behalf of more than 22,000 investors from 22 countries, with a portfolio comprised of 25 assets and a total asset value estimated at \$3.8 billion at 30 June 2013.

## **About CFSGAM Property**

CFSGAM Property is the specialist property division of Colonial First State Global Asset Management, and is one of the largest real estate fund managers in Australia with \$17 billion in funds under management. CFSGAM Property offers a fully integrated real estate investment platform including investment management, asset management, development management, origination and execution. CFSGAM Property manages a suite of wholesale investment products, as well as three listed real estate investment trusts in Australia and New Zealand.