

DEXUS PROPERTY GROUP

SEPTEMBER 2013 QUARTERLY UPDATE



AGENDA

- Overview Darren Steinberg
- Capital management Michael Christensen
- Portfolio update Kevin George, Richard Garing, Andy Collins, Mark Cuddy, Scott Travers, Amanda Kenny
- Strategy – core capabilities Jim Jones, Joseph Stokes
- Market outlook Peter Studley
- Summary Darren Steinberg

OVERVIEW

Key achievements for the quarter ended 30 September 2013

Property portfolio	Transactions	Capital management	Third party funds management
67,592sqm Leased in total ¹	CPA 14.9% economic interest, lodged DXS/CPPIB proposal	30.9% Gearing	DWPF outperformed its benchmark to 30 Sep 13
10.2% Office total return 12 months to 30 Sep 13	\$71.5m Non-strategic properties divested ²	74m securities bought back since 1 July 2013	\$26m Partnered with AIP on a further property ³



1. Includes Heads of Agreement (HOA).
2. 10-16 South Street, Rydalmere (\$43.25m) and 40 Talavera Road, Macquarie Park (\$28.2m).
3. Forecast completion price at 100%.

CAPITAL MANAGEMENT



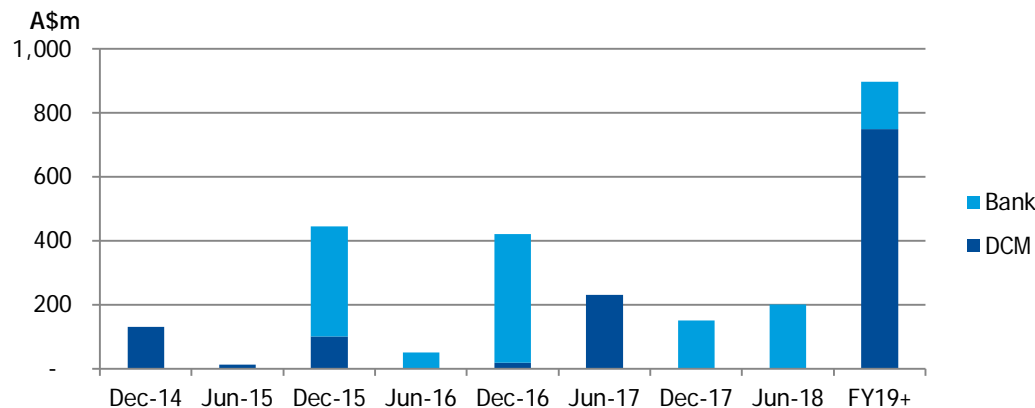
CAPITAL MANAGEMENT

Update

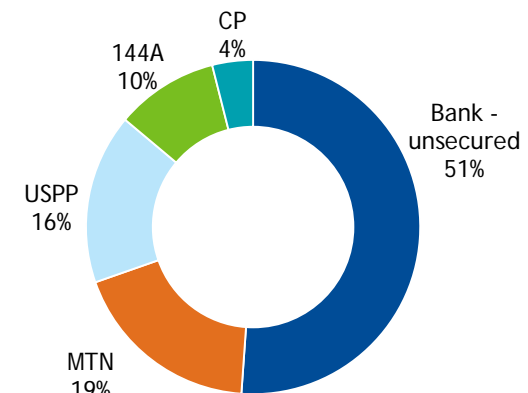
- \$245 million (5%) buy-back announced 2 July 13
 - \$75.3 million or 73.7 million securities bought back to date, 31% completed at weighted average price of \$1.0211
- Cost of debt was 10bps lower driven by reduced floating rates
- Debt duration remains above 5 years
 - Issued short-term commercial paper - new low cost funding, access new investor base
 - Completed partial buy-back of short-dated Medium Term Notes

Key metrics	30 Sep 13	30 Jun 13
Gearing	30.9%	29.0%
Cost of debt	5.8% ²	5.9% ¹
Duration of debt	5.2 years	5.4 years
Headroom	\$0.2bn	\$0.3bn
S&P/Moody's credit rating	BBB+/Baa1	BBB+/Baa1

Debt maturity profile



Diversified mix of facilities



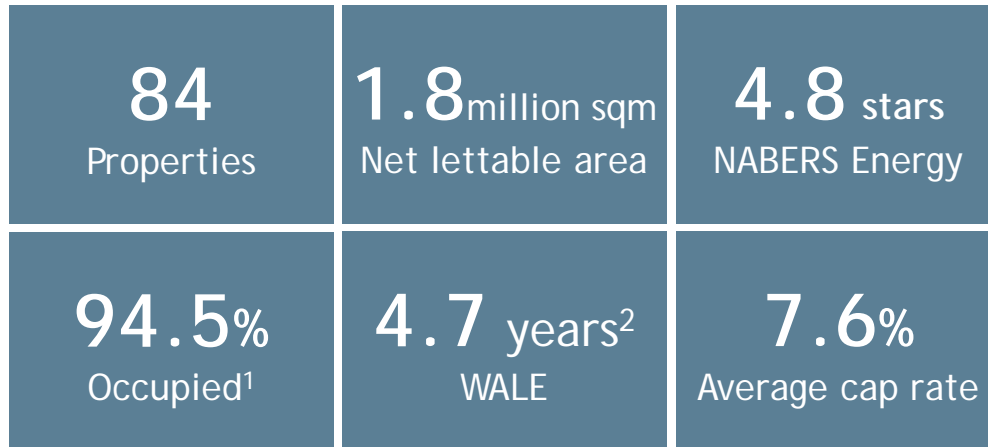
1. Weighted average across the year to 30 June 2013, inclusive of fees and margins on a drawn basis.
 2. As at 30 September 2013.

PORTFOLIO UPDATE

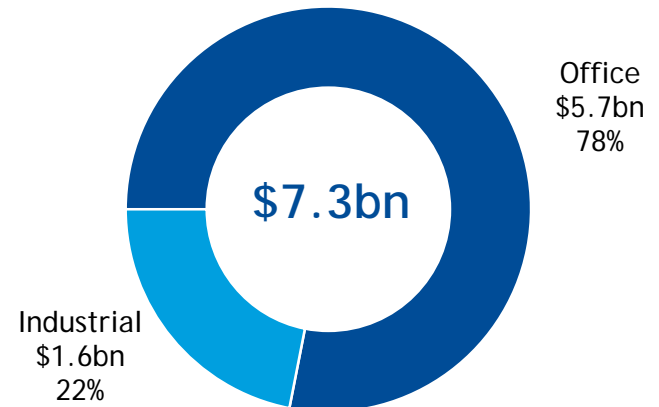


PORTFOLIO UPDATE

Total DXS portfolio



Total DXS portfolio composition



1. By area at 30 September 2013. Occupancy by income at 30 September was 94.8%.
2. By income.

PORTFOLIO UPDATE

Office portfolio — solid operating performance

Achievements

- Achieved total return of 10.2% including 3.0% capital return
- Solid leasing activity securing 32,557sqm¹ of space across 45 transactions
 - IBM extended lease over 11,485sqm at Southgate, Melbourne for further five years until December 2020
 - Lumley General Insurance extended lease over 5,283sqm at 88 Shortland Street, Auckland until October 2020
 - Secured seven new or renewed leases totalling 2,613sqm at Flinders Gate, Melbourne on average terms of 3.1 years
 - Secured six new or renewed leases totalling 2,011sqm at 39 Martin Place, Sydney on average terms of 6.7 years
- Increased occupancy² to 94.7%
- Valuation uplift of \$13.9m secured from two properties, generating a 3.0% increase on prior book values

DXS office portfolio	30 Sep 13	30 Jun 13
Occupancy by area	94.7%	94.4%
Occupancy by income	95.0%	94.6%
Number of leasing transactions ¹	45	130
Average incentive	16.7%	12.2%
Average rental increase	4.5%	(0.1%)
Retention rate YTD	80%	72%
Retention rate 12 months	72%	72%
Weighted average lease expiry ³	4.9 years	5.0 years
Total return - 1 year	10.2%	10.6%

1. At 100% including HOA.

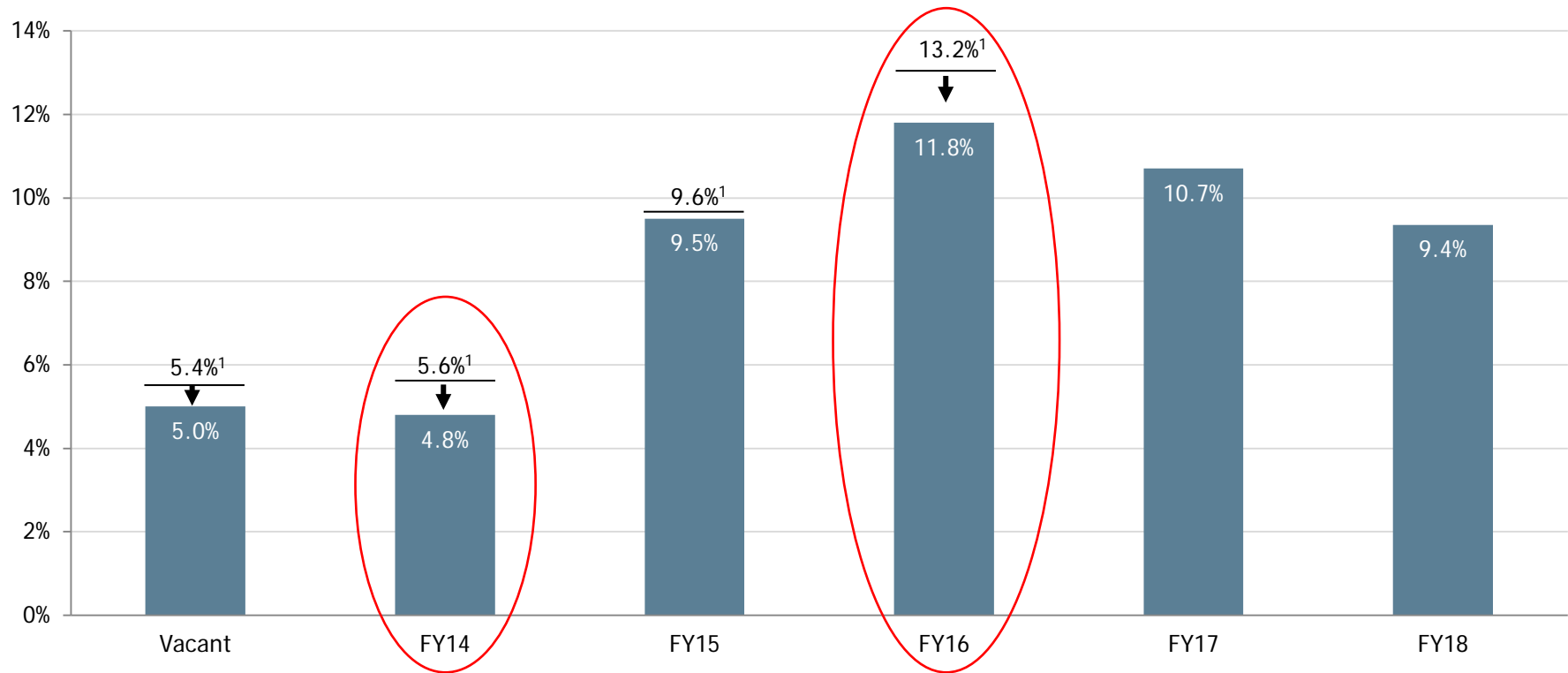
2. By area.

3. By income.

PORTFOLIO UPDATE

Office portfolio – lease expiry profile

Lease expiry profile by income as at 30 September 2013



1. 30 June 2013.

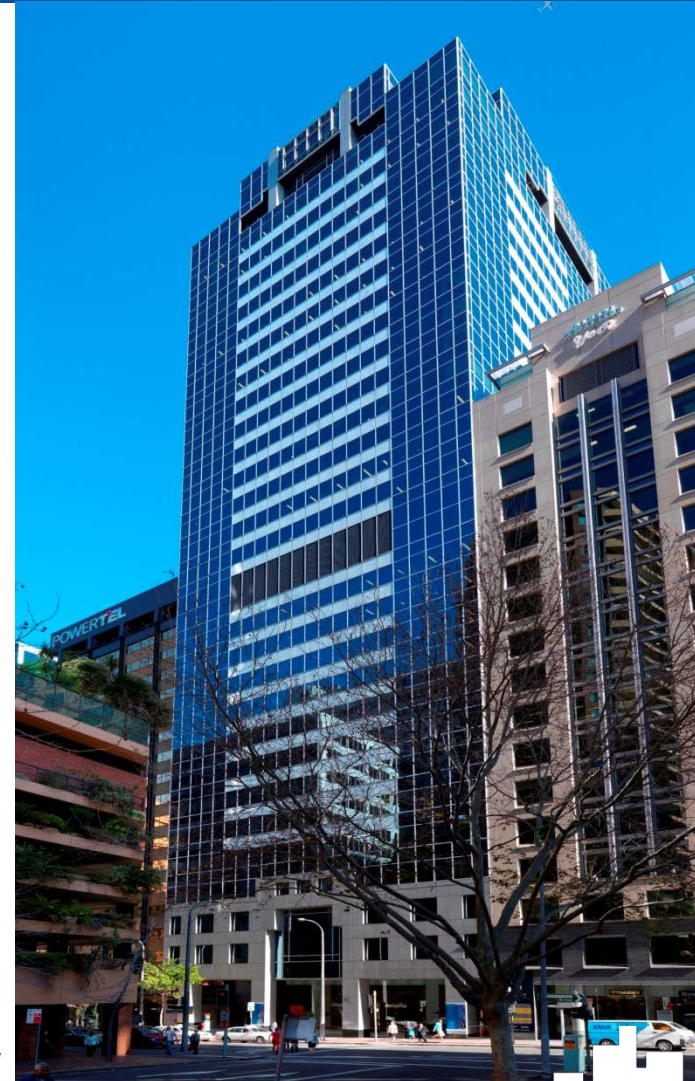
PORTFOLIO UPDATE

Office portfolio — case study

45 Clarence Street, Sydney

- Achieved total return of 12.1% for 12 months to 30 Sep 13
- Leasing brought in-house in Sep 12
 - Occupancy¹ increased by 10.5% to 99%
- Utilised strong tenant and market relationships to relocate tenants from suburban markets and B-grade properties
- Secured three new tenants on long-term leases
- Extended lease tenure from 2 to 5 years with a key tenant
- Valuation increased \$12.9 million or 5.0% at 30 Sep 13

45 Clarence Street, Sydney NSW



1. By area.

PORTFOLIO UPDATE

Office portfolio – case study

Newly acquired Sydney CBD office properties

- Secured a total of 23 new tenants¹ over 9,839sqm across three properties since acquisition
- Occupancy² increased through active management
 - 39 Martin Place from 74% to 94%
 - 50 Carrington Street from 61% to 82%
 - Grosvenor Place from 86% to 89%
- Average WALE³ increased 4.4 years to 5.0 years
- Enhanced quality of portfolio through \$6.3 million refurbishment of 50 Carrington Street

Grosvenor Place, 225 George Street, Sydney NSW



1. Across the three Sydney CBD properties acquired during the 12 months to 30 September 2013.
2. By area and excludes Martin Place Shopping Circle.
3. By income across the three properties acquired.

PORTFOLIO UPDATE

Industrial portfolio

Achievements

- Achieved total return of 8.9%
- Solid leasing result in a challenging market
 - Leased 35,035sqm¹ across 16 transactions
 - Cotton On signed HOA over 12,246sqm at Wacol for 10 years
 - Allied Pickfords renewed its lease over 8,672sqm at Foundation Place, Greystanes for a further seven year term
 - Lesandu renewed its lease over 3,330sqm at Arthur Street, Flemington for a further one year term
- Occupancy² down slightly to 94.3%
 - Includes completed 11,854sqm³ speculative development at Laverton North
- WALE⁴ down slightly to 3.9 years
 - Impacted by short term deals at Gillman and Axxess Corporate Park

DXS industrial portfolio	30 Sep 13	30 Jun 13
Occupancy by area	94.3%	95.9%
Occupancy by income	94.3%	96.1%
Number of leasing transactions ¹	16	122
Average incentive	7.4%	7.9%
Average rental increase	1.1%	(2.4%)
Retention rate YTD	59%	70%
Retention rate 12 months	74%	70%
Weighted average lease expiry ⁴	3.9 years	4.1 years
Total return - 1 year	8.9%	8.8%

1. At 100% including HOA.

2. By area.

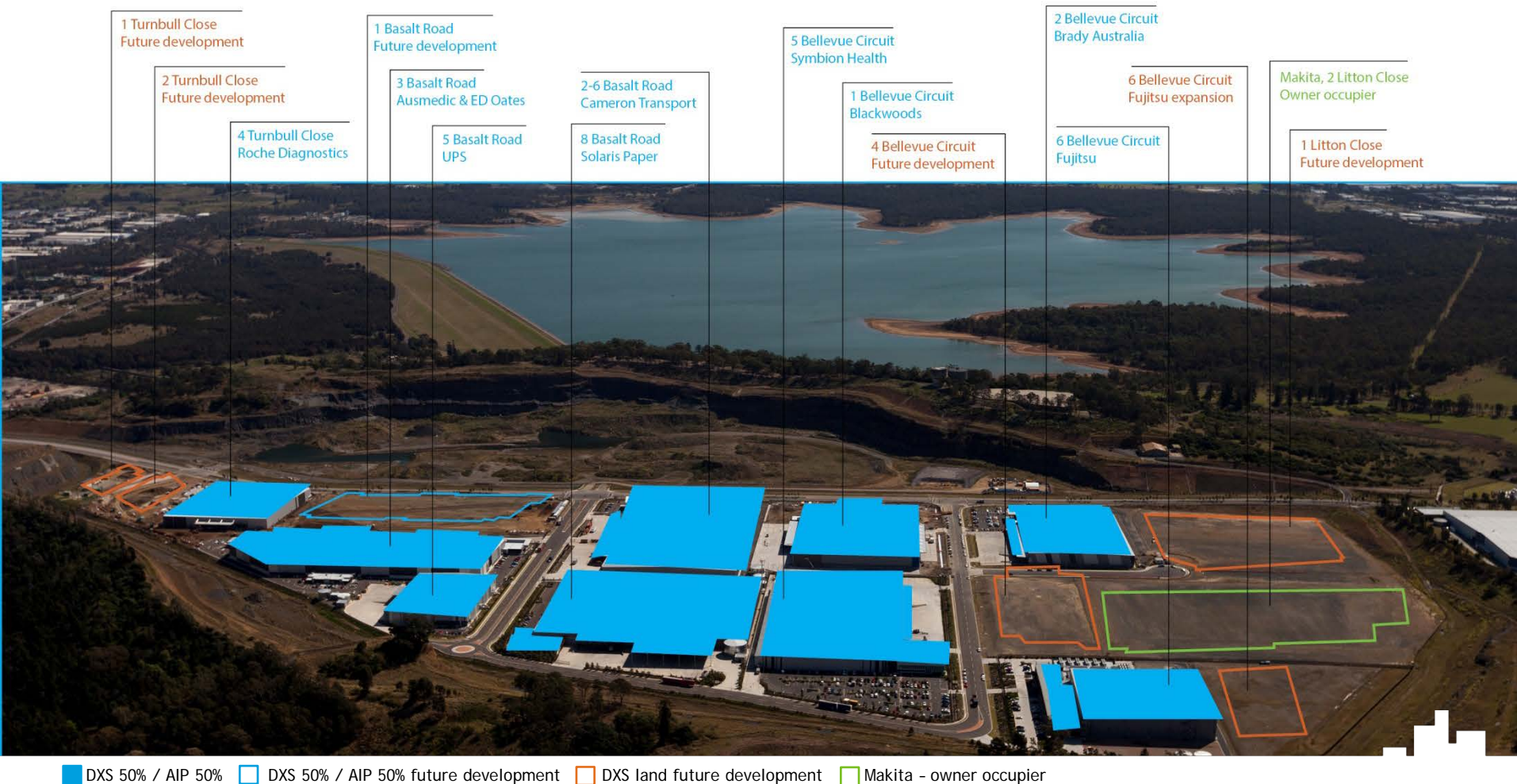
3. DXS share 5,927sqm.

4. By income.

PORTFOLIO UPDATE

Quarry at Greystanes

- 100% occupancy at completed developments



■ DXS 50% / AIP 50%
 ■ DXS 50% / AIP 50% future development
 ■ DXS land future development
 ■ Makita - owner occupier

STRATEGY



STRATEGY

Core capabilities - Platform by DEXUS

PLATFORM BY DEXUS

- Focus on delivering a positive experience for our tenants/customers through health and well-being campaigns, increased convenience and social networking activities
 - Digital screens, car park signage and lift wrap advertising
 - Nespresso coffee samples
 - Office foyer brand awareness campaigns (Maserati, Samsonite, Bupa)
 - Pop-up stores
- Other tenant/customer initiatives
 - Hotel-style concierge in key office buildings
 - Improved end-of-trip facilities
- Generating new revenue streams
- Utilising space not typically considered lettable



STRATEGY

Core capabilities – business systems

DXS systems and technology

- CBRE Pulse platform
 - Suite of fully-integrated applications comprises Pulse, Pulse Tech and DEXUS Response
 - Provides real-time operational and financial data 24 hours per day, 365 days per year
- periskope
 - DEXUS proprietary online property risk management tool
 - Increases transparency, improves efficiencies and provides strategic insight into the risk profile of the DEXUS property portfolio
 - Provides substantial savings in risk audit and administrator costs
- DEXUS leasing console
 - 1,600+ lease calculations have been completed since launch in FY13, saving over 650 hours



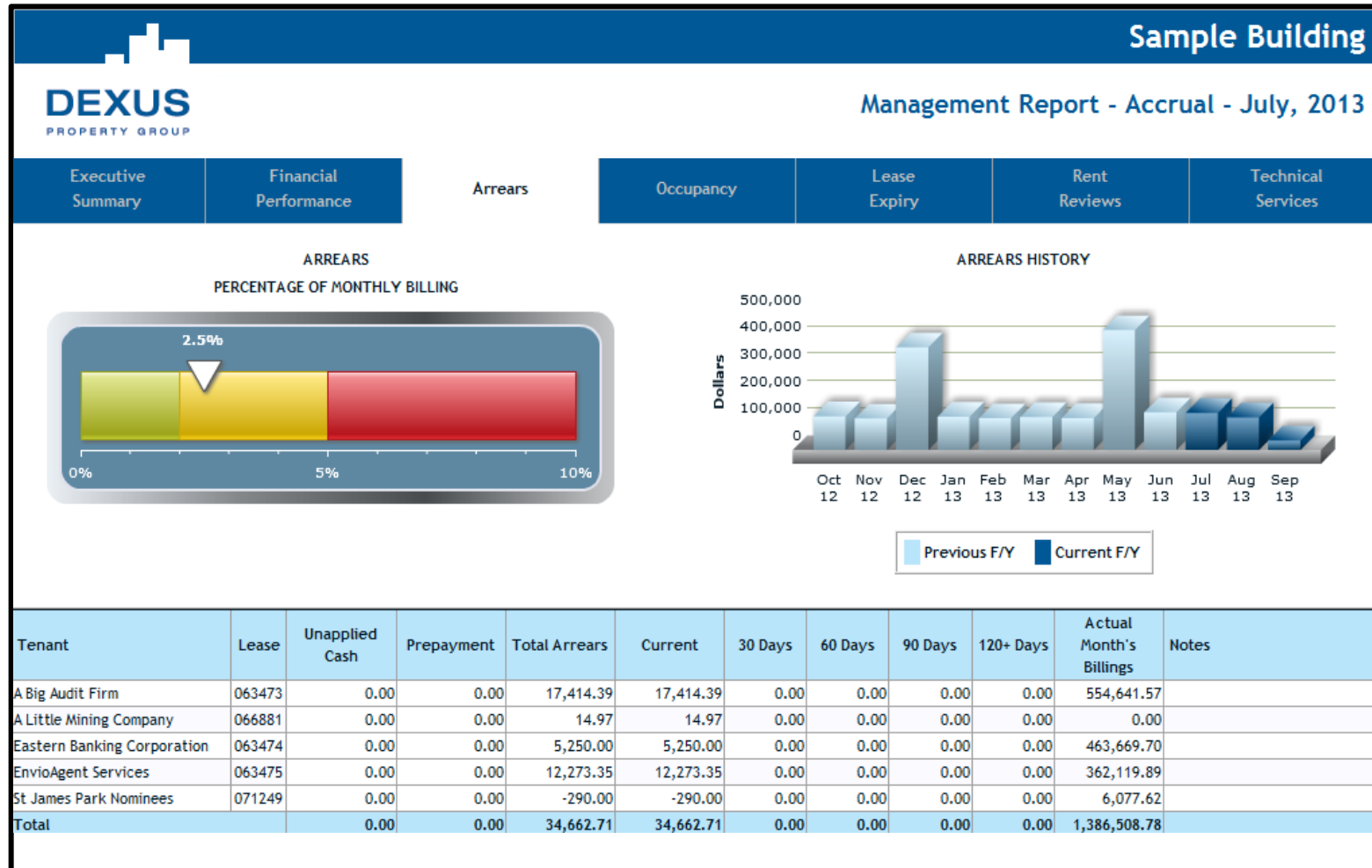
STRATEGY

Core capabilities - business systems



STRATEGY

Core capabilities - business systems




STRATEGY

Core capabilities - business systems



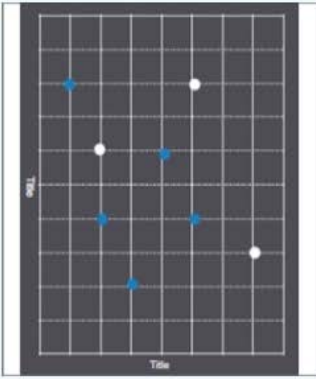




STRATEGY

Core capabilities - business systems

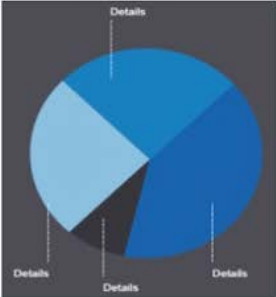


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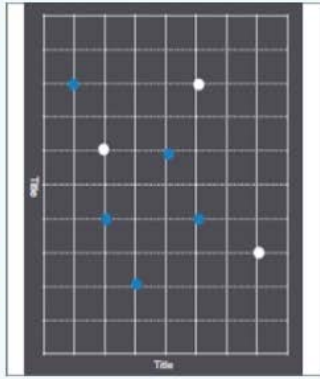
1 Bligh - 1592



Property Location



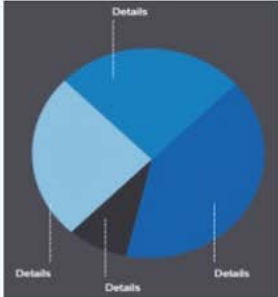
Risk Materiality Matrix



Property Stats

PropertyID	1592
Name	1 Bligh
Suburb	Sydney
State	NSW
PAddress	1 Bligh St SYD
Country	Australia
Post Code	2000

Claims/Loss Data



Related Documents

- HPR Underwriting Assessment 2013
- Initial Environmental Site Assessment 2012
- Aon Property Risk Audit 2012
- ACE Insurance Audit 2012
- Insurance Valuation July 2011
- Site Business Continuity Plan
- Security Risk Assessment

MARKET OUTLOOK



MARKET OUTLOOK

CBD markets are in a reasonable state of balance

Market		Sydney	Melbourne	Brisbane	Perth
Vacancy (%)	Current	10.7	10.5	14.5	9.4
	Past 25 year average	9.7	12.0	8.4	12.1
	Past 25 year maximum	22.0	25.9	14.5	28.0
Incentives (%)	Current	30	23	28	11
	Past 25 year average	22	13	23	13
	Past 25 year maximum	47	23	41	34
Completions (sqm per annum)	FY14	45,013	85,500	2,140	3,105
	FY15	86,760	128,476	0	68,059
	FY16	212,349 ¹	76,974	128,061	118,191
	3 year forecast average	114,707	96,983	43,400	63,118
	Past 15 year average	113,205	93,208	56,081	25,809
	Past 15 year maximum	238,007	200,867	158,067	133,709

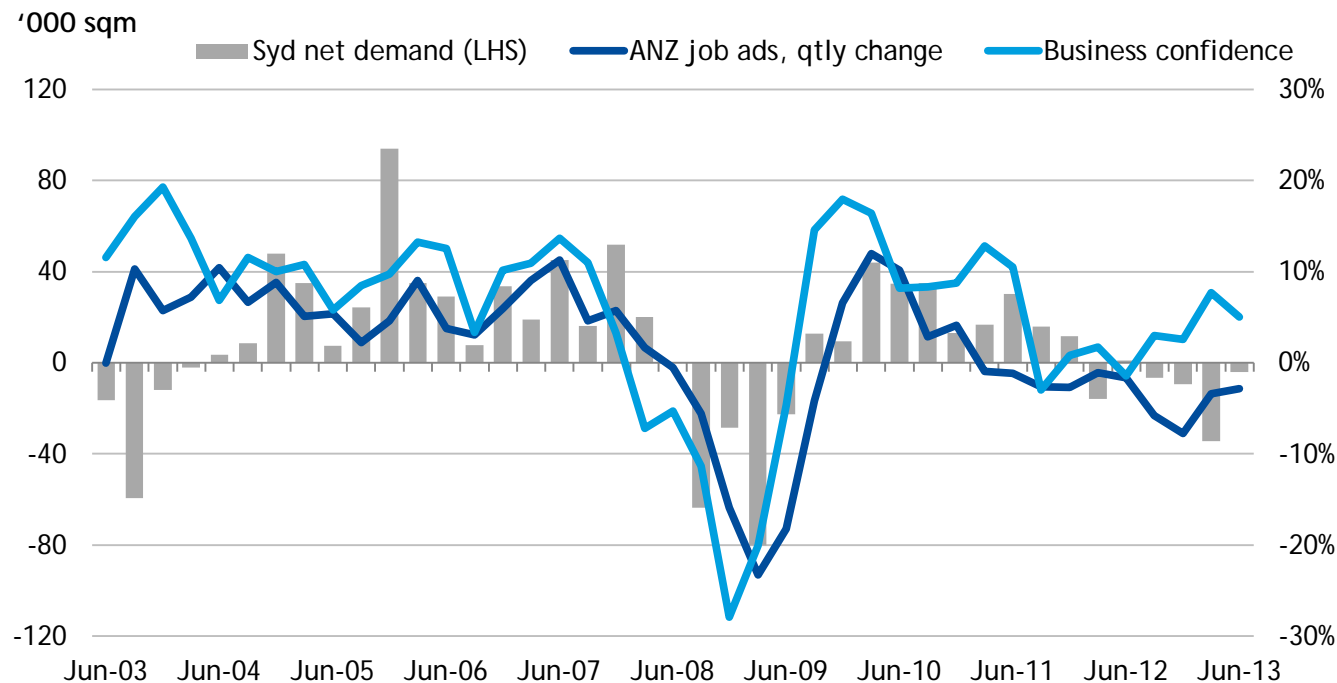
1. DEXUS assumptions include three office towers at Barangaroo.

Source: DEXUS Research, JLL Research. Some prime gross incentives and total market vacancy data does not go back the full 25 years.

MARKET OUTLOOK

Leading indicators beginning to improve

- Employment indicators still sluggish but leading indicators are turning
 - Such as business confidence, business profits, consumer sentiment and growth in China

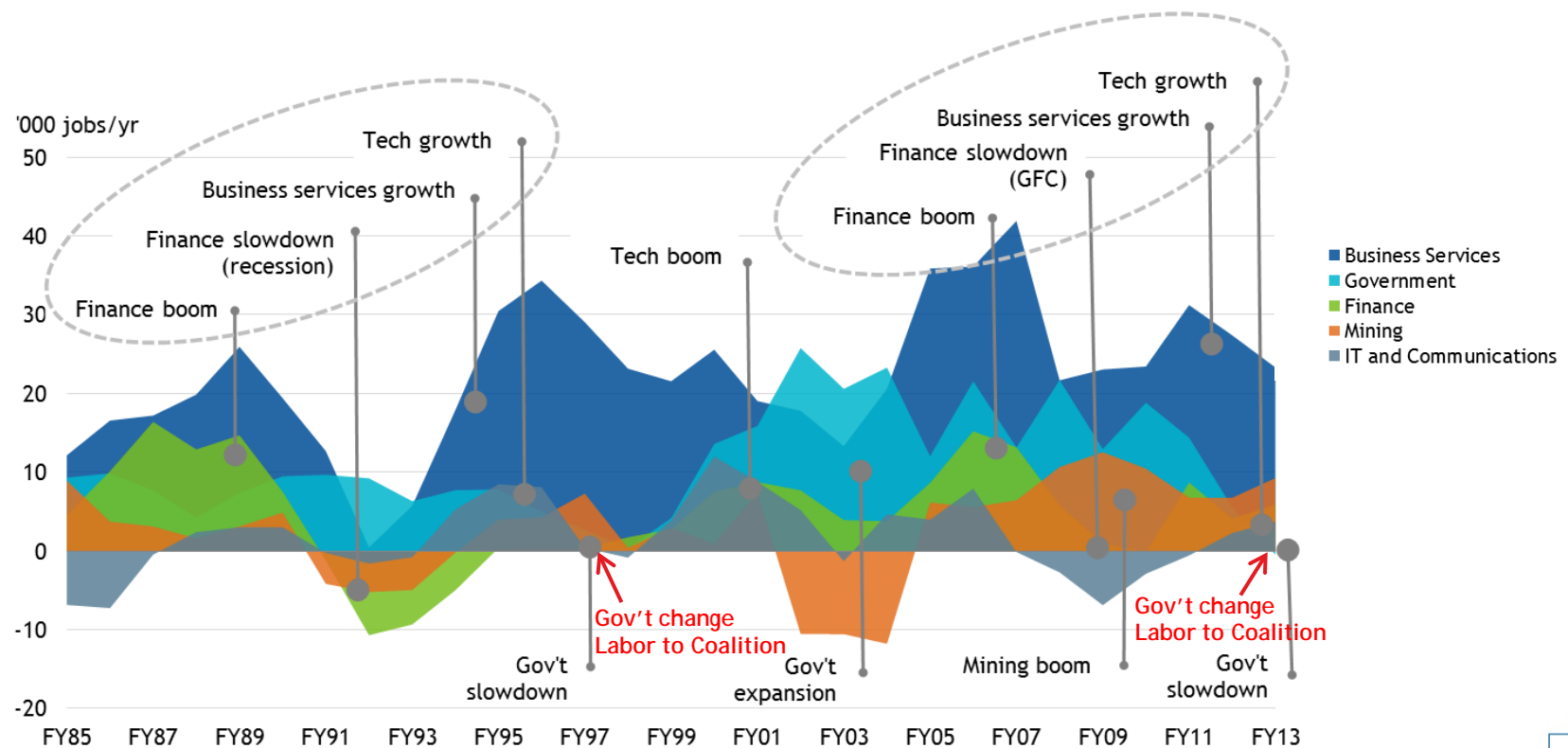


Source: DEXUS Research, ANZ, NAB, JLL Research.

MARKET OUTLOOK

Waves of industry growth point to sources of demand

- Business services and technology industries usually benefit from cuts in the public and finance sectors as they outsource
- Parallels to the 1990s with a conservative government elected and strong business services growth



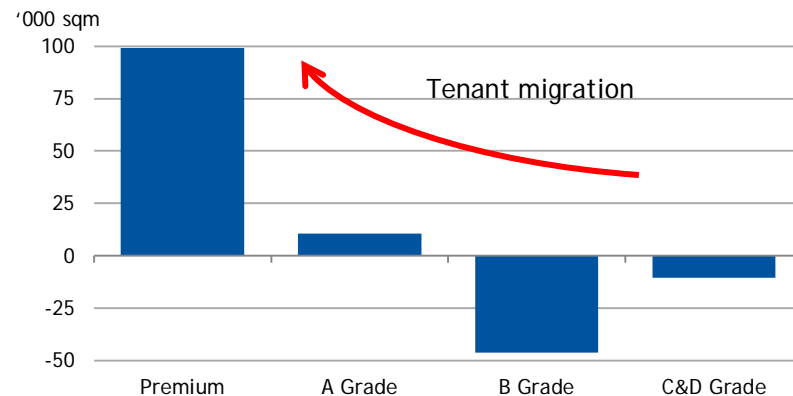
Source: DEXUS Research, Deloitte Access Economics.

MARKET OUTLOOK

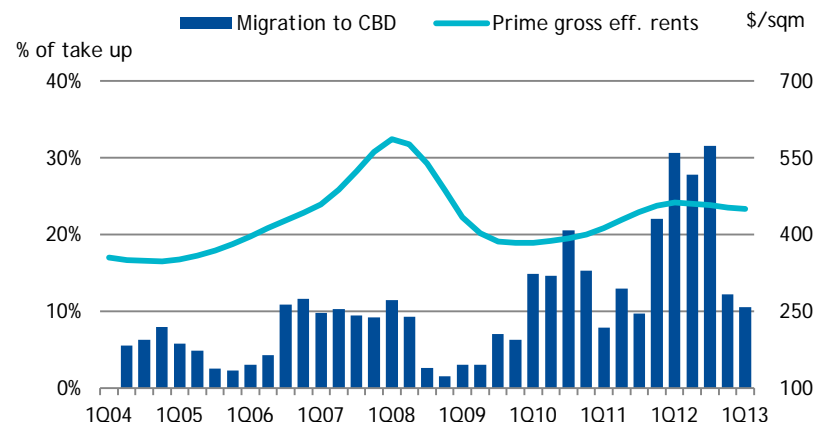
Prime grade office space to benefit from flight to quality and migration

- Expect a pronounced uptake of prime grade office space over the next three years at the expense of lower grade space
- We anticipate a solid contribution from migration from the CBD fringe and nearby metro markets with recent evidence including
 - TAL, North Sydney to CBD
 - Adobe, Chatswood to CBD
 - Equal Opportunity for Women, North Sydney to 309 Kent Street
 - Oakton, North Sydney to 45 Clarence Street
- Tenants taking the opportunity to consolidate from multiple locations, driving business efficiencies
 - Michael Page, 1 Margaret Street to Grosvenor Place

Net absorption by grade in Sydney CBD - past 3 years



CBD tenant migration into the Sydney CBD



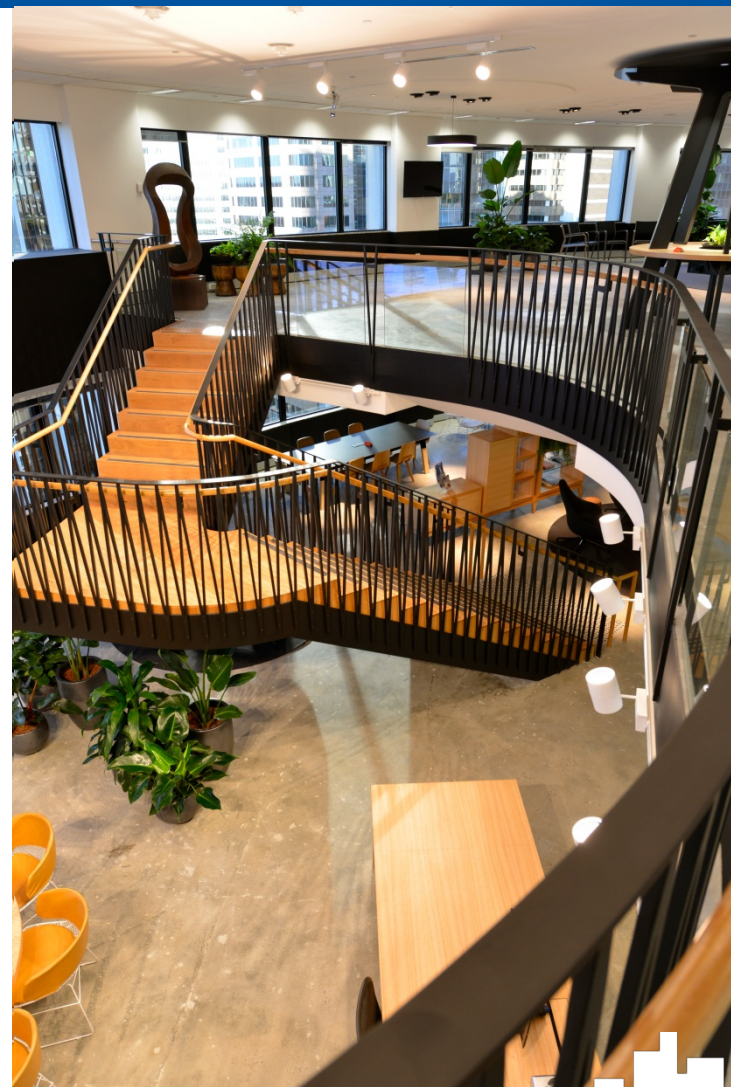
SUMMARY



SUMMARY

- A clear strategy with demonstrated execution capability
- Experienced management team achieving results in an uncertain market
- A strong third party funds management platform with strong growth potential
- Market guidance¹ for FY14 reaffirmed
 - FFO per security: 8.15 cents
 - Distribution per security: 6.12 cents
 - Excludes any upside from on-market securities buy-back or the 14.9% economic interest in CPA

View of DEXUS's reception and dynamic space, Australia Square, Sydney, NSW



1. Barring unforeseen circumstances. Assumptions include: 75% payout ratio, delivering 2.5-3.5% like-for-like NOI growth across the office and industrial portfolio, circa \$4m in trading profits and circa 6% cost of debt.

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