# DEXUS Property Group (ASX:DXS)

ASX release

**16 August 2012**

## 2012 annual results, office acquisitions and revised strategy

### RESULTS HIGHLIGHTS

- Statutory net profit of $181.1 million
- Funds From Operations (FFO)[1] of $367.8 million or 7.65 cents per security
- Distribution of 5.35 cents per security
- Net tangible assets per security of $1.00
- Strong balance sheet with gearing of 27.2% and credit ratings maintained (BBB+ and Baa1)
- Strong net operating income (NOI) growth of $26.2 million with like-for-like NOI growth for the office portfolio of 5.4%
- Achieved portfolio occupancy (by area) of 93.4% with 97.1% occupancy in the office portfolio
- Secured $5.8 million in trading profits from industrial developments
- Announced FY13 distributions[2] are expected to grow 8.4%

DEXUS Property Group today announced a solid full-year result combined with the outcomes of its strategic review.

DEXUS generated a net profit attributable to stapled security holders after tax of $181.1 million for the year ended 30 June 2012, compared to $553.0 million for the prior year. The change primarily reflected the unrealised mark-to-market movements in hedging contracts as a result of lower market interest rates, lower revaluation gains in FY12 compared to FY11 and the transaction costs associated with the sale of the US central portfolio. FFO increased 2.7% to $367.8 million for the year.

Chief Executive Officer, Darren Steinberg said: "Our full year result reflects the efforts of our asset management team in driving net operating income across our property portfolios. We have been active across the Group, engaging in a total of $1.6 billion of transactions, including the largest single transaction in the US over the past 12 months."

In a volatile and challenging operating environment, our focus on actively managing the portfolios and our active and prudent approach to capital management resulted in a total security holder return[3] of 12.2% for the year ended 30 June 2012; outperforming the A-REIT index[4] over a one, three and five year basis.

### POST BALANCE DATE ACHIEVEMENTS

In line with our objective of expanding our office presence and focus on capital partnerships, the following initiatives have been achieved post 30 June 2012.

- The establishment of a new capital partnership with the National Pension Service of Korea (NPS) co-investing initially in a $360 million portfolio of industrial properties at the Quarry in Greystanes, Laverton Industrial Estate and Altona in Melbourne
- The acquisition of 50 Carrington Street, Sydney, a core office property with strong repositioning potential where we will be able to use our real estate expertise to drive enhanced performance
- The acquisition of 12 Creek Street, Brisbane jointly with DEXUS Wholesale Property Fund (DWPF) as a core long-term investment

1. Funds from Operations represent statutory net profit adjusted to exclude property revaluations, unrealised mark to market changes, changes in deferred tax, amortisation of tenant cash and fit-out incentives, gain/loss on sale of certain assets and rent straight-lining.
2. Barring unforeseen circumstances. Assumptions include: 75% payout ratio, delivering 2% like-for-like NOI growth in office portfolio, $5m in trading profits, cost of debt remaining at 6.1% and excluding impacts of further on-market buy-back.
3. DXS share price appreciation plus distributions paid.
4. S&P/ASX 200 Property Accumulation Index.

DEXUS PROPERTY GROUP

## FINANCIAL RESULTS

| | |
|---|---|
| ▪ Statutory net profit: | $181.1 million (2011: $553.0 million) |
| ▪ FFO: | $367.8 million (2011: $358.0 million) |
| ▪ FFO per security: | 7.65 cents (2011: 7.40 cents) |
| ▪ Distribution per security: | 5.35 cents (2011: 5.18 cents) |
| ▪ Total assets: | $7.4 billion (2011: $8.0 billion) |

Chief Financial Officer, Craig Mitchell said: "The increase in FFO per security to 7.65 cents was underpinned by the strong performance in the office portfolio, like-for-like NOI growth of 3.3% across the Group and a reduced cost of funds."

Distribution per security was 5.35 cents for the year, up 3.3%, and the final distribution for the six months ended 30 June 2012 of 2.68 cents per security will be paid to security holders on 31 August 2012. NTA reduced 0.8 cents per security to $1.00 as at 30 June 2012.

## CAPITAL MANAGEMENT

During the year $850 million of debt facilities were refinanced, at margins below 2%. Following the sale of the US central portfolio on 21 June 2012, a restructure of US debt facilities was undertaken, including pre-paying certain debt obligations and unwinding various interest rate swaps associated with the US funding. An on-market securities buy-back program commenced in April 2012 for up to $200 million of securities and 35% of this target has been completed to date. The $204 million in Real-estate perpetual ExchanNgeable sTep-up Securities (RENTS) were repurchased on 29 June 2012, prior to the step up date, resulting in the wind-up and de-listing of the DEXUS RENTS Trust.

The weighted average cost of funds reduced by 50bps from 6.6% to 6.1% and the average duration of debt was maintained at 4.2 years at 30 June 2012. Gearing was 27.2%, well below the Group's target range of 30-40%. The Group is comfortably inside all covenant limits and our credit ratings of Baa1 and BBB+, both with stable outlooks, were reaffirmed during the year.

Craig Mitchell said: "Over the next 12 months we have no debt facilities maturing and, with current undrawn debt of approximately $600 million, we are well positioned to respond to any changes in debt markets and also have the capacity to redeploy funds into value enhancing acquisitions."

### Change to distribution payout policy

The completion of the NABERS Energy upgrade program and the sale of the capital intensive US central portfolio resulted in the announcement in April 2012 of a change to the distribution policy, effective from FY13. Under the new policy DEXUS will distribute between 70% and 80% of FFO, in line with free cash flows, with the expectation that over time the average payout ratio will be around 75% of FFO.

## PORTFOLIO TRANSACTIONS

DEXUS completed $1.6 billion of property transactions during the year. The single largest transaction was the US$770 million (A$771.1 million) sale of the US central portfolio, comprising 65 industrial properties. The Group was also successful in selling 71% of the European portfolio during the year for €82 million (A$107.5 million), which comprised lower quality industrial properties with large capital expenditure requirements and short lease terms. The remaining six properties are currently being marketed for sale and include one in Germany and five in France and the target is to divest these properties during FY13.

**Post balance date office acquisitions in Sydney and Brisbane**

Darren Steinberg said: "We are pleased to announce today that we have exchanged contracts to acquire two quality office properties at 50 Carrington Street in Sydney and 12 Creek Street in Brisbane, in line with our revised strategy of increasing our investment in Australian office."

50 Carrington Street, Sydney has been acquired for $58.5 million (excluding acquisition costs) or $5,180 per square metre which is well below replacement value, representing an acquisition capitalisation rate of 8.0%. The office property is a 15-level building providing 10,920sqm of office accommodation and 372sqm of ground floor retail space. The property features a flexible floor plate design with the ability to occupy part of a floor or two contiguous and interconnecting floors. It is located within the core precinct of the Sydney CBD overlooking Wynyard Park, approximately 100 metres from Martin Place. The property is currently 61.3% leased, has a WALE of 2.2 years and a 3.0 star NABERS Energy rating. The property has been acquired off-market from the Retail Employees Superannuation Trust (REST) and is expected to settle on 30 November 2012.

12 Creek Street, Brisbane has been acquired in an equal 50% joint venture with DWPF for $241.6 million (excluding acquisition costs), representing an acquisition capitalisation rate of 7.75%. Known as the 'Blue Tower' the property is a prime A-Grade office complex comprising a 34-level office tower and an adjoining two level annex building, providing 32,227sqm of office accommodation.12 Creek Street is located in the heart of Brisbane's financial district, 'The Golden Triangle' and has recently been significantly upgraded to maintain its position as one of Brisbane's prime grade core assets. The property is currently 94.6% leased, has a WALE of 4.5 years and has a 2.5 star NABERS Energy rating and a 4.0 star NABERS Water rating. The property has been acquired from Australian Property Growth Fund and is expected to settle on 31 October 2012.

Darren Steinberg said: "Both of these acquisitions are accretive to investor returns, improve our office portfolio's geographic and tenant diversification and will be funded from existing debt facilities. These acquisitions satisfy our target criteria in terms of sector, markets and asset type, in line with our revised strategy. 50 Carrington Street was a compelling opportunity for us to acquire a well located boutique office property within the Sydney CBD and reposition the property through more effective leasing, refurbishment and improving the NABERS ratings. 12 Creek Street has been acquired jointly with our third party fund, DWPF, and is a prime quality property in a core market, increasing our presence in the Brisbane CBD office market which has favourable underlying growth forecasts."

Further details relating to the properties and impact to the Group are included in **Appendix 1**.

## PORTFOLIO RESULTS

**Key portfolio metrics as at 30 June 2012**

| | Office | Industrial | US industrial[1] | Total |
|---|---|---|---|---|
| Occupancy (% by area) | 97.1 | 91.7 | 97.1 | 93.4 |
| Occupancy (% by income) | 96.8 | 92.8 | 98.2 | 95.8 |
| Tenant retention (%) | 66 | 59 | 66 | - |
| WALE (by income in years) | 4.9 | 4.4 | 4.4 | 4.7 |
| Like-for-like NOI growth (%) | 5.4 | (1.6) | 3.8 | 3.3 |
| Average capitalisation rate (%) | 7.30 | 8.59 | 6.32 | 7.51 |
| Total return – 1 year (%) | 9.5 | 8.0 | 10.0 | - |

[1] US industrial west coast portfolio only.

**Office**

| | |
|---|---|
| ▪ Portfolio value: | $4.7 billion (2011: $4.5 billion) |
| ▪ Like-for-like NOI growth: | 5.4% (2011: 3.3%) |
| ▪ Occupancy (by area/income): | 97.1%/96.8% (2011: 96.2%/95.3%) |
| ▪ Weighted average lease expiry (by income): | 4.9 years (2011: 5.3 years) |

Net operating income increased by $34.6 million (up 13.6%) to $289.8 million (2011: $255.2 million) driven by strong like-for-like NOI growth of 5.4% and the completion of the Bligh and Albert Street developments. New leases completed during the year achieved average rental increases of 4.6%.

Occupancy by area for the office portfolio was strong at 97.1% (2011: 96.2%), up 0.9% and 4.9% higher than the national average of 92.2%[6]. Developments at 1 Bligh Street Sydney and 123 Albert Street Brisbane, which were completed in July 2011, are 90% and 99% committed respectively.

During the year we leased over 75,600sqm of space which includes securing heads of agreement over 19,000sqm. The stand-out success was securing a new Government tenant, with no downtime, at Garema Court in Canberra. Subdued tenant demand in the Sydney and Melbourne office markets and global economic uncertainty have seen tenants tending to remain in existing premises and, in some cases, downsize their office space requirements. While this has led to some upward pressure on incentives, our proactive approach to leasing has seen only a slight increase in incentives (excluding development leasing) to 17.3%, for leases executed during FY12 (2011: 16.0%).

The office portfolio capital value increased $168.7 million to $4.7 billion for the year (2011: $4.5 billion) and the weighted average capitalisation rate for the portfolio tightened by 7bps to 7.30% at 30 June 2012.

**Industrial**

| | |
|---|---|
| ▪ Portfolio value: | $1.7 billion (2011: $1.6 billion) |
| ▪ Like-for-like NOI change: | -1.6% (2011: 1.1%) |
| ▪ Occupancy (by area/income): | 91.7%/92.8% (2011: 96.2%/95.1%) |
| ▪ Weighted average lease expiry (by income): | 4.4 years (2011: 4.7 years) |

In an active year for our Australian industrial portfolio we leased over 300,000sqm of industrial space including 195,000sqm within the stable portfolio (representing 17% of total portfolio area) and over 105,000sqm in developments.

Net operating income increased by $3.6 million (up 3.1%) to $120.0 million (2011: $116.4 million), primarily as a result of the completion of eight developments during the year. Like-for-like NOI was down 1.6% primarily due to the vacancy of Garigal Road, Belrose where the sale was postponed.

Occupancy by area fell to 91.7% (2011: 96.2%) with the departure of Elders at Gillman on 30 June 2012 (6% of portfolio NLA) however, post 30 June 2012, 57% of this space is now leased or is secured under heads of agreement, at rents averaging 34% higher than prior rents.

During the year we completed eight industrial development projects delivering over 120,000sqm with a total cost of $144.1 million and a yield on cost of 9.1%. Developments leased to Loscam at Laverton and DB Schenker at Erskine Park[5] were sold, delivering $5.8 million in trading profits for the year; exceeding the trading profit target of $4.0 million.

We are currently undertaking five developments with a total project cost of $99.1 million over 75,285sqm with 21,140sqm leased to date and a further 10,300sqm under heads of agreement.

The Australian industrial portfolio capital value remained relatively stable for the year with the weighted average capitalisation rate tightening by 5bps to 8.59% at 30 June 2012.

5. Including land parcels.
6. JLL national CBD vacancy.

### US industrial

| | |
|---|---|
| ▪ Portfolio value[7]: | US$549.5 million or A$539.2 million (2011: US$490.8 million or A$457.0 million) |
| ▪ Like-for-like NOI growth[7]: | 3.8% (2011: 3.3%) |
| ▪ Occupancy[7] (by area/income): | 97.1%/98.2% (2011: 97.7%/97.4%) |
| ▪ Weighted average lease expiry[7] (by income): | 4.4 years (2011: 4.5 years) |

Following the settlement of the US central portfolio, DEXUS now owns and manages 24 industrial properties over 6.8 million square feet in the west coast industrial markets and three land parcels in Texas. As a consequence of the strategic review the residual portfolio is deemed non-core and an exit strategy will be progressed over the next 12 to 24 months.

Net operating income declined US$1.5 million to US$77.1 million (2011: US$78.6m) due to property transactions including the sale of the central portfolio which settled before year end, on 21 June 2012. Like-for-like NOI growth for the remaining core west coast portfolio was strong at 3.8%.

During the year a total of 184 leases were executed, totalling 5.4 million square feet, or 23% of total lettable area. Following the internalisation of leasing management of the central portfolio in June 2011, occupancy for the central portfolio was improved by 10.3% to 89.7% prior to its sale. Occupancy for the US industrial portfolio at 30 June 2012 is 97.1%, in line with the prior year occupancy of 97.7% for the core west coast portfolio.

The US industrial portfolio capital value increased on a like-for-like basis to US$549.5 million for the year (2011: US$490.8 million) adjusted for the sale of 70 properties. The weighted average capitalisation rate for the portfolio tightened by 30bps to 6.32% at 30 June 2012.

## THIRD PARTY FUNDS MANAGEMENT

The Group's third party funds management business comprises DEXUS Wholesale Property Fund at $3.9 billion[8], a $1.6 billion Australian mandate and $0.2 billion of US industrial mandates where we provide property management services.

DWPF had an active year acquiring $298 million of properties including 452 Flinders Street, Melbourne and two industrial properties located in New South Wales and Queensland. In addition, DWPF raised over $420 million of equity and achieved top quartile performance for the year ending 30 June 2012.

Our third party Australian mandate (STC) also outperformed its benchmark contributing to the outperformance of our third party funds business on a one and three year basis. During the year, STC sold its half share of QV1 in Perth for $310 million.

On 31 May 2012, the investment management of the AXA mandate was transferred to AMP, due to the take-over of AXA by AMP in 2011 and the subsequent amalgamation of their property asset management services.

7. US industrial west coast portfolio only.
8. Including post balance date acquisition of a 50% interest in 12 Creek Street, Brisbane.

**New capital partnership with leading global pension fund**

Over the past year we have been focused on securing new third party partnerships with like-minded investors. The establishment of a new partnership with the National Pension Service of Korea (NPS) co-investing alongside DEXUS in a selection of industrial properties is an exciting outcome.

The initial portfolio of $360 million includes 50% ownership of 13 industrial properties at the Quarry in Greystanes, Sydney, the DEXUS Industrial Estate in Laverton North, Melbourne and the Target facility at Altona, Melbourne.

This long-term partnership has the potential to more than double over a five year period, with NPS having the option to partner in 50% of the future development pipeline at the Quarry and Laverton at the prevailing market value.

In addition to securing a capital partner for future development at these estates, the partnership provides an enhanced return on equity with fee income at both the property and partnership level, and further diversifies capital sources.

## CORPORATE RESPONSIBILITY & SUSTAINABILITY

DEXUS continues to deliver improvements in resource consumption and progress our NABERS Energy upgrade program. The NABERS Energy upgrade program across the office portfolio, which involved $31 million of capital expenditure, is now complete and on track to increase the average portfolio rating to 4.5 stars by the end of 2012. At 30 June 2012, our office portfolio was rated an average 3.9 star NABERS Energy rating.

The Group's 6 Star Green Star design rated development at 1 Bligh Street achieved a 6 Star As Built rating during the year.

Consistent with our commitment to operating sustainably we achieved carbon neutral certification in our head office operations for the second consecutive year, through the purchase of verified carbon offsets for our emissions and other specific initiatives.

## STRATEGIC REVIEW

DEXUS today announced the outcomes of its strategic review, which capitalises on the Group's key competitive strengths and takes advantage of opportunities both within the Australian real estate sector and internal to the Group.

Darren Steinberg said: "Success for DEXUS is driven around the achievement of leadership in three key areas: capability, access to capital and operational scale. We have a clear roadmap of execution and we are confident that progressive achievements in these three areas will deliver a clear competitive advantage for DEXUS that will be hard to replicate."

DEXUS's revised strategy is focused on the delivery of superior risk-adjusted returns for investors, through investment in high quality Australian real estate, primarily comprising CBD office buildings. The Group will achieve this by:

- Being the leading owner and manager of Australian office
- Having the best people, strongest tenant relationships and most efficient systems
- Being the wholesale partner of choice in Australian office, industrial and retail
- Actively managing capital and risk in a prudent and disciplined manner

The Group will continue to have an office and industrial oriented platform and will grow primarily through its third party funds management business and an increased office exposure.

The strategic review identified that the Group's offshore exposure is considered non-core and DEXUS will concentrate on its core Australian office and industrial markets. An offshore exit strategy will be progressed that is focused on maximising returns for investors over the next 12 to 24 months.

Darren Steinberg said: "Our people are instrumental to the success of the Group and we will embed a culture of service excellence and high performance with the objective that our people will be recognised for their property expertise, institutional rigour and entrepreneurial spirit."

**Refocusing the business and strengthening the platform**

The first phase of execution involves re-focusing the business and strengthening the platform for growth and performance. During the year ended 30 June 2012, and as a part of the strategic review, several strategic initiatives have been executed including:

- Sale of the US central portfolio
- Commencement of an on-market securities buy-back
- Announcement of the revised distribution policy
- Implementation of a business restructure and associated management changes
- Announcement of a revised remuneration framework in August 2012

Darren Steinberg said "We have established solid momentum in implementing the strategy through the achievement of a number of initiatives in the past six months. This included the business restructure that was implemented in May this year to support the execution of our revised strategy and future plans. These business changes are aimed at improving the operational effectiveness of the Group."

Group financial and operational targets to measure success in delivering on the revised strategy have been set and include FFO growth per security of 3-5% per annum and return on equity of 9-10% per annum, through the cycle. As property is a long-term investment, a long-term objective of top quartile performance relative to peer group for total security holder return has also been set.

## MARKET OUTLOOK

### Investment climate

Global economic uncertainty continued during FY12 with European debt concerns and volatility in global and domestic share markets, resulting in another challenging year for Australian property markets.

While the global economic outlook remains uncertain, Australia is well placed with an unemployment rate currently of 5.2% and the capacity for fiscal and monetary policy easing if required. In recent months employment growth has weakened and consequently tenant demand for space is expected to remain soft in FY13, after which we expect easing monetary policy to stimulate a cyclical improvement in activity.

### Australian office markets

The Australian office markets are expected to experience cyclically slow tenant demand in FY13, improving in FY14. This improvement is expected to be driven by increased business confidence and the positive influence of lower interest rates on employment growth.

In Sydney, which is DEXUS's largest office portfolio, tenant demand for space remains subdued and we anticipate that this will continue for the next 18 months with incentives expected to remain elevated. Supply will remain below average over the next two years, rising to above average levels in 2015-2016 as the first office buildings in the Barangaroo precinct are completed. As with any significant new addition to supply, the development at Barangaroo will contribute to a more competitive leasing market. However, we believe that DEXUS's office exposure in the western corridor will benefit from the additional infrastructure and amenities that will be created for the project and its surroundings. Furthermore, as the development is pitched at higher than average rents, there will be a flow-on benefit to quality properties in the area, including DEXUS's 30 The Bond and 1 Margaret Street Sydney properties, with likely increased rents and valuations as a result.

In Melbourne, tenant demand has weakened and is expected to remain subdued over the next 12 months, due to low levels of employment growth. Adding to this is the ongoing construction of significant new supply, which is likely to result in vacancy rates rising in FY14. The availability of backfill space is expected to keep incentives elevated, which may result in new projects being delayed until the next cycle.

In Brisbane, tenant demand is expected to ease off the highs of last year but remain positive, due to continued employment growth driven in part by the resources and business service sectors. There is little new supply under construction at present, so the market vacancy rate should tighten further in FY13.

In Perth, although tenant demand is expected to weaken from the current strong levels due to lower commodity prices and slowing resource investment, it should still remain positive. A lack of new supply in the next two years will result in the market vacancy rate remaining low until FY15 at which point new supply may begin to enter the market.

### Australian industrial markets

In recent months, demand for prime industrial space has been subdued, in line with weak business confidence. This is expected to continue in FY13, but conditions are expected to improve in FY14 as easing monetary policy has a positive influence on retail sales and imports. A forecast 30% to 40% increase in import volumes over the next five years should also help to improve demand. For example imports in New South Wales are forecast to grow by 6.2% per annum over the next five years, driving demand for warehousing and distribution space.

In Sydney, there is a declining trend in vacant prime space in key sub-markets, mainly due to a supply of new industrial space remaining below the 10-year average. In some areas the supply of quality prime space is unlikely to satisfy the expected demand, resulting in a level of speculative development in some areas.

In Melbourne, although take-up has been below the 10 year average over the last few years the major markets continue to have low levels of supply. Consequently, the level of prime space available for lease in key sub-markets has declined. Conditions are expected to be subdued in FY13 before improving in line with economic activity.

In Brisbane, take up has been mainly through renewals rather than pre-lease activity. Market vacancy for existing prime space is falling, due to below average levels of new supply throughout the market. Supply is constrained for larger industrial facilities, which is resulting in some speculative development.

**SUMMARY**

Darren Steinberg said: "As we enter the new financial year with a refocused strategy, execution momentum has been established. We are fortunate to be one of the best positioned A-REITs and it is an exciting time for the team at DEXUS as we work together in refocusing the business and building on our strengths to achieve our vision of being globally recognised as Australia's leading real estate company with market leadership in office."

"Barring unforeseen changes to operating conditions, our guidance[9] for earnings or FFO for the year ending 30 June 2013 is 7.75 cents per security, a 1.3% increase over FY12 and a like-for-like increase of 5.2% excluding the sale of the US central portfolio. As a result of our revised payout policy we are targeting a payout ratio of 75% for FY13, and distributions are expected to grow 8.4% to 5.8 cents per security for the year ending 30 June 2013."

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**About DEXUS Property Group**
DEXUS's vision is to be globally recognised as the leading real estate company in Australia, with market leadership in office, and has $13 billion of assets under management. DEXUS invests in high quality Australian office and industrial properties and, on behalf of third party clients, is a leading manager and developer of industrial properties and shopping centres in key markets. The Group's stock market trading code is DXS and more than 18,000 investors from 15 countries invest in the Group. At DEXUS we pride ourselves on the quality of our properties and people, delivering world-class, sustainable workspaces and service excellence to our tenants and delivering enhanced returns to our investors. DEXUS is committed to being a market leader in Corporate Responsibility and Sustainability.
**www.dexus.com**

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

9. Assumptions include: delivering 2% like-for-like NOI growth in office portfolio, $5m in trading profits, cost of debt remaining at 6.1% and excluding impacts of further on-market buy-back.

## APPENDIX 1

### Impact of acquisitions on key metrics

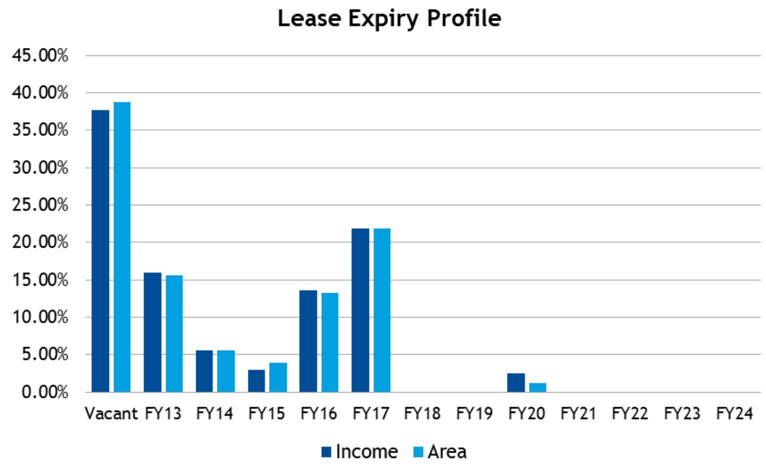
| | Pre acquisitions 30 June 2012 | Post acquisitions Pro-forma |
|---|---|---|
| Office occupancy (% by area) | 97.1 | 96.4 |
| Office occupancy (% by income) | 96.8 | 96.2 |
| Office WALE (years) | 4.9 | 4.9 |
| Gearing (%) | 27.2 | 29.2[1] |

1. Excluding impact of NPS partnership.

### 50 Carrington Street, Sydney

| | As at 16 August 2012 |
|---|---|
| Acquisition price[1] | $58.5m |
| Lettable area (sqm) | 11,292 |
| Acquisition rate per sqm ($) | 5,180 |
| Initial yield (%) | 5.2 |
| Capitalisation rate (%) | 8.0 |
| IRR (3 year) (%) | 11.2 |
| Occupancy (% by area) | 61.3 |
| Occupancy (% by income) | 62.3 |
| WALE (years by income) | 2.2 |
| NABERS Energy rating (stars) | 3.0 |
| NABERS Water rating (stars) | not rated |
| Major tenants | Retail Employees Superannuation Trust 1,637sqm |
| | Watson Mangioni 1,484sqm |

1. Excluding acquisition costs.



## 12 Creek Street, Brisbane

| | As at 16 August 2012 |
|---|---|
| Acquisition price[1] | $241.6m |
| Ownership | DXS 50% / DWPF 50% |
| Lettable area (sqm) | 32,227 |
| Acquisition rate per sqm ($) | 7,497 |
| Initial yield (%) | 7.9 |
| Capitalisation rate (%) | 7.75 |
| IRR (10 year) (%) | 10.2[2] |
| Occupancy (% by area) | 94.6 |
| Occupancy (% by income) | 95.1 |
| WALE (years by income) | 4.5 |
| NABERS Energy rating (stars) | 2.5 |
| NABERS Water rating (stars) | 4.0 |
| Major tenants | BDO/PKF 6,068sqm |
| | Billiton Mitsubishi Alliance 5,358sqm |

1. Excluding acquisition costs.
2. 10 year IRR including DEXUS funds management fees.