DEXUS
PROPERTY GROUP

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The Manager
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

DEXUS Property Group (ASX: DXS) 2009 Annual General Meeting Address

DEXUS Funds Management Limited, as responsible entity for DEXUS Property Group, provides the Chair and Chief Executive Officer's address being delivered at today's Annual General Meeting.

The Annual General Meeting webcast can be viewed on our website at www.dexus.com

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Yours sincerely

Tanya Cox
Company Secretary

DEXUS Property Group (ASX: DXS)
ASX Release – 2009 Annual General Meeting

26 October 2009

Chair's Address

Good morning and thank you all for being here at our 2009 Annual General Meeting. My name is Chris Beare and I welcome you to DEXUS's fifth Annual General Meeting since stapling in 2004.

For many investors the Annual General Meeting is the only opportunity you have to hear first hand from the Board and management about the Group, so we invite you to participate and ask questions. We are again webcasting this Annual General Meeting, an initiative we hope enables more investors to participate. If you wish to hear today's speeches again you will be able to replay them from our website.

Today, your CEO, Victor Hoog Antink, will give an overview of the business, talk about the achievements of the Group in 2009 and re-affirm our strategy and outlook for 2010. I will give you some views on this past year, and then discuss remuneration, corporate responsibility and sustainability and corporate governance.

The Global Financial Crisis has hit property companies harder than most, but DEXUS has remained focused on our strategy and we continue to be the leading owner, manager and developer of office and industrial properties in Australia and select international markets. The quality of our properties and management focus has seen us withstand the crisis better than most of our competitors, delivering solid results during the last year with operating earnings of $526m, an increase of 5.7% on last year.

Importantly our earnings are very stable, sustainable and are lower risk than many of our peers, with 96% of earnings derived from rental income and strong tenant covenants with major Australian and international companies.

Much of what we have done over the last few years has positioned DEXUS well for these tougher operating conditions. In this last year, the team has achieved a number of important milestones:

- You will recall that DEXUS has always been conservatively geared. We have continued to substantially reduce debt levels and increase liquidity throughout 2008/09, thereby strengthening the balance sheet with new and replacement debt facilities as well as significant new equity, and this action has minimised the impact of the international liquidity crisis on the portfolio. I would like to take this opportunity to thank you for your support in the two capital raisings completed over the last 12 months, which raised over $1 billion in total.

- In April 2009, we announced that we were commencing a non-core property sales program. This program is well advanced and Victor will give you further details on its status shortly.

- We have also continued to focus on operational excellence through active property, asset and development management. During the year we completed the internalisation of property management services for the office portfolio and commenced internalisation of our Australian industrial portfolio services.

While our underlying earnings are stable, and operating earnings have grown year on year, the economic downturn has impacted the Group's performance in other ways. Property values have declined worldwide and tenant demand has reduced. For DEXUS in the year ending June 2009, property devaluations totalled $1.6 billion. Our view is that we are close to the bottom of the property cycle in Australia and most of the impact of devaluations has been realised. In the US we expect the weaker economic conditions will continue to exert downward pressure throughout the remainder of the 2009/10 financial year.

The Global Financial Crisis has also meant that access to debt has significantly reduced and the ability to divest assets in this market virtually ceased. Therefore, the most effective solution for prudent balance sheet management has been to raise additional equity.

Security holder returns

We are very conscious, as Board and management, that raising additional equity and reducing distributions has had a negative effect on investor returns. These decisions were not taken lightly however, and as a result DEXUS is now even stronger with a conservatively geared property portfolio and we have outperformed most others in our sector.

The slide displayed here shows the performance of our security holder returns relative to our sector. While absolute returns have not been favourable and we recognise that returns have been disappointing, you can see from the slide that in the 12 months we exceeded the S&P ASX 200 Property Accumulation Index by 5% and since we stapled in October 2004 we have outperformed this index by 7.8% per annum.

Board and Executive Remuneration

This brings me to remuneration. At the Board level we have not changed Directors fees since June 2007 and they will not be reviewed again until June 2010. Similarly, base pay for executives was frozen in the 2009 year and will also not be reviewed again for a further 12 months.

With regard to incentive payments, DEXUS establishes a comprehensive set of key performance indicators (or KPIs) with each of our senior executives annually. These include measures such as occupancy and tenant retention rates, cost reductions, and gearing and liquidity targets. In the year to 30 June 2009 almost all of those KPIs were achieved by the management team, individually and collectively. In addition, your management team guided DEXUS through the worst financial crisis in memory in a competent and able manner which is testament to their expertise and commitment.

As a result, the Board awarded incentive payments to executives based on their respective achievements. To reflect the unrealised capital losses experienced by security holders during the year, these incentive payments were reduced from prior years.

You should also note that the long term incentives granted to senior executives over the last three years are linked to the performance of the DEXUS Group and thus these incentives have declined proportionately since we announced them in previous years. Similarly, the long term incentives we are announcing today will only be available to executives after being subject to three years of Group performance. This ensures that senior executives' long term incentives are aligned with the returns that unit holders receive.

Corporate Responsibility and Sustainability (CR&S)

We are pleased to report that the 2008/09 year has seen further progress in our Corporate Responsibility and Sustainability programs. We have continued to improve the performance of our existing portfolio and deliver sustainable developments. In these uncertain economic times, we believe it is even more critical to ensure we are actively positioning your portfolio for the future through appropriate investment in sustainability features that maintain the quality of our properties.

We continued our commitment to transparent reporting and benchmarking our CR&S performance, taking part in our fourth Carbon Disclosure Project and maintaining our listing in the Australia SAM Sustainability Index and the FTSE4Good Index. In January 2009, we were named in the fifth annual "Global 100 Most Sustainable Corporations" list announced at the Davos World Economic Forum in Switzerland.

Recently, we also achieved further recognition of our efforts through inclusion in the Dow Jones Sustainability World Index - DJSI World. This is an important achievement since the DJSI World Index comprises the leading 10% of global companies based on performance in economic, environmental and social criteria.

Looking forward, we will continue to actively manage our portfolio and minimise the environmental impact of our operations. We do this because we believe it will increase the value of the portfolio and position us to meet future tenant and market demands ahead of our peers.

Our 2009 CR&S Report is available today for you take a copy or alternatively can be viewed on our website at dexus.com

We will again offset both the carbon emissions of our printed 2009 financial reports and the emissions generated at all our major investor events, including this Annual General Meeting, so that these activities are carbon neutral. That is, we will acquire certified carbon credits to offset the greenhouse gas emissions generated by investors travelling to this meeting, the printed materials and the resources to run this event today.

Corporate Governance

The Board is committed to achieving the highest standards of corporate governance and social responsibility and, as many of you will be aware, has adopted a framework that meets the ASX Principles of Good Corporate Governance.

As we foreshadowed last year, in April 2009 we completed a full market search and expanded the Board, inviting two new directors to join us. They are John Conde AO and Peter St George. John and Peter bring a wealth of knowledge and experience, which will further strengthen the expertise of the Board.

At the same time, Charles Leitner and his alternate Andrew Fay resigned from the Board. I would like to take this opportunity to thank Chuck and Andy for their contribution over the years. Following these changes, the Board now comprises eight Directors, seven of whom are independent.

In May 2009, the Board Committees were reviewed and memberships refreshed. In August 2009 we took the opportunity to review and rotate the Chairs of each of our Board Committees while retaining the previous Chair on each Committee for continuity. Although this is not a common practice, we believe the broader experience this gives to each DEXUS Director will strengthen their ability to contribute on your behalf.

In conclusion, DEXUS remains the No.1 owner of office and No.3 owner of industrial properties in Australia. The outlook for the property market is for continued challenging but improving times and we remain focused on our strategy to be a leading owner, manager and developer of superior quality properties in Australia and selected international markets.

We will always continue to focus on managing property fundamentals backed up by sound financial and capital management.

On behalf of the Board, I thank you for your continuing support.

Victor will now give you an overview of the business and discuss how we are tracking to strategy.

CEO's Address

Thank you Chris, and good morning ladies and gentlemen.

Cautious sentiment is now characterising property markets worldwide and while we may not be out of these times yet, recent economic indicators are suggesting that in Australia at least, we may have seen the worst of the downturn. Internationally, however, operating conditions remain challenging.

In these tougher conditions we believe it is more important than ever to focus on managing the fundamentals to deliver maximum performance and value from our current portfolio, while positioning the Group for future growth. Consequently, in the last year we have continued to actively manage our properties through a focus on leasing and portfolio management and undertaking activities to strengthen our balance sheet via prudent capital management. We've taken some tough decisions, where appropriate, to minimise operating costs and increase operational efficiencies including a restructure of our business in 2008. We have been focussed on extracting maximum value for investors, while at the same time building on our financial strength and flexibility.

Strategy

I'd like to take this opportunity to reiterate the Group's strategy. Over two years ago, your Board and management team reviewed the Group's strategic direction. We determined that our point of difference, in respect of our listed portfolio, lay in concentrating our strengths and leadership position in the office and industrial sectors. As a result, we made the decision to divest our retail portfolio, the majority of which was sold to our wholesale fund in 2007 with the remaining retail property at Whitford in WA currently being marketed for sale.

Crucial to achieving our vision is maintaining the high quality of our portfolio and providing world-class integrated property services in select markets where we can achieve real scale. Offering a market leading service capability through our integrated property management model gives us greater connectivity with our tenants. This facilitates higher retention and occupancy rates, thereby providing sustainable operating earnings and creating greater value for investors.

Through achieving scale we can further increase our appeal to tenants, providing them with not only leading workspaces but also greater flexibility to meet their changing needs, enabling them to grow within and move around our portfolio, as well as the opportunity to develop properties to meet their requirements.

By achieving greater scale in large, high quality assets in our key markets, we can also better attract incremental investment opportunities and attract the highest calibre people.

Together greater scale, quality properties, strong tenant relationships and expert management provides DEXUS with sustainable competitive advantage in our chosen markets of operation.

With $7.7 billion of direct properties and total funds under management of $13.5 billion, DEXUS is the market leader in office and industrial property combined. Our strategy is to be the leading owner, manager, developer of superior quality office and industrial properties in select markets, namely the key metropolitan markets in Australia and the west coast of the United States.

DEXUS: the market leader in office and industrial

In Australia, we have significant scale and are responsible for not only the largest listed office portfolio at $4 billion but also what is acknowledged as the highest quality portfolio in the country. The office portfolio is strategically located in established markets primarily in Sydney and Melbourne and we provide full service property management, following the completion of the internalisation of our integrated model in May 2009.

In Industrial, we are a Top 3 owner, manager and developer with $1.5 billion of properties under management. Our Australian industrial portfolio is strategically located in key industrial sub-markets in Sydney and Melbourne with a solid and diverse customer base. Internalisation of property management is currently underway.

International

Internationally, we own approximately $2 billion of industrial properties with 85% in the United States and the remainder in Europe where we own a small portfolio of industrial assets.

In Europe, the asset type and location means it is more difficult to implement our property management strategy. Consequently, we are looking to sell these properties over the next two years, once market conditions improve and property prices stablilise.

In the US, we have commenced repositioning the portfolio to enable us to implement our property management strategy. We will progressively reduce the number of markets in which we operate so that we can ultimately achieve greater scale in key markets and deliver a superior value proposition to our tenants and ultimately our investors.

While we currently invest in 21 sub-markets across America, consistent with our original tri-coastal investment strategy, we don't have sufficient scale in all of these markets. Consequently we will be reducing our footprint in the US steadily over time to concentrate our presence in four key markets on the west coast of the US, where we already have a significant holding of quality industrial property. These four markets are: Seattle in Washington State and in California; San Francisco, Los Angeles and Riverside - in the greater Los Angeles area. We have selected these markets as they have the following key advantages:

- They are the primary access hubs for trade between the US and Asia
- They have long-term growth forecasts with the market cycle approaching the bottom
- They benefit from historic strong population growth and a quality workforce and,

- They have availability of investment grade properties which will allow us to achieve greater scale

A non-core property sale program is currently underway. This program commences the implementation of our US strategy and we expect this first tranche of approximately $250 million worth of property sales to take us from 21 to 17 markets which we believe will occur by early 2010. The transition to four markets will take place over a number of years, and will be managed strategically to maximise security holder value.

Consistent with this Group strategy I will be sending a member of my Executive Committee to the US to work with RREEF to drive the repositioning strategy, establish a DEXUS office on the West Coast and ultimately implement our property management model.

Capital management

During the year we have continued our proactive capital management approach to further strengthen our balance sheet - one of the strongest in the Australian REIT sector. We did this via:

- Two equity raisings totalling over a $1 billion of new equity which enabled the participation of retail investors
- Refinancing and securing new debt facilities totalling over $860 million
- Creation of a new joint venture with Cbus at 1 Bligh Street, reducing the Group’s development exposure by $200 million and
- Commencement of a property sale program which to date has realised $115 million, the proceeds of which are being used to repay debt

These activities increased the diversification and duration of our funding sources and resulted in reduced gearing of 31.2%. This is significantly less than the Group’s target gearing of below 40% and our bank debt covenant ratio of 55% with undrawn debt facilities of $1.4 billion.

Since 30 June, we have further strengthened our balance sheet by accessing the domestic capital markets in July and in September we accessed the US public bond market, after obtaining a credit rating from Moody’s of Baa1. This is in addition to the Standard & Poors rating of BBB+ which we have maintained since 2006.

These two issues raised approximately $500 million and both received strong investor support and reflect the confidence the market has in our business and in our management team. DEXUS is one of the few Australian REITs who have, to date, been able to access these markets.

Let me now outline the operational highlights of each of our business areas:

Office portfolio

Our office portfolio performed well in 2009 and in the last quarter has continued to perform in line with expectations. We've focused on leasing and tenant retention and our underlying portfolio fundamentals remain solid with high occupancy at 96.5% – well above the PCA average of 91.7%.

Looking ahead, we anticipate that leasing markets will remain challenging although, reflecting recent business confidence, there are early signs of improved demand for office space and in our portfolio we are seeing sub-lease space being withdrawn from the market. We expect, however, that it will still take some time for this early enquiry to translate into increased rental income.

During the year we completed the redevelopment at 60 Miller Street in North Sydney, which was fully leased prior to completion, and both our major pre-committed developments at 123 Albert Street Brisbane and 1 Bligh Street Sydney are progressing on track and on budget for completion in Dec 2010 and May 2011 respectively.

Industrial portfolio

The high quality and geographic diversification of our industrial portfolio and our active management approach delivered strong results in 2009 and continues to perform well in the year to date. Portfolio occupancy remains high at 97.5% and tenant retention rate has improved to 82%.

This follows an active leasing period and we anticipate that the recent improved demand for industrial space will continue. While tenants remain cautious and are tending to seek shorter lease terms, pre-commitment enquiry for larger industrial space is improving, reflecting the limited supply in prime markets in Melbourne and Sydney. We therefore anticipate re-commencing developments at our industrial land banks at Laverton and Greystanes later this financial year.

North American portfolio

Turning to North America, difficult economic conditions continue to impact the performance of the North American portfolio. The lag effect on tenant demand has led to a decline in occupancy and tenant retention, reflecting tenants downsizing or relocating.

While internationally consumer and business confidence has improved during the past quarter and recessionary pressures appear to be easing, property prices remain depressed and market conditions are expected to be challenging for some time yet. We remain focused on continuing to drive leasing and minimising costs wherever appropriate.

Many of you will be aware of the Whirlpool investment program we commenced in 2006. The program has seen the Group acquire five properties in the US and will be completed when the final property in Atlanta, Georgia is acquired next month. The Whirlpool program enhances the quality of our portfolio and is consistent with our strategy to own, manage and develop high quality properties with leading edge features and maximum tenant appeal.

Third party funds management

Following property devaluations, third party funds under management are currently $5.6 billion. The management fee contribution from third party funds will this year be impacted by declining fee income arising from a reduction in development, leasing activity and property values.

Corporate responsibility and sustainability

As Chris highlighted, DEXUS is proud to be a market leader in CR&S and despite challenging market conditions we have continued our ongoing commitment to improving the performance of our existing portfolio and delivering sustainable developments.

During the year we continued to drive performance in this area, focusing on resource efficiency projects, community engagement and sustainable developments. As a result, in the Australian and New Zealand portfolios we achieved reductions of 10% in electricity, 13% in natural gas, 12% in water and 10% in greenhouse gas emissions.

In addition, in the US we achieved reductions in greenhouse gas emissions of 16%.

Guidance

As we announced at the last Annual General Meeting our distribution policy is to distribute 70% of our funds from operation. We took this proactive step one year ago, to prudently retain 30% of capital for operating and capital expenditure. Barring unforeseen changes to operating conditions, we reconfirm guidance of funds from operations of 7.3 cents per security and distributions of approximately 5.1 cents for the year ending 30 June 2010.

Outlook

In conclusion, despite a challenging year, DEXUS remains one of the best positioned Australian REITS with one of the strongest balance sheets and one of the highest quality portfolios in the country. We have an experienced team with proven specialist expertise in portfolio, asset, property, development and funds management. We are motivated and well equipped to take DEXUS through this cycle and execute our strategy and we remain confident about the future.

Looking forward, our focus continues to be on actively managing our property portfolio and actively managing our balance sheet, in order to maximise returns for you, our investors, in the year ahead.

I thank you for your continued support throughout the year, the Board for their continuing wise counsel and in particular the DEXUS team members for their commitment and efforts. Thank you.

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About DEXUS

DEXUS is one of Australia's leading diversified property groups specialising in world-class office, industrial and retail properties with total assets under management of $13.5 billion in Australia, New Zealand, North America and Europe. In Australia, DEXUS is the no. 1 owner/manager of office, the number 3 in industrial and a leading manager and developer of shopping centres.

DEXUS is committed to being a market leader in Corporate Responsibility and Sustainability and has been recognised as one of the Global 100 Most Sustainable Corporations at the World Economic Forum in Davos and recently achieved listing on the DJSI World and Asia Pacific Indexes.
www.dexus.com