

DEXUS Property Group - ASX release

11 October 2011

DEXUS Property Group (ASX: DXS) Sydney Office Tour

DEXUS Funds Management Limited, as responsible entity for DEXUS Property Group (DXS), provides a copy of the 2011 Sydney Office Tour booklet and presentation.

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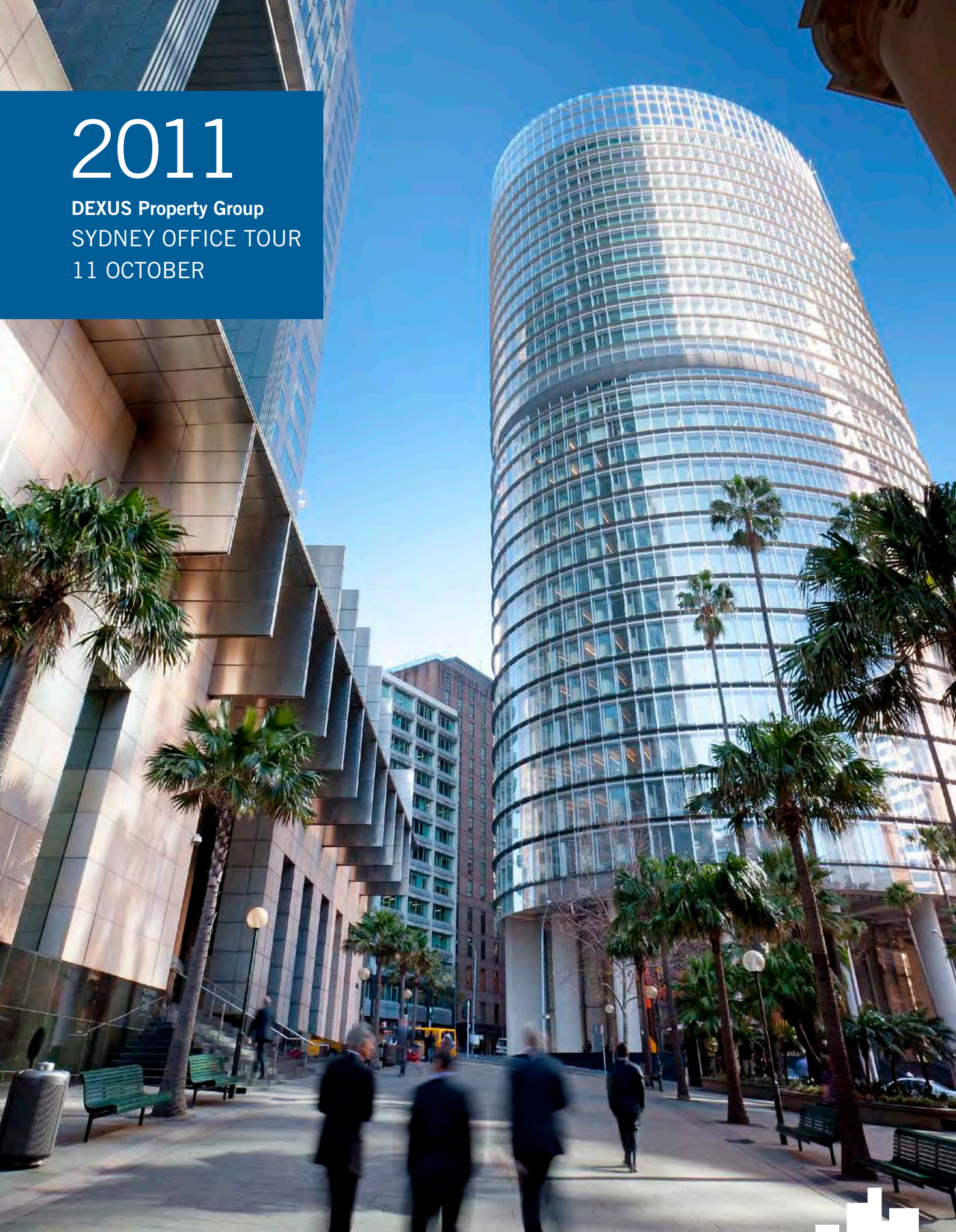
About DEXUS

DEXUS is one of Australia's leading property groups specialising in world-class office, industrial and retail properties with total assets under management of \$13.7bn. In Australia, DEXUS is the market leader in office and industrial and, on behalf of third party clients, a leading manager and developer of shopping centres. 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)

2011

DEXUS Property Group
SYDNEY OFFICE TOUR
11 OCTOBER



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TOUR AGENDA

Time	Agenda item
8.30am	DEXUS Property Group presentation and light breakfast Level 9, 343 George Street, Sydney
10.15am	44 Market Street, Sydney
10.45am	383–395 Kent Street, Sydney
11.15am	309–321 Kent Street, Sydney
11.35am	Morning tea
12.00noon	One Margaret Street, Sydney
12.25pm	45 Clarence Street, Sydney
1.00pm	Australia Square, 264-278 George Street, Sydney
1.15pm	1 Bligh Street, Sydney, lunch Development presentation
3.00pm	Governor Phillip and Macquarie Tower, 1 Farrer Place, Sydney
3.30pm	Tour concludes

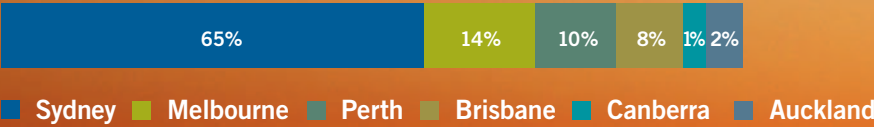


DXS PORTFOLIO OVERVIEW

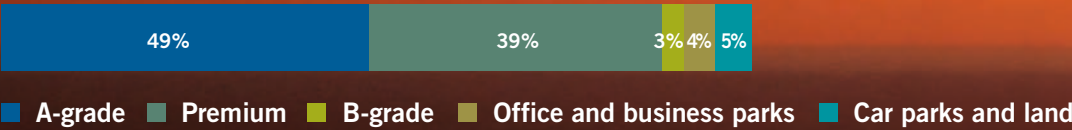
28 OFFICE PROPERTIES 558,000 SQM TOTAL VALUE \$4.5 BILLION



AU/NZ OFFICE PORTFOLIO¹



PROPERTY TYPE



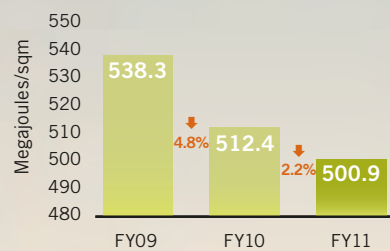
¹ By book value.

SUSTAINABILITY HIGHLIGHTS

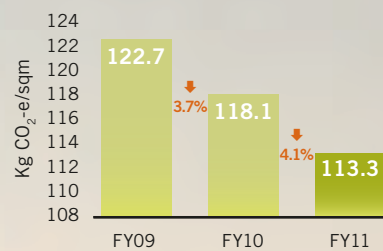
AVERAGE NABERS ENERGY RATING: **3.6-star** (2010: 3.2-star)

AVERAGE NABERS WATER RATING: **3.1-star** (2010: 2.6-star)

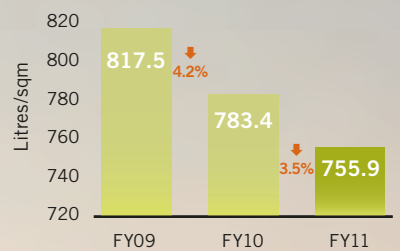
DXS office energy intensity



DXS office GHG intensity



DXS office water intensity



DXS SYDNEY CBD
OFFICE PORTFOLIO

NLA (sqm)
558,000

201 Elizabeth St
50% owned, externally managed

1 Bligh St
33% owned, 100% managed

1 Bligh St
33% owned by DWPF, 100% managed

GMT/GPT
50% owned, 100% managed

OCCUPANCY BY AREA

96.2%

BOOK VALUE

\$4.5bn

WALE

5.3yrs

TENANT RETENTION RATE

53%

44 Market St

100% owned, 100% managed

383-395 Kent St

100% owned, 100% managed

309-321 Kent St

50% owned, 100% managed

83 Clarence St

100% owned by STC, 100% managed

One Margaret St

100% owned, 100% managed

45 Clarence St

100% owned, 100% managed

Australia Square Complex

50% owned, externally managed

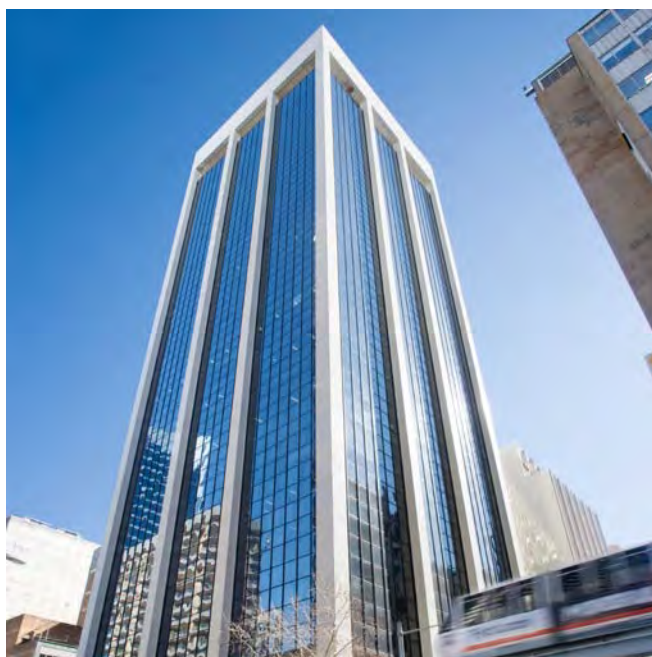
30 The Bond

100% owned, 100% managed

Gateway

100% owned by DWPF, 100% managed

44 MARKET STREET SYDNEY



44 Market Street is a landmark western corridor building on the prominent corner of York, Market and Clarence Streets. This A-grade office tower enjoys 360 degree city views from the upper levels.

44 Market Street provides fully refurbished floors, an expansive foyer with meeting areas and lobby café, upgraded lifts and operating systems, and on-site management and security. Loading dock facilities and secure basement parking are also available.

44 Market Street is positioned in a location easily accessible via Sydney Harbour Bridge, the Western Distributor, the Cross City Tunnel and the Eastern Distributor. 44 Market Street is also conveniently located close to Wynyard and Town Hall train stations, the CBD retail precinct, King Street Wharf and Darling Harbour.

Tenants are attracted to 44 Market Street because of its first class amenities, access to public transport and affordable rents.

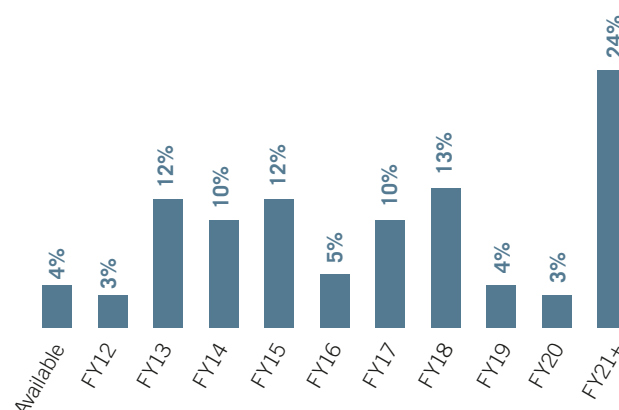
PROPERTY DETAILS

Building type	A-grade – office
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Site area (ha)	0.3
Lettable area ('000 m ²)	30.2
Typical floor area (m ²)	1,000
Number of buildings	1
Car parking spaces	138
NABERS Energy rating (with green power)	2.5
NABERS Energy rating (without green power)	2.0
NABERS Water rating	2.5
Year built	1978
Major tenant	Commonwealth of Australia
Ownership (%)	100

PROPERTY STATISTICS AT 30 JUNE 2011

Acquisition date	Sep 1987
Acquisition price plus additions (AU \$m)	\$189.3
Book value (AU \$m)	\$207.0
Independent valuation date	Jun 2010
Independent valuation (AU \$m)	\$192.7
Market cap rate (%)	7.25
Initial yield (%)	7.76
Discount rate (%)	9.00
Leased by area (%)	97
Weighted lease term by income (years)	5.7

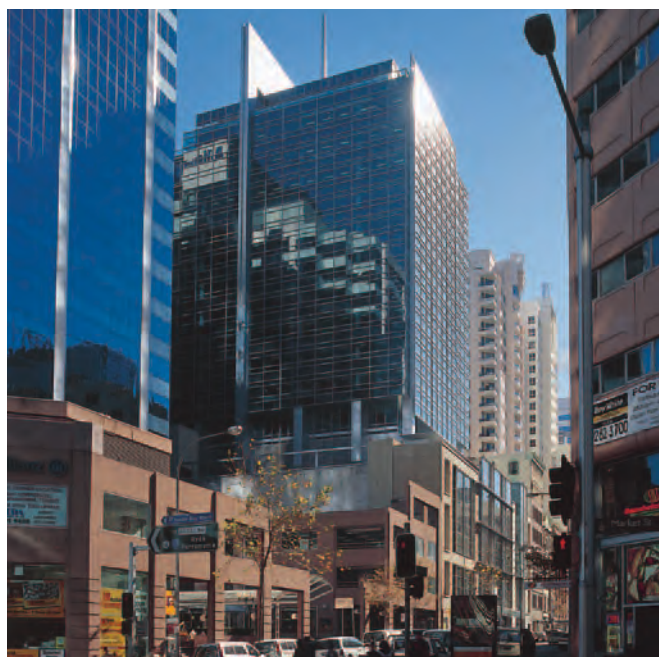
LEASE MATURITY BY INCOME (%)





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383-395 KENT STREET SYDNEY



An A-grade office tower offering 12 floors of office accommodation and a 10 level car park, with dual street frontage to Kent and Sussex Streets.

The office tower provides 18,100 square metres of office space, a mezzanine and ground floor retail. 383 Kent Street is one of a limited number of buildings in the western corridor to offer large flexible floor plates of approximately 1,500 square metres. The office levels are accentuated by floor to ceiling windows providing extensive natural light and excellent views. The lobby includes unique double height ceilings providing natural light for tenants and visitors to the building.

383 Kent Street enjoys the benefits of dual street frontage and is a short walk from Town Hall station and QVB bus links. Together with the car park this provides easy access for those visiting and working in the building.

OFFICE DETAILS

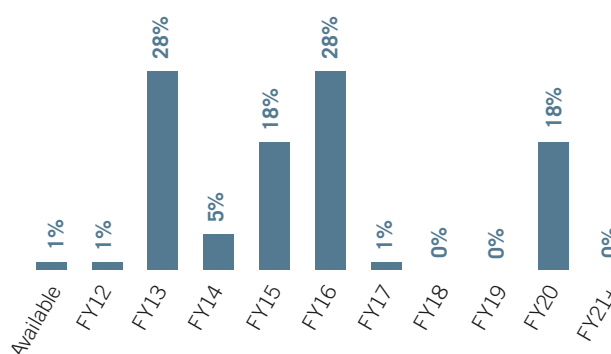
PROPERTY DETAILS

Building type	A-grade – office
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Site area (ha)	0.4
Lettable area ('000 m ²)	18.1
Typical floor area (m ²)	1,577
Number of buildings	1
Car parking spaces	55
NABERS Energy rating (with green power)	4.0
NABERS Energy rating (without green power)	3.5
NABERS Water rating	3.5
Year built	2002
Major tenant	Grant Thornton
Ownership (%)	100

PROPERTY STATISTICS AT 30 JUNE 2011

Acquisition date	Sep 1987
Acquisition price plus additions (AU \$m)	\$112.8
Book value (AU \$m)	\$127.2
Independent valuation date	Jun 2010
Independent valuation (AU \$m)	\$122.0
Market cap rate (%)	7.38
Initial yield (%)	7.97
Discount rate (%)	9.00
Leased by area (%)	100
Weighted lease term by income (years)	4.2

OFFICE LEASE MATURITY BY INCOME (%)



CAR PARK DETAILS

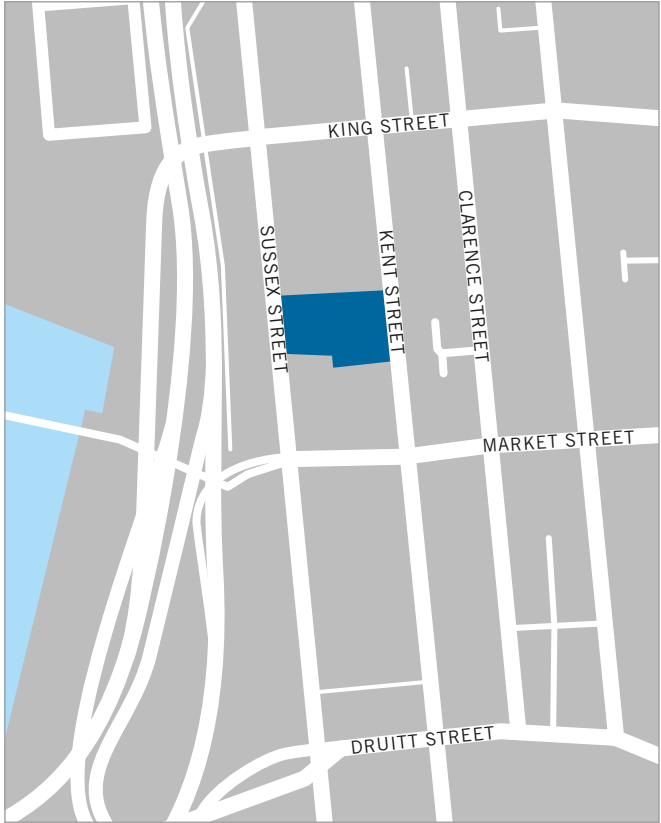
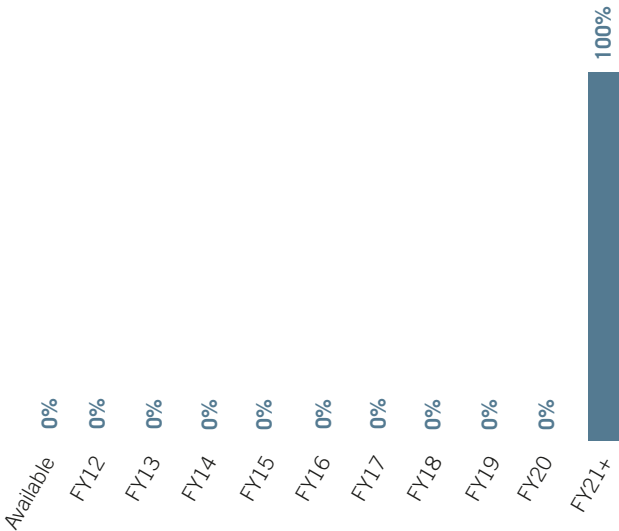
PROPERTY DETAILS

Building type	Car park
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Car parking spaces	785
Year built	1977
Major tenant	S&K Parking
Ownership (%)	100

PROPERTY STATISTICS AT 30 JUNE 2011

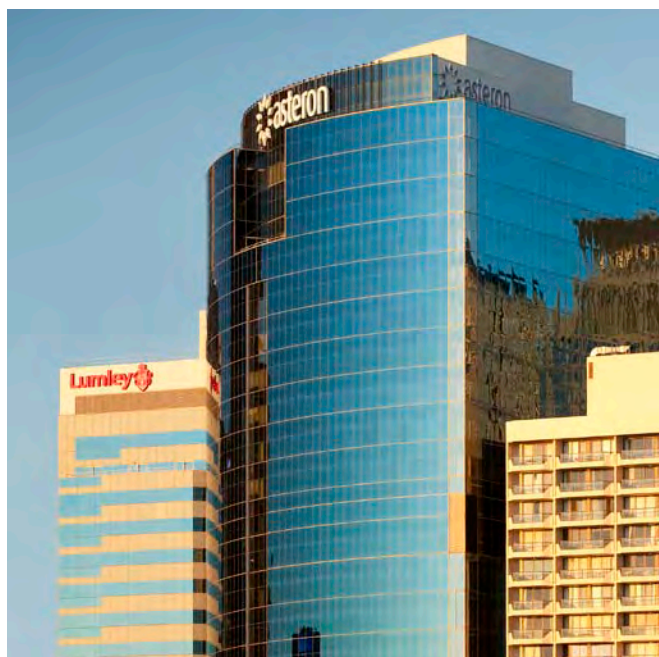
Acquisition date	Sep 1987
Acquisition price plus additions (AU \$m)	\$30.8
Book value (AU \$m)	\$60.0
Independent valuation date	Jun 2010
Independent valuation (AU \$m)	\$60.0
Market cap rate (%)	7.75
Initial yield (%)	7.67
Discount rate (%)	9.13
Leased by area (%)	100
Weighted lease term by income (years)	10

CAR PARK LEASE MATURITY BY INCOME (%)



NOTES

309-321 KENT STREET SYDNEY



The complex comprises two office towers with 19 levels of A-grade space in 321 Kent Street and 17 levels of B-grade space in 309 Kent Street. A ground level retail plaza and child care centre, as well as five levels of parking, provide amenities to both office towers.

Office floor plates range from 1,000 square metres in 309 Kent Street to 1,500 square metres in 321 Kent Street. 321 is a premier A-grade property with a prestigious reputation in the western corridor, while 309, a high level B-grade office building, benefits from the A-grade amenities of its neighbour.

The property was awarded \$1 million from the Commonwealth Green Building Fund program which will be used to upgrade low load chillers, control systems, lighting and other mechanical services to deliver greater efficiency and improved tenant comfort.

The properties offer easy vehicular access to the Sydney Harbour Bridge and the Western Distributor. 309-321 Kent Street is conveniently located close to Wynyard train and bus stations, Town Hall station and the King Street Wharf ferry services.

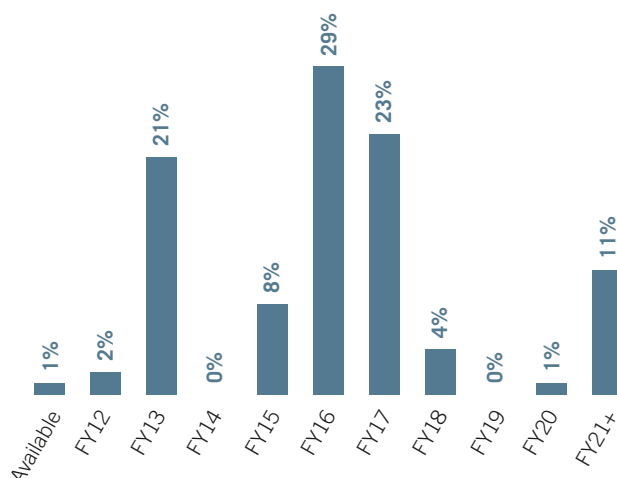
PROPERTY DETAILS

Building type	321 A-grade / 309 B-grade – office
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Site area (ha)	0.6
Lettable area ('000 m ²)	47.0
Typical floor area (m ²)	1,060
Number of buildings	2
Car parking spaces	497
NABERS Energy rating (with green power)	309 – 4.0 / 321 – 4.0
NABERS Energy rating (without green power)	309 – 3.5 / 321 – 3.5
NABERS Water rating	309 – 3.5 / 321 – 3.5
Year built	1976
Major tenant	Promina/Asteron Limited
Ownership (%)	50
Co-owner	AMP

PROPERTY STATISTICS AT 30 JUNE 2011

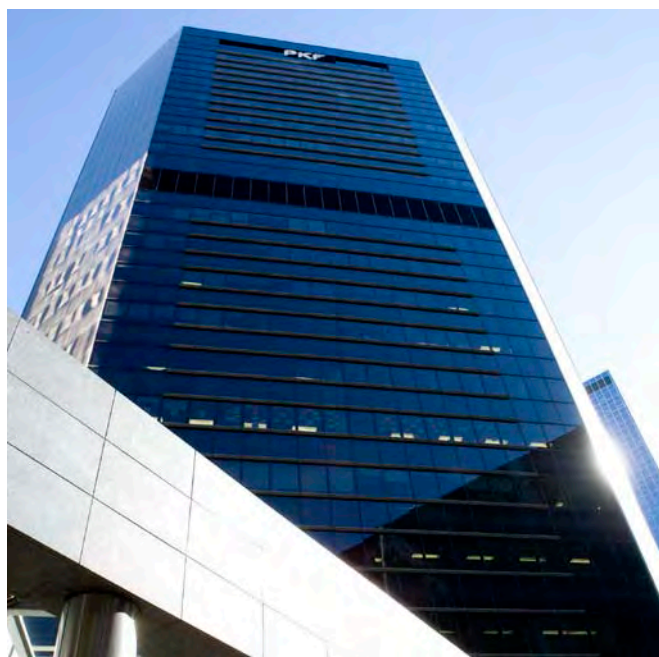
Acquisition date	Dec 1998
Acquisition price plus additions (AU \$m)	\$349.5
Book value (AU \$m)	\$368.6
Independent valuation date	Dec 2010
Independent valuation (AU \$m)	\$365.0
Market cap rate (%)	7.24
Initial yield (%)	7.89
Discount rate (%)	9.04
Leased by area (%)	100
Weighted lease term by income (years)	4.7

LEASE MATURITY BY INCOME (%)



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ONE MARGARET STREET SYDNEY



One Margaret is a high quality A-grade office tower located in a prime position in the western corridor and provides easy access to public transport via the Wynyard underpass and the Wynyard Park bus station.

The building offers over 20,000 square metres of space with 18 levels of A-grade office accommodation and three levels of car parking for 103 vehicles. One Margaret underwent a \$28 million refurbishment in 2002 where the façade, foyer and floors were upgraded. The office space provides typical floor plates of 1,000 square metres with excellent natural light and westerly views for tenants.

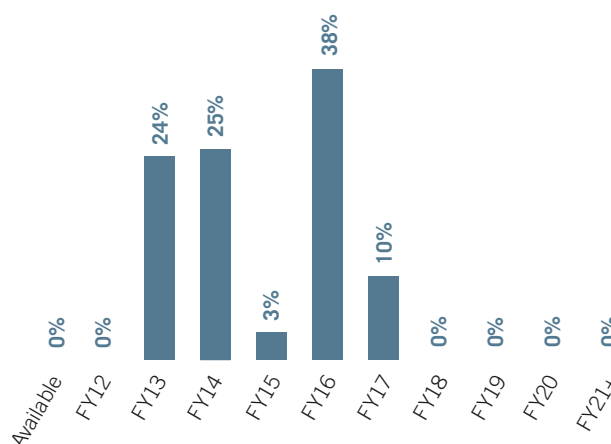
PROPERTY DETAILS

Building type	A-grade – office
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Site area (ha)	0.2
Lettable area ('000 m ²)	20.8
Typical floor area (m ²)	1,000
Number of buildings	1
Car parking spaces	103
NABERS Energy rating (with green power)	3.5
NABERS Energy rating (without green power)	3.0
NABERS Water rating	2.0
Year built	1984
Major tenant	PKF Services
Ownership (%)	100

PROPERTY STATISTICS AT 30 JUNE 2011

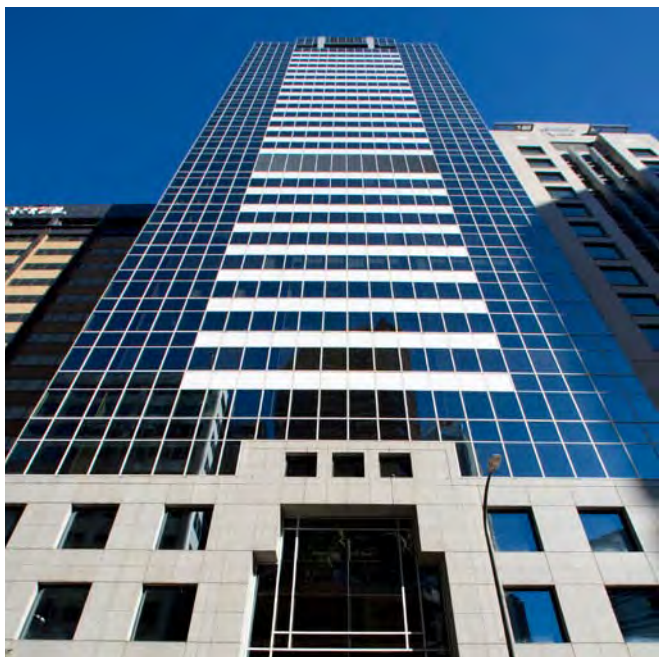
Acquisition date	Dec 1998
Acquisition price plus additions (AU \$m)	\$141.6
Book value (AU \$m)	\$170.9
Independent valuation date	Dec 2009
Independent valuation (AU \$m)	\$162.5
Market cap rate (%)	7.13
Initial yield (%)	7.65
Discount rate (%)	9.00
Leased by area (%)	100
Weighted lease term by income (years)	3.3

LEASE MATURITY BY INCOME (%)



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45 CLARENCE STREET SYDNEY



45 Clarence Street offers modern A-grade office facilities located in the western corridor of the Sydney CBD.

This office tower offers a revitalised and technology driven office environment with large and efficient floor plates averaging 1,250 square metres. The foyer offers three distinct spaces – a corporate entry, a spacious and comfortable lounge area and a café. Tenants and visitors have access to five levels of basement parking for 162 cars.

45 Clarence Street is in a prime location and is a short walk from Wynyard train and bus stations. The address provides excellent vehicular access to the Sydney Harbour Bridge, the Western Distributor and the eastern suburbs.

As part of our 4.5-star NABERS Energy rating program, 45 Clarence Street recently underwent an energy efficiency upgrade. The first three months of consumption achieved a 33% savings in electricity and a 64% savings in gas usage.

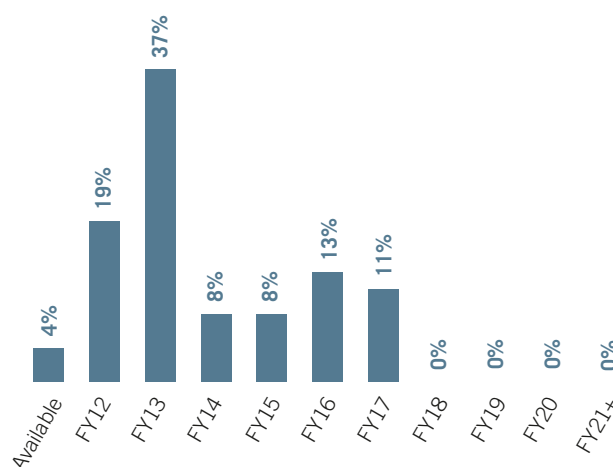
PROPERTY DETAILS

Building type	A-grade – office
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Site area (ha)	0.4
Lettable area ('000 m ²)	32.2
Typical floor area (m ²)	1,250
Number of buildings	1
Car parking spaces	162
NABERS Energy rating (with green power)	3.5
NABERS Energy rating (without green power)	3.0
NABERS Water rating	3.0
Year built	1990
Major tenant	Lloyds International
Ownership (%)	100

PROPERTY STATISTICS AT 30 JUNE 2011

Acquisition date	Dec 1998
Acquisition price plus additions (AU \$m)	\$231.1
Book value (AU \$m)	\$247.5
Independent valuation date	Jun 2011
Independent valuation (AU \$m)	\$247.5
Market cap rate (%)	7.13
Initial yield (%)	7.56
Discount rate (%)	9.00
Leased by area (%)	96
Weighted lease term by income (years)	2.7

LEASE MATURITY BY INCOME (%)

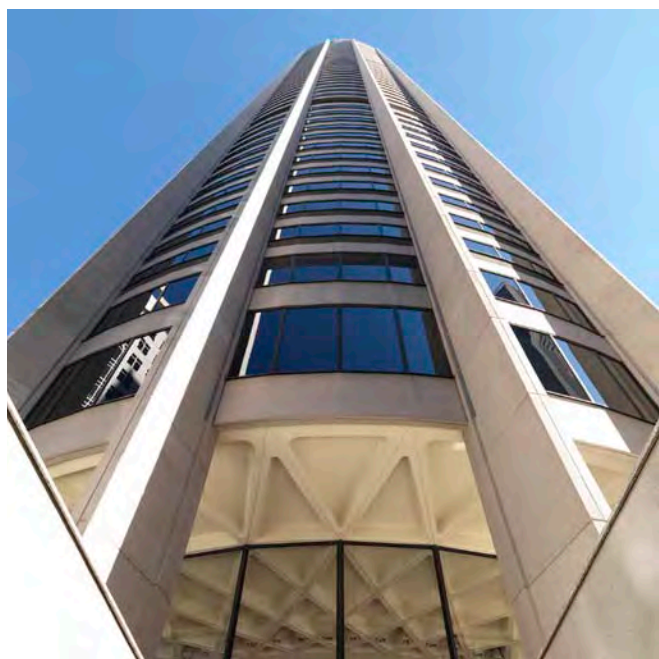


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AUSTRALIA SQUARE

264-278 GEORGE STREET

SYDNEY



Australia Square is an iconic Sulman Award-winning building designed by Harry Seidler. It was constructed in 1967 and occupies a prime city block in the CBD.

The complex comprises the A-grade office tower and the B-grade Plaza building. The Tower offers 41 levels of office accommodation, a revolving restaurant and ground floor retail and food court amenities. The Tower fronts onto George Street while the Plaza building fronts Pitt Street.

The Tower underwent a major \$110 million refurbishment in 1996. A \$10 million refurbishment of the external ground areas was completed in 2004.

The Tower has strong historical leasing demand due to its iconic status and location. It currently provides a highly sustainable workspace for tenants with a 4.5-star NABERS rating upgrade program already developed. The Plaza building leverages from the Tower's reputation and amenities at affordable rental levels.

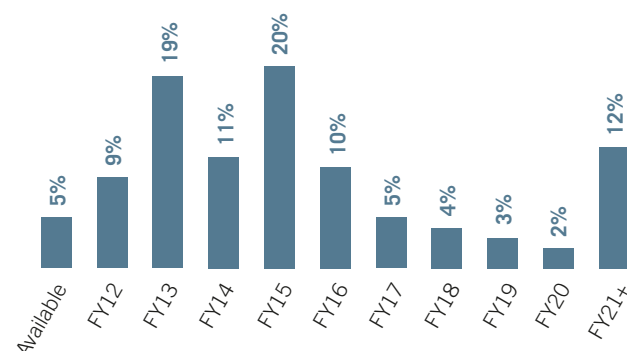
PROPERTY DETAILS

Building type	A-grade – office
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Site area (ha)	0.6
Lettable area ('000 m ²)	52.6
Typical floor area (m ²)	1,020
Number of buildings	2
Car parking spaces	400
NABERS Energy rating (with green power)	Tower – 5.0 / Plaza – 5.0
NABERS Energy rating (without green power)	Tower – 4.0 / Plaza – 4.5
NABERS Water rating	Tower – 3.5 / Plaza – 4.0
Year built	1967
Major tenant	Origin Energy Limited
Ownership (%)	50
Co-owner	General Property Trust

PROPERTY STATISTICS AT 30 JUNE 2011

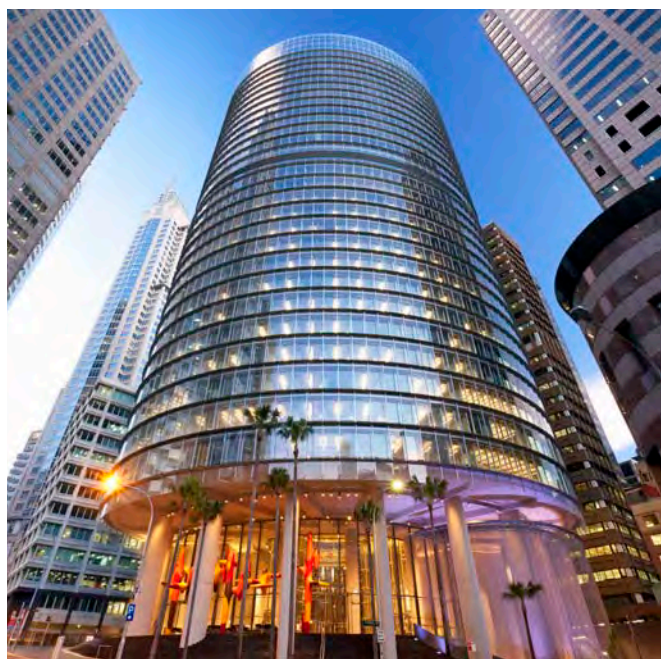
Acquisition date	Aug 2000
Acquisition price plus additions (AU \$m)	\$430.7
Book value (AU \$m)	\$542.9
Independent valuation date	Dec 2009
Independent valuation (AU \$m)	\$528.5
Market cap rate (%)	7.04
Initial yield (%)	6.83
Discount rate (%)	9.00
Leased by area (%)	95
Weighted lease term by income (years)	4.1

LEASE MATURITY BY INCOME (%)



[illegible]

1 BLIGH STREET SYDNEY



1 Bligh Street – the next generation in high performing sustainable office space.

1 Bligh Street combines leading edge design, technology and sustainability. This flagship development was completed on 7 July 2011 and was officially opened on 30 August 2011 by the Australian Prime Minister, The Hon. Julia Gillard.

The building, one of only seven premium buildings in the core Sydney CBD, provides 27 levels of premium office space and features a double-skin, glass façade with a naturally ventilated full height atrium. The building offers first class amenities including a premium concierge service, foyer café, childcare centre, shower facilities, bicycle racks, DEXUS on-site management and parking for 91 cars.

1 Bligh has been awarded a 6 Star Green Star Office Design v2 Certified rating and is designed to achieve a 5-star NABERS Energy rating.

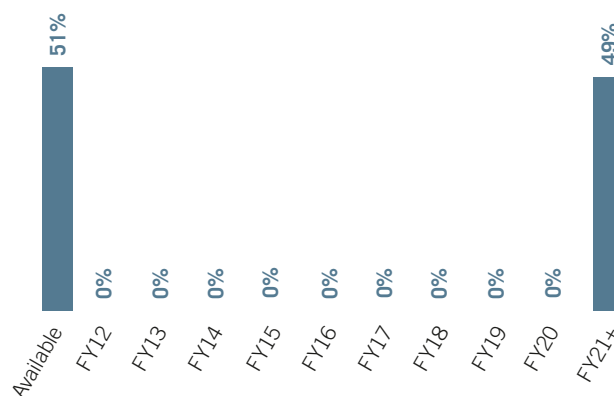
PROPERTY DETAILS

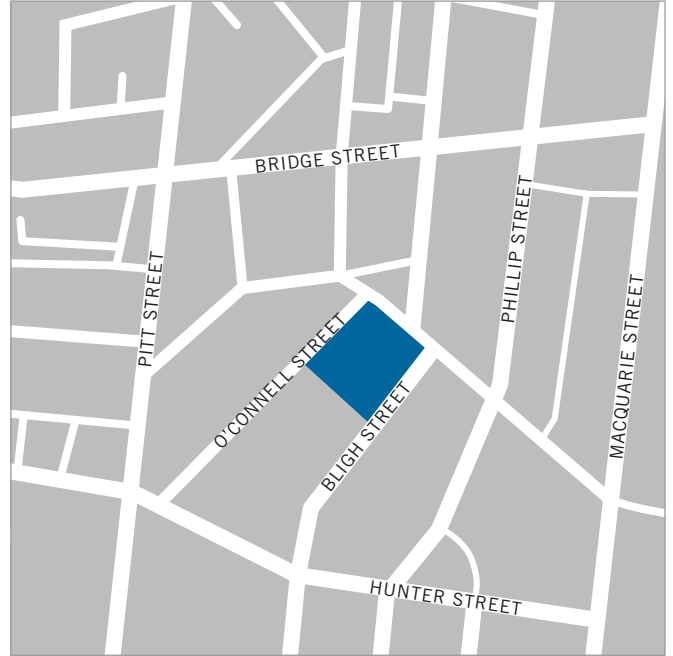
Building type	Premium grade office
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Site area (ha)	0.3
Lettable area ('000 m ²)	43.2
Typical floor area (m ²)	1,600
Number of buildings	1
Cap parking spaces	91
Green Star rating	6
Year built	2011
Major tenant	Clayton Utz
Ownership (%)	33
Co-owner	DWPF and Cbus

PROPERTY STATISTICS AT 30 JUNE 2011

Acquisition date	Aug 2000
Acquisition price plus additions (AU \$m)	\$599.4
Book value (AU \$m)	\$629.0
Independent valuation date	Jun 2011
Independent valuation (AU \$m)	\$629.0
Market cap rate (%)	6.50
Initial yield (%)	3.20
Discount rate (%)	9.00
Leased by area (%)	56
Weighted lease term by income (years)	9.9

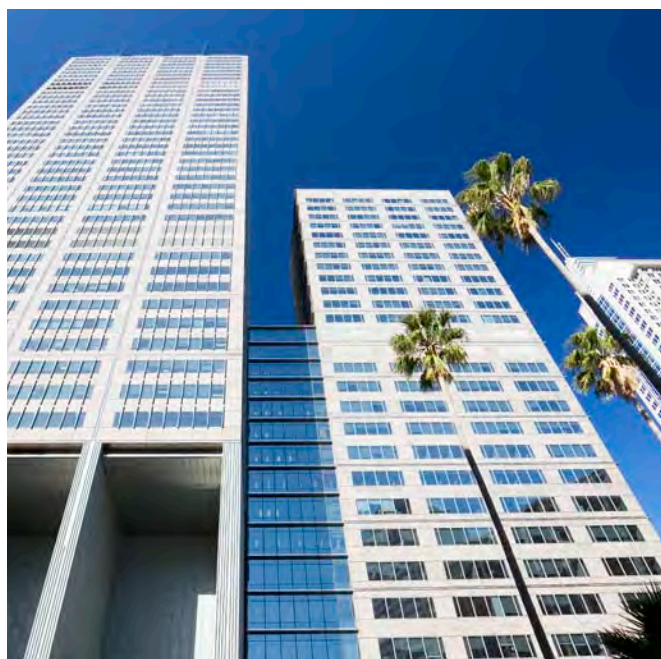
LEASE MATURITY BY INCOME (%)





NOTES

GOVERNOR PHILLIP TOWER & GOVERNOR MACQUARIE TOWER 1 FARRER PLACE, SYDNEY



One of Sydney's most prestigious office buildings, 1 Farrer Place is an exceptional landmark offering superior finishes and services.

The complex was designed by international architects Denton Corker Marshall and completed in 1993.

Offering a total net lettable area of approximately 87,200 square metres, and with GPT reaching a height of 243 metres, the complex provides panoramic views over the Royal Botanic Gardens and Sydney Harbour. The Towers offer column free office floors averaging 1,460 square metres.

The complex includes 38 levels of premium office space in Governor Phillip Tower and 26 levels in Governor Macquarie Tower, the Phillip Street Terraces (five restored historic terraces) and nine levels of basement parking for 654 vehicles.

The site was selected over 200 years ago by Governor Phillip to accommodate Australia's First Government House. In the 1790s it was the administrative and social centre of the nation. Today it continues to be a prestigious and influential address in the core of the CBD.

The foyer features Australian works of art in a spacious, light filled atrium furnished with granite floors and high walls of Sydney sandstone.

The towers are supported by premium building services including DEXUS on-site management and emergency back-up power sources for essential services and tenant requirements. The property is located in a highly accessible area of Sydney's financial business district with numerous transport modes available at Circular Quay.

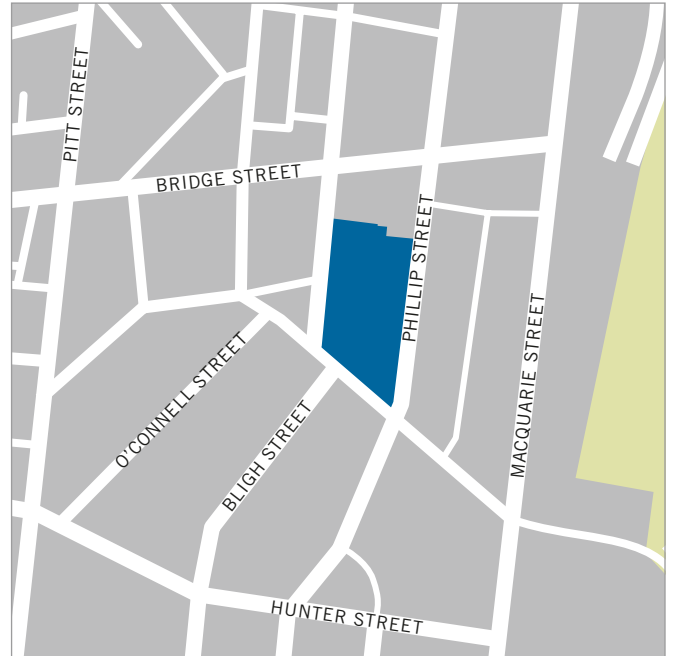
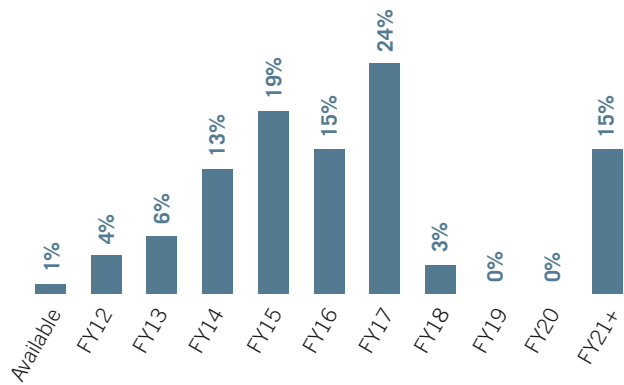
PROPERTY DETAILS

Building type	Premium grade – office
Metro area	Sydney
Zoning	City Centre
Title	Freehold
Site area (ha)	0.6
Lettable area ('000 m ²)	87.2
Typical floor area (m ²)	1,460
Number of buildings	3
Car parking spaces	654
NABERS Energy rating (with green power)	GPT – 4.0 / GMT – 4.5
NABERS Energy rating (without green power)	GPT – 3.0 / GMT – 3.5
NABERS Water rating	GPT – 3.0 / GMT – 4.0
Year built	1993
Major tenant	State of NSW
Ownership (%)	50
Co-owner	General Property Trust and Australian Prime Property Fund

PROPERTY STATISTICS AT 30 JUNE 2011

Acquisition date	Dec 1998
Acquisition price plus additions (AU \$m)	\$996.0
Book value (AU \$m)	\$1,290.9
Independent valuation date	Dec 2010
Independent valuation (AU \$m)	\$1,286.0
Market cap rate (%)	6.45
Initial yield (%)	6.34
Discount rate (%)	8.63
Leased by area (%)	99
Weighted lease term by income (years)	4.8

LEASE MATURITY BY INCOME (%)



NOTES

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NOTES

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www.dexus.com



DEXUS PROPERTY GROUP

2011 Sydney Office Tour

Paul Say
Chief Investment Officer & Head of Office



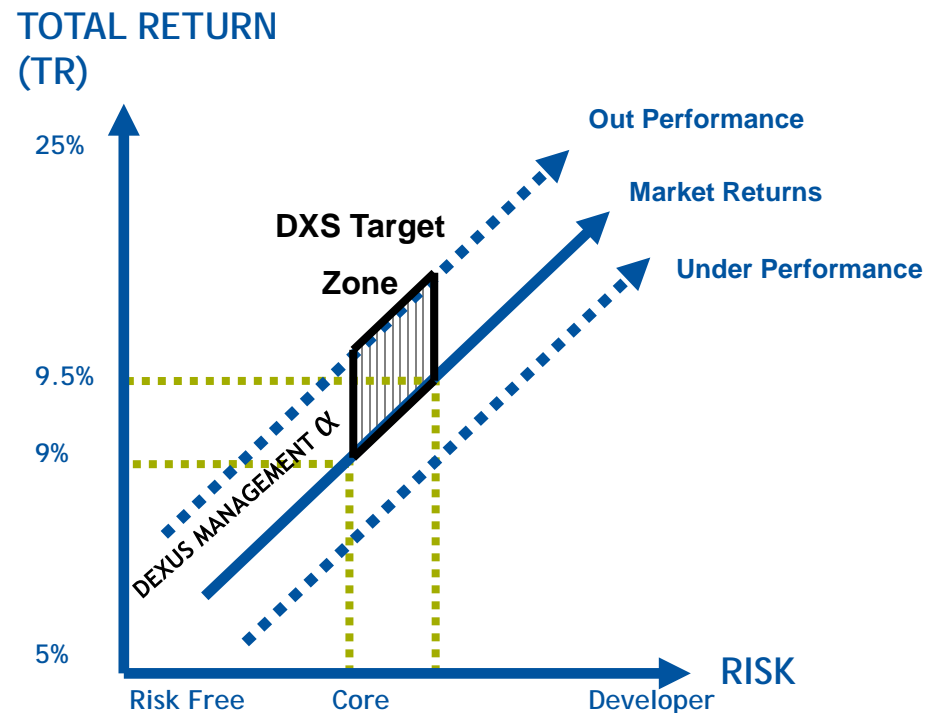
RUN OF THE DAY

- Our approach
- Research perspective
- Tour starts
 - Western corridor
 - Lunch
 - CBD core
- Conclusion

OFFICE OBJECTIVES

Our vision is to be the market leader in office through a superior approach to owning, managing and developing office property in Australia. Our office portfolio valued at \$6.1 billion, is one of the largest in Australia, comprising the country's most iconic premium office towers.

- Market leadership is a combination of both real performance and perception
- Dominant and sustainable institutional property groups in Australia and around the world tend position themselves in the core/core plus level of the risk spectrum
- Long term total return target for a core/core plus office investor is a 3-5 year IRR of 9% (300-400bp over the long term bond rate)
- Top quartile to exceed average returns by 50-100bps without changing the risk profile



OFFICE PHILOSOPHY

STRATEGIC

The four DEXUS value drivers

- I. Disciplined investment in CBD markets with high barriers to entry
- II. Leverage scale and expertise in selected markets
- III. Tactically time sales and leasing transactions
- IV. Engage in disciplined value-add/development

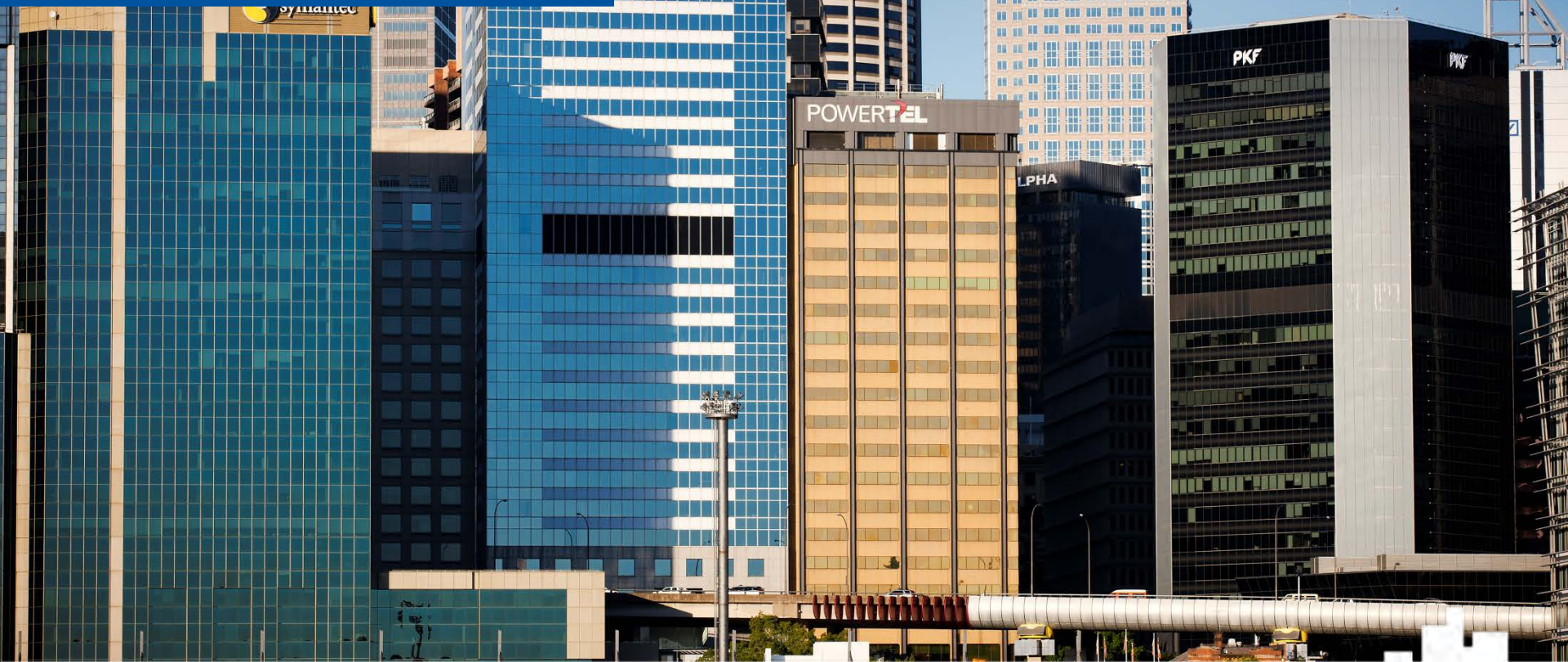
OPERATIONAL

High performance management

- Robust and meaningful performance metrics and measurement
- Service excellence
- Efficient systems and processes
- Sustainability

Expected core returns	+	Management premium	=	Top quartile performance
9.0%—9.5%	+	0.5%—1.00%	=	9.5%—10.5%

DEXUS OFFICE PHILOSOPHY



DRIVER I: INVEST IN MARKETS WITH HIGH BARRIERS TO ENTRY

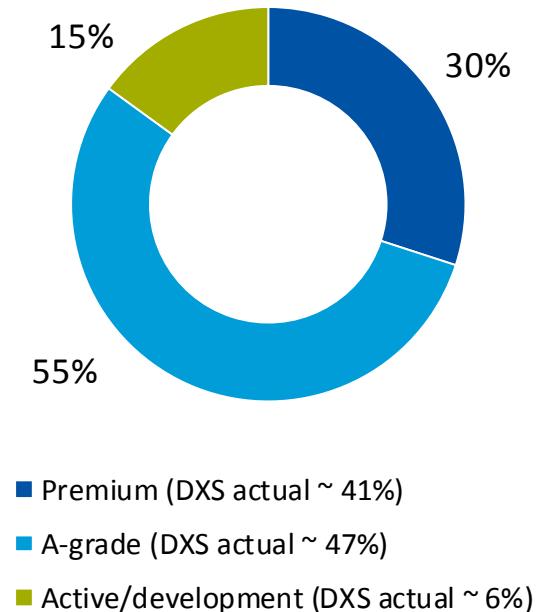
Targeting a tactical mix of Australian office key markets

- Invest in markets with high barriers to entry where tenants want/have to be located
- Primarily the CBD's of Sydney and Melbourne (also Brisbane and Perth) based on liquidity, long term demand growth, barriers to new supply and large diverse tenant base

Hold a target mix of premium, A grade, and development grade assets

- Focusing on prime grades allows us to attract large tenants, extend time to obsolescence and reduce competition from lower capitalised competitors
- Larger and higher grade assets are more efficient and less management intensive
- 10-15% of active/development increases returns while keeping risk at an acceptable level for a core portfolio

Target ratio of asset grade (risk/return)



Source: DEXUS Research.

DRIVER II: LEVERAGE SCALE & EXPERTISE IN SELECTED MARKETS

Create and leverage local scale to build and maintain local relationships

- Hold sufficient properties in each market to:
 - Maximise market knowledge
 - Leverage local relationships
 - Attract and support a high performance local team with superior intellectual property, skill and execution capabilities
- Scale achieved through combination of direct holdings (DXS) and third party relationships with like-minded investors

Sydney CBD view from Gateway rooftop, including 1 Bligh, GPT/GMT and Australia Square



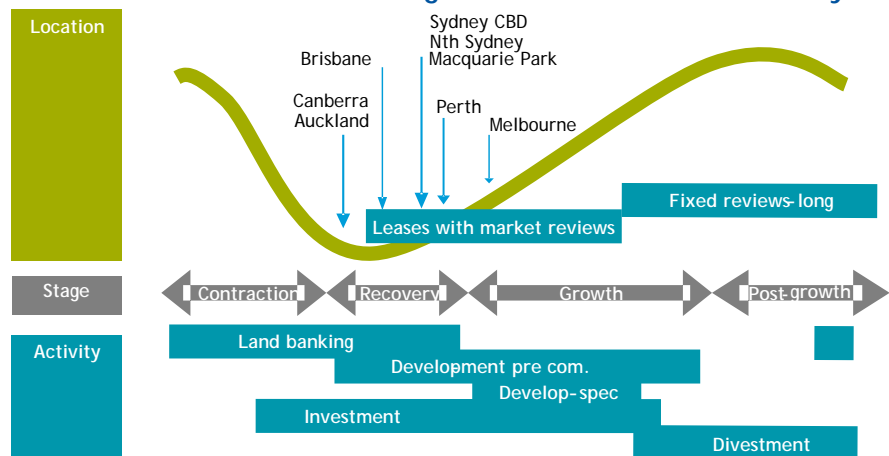
Source: DEXUS Research.

DRIVER II: LEVERAGE SCALE & EXPERTISE IN SELECTED MARKETS



DRIVER III: TACTICALLY TIME SALES AND PROPERTY TRANSACTIONS

Time investment and leasing activities to the market cycle



Investing and divesting according to the market cycle adds approx. 20-30bps to total return



Source: IPD, JLL, DEXUS Research, Cycle includes transaction costs (approx. 30 bps impact).

- Timing the market cycle successfully requires accurate, research-driven, estimation of cycle timing and management discipline
- Matching lease expiry according to the market cycle can increase retention and reduce exposure to increased incentives, adding significant value over time
- Analysis of past cycles indicate that additional value can be created through implementing a disciplined approach to buy/sell and leasing activities

DRIVER IV: ENGAGE IN DISCIPLINED VALUE-ADD/DEVELOPMENT

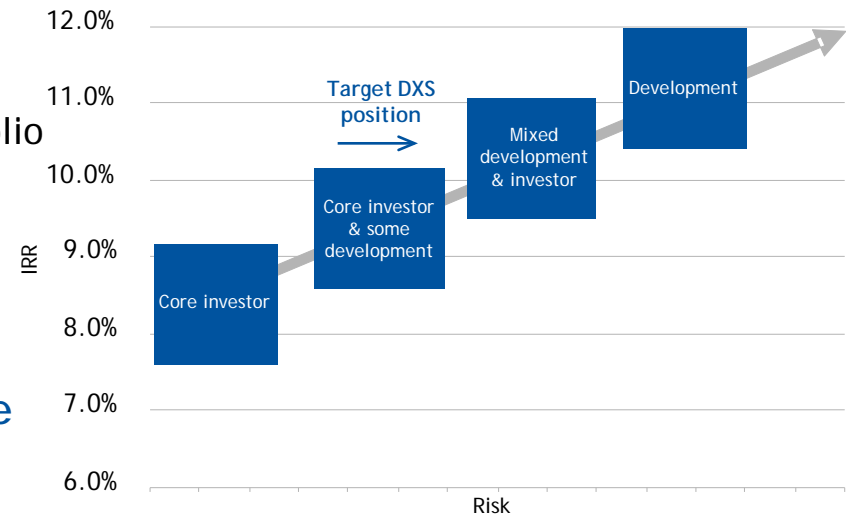
Develop to enhance returns and improve portfolio quality

- Acquire sites and land banks at attractive pricing
- Develop to enhance portfolio yield and improve portfolio quality
- Develop to create 'active earnings'

Acquire properties for repositioning to enhance returns and improve portfolio quality

- Acquire lower grade properties at attractive pricing
- Reposition to enhance portfolio yield and improve portfolio quality
- Reposition and sell to create 'active earnings'

Market positioning



Source: IPD, DEXUS Research.

OPERATIONAL EXCELLENCE



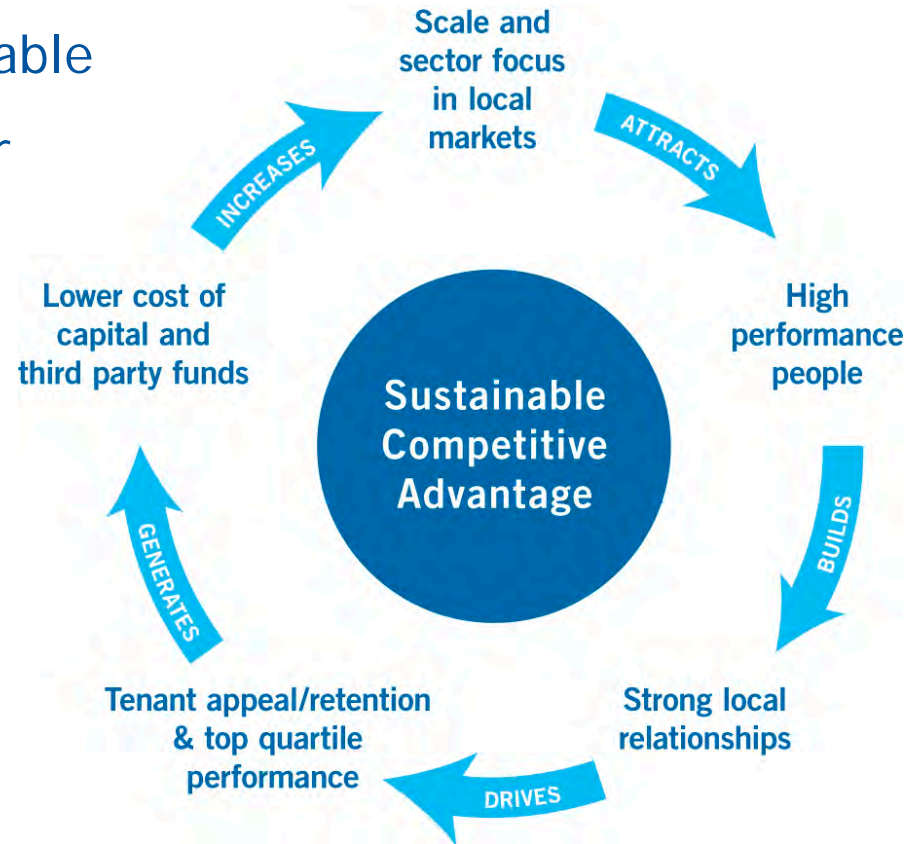
OPERATIONAL EXCELLENCE SUPPORTS SUSTAINABLE COMPETITIVE ADVANTAGE (SCA)

Management alpha delivers top quartile performance through adherence to:

1. Robust and meaningful performance metrics and measurement
2. Service excellence
3. Efficient systems and processes
4. Sustainability

OUR GOAL

Our ultimate goal is to create Sustainable Competitive Advantage (SCA) over our competitors as the market leader in owning, managing and developing Australian office property



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Office market overview

Peter Studley
Head of Research

INTRODUCTION

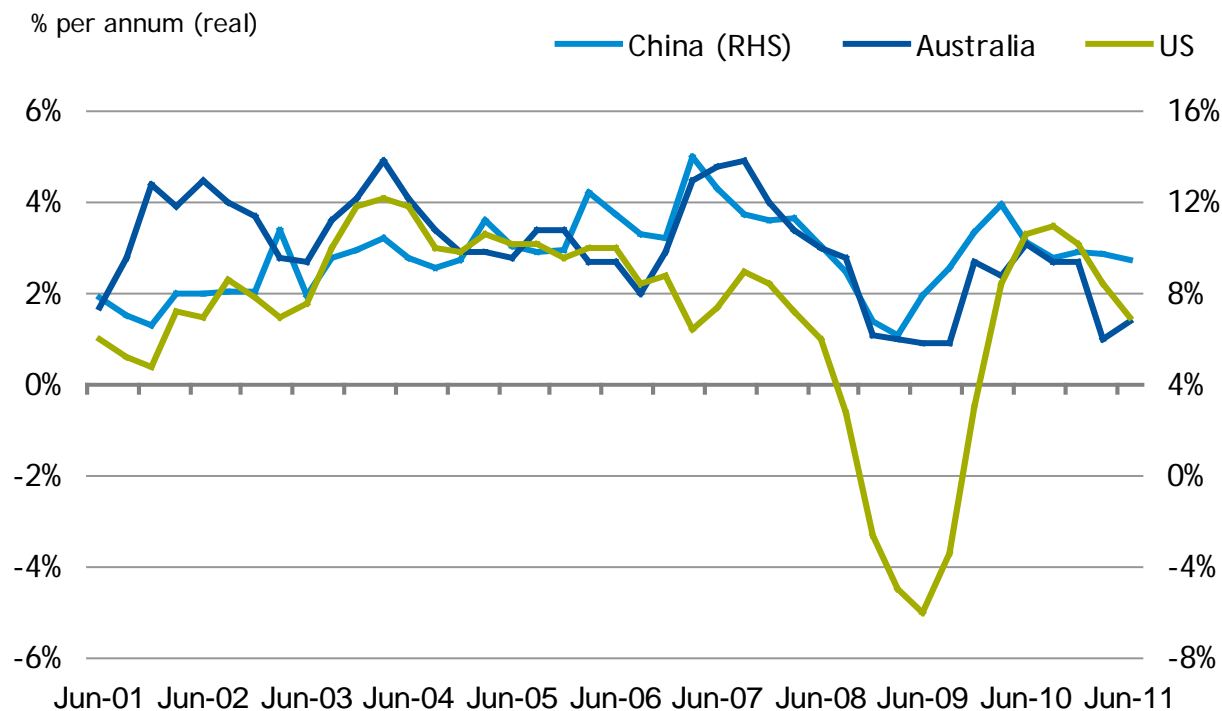
- Australian office markets are not oversupplied and are positioned for long term growth
- CBD office demand has been above average in the past year
- Vacancy has fallen in eight out of the ten major markets
- While there is a degree of uncertainty about the global outlook, Australia has one of the strongest economic outlooks in the developed world

44 Market Street, Sydney NSW

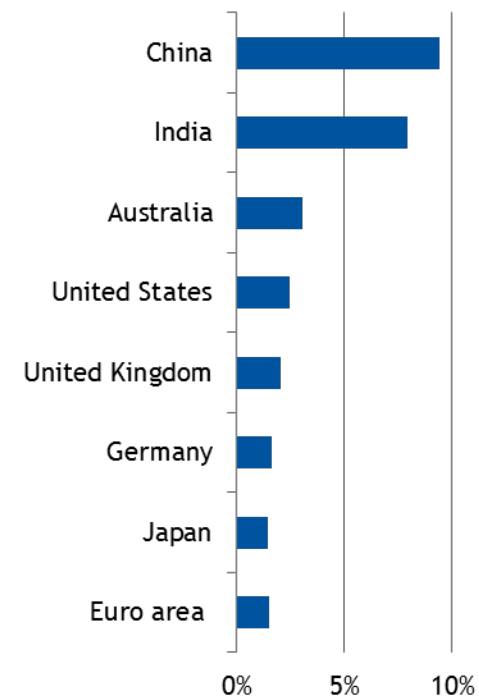


AUSTRALIA WELL-PLACED AMID UNCERTAINTY

Australia's fortunes linked to strong growth in Asia



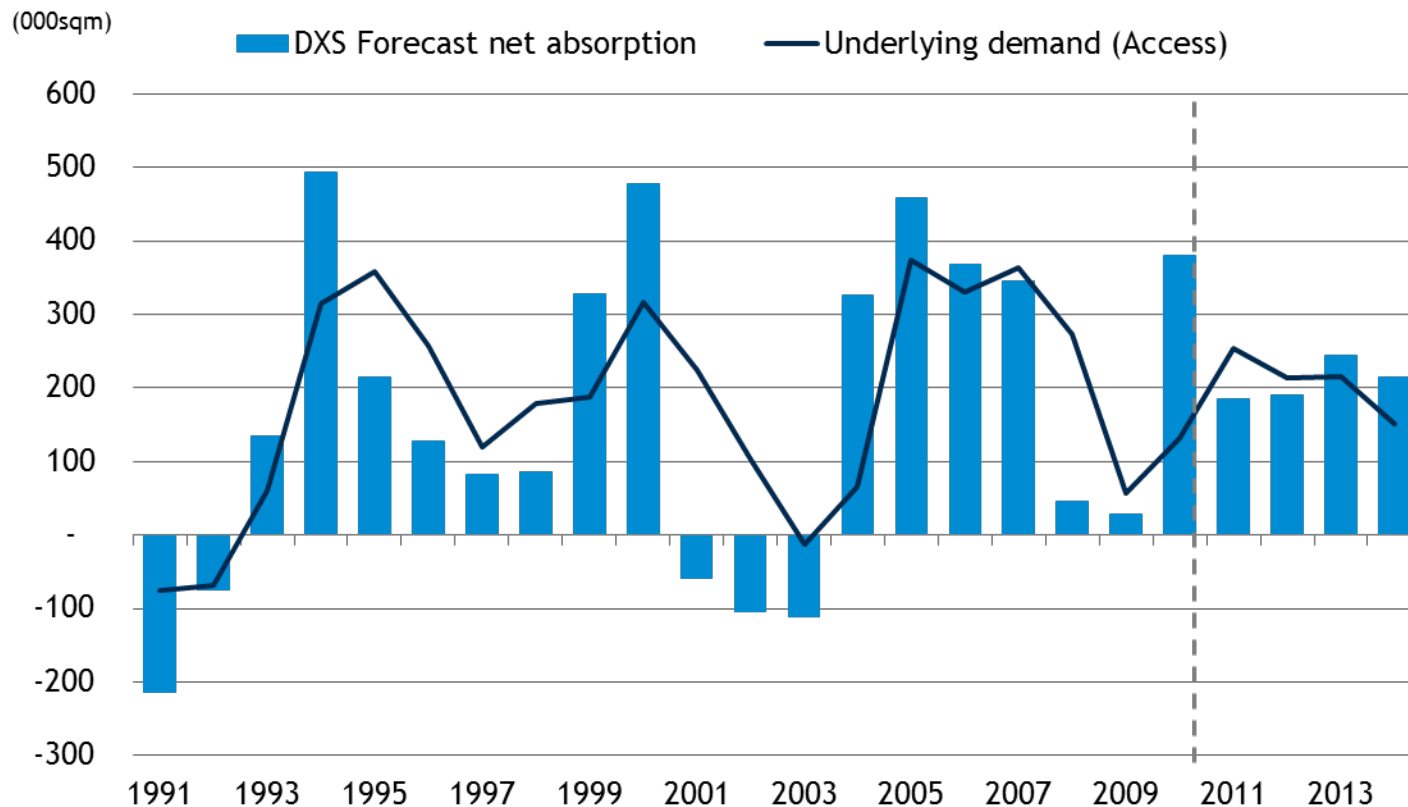
Forecast growth to 2016



Source: IMF, DEXUS Research.

OFFICE DEMAND DRIVEN BY EMPLOYMENT GROWTH

Demand down on last year, but expected to be positive medium term

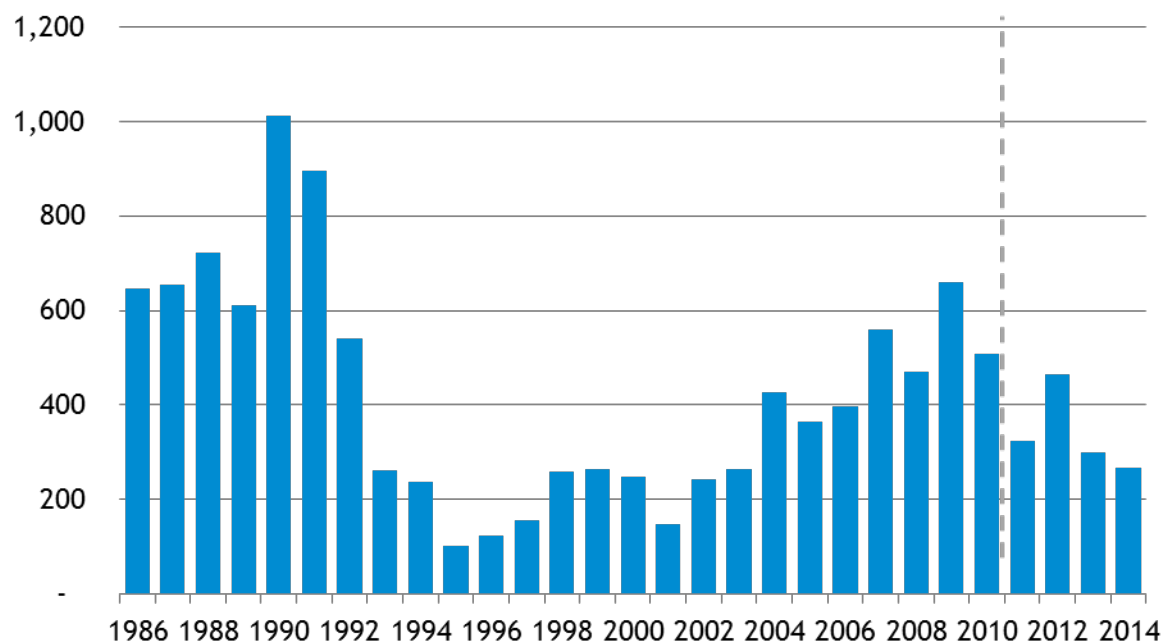


Source: Access Economics, DEXUS Research.

SUPPLY PRESSURE – MARKETS NOT OVERSUPPLIED

Modest CBD completions are a major factor mitigating risk

Total supply as % of stock

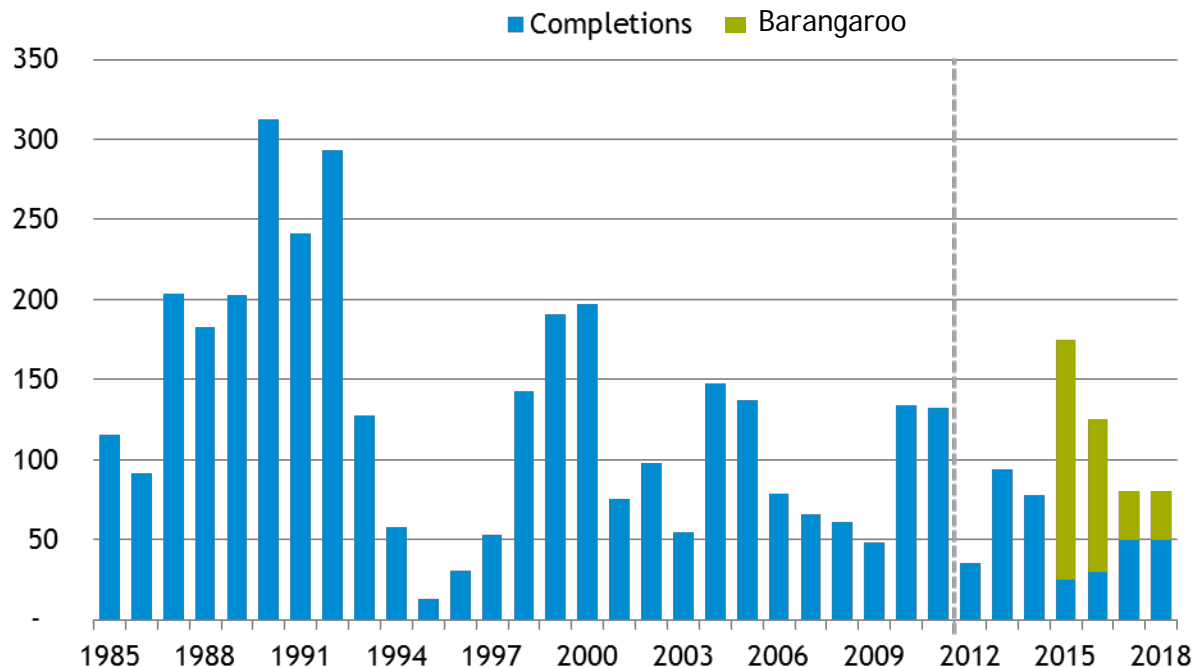


	2012-14 forecast supply	Past 10 year average
Sydney	1.4	2.0
Melbourne CBD	2.6	2.9
Brisbane	2.4	3.2
Perth	2.7	2.7

Source: Jones Lang LaSalle, DEXUS Research.

BARANGAROO SUPPLY MANAGEABLE

Sydney forecast supply including Barangaroo is similar to past cycles

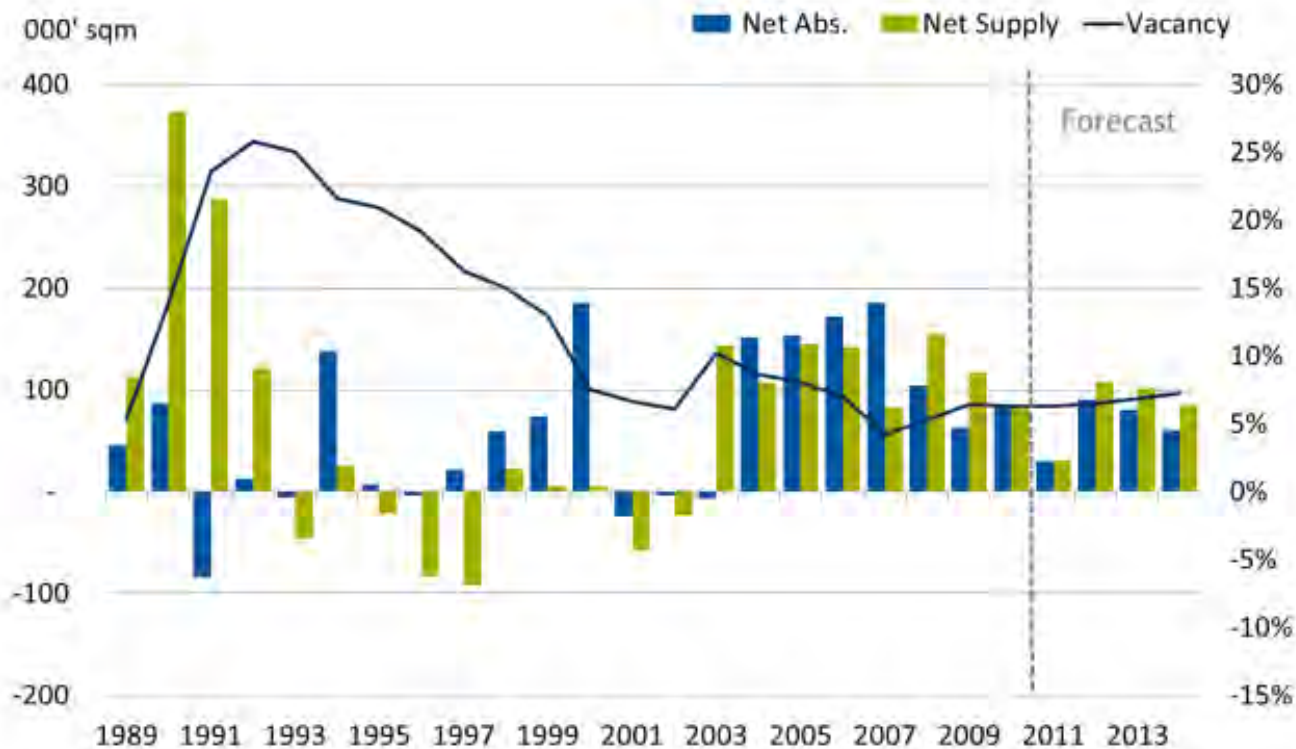


- Will further improve amenity of western and northern precincts of CBD
- Any lengthening of the development period will moderate the market impact

Source: Jones Lang LaSalle, DEXUS Research.

MELBOURNE OUTLOOK STABLE

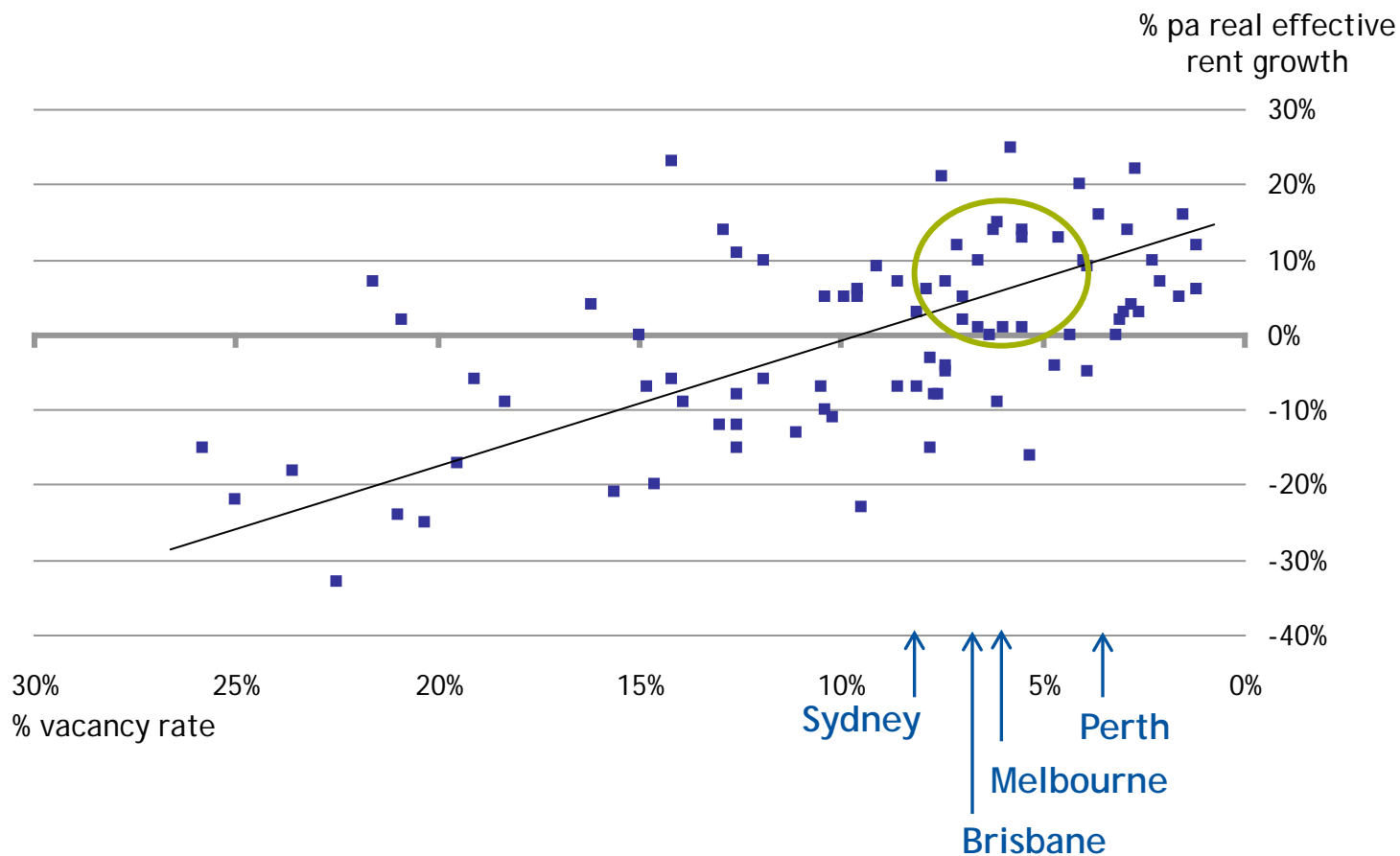
Melbourne supply, demand and vacancy



Source: Jones Lang LaSalle, DEXUS Research.

MARKETS ARE IN THE ZONE WHERE GROWTH OCCURS

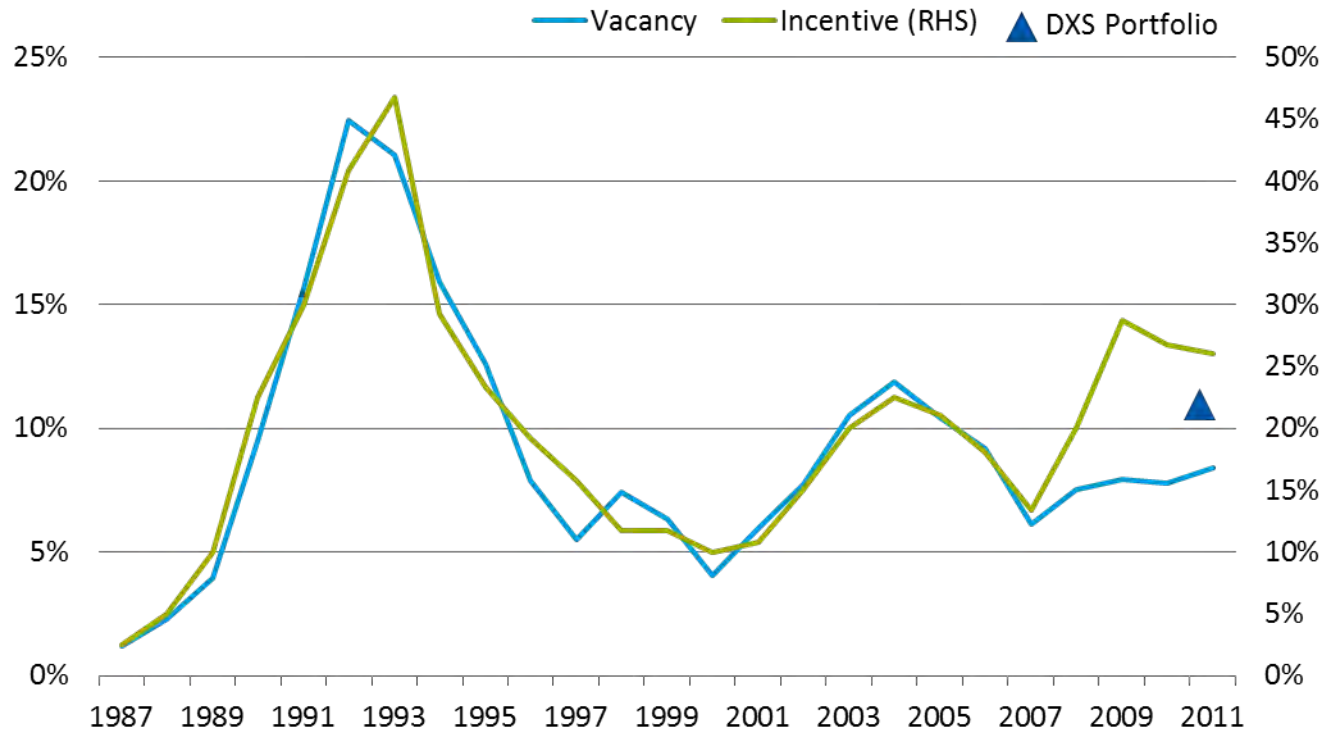
Real effective rent growth vs vacancy



Source: DEXUS Property Group from Jones Lang LaSalle data, North Sydney, Sydney & Melbourne.

SCOPE FOR INCENTIVES TO FALL

Incentives on relocations tend to move with vacancy rates



Source: Jones Lang LaSalle, DEXUS Research, includes incentives on relocations, excludes renewals.

MANAGING UNCERTAINTY - POSSIBLE DOWNSIDE SCENARIOS

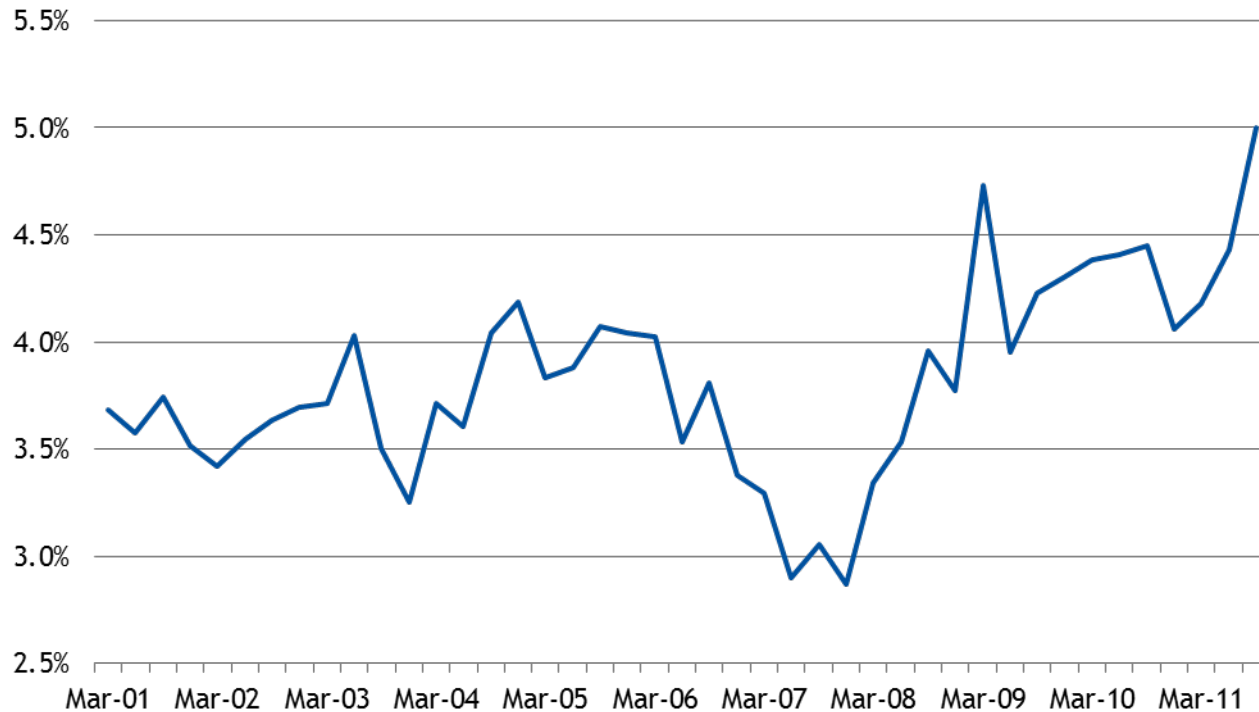
Demand and vacancy for the major 4 CBD markets 2012-14

Scenario	Description	Demand 2012-14 (sqm/pa)	Forecast vacancy in 2014	Impact
Base case Most likely	Period of slow global growth Office demand about average	218,000	7.2%	Effective growth in the range 5%-10% pa
Scenario 1 Less likely	Double dip in both Europe and US Demand at similar levels to GFC	140,000	9.0%	Growth about a third to a half of base case
Scenario 2 Least likely	"Hard landing" in China Demand worse than during GFC	45,000	11.0%	Nil growth with some decline in rents possible

- Either downside scenario would have relatively moderate effects on vacancy due to the absence of overbuilding

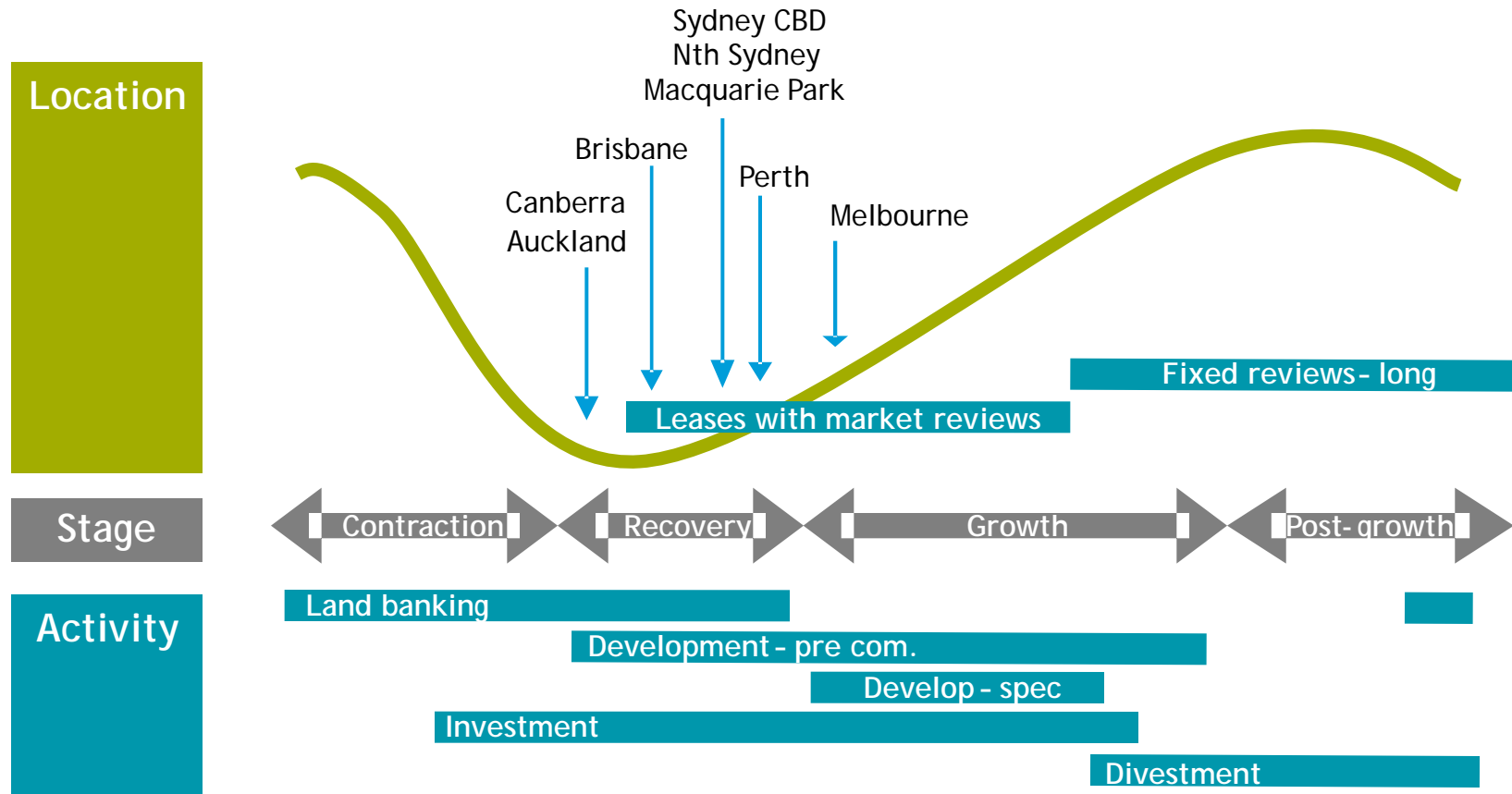
OUTLOOK FOR VALUES POSITIVE

There is a wide spread over the real 10yr bond rate (Sydney prime office)



Source: Jones Lang LaSalle, Reserve Bank of Australia, DEXUS Research.

OFFICE CYCLE IN 2011



Source: DEXUS Research.

An aerial night view of a city skyline, likely Sydney, Australia. The image shows a dense cluster of skyscrapers, many of which are illuminated with warm yellow lights. In the foreground, a prominent building with a curved, cylindrical facade and a glass-enclosed rooftop terrace is visible. To its right, another building with a distinctive blue-lit, conical roof stands out. The background shows the city extending to the water, with a bridge visible in the distance under a twilight sky. A solid blue rectangular box is overlaid on the left side of the image, containing white text.

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Sustainability

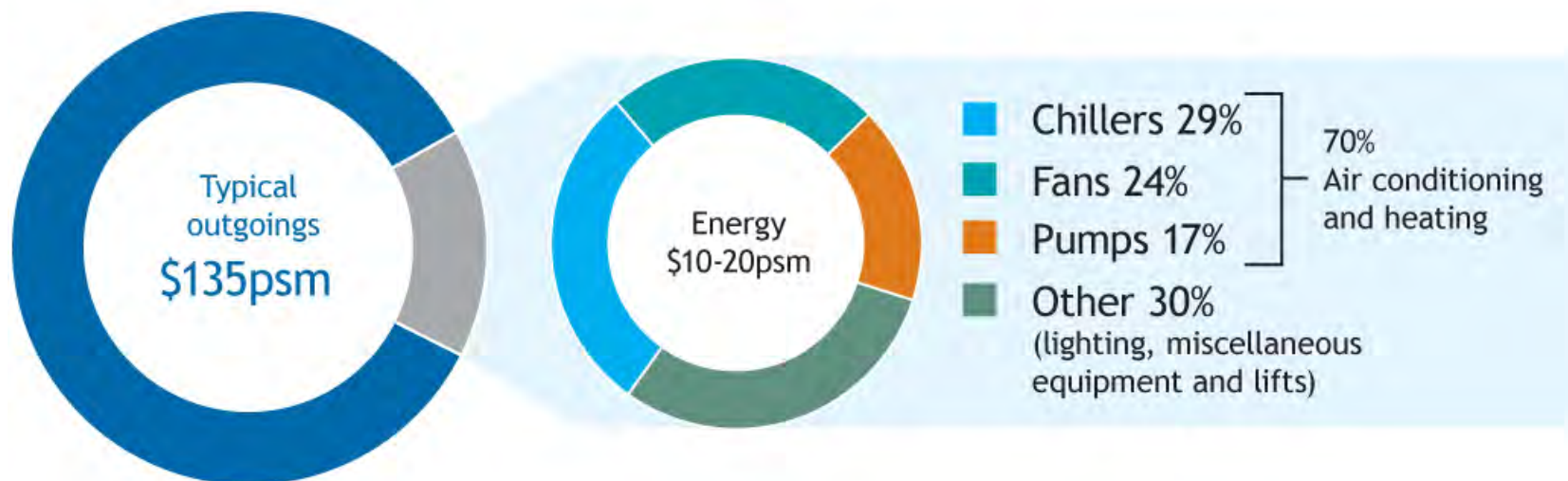
Tony Gulliver
Head of Development & Trading

OFFICE 4.5 STAR NABERS ENERGY PROGRAM

September 2009 program approved:

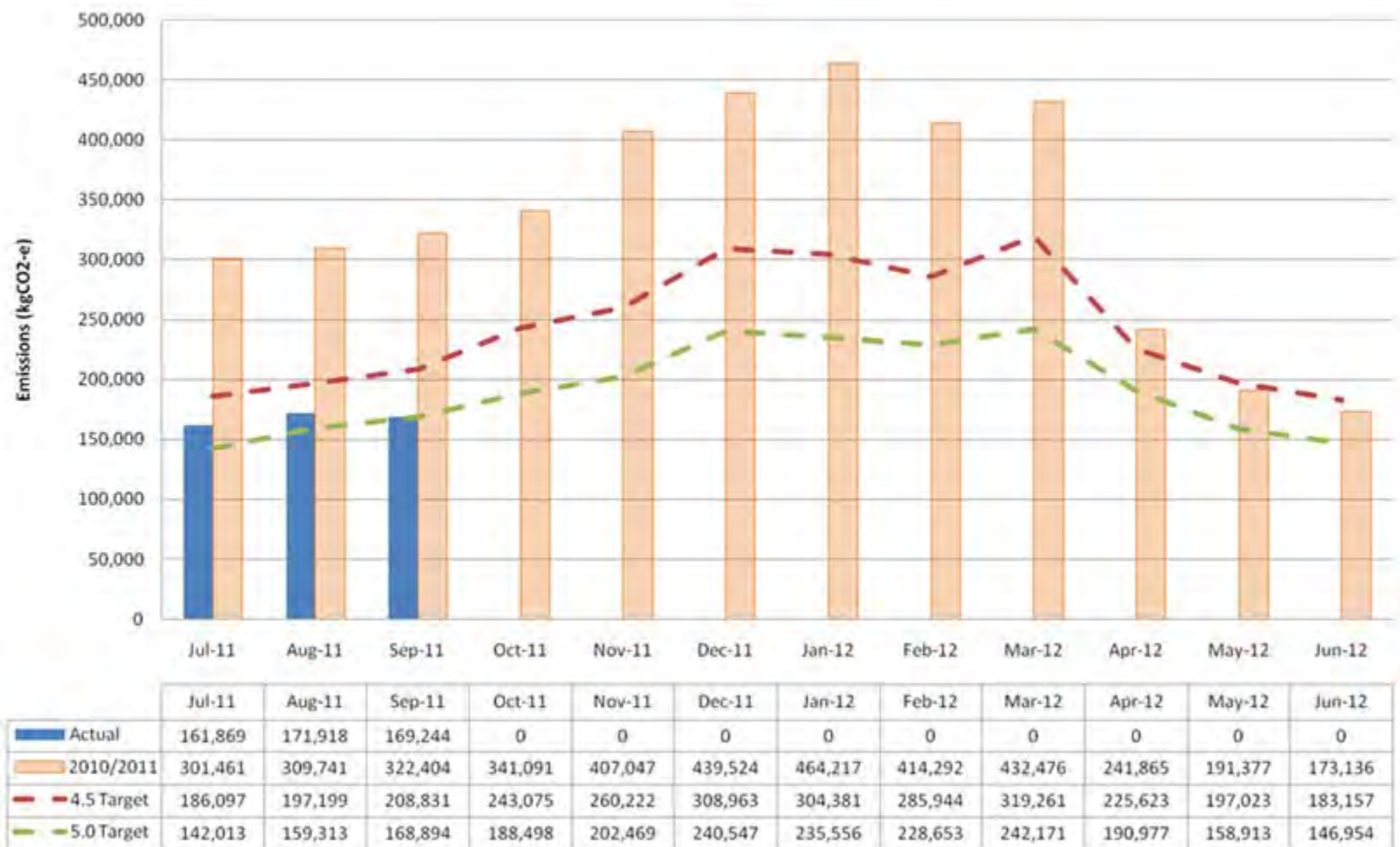
- Average NABERS Energy rating increase to 4.5 Stars
- June 2012 programmed completion
- Projects in 30 properties (DXS 22 buildings, Third Party Funds 8 buildings)
- Capital works program of \$41 million for DXS

COMPONENTS OF ENERGY CONSUMPTION



45 CLARENCE STREET, SYDNEY

NABERS tracking post project

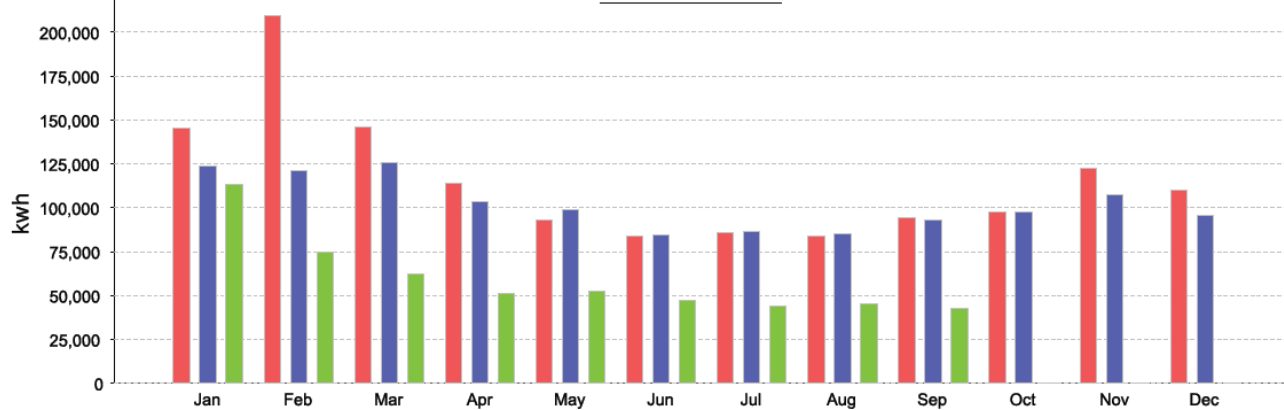


4.5 STAR PROJECT

Performance statistics

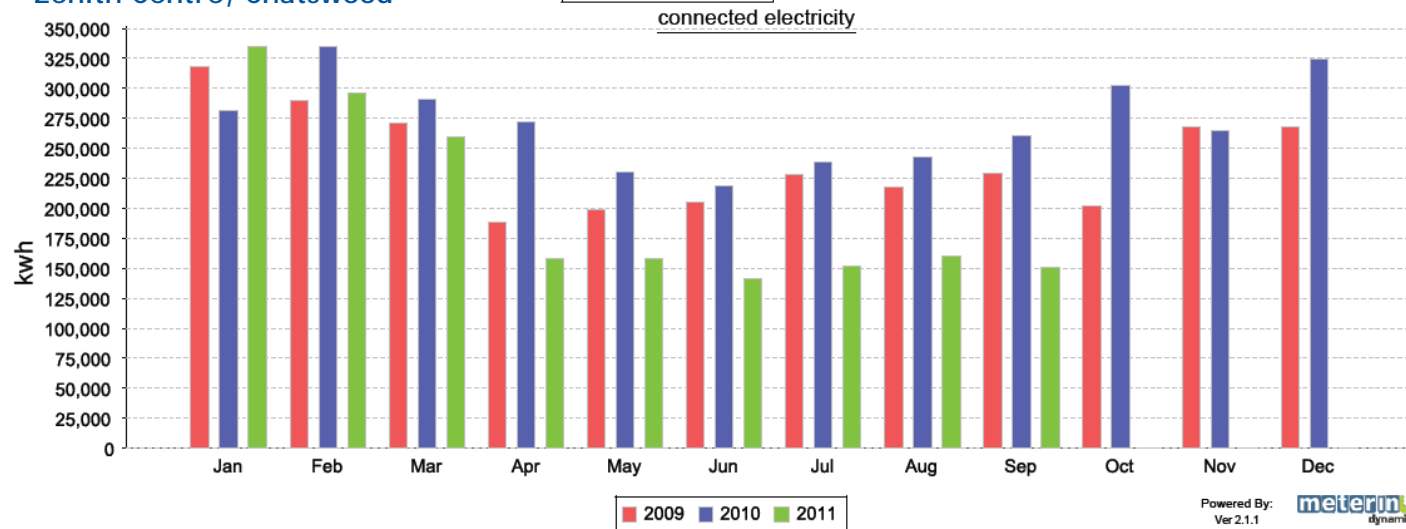
Garema Court, Canberra ACT

connected electricity



Zenith Centre, Chatswood

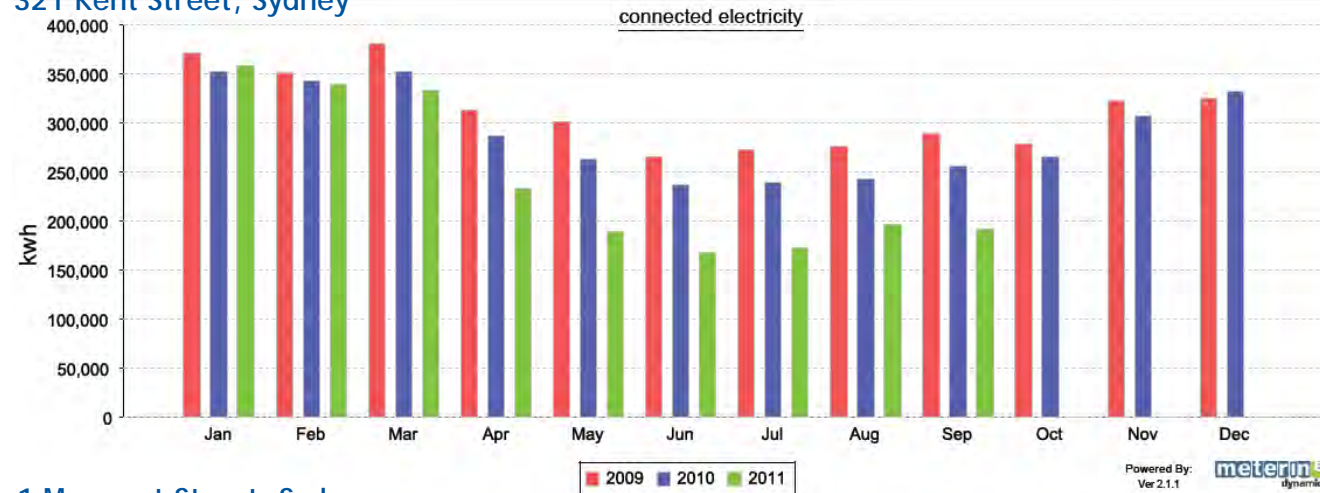
connected electricity



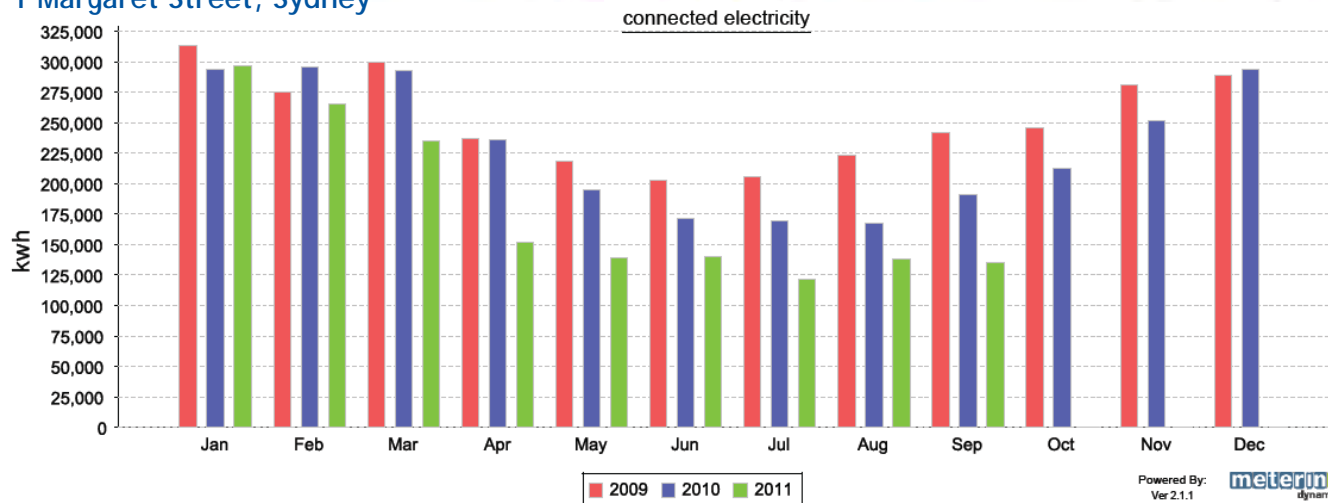
4.5 STAR PROJECT

Performance statistics

321 Kent Street, Sydney



1 Margaret Street, Sydney



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2011 Sydney Office Tour

Paul Say
Chief Investment Officer & Head of Office

