

# DEXUS Property Group - ASX release

31 October 2011

## DEXUS Property Group (ASX: DXS) 2011 Annual General Meeting address and presentation Chair's address

Good afternoon and thank you all for being here today and on the webcast. My name is Chris Beare and I am pleased to welcome you to DEXUS's seventh Annual General Meeting since stapling in 2004.

For many investors the Annual General Meeting is the best opportunity to hear first-hand from the Board and management about the Group, so we invite you to ask questions when we come to the resolutions.

We are again web casting this Annual General Meeting which 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 provide an overview of the business, talk about the achievements of the Group in 2011 and reaffirm our strategy and outlook for 2012.

I will provide some views on the market in which we operate and on the Group's performance during the year, and then discuss remuneration, corporate responsibility and sustainability and corporate governance.

### Current market conditions

The global economy remains challenging. Growth is relatively slow in Europe and the US, however the Asian region continues to grow at a significantly higher rate. While a climate of uncertainty can be expected to prevail for a considerable period of time, recent announcements by Authorities in Europe appear to have been welcomed by financial markets.

Against this background, the Australian economy is fundamentally well placed. According to the latest IMF forecast Australia has one of the strongest medium term growth outlooks in the developed world.

In property markets, the confidence factor is having some impact on leasing markets in the short term. However, on the whole, the fundamentals remain sound.

Over the past year we have seen above average demand in Australian CBD office markets and growth in market rents in Sydney, Melbourne and Perth. The national CBD market occupancy rate is more than 92% and markets are benefitting from modest levels of new supply. Australian prime industrial markets are enjoying occupancy rates of more than 95%. In the US the national industrial occupancy rate has risen over the past year, indicating that the markets are turning the corner.

### 2011 performance

In challenging market conditions, DEXUS has again delivered solid performance through the ownership, management and development of office and industrial property in Australia and the United States.

The quality of our properties and the focus of our management team delivered a net profit to investors of \$553 million for the 2011 financial year. Funds from Operations increased 2.3% to \$358 million and, in line with our guidance, distributions to investors increased to 5.18 cents per security.

Last year DEXUS delivered a total shareholder return of 21.3% as measured by the S&P/ASX 200 Property Accumulation Index. The average return as shown by the index was 5.8%. In fact, of those companies in the index with a market capitalisation over \$1 billion, only one performed better. Since June our total return has continued to outperform the Index and we have beaten the Index on a three year rolling basis every year to 30 June since we stapled in 2004.

While we are proud of our outperformance we know that for investors it is absolute performance that matters and the A-REIT sector including DEXUS did not do well for investors through the GFC.

## Board and Executive remuneration

I now turn to remuneration.

Every year the Board Nomination and Remuneration Committee takes a critical look at the structure and quantum of both Director and Executive remuneration.

We do this to make sure our remuneration remains competitive so that we can attract and retain good people and so we do not pay out of line with our peers. We only adjust the base pay and total levels when remuneration consultants advise and market data confirms that we are falling below the median of our peers.

Each executive is measured against a balanced scorecard of specific measures including stretch targets that relate to the desired performance of the Group and the ability of the executive to influence these.

The table displayed on the screen outlines the key financial performance measures used in our remuneration decisions. As you can see:

- Funds from Operations increased 2.3% to \$358 million, or 7.4 cents per security
- Distributions per security increased 1.6% to 5.18 cents
- Net tangible assets per security increased 6.3% to \$1.01
- As I have already described, total security holder returns exceeded benchmarks over the short and longer terms

There has recently been considerable press coverage specifically about property sector executive remuneration including our CEO's remuneration package. Actual remuneration granted to the CEO for the past year was \$3.95 million, which represents an increase of 9.7% on the previous year. This increase reflects the achievement of 83% of his balanced scorecard goals including delivering a total shareholder return of 21.3% this year, against an average return for the sector of 5.8%.

In spite of this good comparable performance, our CEO's base salary is below the average of the peer group range as are his cash short term and deferred short term performance payments, the latter being deferred for three years and fluctuating in line with the performance of the Group. In fact, our CEO has more than twice his base salary fluctuating with shareholder returns over a three year period.

The component breakdown of total remuneration for the CEO (between fixed, short-term and deferred short-term incentives) is also broadly consistent with ASX top 100 companies.

With regard to our Remuneration Report, I would like to particularly respond to the dissenting vote that investors have exercised this year. The executive remuneration framework at DEXUS differs from many of our peers, but we believe it works for us and aligns behaviour to returns for our investors. We thought that investors were of a similar mind given the 96% support for our remuneration report voted at last year's AGM. Accordingly we have not deviated from that structure.

The dissention this year troubles us, particularly in a year when we have outperformed the vast majority of our property peers in total shareholder return measures, at the same time as we pay our CEO and key executives around the average of our peers.

We have spoken to proxy advisors and a number of our investors to try to understand their recent concerns. After the AGM season we commit to consult more deeply, then undertake a comprehensive review of our executive remuneration framework. We will report back to you on any recommended changes when we have completed this review.

## Corporate Responsibility and Sustainability

DEXUS is committed to embedding the principles of corporate responsibility and sustainability throughout our business. We recognise the responsibility we have to our investors, tenants, employees and the wider community to sustain and protect the environment in the ownership, management and development of our portfolio. This enables us to build a business that better responds to the evolving needs of our stakeholders, ensuring we are managing and developing properties for the future and investing in our people to drive performance and achieve leadership goals.

As in 2010, I am proud to report that we continued to make good progress during the year on our CR&S commitments and targets. We maintained our listing on the Dow Jones Sustainability World Index, the Australian SAM Sustainability Index and the FTSE4Good Index, well established external sustainability benchmarks.

Our annual Employee Opinion Survey reflected improved results across the board and the Group continued to outperform Australian and global company benchmarks.

## Corporate governance

Your Board is committed to achieving the highest standards of corporate governance and social responsibility and has adopted the ASX Corporate Governance Principles and Recommendations.

During the year we established a new Board membership policy, outlining our approach to Directors serving on multiple boards, to guard against Directors over committing their time. The policy also reflects our commitment to review and refresh Board and Committee membership to ensure appropriate experience and insight.

Each year we review our policies and practices and we have taken the opportunity to undertake a detailed review of our policies on ethical and professional behaviour.

In 2010 we formalised our diversity policy to reflect our belief that diversity is a competitive advantage for our investors. In June 2011, the Board set its first gender diversity objectives and one of these was to achieve at least 33% female participation in senior management and the Board by June 2015.

I am pleased to report that we currently sit at 31% female participation including the Board, one of the highest results in the ASX 100. We are committed to continuing to support and encourage diversity of all kinds at all levels - the Board of Directors, the senior management team and throughout our organisation.

The Board and Management oversee progress towards the achievement of our diversity objectives, including regular monitoring of key workforce demographics.

## Board changes

In August 2011 we announced the appointment of Tonianne Dwyer as a director. Tonianne has an outstanding track record across listed property, funds management and corporate strategy. As an experienced company director and executive, having worked across a variety of international markets, Tonianne brings a valuable global perspective to the DEXUS Board.

Also in August 2011, Brian Scullin advised that due to his increasing work commitments as the Chair of one ASX listed company and Chair elect of a second, he will not stand for re-election at today's Annual General Meeting. Consequently, Brian will retire as a director at the conclusion of today's meeting.

Brian has served as a director since stapling in 2004 and has been involved with the Group since its early days at Deutsche Bank. During this time, Brian has played an important role in transitioning the Group from three separately listed REITS, through stapling, to one of Australia's leading property groups.

On behalf of the Group and Board, I would like to welcome Tonianne to the Board and extend my sincere thanks to Brian for his significant contribution to DEXUS.

## Conclusion

In conclusion, DEXUS remains one of Australia's leading property groups specialising in superior quality office and industrial properties. I would like to take this opportunity to thank Victor and his team for the strong performance achieved in continued challenging market conditions.

In 2012 we expect property market conditions to improve, albeit at a moderate pace. The quality of our portfolio, clear management focus and prudent capital management, position DEXUS well to deliver consistent and secure income returns.

On behalf of the Board, I thank you for your support during the past year and I look forward to leading the Board again in 2012.

Victor will now provide an overview of the business and discuss how we are tracking against objectives.

## CEO address

Thank you Chris, and good afternoon to investors who are present today and on the webcast.

Our operating platform comprises \$7.5 billion of balance sheet assets, and \$6.2 billion of third party funds - totalling funds under management of \$13.7 billion.

At the AGM a year ago I communicated three key messages about 2011:

- The quality and stability of our core portfolio would underpin stable earnings
- Improving market conditions would provide us with opportunities for value creation
- Our focused and experienced management team would continue to drive investor returns

These three factors and our clear investment strategy resulted in a year of strong performance.

As the Chairman pointed out, our shareholder returns this year were top quartile and once again, this management team delivered a total shareholder return which outperformed the benchmark over the last three years, something we have continued to achieve since listing. Our property portfolios performed well against their benchmarks and we delivered on our earnings guidance, which we upgraded at the half year.

## DXS portfolio

As you know our vision is to be the leading owner, manager developer of prime CBD office in Australia, a major force in Australian and US west coast industrial markets, and a trusted operating partner to wholesale capital.

Based on our targeted returns and investment allocations between core and active returns in each sector, we expect to deliver through the cycle returns in excess of 10%.

We seek to leverage our potential returns by servicing our third party platform through investments aimed at increasing our presence and activity in our key markets.

With regard to funding we seek to maintain a strong and flexible platform with an emphasis on prudent capital management, transparency and best practice corporate governance.

In summary, DEXUS has a focused management and investment platform based on sustainable core returns, with the ability to access higher returns in response to market opportunities.

## FY11 key achievements

Our key achievements for 2011 include:

- Our core office portfolio performed well and achieved like for like income growth of 3.3%
- On the development front we completed two landmark 6 Star Green Star premium grade developments totalling \$1.05 billion with a gross floor area of 82,000sqm in Sydney and Brisbane

- Our core Australian industrial portfolio continued to produce total returns of 9.4% and we completed over \$61 million in new developments
- In the US, we achieved a total return of 14.3%. We also sold US\$148 million of properties at a 13% premium to book value and reinvested US\$59 million of the proceeds in our core west coast portfolio
- Our third party platform also had an excellent year with the DEXUS Wholesale Property Fund being named the best performing unlisted diversified fund for 2011
- Our capital platform remains strong with gearing at 28% and average debt duration increasing to 4.2 years

### Office portfolio - core

In 2011 our core portfolio achieved a total return of 9.0%, in line with our hurdle return rates. Over 50% of our leasing task for the 2012 financial year is already completed and we are confident of achieving at least 4% like-for-like income growth in 2012.

We completed development of our two flagship Six Star Green Star developments:

1. 123 Albert Street in Brisbane - owned 100% by DEXUS, whose anchor tenant is Rio Tinto, is now 90% leased, and we expect it to be 100% committed by Christmas.
2. 1 Bligh Street Sydney - owned 33% by DEXUS, whose anchor tenant is Clayton Utz, is 55% leased. Leasing enquiry at 1 Bligh has improved significantly now that the building is complete. We expect to execute a lease in respect of three floors prior to Christmas, which will increase the percentage leased on the building to 67% and we are targeting to be 80% leased by June 2012.

During 2011 we continued our \$40 million sustainability program to upgrade our office portfolio to an average 4.5 star NABERS energy rating. The project, which is aimed at 'future proofing' our portfolio against rising energy costs, is more than 50% complete and on track to achieve the 4.5 star performance target by the end of calendar 2012.

### Office portfolio - active

This year our development focus turns to the Melbourne market where our future pipeline includes a potential \$200 million development at Flinders Gate.

Development approval has been granted to redevelop the property into a 20,000sqm, 10 floor office complex with 560 car spaces.

In addition, on behalf of our wholesale fund we have secured development approval for a 22,000sqm annex to be developed adjoining 360 Collins Street.

### Industrial portfolio

Our Australian industrial portfolio produced stable like for like income growth of 1.1% in 2011 and a total return of 9.4%.

Already this year, we are well advanced in respect of renewing lease expiries and expect to deliver similar like-for-like growth in 2012.

During 2011, we completed \$61 million of developments and since then have completed another \$71 million of new industrial developments covering 55,000sqm at Erskine Park and Greystanes in NSW, and Laverton in VIC - our core target sub markets in Sydney and Melbourne. These developments were completed at an average yield on cost of 9.5%.

## Industrial US

In the 2011 financial, the portfolio value increased significantly, resulting in a total return of 14.3% albeit like-for-like income was 4.5% lower than the prior year.

Last year, we sold 11 properties including our sole Canadian property for a total of US\$148 million at a 13% premium to book value. Of these proceeds we reinvested US\$59 million in our core west coast markets.

Our strategy is to sell the central portfolio and then redeploy the capital in the business. While we prepare the portfolio for sale, our local management team has been very active to drive positive leasing momentum. As a result, occupancy in the central portfolio increased since June 11 from 74% to 80%. Further we remain on track to have the central portfolio leased to in excess of 82% by June 2012. The west coast and Whirlpool portfolios are now 97% leased.

## European portfolio

At the prior year-end results presentation, I indicated that we were looking to progressively sell our European portfolio. Despite the continued financial challenges in Europe, we have sold five properties for €54 million (A\$72 million), at a premium of 1% to book value. This leaves us with 13 properties with a book value of €75million (A\$100 million) to sell.

## Third Party Investment Management

DEXUS Wholesale Property Fund was the best performing unlisted diversified fund in 2011. During the year we raised over \$300 million of new equity, satisfied over \$500 million of unit holder liquidity requirements, obtained an S&P "A" credit rating, raised \$250 million in the Medium Term Note market and acquired over \$250 million of industrial property.

This year, the wholesale fund has raised \$100 million of new equity and is already well advanced in acquiring additional properties to further increase its geographic and sector diversification.

## Capital management

As a low risk REIT, capital management is a core focus at DEXUS as we continue to diversify our funding sources, increase debt duration and reduce funding costs.

During the year we refinanced \$830 million of debt in the US and Australian debt markets. This has enabled us to increase our duration and decrease our future interest cost. Since June, we have refinanced \$250 million at margins below 2%, and now have only \$140 million of debt expiring this financial year. We currently have headroom of \$600 million and are already negotiating the renewal of \$350 million of the \$400 million of debt expiring in the 2013 financial year.

We continue to monitor our distribution payout ratio to manage our gearing levels, capital reinvestment requirements and distribution of free cash flow to investors.

This year we will, subject to your approval of the amendments to the Constitution, have further capital management flexibility of a security buyback facility. The Board and Management do not have a current intention to buy-back securities but we recognise the benefits of a security buy-back, and continue to monitor the situation.

## Areas of focus

For the current year, our objectives include:

- **Office** - to achieve a like-for-like net operating income increase greater than 4%; to further lease 1 Bligh; and seek pre-commitments for our Melbourne projects
- **Industrial** - to achieve a consistent like-for-like net operating income increase to last year; to complete 80,000sqm of developments, of which 55,000sqm has been completed to date and to contribute at least \$4 million of trading profits to our current year earnings
- **US industrial** - to increase the occupancy of our central portfolio, as we get it ready for sale
- **Funds** - to secure new capital partners and expand assets under management
- **Capital management** - to reduce costs and increase the duration of our debt
- **Costs** - to identify and implement operational and cost efficiencies

## 2012 outlook and guidance

Over the past few months, we have seen increased volatility in the market and the broader economic landscape.

Based largely on the quality of our portfolio and our continued management focus, we remain confident our performance will be maintained.

At this time and barring unforeseen changes to operating conditions, we reconfirm the guidance we provided in August of Funds From Operations of 7.65 cents per security, an increase of 3.4% over last year.

In accordance with our policy of distributing 70% of funds from operations, we confirm distributions will be approximately 5.35 cents for the year ending 30 June 2012.

I thank you for your continued support, the Board for their continuing wise counsel and in particular the DEXUS team for their commitment and effort in identifying opportunities, developing projects and managing properties. Thank you.

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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](http://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  
ANNUAL GENERAL MEETING



# CHRISTOPHER BEARE

Chair



# WELCOME AND INTRODUCTION TO THE BOARD OF DIRECTORS



# ELIZABETH ALEXANDER AM



# BARRY BROWNJOHN



# JOHN CONDE AO



# TONIANNE DWYER



# VICTOR HOOG ANTINK

Chief Executive Officer



# STEWART EWEN OAM





# BRIAN SCULLIN



# PETER ST GEORGE



# DEXUS BOARD OF DIRECTORS





# 2011

DEXUS Property Group  
ANNUAL GENERAL MEETING

# 2011 ONLINE REPORTING SUITE

## WELCOME TO DEXUS PROPERTY GROUP'S 2011 ONLINE REPORTING SUITE

### 1 ANNUAL REVIEW

[View Online](#)

[Download PDF \(3.8MB\)](#)



### 2 ANNUAL REPORT

[View Online](#)

[Download PDF \(3MB\)](#)



### 3 COMBINED FINANCIALS

[View Online](#)

[Download PDF \(3.4MB\)](#)



### 4 NOTICE OF MEETING

[View Online](#)

[Download PDF \(401KB\)](#)



# CHAIR'S ADDRESS

Christopher Beare  
Chair



# CURRENT MARKET CONDITIONS

- Global economy is uncertain with below trend growth projected
- In Australia, the economy and property markets are well placed
  - IMF forecast Australia to be one of the strongest developed markets
  - Weak confidence is having some impact on leasing in the near term

View of Circular Quay including GPT, 1 Bligh Street and Gateway, Sydney, NSW

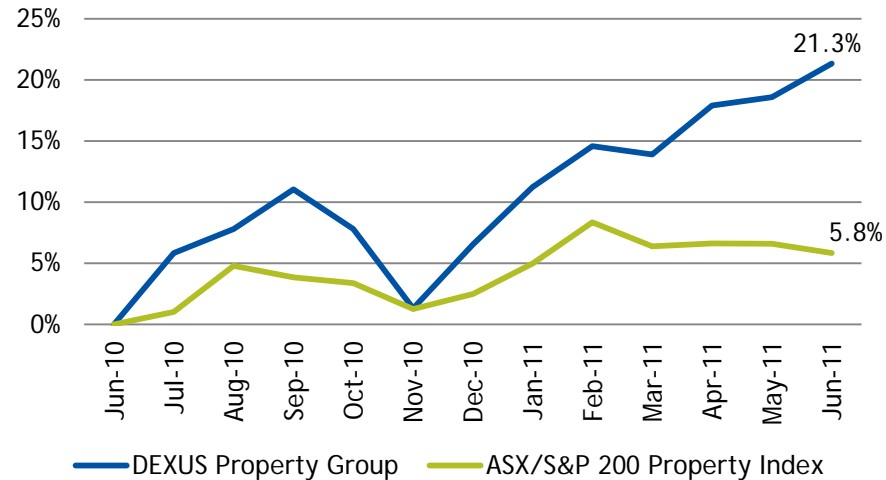


# 2011 PERFORMANCE

## Delivering solid performance

- Net profit \$553m up from \$31.4m
- Funds From Operations up 2.3% to \$358m
- Full year distribution of 5.18 cents per security
- Outperformed A-REIT benchmark by 15.5% for FY11
  - Continues to outperform benchmark in Q1/FY12
  - Outperformed three year benchmark to 30 June every year since listing

### Accumulation performance

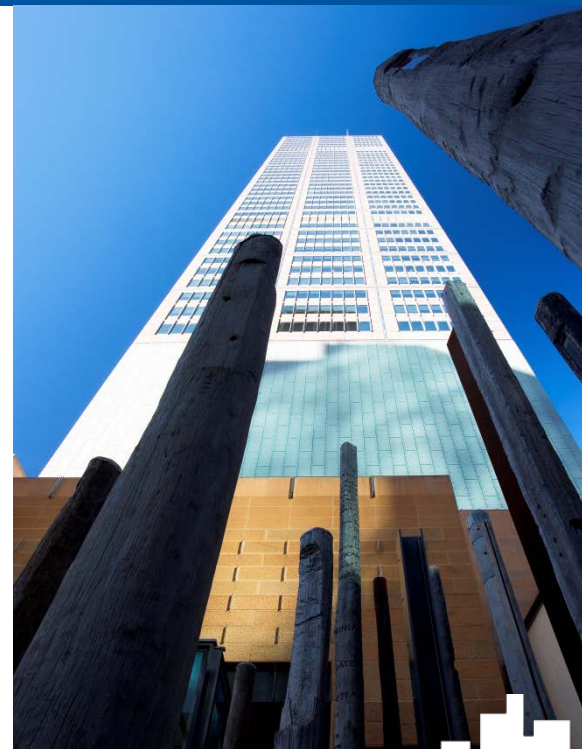




# BOARD AND EXECUTIVE REMUNERATION

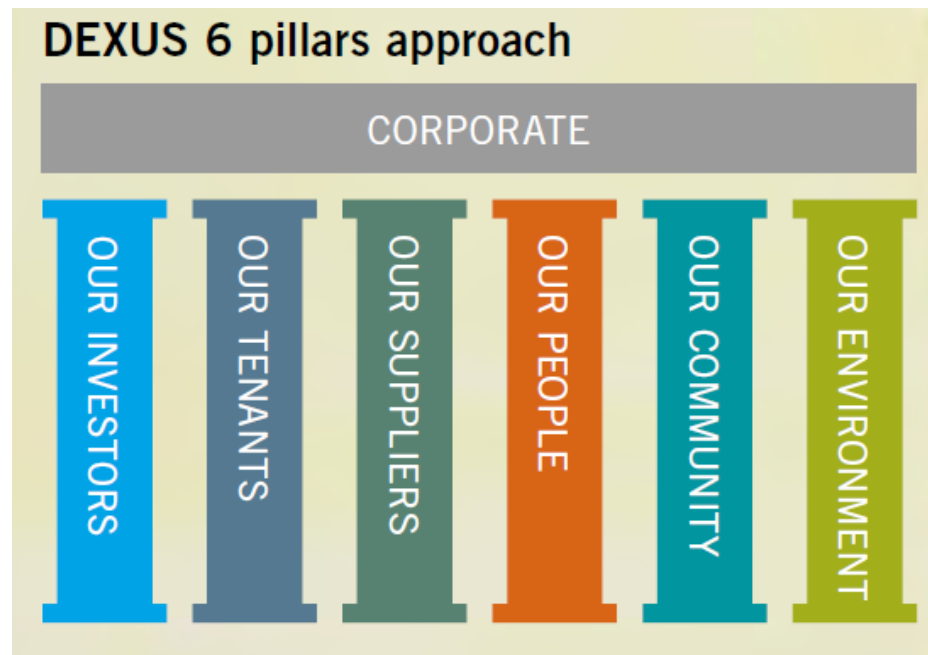
- Executive remuneration criteria:
  - Market competitiveness and reasonableness
  - Achievement of financial and non-financial measures
  - Appropriate mix of remuneration components
- Key financial performance measures:
  - Funds from Operation up 2.3% to 7.4 cents per security
  - Distributions up 1.6% to 5.18 cents per security
  - Net tangible assets increased 6.3% to \$1.01 per security
  - Total security holder one year return of 21.3%

Governor Phillip Tower, 1 Farrer Place, Sydney, NSW



# CORPORATE RESPONSIBILITY & SUSTAINABILITY

- Maintain listings on DJSI, Australian SAM and FTSE4Good Indices
- Integration of United Nations Principles for Responsible Investment
- Employee Opinion Survey
  - Participation rate 88%
  - Engagement score increased to 83%



# CORPORATE GOVERNANCE AND CHANGES TO THE BOARD

## CORPORATE GOVERNANCE

- Board membership policy
- Diversity policy
  - Target 33% female participation by 2015
  - Currently stands at 31% - one of the highest in ASX 100

## CHANGES TO THE BOARD

- Tonianne Dwyer appointed to the Board
  - Track record across listed property, funds management and corporate strategy
  - Experienced company director and executive
- Brian Scullin retiring from DEXUS Board

44 Market Street, Sydney, NSW



# CONCLUSION

- DEXUS is one of Australia's leading property groups specialising in superior quality office and industrial properties
- We expect property market conditions to improve at a moderate pace in 2012
- We are well positioned to deliver consistent and secure income returns

View of Sydney CBD showing DXS and DEXUS third party properties



# CEO'S ADDRESS

Victor Hoog Antink  
Chief Executive Office



# DXS PORTFOLIO

Focused platform: robust core returns - leveraged to cyclical upside

		SECTOR – AUM/target allocation		CORE RETURNS	ACTIVE RETURNS
Environment & Stakeholders	Property	Office	\$4.5bn 60%	Prime properties in major CBD's (>85% AUM: target 9% IRR)	Development and trading (<15% AUM: target 15% IRR)
		Industrial	\$1.6bn 20%	Sydney and Melbourne growth corridors (>80% AUM: target 10% IRR)	Development, trading & land (<20% AUM: target 15% IRR)
		Industrial US	\$1.2bn 20%	Reposition to core markets (currently 50% FUM: target 8.5% IRR)	Medium term focus
	Funds and Capital	Third Party	\$6.2bn managed	DWPF \$3.4bn and two mandates	Existing funds growth capital partnering
		Funding & capital management		Conservative approach, transparency and risk management	Reduced funding costs Increased return on equity

# FY11 KEY ACHIEVEMENTS

- Office
  - Like-for-like income growth 3.3%
  - Completed 1 Bligh Street and 123 Albert Street
- Industrial
  - Stable total return 9.4%
  - Completed over \$61 million in new developments
- US industrial
  - Total return 14.3% reflecting strong operational conditions
  - Sold US\$148m at 13% premium to book value
  - Acquired US\$59m properties in core west coast markets
- Third party investment management
  - DWPF - best performing unlisted diversified fund
- Capital management
  - Gearing at 28.4%
  - Average debt duration >4 years

# OFFICE PORTFOLIO – CORE

## Driving operational performance

- Strong FY11 like-for-like income growth 3.3%
- FY12 leasing >50% complete
  - Targeting at least 4% like-for-like income growth
- 123 Albert (DXS 100% interest: \$382m)
  - Stabilised with 90% occupancy
- 1 Bligh (DXS 33.3% interest: \$227m)
  - Expect: three floors leased by Christmas, occupancy increase to 67%
  - Targeting 80% leased by June 2012
- 4.5 Star NABERS program >50% complete
  - Future proofing our portfolio against rising energy costs

123 Albert Street, Sydney, NSW





# OFFICE PORTFOLIO – ACTIVE

Continue to enhance portfolio quality and earnings stability

- Actively reinvesting into development pipeline
  - \$200m Melbourne project seeking pre-commitment
  - Planning approval received
- DWPF secured approval for annexe at 360 Collins Street

Governor Phillip Tower, 309 Kent Street, 1 Margaret Street and Australia Square, Sydney, NSW



# INDUSTRIAL PORTFOLIO

Core portfolio stable, strong market drives active investment

- Stable like-for-like growth 1.1%
- Industrial cycle – limited supply and competition
  - FY11 \$61m development activity completed
  - FY12 year to date: \$71m new developments completed covering 55,000sqm



2-4 Military Road, Matraville, NSW

# INDUSTRIAL US & EUROPEAN PORTFOLIOS

Driving returns through prudent timing of repositioning strategy

## US PORTFOLIO

- FY11 repositioning progress
  - Sold US\$148m, 13% premium to book value
  - Reinvested US\$59m in core west coast markets
- Central portfolio occupancy now at 80%
  - Targeting >82% occupancy by FY12
- West coast and Whirlpool occupancy 97%

## EUROPEAN PORTFOLIO

- Sold 5 properties for €54m
  - 1% above book value
- 13 properties remaining totalling €75m

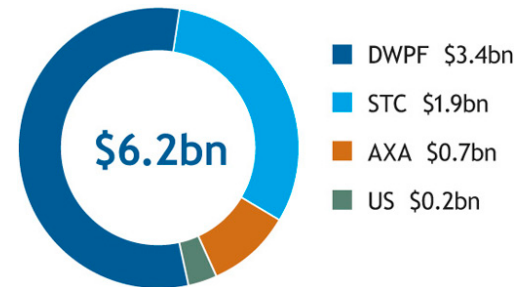
Note: Core portfolio includes Whirlpool properties.

# THIRD PARTY INVESTMENT MANAGEMENT

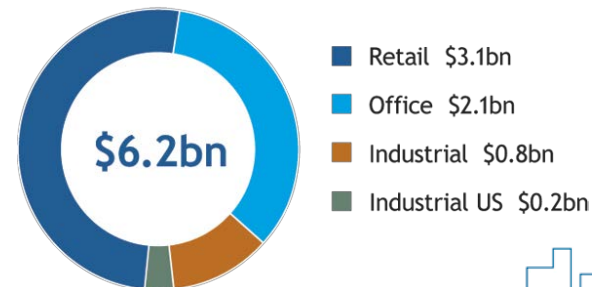
## Significant activity

- DWPF best performing unlisted diversified fund<sup>1</sup>
  - Raised \$313m new equity and satisfied \$500m+ transfers
  - Standard & Poor's 'A' rating (stable)
  - Raised \$250m in medium term note market
  - Acquired \$256m industrial properties
- Focus on additional equity raisings, acquisitions and developments
  - \$100 new equity raised in September 2011

Product type at 30 June 2011



Sector allocation at 30 June 2011



1. Mercer IPD Pre Fee Gross Asset Weighted Index (excluding single asset funds).

# CAPITAL MANAGEMENT

## Active and conservative management

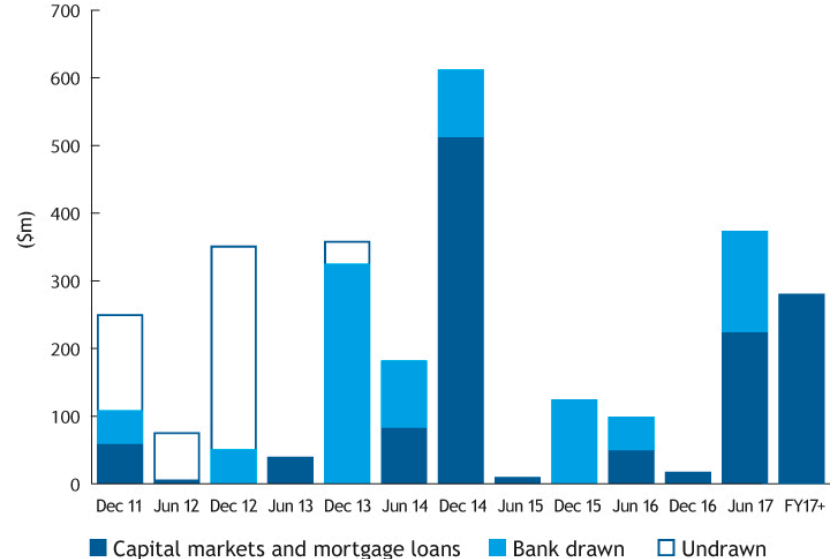
### FY11 ACHIEVEMENT

- Refinanced \$830m in US and AU debt markets
  - Improved duration to >4 years
  - Decrease future interest cost

### FY12 PROGRESS

- Refinanced \$250m at margins below 2%
  - \$140m of FY12 debt expiry remaining
- Current headroom \$600m
- Negotiating \$350m of \$400m FY13 expiry

### Maturity profile at 30 June 2011



1. Re-stated to reflect drawn cost of debt.

# AREAS OF FOCUS

- Office
  - Like-for-like income growth >FY11
  - Residual leasing at 1 Bligh Street
  - Secure pre-lease commitments for DA's
- Industrial
  - Consistent like-for-like income growth
  - Complete 80,000sqm of developments
  - Trading profits >\$4m
- US industrial
  - Increase central market occupancy >6% and position for sale
- Funds
  - Establish new capital partner relationships
- Capital management
  - Reduce cost of funds
  - Increase duration

# 2012 OUTLOOK AND GUIDANCE

## OUTLOOK

- Global market concerns increasing market uncertainty
- DEXUS's strong business platform
  - Financially well positioned
  - Quality portfolio
  - Positioned to face future opportunities

## GUIDANCE

- FY12 FFO per security: 7.65<sup>1</sup> cents
- Distribution per security<sup>2</sup>: 5.35 cents



Solaris, Quarry at Greystanes, NSW

1. Barring unforeseen circumstances.  
2. FFO payout ratio 70%.

# DEXUS TEAM





# WRITTEN QUESTIONS



# GENERAL QUESTIONS



# RESOLUTIONS



# ELIZABETH ALEXANDER AM



## RESOLUTION 1.1

“That the continuing appointment of Elizabeth Alexander as a Director of DEXUS Funds Management Limited be ratified”

# RESOLUTION 1.1

## Proxies held by the Chair

### Proxies held by the Chair of the meeting

	Number of units	% of units on issue
For	3,302,640,535	68.25%
Open	9,192,950	0.19%
Against	14,201,977	0.29%
<hr/>		
Total proxies	3,326,035,462	68.73%

# VOTING FOR RESOLUTION 1.1 – ELIZABETH ALEXANDER AM



# BARRY BROWNJOHN





## RESOLUTION 1.2

“That the continuing appointment of Barry Brownjohn as a Director of DEXUS Funds Management Limited be ratified”

## RESOLUTION 1.2

### Proxies held by the Chair

#### Proxies held by the Chair of the meeting

	Number of units	% of units on issue
For	3,302,621,272	68.25%
Open	9,313,994	0.19%
Against	13,967,334	0.29%
<hr/>		
Total proxies	3,325,902,600	68.73%

# VOTING FOR RESOLUTION 1.2 – BARRY BROWNJOHN



# TONIANNE DWYER



## RESOLUTION 1.3

“That the initial appointment of Tonianne Dwyer as a Director of DEXUS Funds Management Limited be ratified”

## RESOLUTION 1.3

### Proxies held by the Chair

#### Proxies held by the Chair of the meeting

	Number of units	% of units on issue
For	3,310,700,851	68.42%
Open	9,325,162	0.19%
Against	5,851,594	0.12%
<hr/>		
Total proxies	3,325,877,607	68.73%

# VOTING FOR RESOLUTION 1.3 – TONIANNE DWYER



# RESOLUTIONS





# REMUNERATION PROCESS

## DEXUS Balanced Scorecard - typical objectives

### Financial performance

- Earnings per security
- Distributions per security
- Third party funds performance
- Total security holder return, relative to peers

### Stakeholder satisfaction

- Investor relations
- Tenant satisfaction
- Employee engagement

### Business development and business management

- Delivery of strategic objectives on time and on budget
- Corporate responsibility and sustainability initiatives
- Achievement of international operations strategies

### Leadership

- Executive succession
- Talent management
- Role modelling DEXUS cultural values
- Executive development

## RESOLUTION 2

“That the Remuneration Report for the financial year ended 30 June 2011 be adopted.”

## RESOLUTION 2

### Proxies held by the Chair

#### Proxies held by the Chair of the meeting

	Number of units	% of units on issue
For	2,379,645,725	49.18%
Open	9,142,217	0.19%
Against	934,390,318	19.31%
<hr/>		
Total proxies	3,323,178,260	68.67%

# VOTING FOR RESOLUTION 2



# RESOLUTIONS



## RESOLUTION 3

“That:

- a) The Constitutions of each of DEXUS Diversified Trust, DEXUS Office Trust, DEXUS Industrial Trust and DEXUS Operations Trust (together, “Trusts”) be amended in accordance with the provisions of the supplemental deed polls in respect of the miscellaneous amendments described in the Annexure to the Explanatory Memorandum (attached to the Notice of Meeting) tabled at the meeting and initialled by the Chair for the purposes of identification; and
- b) DEXUS Funds Management Limited, as Responsible Entity of each of the Trusts, be authorised to execute the supplemental deed polls in respect of the miscellaneous amendments described in the Annexure to the Explanatory Memorandum (attached to the Notice of Meeting), in the same form as the supplemental deed polls referred to in (a), and to lodge them with ASIC to give effect to the amendments to the Trusts’ Constitutions.”

## RESOLUTION 3

### Proxies held by the Chair

#### Proxies held by the Chair of the meeting

	Number of units	% of units on issue
For	3,305,796,046	68.32%
Open	9,559,846	0.20%
Against	7,348,866	0.15%
<hr/>		
Total proxies	3,322,704,758	68.66%

# VOTING FOR RESOLUTION 3





# RESOLUTIONS



## RESOLUTION 4.1

“That subject to and conditional on Resolution 4.2 being passed, the Capital Reallocation Proposal described in Section 4 of the Explanatory Memorandum be approved for all purposes.”

## RESOLUTION 4.1

### Proxies held by the Chair

#### Proxies held by the Chair of the meeting

	Number of units	% of units on issue
For	3,276,332,978	67.71%
Open	9,485,199	0.20%
Against	39,175,493	0.81%
<hr/>		
Total proxies	3,324,993,670	68.71%

# VOTING FOR RESOLUTION 4.1



## RESOLUTION 4.2

“That subject to, and conditional on Resolution 4.1 being passed:

- a) The Constitutions of each of DEXUS Diversified Trust, DEXUS Office Trust, DEXUS Industrial Trust and DEXUS Operations Trust (together, “Trusts”) be amended by inserting the new clause 9.9 set out in Section 4.2.5 of the Explanatory Memorandum (attached to the Notice of Meeting); and
- b) DEXUS Funds Management Limited, as Responsible Entity of each of the Trusts, be authorised to execute supplemental deed polls incorporating the amendment set out in (a) and to lodge them with ASIC to give effect to the amendments to the Trusts’ Constitutions.”

## RESOLUTION 4.2

### Proxies held by the Chair

#### Proxies held by the Chair of the meeting

	Number of units	% of units on issue
For	3,276,331,905	67.71%
Open	9,555,698	0.20%
Against	38,609,239	0.80
<hr/>		
Total proxies	3,324,496,842	68.70%



VOTING FOR  
RESOLUTION 4.2

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ATTENDING OUR  
ANNUAL GENERAL  
MEETING





# 2011

DEXUS Property Group

ANNUAL GENERAL MEETING