

# DEXUS Property Group (ASX: DXS)

ASX release

29 October 2013

## 2013 Annual General Meeting

### Chair's address

Good afternoon ladies and gentlemen. I am pleased to welcome you to the 2013 Annual General Meeting. Welcome everyone to this great space here in DEXUS's new head office, and also to those joining us via the webcast.

My name is Chris Beare and I'm the Chair of the Board of Directors of DEXUS Funds Management Limited. I'll table my appointment as Chair of today's meeting.

Today we will be doing things a little differently. As well as covering all the formal aspects relating to the resolutions, the goal of today's meeting is to take the opportunity to have a conversation with you about the business, what we have been working on recently and what we will be doing in the year ahead and allow time for you to get to know our Directors and Senior Management.

### Board of Directors

Today marks a time to acknowledge both Stewart Ewen and Barry Brownjohn who advised on 6 September that they will not stand for re-election as members of the DEXUS Board. On behalf of the Board, I'd like to take the opportunity to sincerely thank both Barry (who has been a Director since January 2005) and Stewart (who has been a Director since August 2004) for their dedication and contribution to the evolution of DEXUS.

As a result of Barry's and Stewart's departure, the number of directors will reduce from ten to eight, with two Executive Directors and six Independent Directors. We are currently seeking a replacement Independent Director to take the total number of Directors to nine, and will keep you informed of our progress on this.

You would have seen our Annual Review and Annual Report released in August, which includes a comprehensive summary and analysis of our performance over the year. We also have hard copies here which you can take away with you.

I don't want to spend time today going over what we have achieved over the past year, as that has been covered off in the Annual Review. I would rather take some time to look at what we have been working on recently and what we'll be doing for the year ahead.

### Investment in Commonwealth Property Office Fund (CPA)

For those of you who are not aware, in July of this year we announced that we had acquired a 14.9% economic interest in CPA, which is consistent with our strategy of investing in high quality Australian office buildings.

In early October, we took the opportunity to present an indicative non-binding proposal jointly with the Canada Pension Plan Investment Board to the Responsible Entity of CPA to acquire the remaining CPA units<sup>1</sup>. We believe that the proposal we put to them has considerable merit for CPA unitholders and DEXUS Security holders.

Since then, we note the Responsible Entity's decision not to support our proposal at this time and we will be patient and disciplined. We continue to be comfortable with our investment in CPA and are focused on enhancing returns for DEXUS Security holders.

1. Other than those to which DEXUS is already entitled under DEXUS's forward contract with Deutsche Bank AG, announced to the ASX on 25 July 2013.

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## Leasing focus

Looking at the year ahead, we are well-positioned for continued growth in our existing property portfolio. Remaining focused on leasing, which has been challenging but is showing some positive signs, we will maintain our proactive approach to asset management, with each of our properties having a strategy geared towards driving performance.

We understand that leasing is very much connected to our performance and this is why we have spent the time structuring our teams with leasing experts. The leasing team's solution-based approach in understanding exactly what tenants want and achieving the best deal, is resulting in terms that aim to deliver strong returns for DEXUS security holders over the long term.

The good work that our team has done in tenant retention and extending lease terms is delivering results.

Looking at the lease expiry profile for our office portfolio, you can see that for the first three months of this year we have been able to make solid progress. We have reduced our near term lease expiries to under 5% as well as reducing our longer term expiries and the team is confident about improving this profile further.

Our team is encouraged by a pick-up in tenant demand for office space over the past three months and this is certainly supported by an improvement in business and consumer confidence post the election. We expect that this, combined with the work the team has done over the past 12 to 24 months in forming strong relationships with key tenants in our markets, will translate into leasing over the next 12 months.

## Summary

Summarising our position, we have shown our ability to deliver on our strategy and we are confident that the experience of our team, combined with the endurance of our quality portfolio, has set us in good stead for the remainder of this financial year.

Barring unforeseen changes to operating conditions, our guidance<sup>2</sup> for the 12 months ending 30 June 2014 is for 5.2% growth in funds from operations and a distribution of 6.12 cents per security, which represents a 2% increase from FY13. This excludes any upside from the on-market securities buy-back or the 14.9% economic interest in CPA.

I would like to thank you, our investors, for your continued support, the Board for their guidance and, in particular, the DEXUS team for their commitment and effort in driving returns for investors.

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

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## About DEXUS

DEXUS Property Group (DEXUS) is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With over \$13 billion of assets under management, DEXUS also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. DEXUS manages an office portfolio of over 900,000 square metres across Sydney, Melbourne, Brisbane and Perth and is one of the largest institutional owners of office buildings in the Sydney CBD, Australia's largest office market. DEXUS is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange under the stock market trading code 'DXS' and is supported by more than 18,000 investors from 15 countries. With over 25 years of experience in commercial property investment, development and asset management, DEXUS has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns to investors. [www.dexus.com](http://www.dexus.com)

Download the DEXUS IR app to your preferred mobile device to gain instant access to the latest stock price, ASX Announcements, presentations, reports, webcasts and more.



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

# DEXUS PROPERTY GROUP 2013 ANNUAL GENERAL MEETING



# DEXUS BOARD OF DIRECTORS



# DEXUS PROPERTY GROUP

## Investment in Commonwealth Property Office Fund (CPA)

- Acquired 14.9% interest in CPA on 25 July
- Lodged indicative non-binding joint proposal with Canada Pension Plan Investment Board (CPPIB) to acquire remaining CPA units on 11 October
- We believe that the proposal has considerable merit for CPA Unitholders and DEXUS Security holders
- The Responsible Entity of CPA announced it did not support the proposal on 14 October
- We will be patient and disciplined
- We continue to be comfortable with our investment in CPA and are focused on enhancing returns for DEXUS Security holders

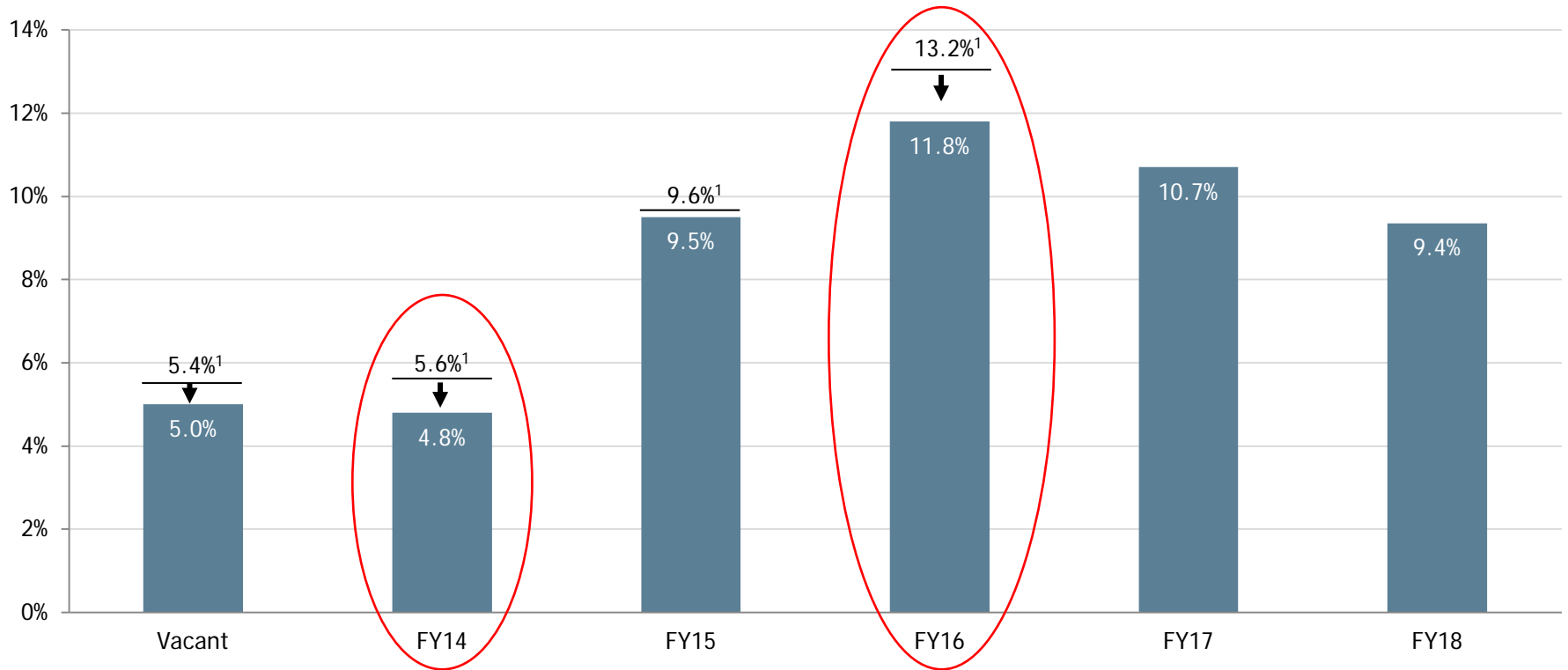
Grosvenor Place, 225 George Street, Sydney NSW



# DEXUS PROPERTY GROUP

## Leasing focus

Office portfolio - lease expiry profile by income as at 30 September 2013



1. As at 30 June 2013.

# DEXUS PROPERTY GROUP

## Summary

- Shown our ability to deliver on strategy
- Experienced management team achieving results
- Quality property portfolio
- Market guidance<sup>1</sup> for FY14
  - FFO per security: 8.15 cents (5.2% growth)
  - Distribution per security: 6.12 cents (2% growth)
  - Excludes any upside from on-market securities buy-back or the 14.9% economic interest in CPA



1 Bligh Street, Sydney NSW

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



# DISCUSSION AND QUESTIONS



# FORMAL BUSINESS



# RESOLUTIONS

## Resolution 1

“That the Remuneration Report for the financial year ended 30 June 2013 be adopted”

## Resolution 2

“That the initial appointment of Craig Mitchell as Director of DEXUS Funds Management Limited be ratified”

## Resolution 3.1

“That approval is given for:

- a) the granting of 414,771 performance rights to Darren Steinberg under the DEXUS Short Term Incentive Rights Plan
- b) the granting of 1,128,176 performance rights to Darren Steinberg under the Long Term Incentive Rights Plan; and
- c) the transfer or allocation of DEXUS stapled securities to Darren Steinberg upon vesting of the performance rights”

## Resolution 3.2

“That approval is given for:

- a) the granting of 177,759 performance rights to Craig Mitchell under the DEXUS Short Term Incentive Rights Plan
- b) the granting of 355,518 performance rights to Craig Mitchell under the Long Term Incentive Rights Plan; and
- c) the transfer or allocation of DEXUS stapled securities to Craig Mitchell upon vesting of the performance rights”

# PROXY VOTES

Resolution	For	Open	Against
1 Adoption of remuneration report	98.63% 3,448,609,505	0.22% 7,773,338	1.15% 40,251,410
2 Approval of an Executive Director - Craig Mitchell	99.66% 3,485,273,939	0.23% 8,005,460	0.11% 3,811,083
3.1 Grant of performance rights - Darren Steinberg	91.04% 3,183,271,151	0.22% 7,877,620	8.74% 305,560,263
3.2 Grant of performance rights - Craig Mitchell	91.04% 3,183,229,034	0.22% 7,865,056	8.74% 305,583,436

# DISCUSSION AND QUESTIONS



THANK YOU FOR ATTENDING OUR ANNUAL GENERAL MEETING



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