

# DEXUS Property Group

Institutional placement  
3 December 2008

391.7m securities at \$0.73 to \$0.84 raising \$286m - \$329m

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# Executive summary



# Executive summary<sup>1</sup>

- DEXUS is committed to a prudent, pro-active approach to maintaining its sound financial position
  - Debt facilities recently secured to refinance all maturities to February 2010<sup>2</sup>
  - Additional debt facility of \$250m with an international bank now obtained
  - Distribution policy to payout 70% of FFO<sup>3</sup> - retaining approximately \$100m pa
  - DRP to continue to be offered to securityholders - natural take up only
  - Major developments de-risked through significant leasing pre-commitments
  - Whitford City Shopping Centre to be sold in the next two years
  - DEXUS is in discussions regarding the possible sale of partial or whole interests in selected investment and development assets which may or may not proceed
  
- DEXUS is now undertaking additional initiatives to further strengthen the Group
  - An institutional placement of 391.7m securities to raise approximately \$286m - \$329m
  - A Security Purchase Plan (SPP) for retail securityholders expected to be offered in January 2009
  
- With these initiatives, DEXUS has funding in place (pre any asset sales) to refinance all debt expiries to February 2010 and to fund its committed development pipeline through to completion in June 2011

1. Unless otherwise stated, all numbers in this presentation are in A\$ and financial data is presented with a financial year end of 30 June 2008.

2. \$250m announced in August 2008 and \$250m & US\$90m announced in November 2008.

3. And up to 70% of contributions realised through development processes, subject to distributing at least the taxable income of the "Flow-Through" Trusts. Funds from operations equate to current distributions excluding contributions realised through development processes.

# Executive summary cont.

- Pro forma gearing of 34% post the institutional placement
  - Significant headroom within 55% gearing covenant<sup>1</sup>
  - No market capitalisation covenant
  - No off balance sheet debt
  - BBB+ / Stable S&P credit rating reaffirmed on 20 November 2008
  
- Earnings outlook post capital raising
  - Pro forma FY09 earnings (FFO) guidance of 10.8<sup>2</sup> cents per security<sup>3</sup>
  - Pro forma FY09 distribution guidance of 7.6 cents per security<sup>3</sup>

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1. As per public bond covenants.

2. Consistent with AGM guidance of 11.7 cents per security adjusted for the capital raising.

3. Pro forma for the institutional placement based on the issue price at the bottom end of the bookbuild range (\$0.73). This earnings outlook is based on various factors and assumptions which are subject to change and is consistent with earnings guidance previously given.

# Capital raising



# Capital raising

- Institutional placement to raise approximately \$286m - \$329m and a Security Purchase Plan
  
- Institutional placement
  - Is proposed to be conducted today
  - 391.7m securities<sup>1</sup>
  - Bookbuild price range \$0.73 - \$0.84 per security
  - New securities will rank pari passu with existing securities - i.e. eligible for 1H09 distribution
  
- Security Purchase Plan
  - Will enable eligible securityholders to participate
  - Expected to be offered in January 2009

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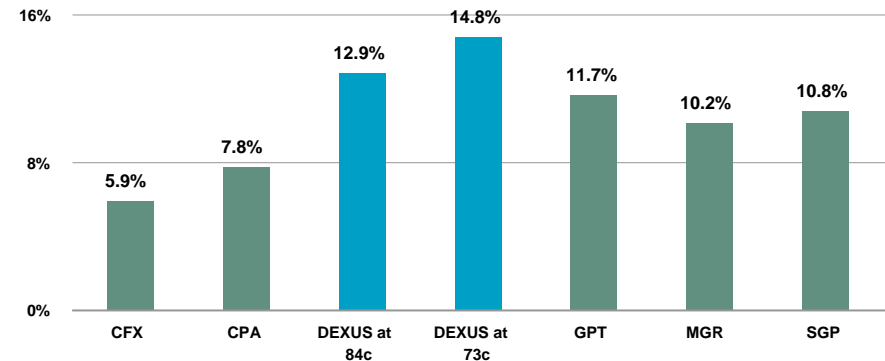
1. Maximum available placement capacity.



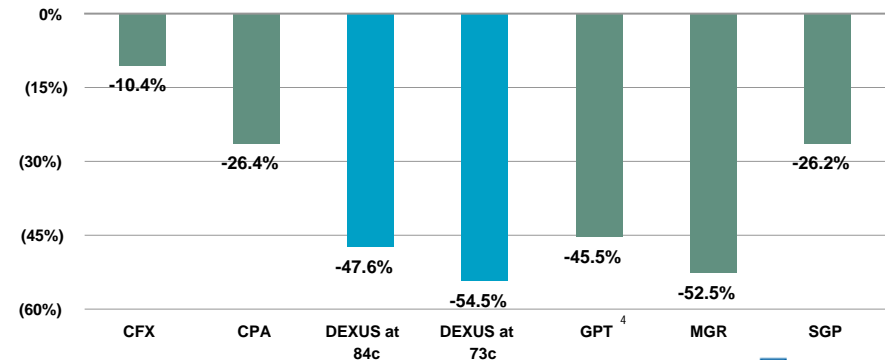
# Valuation metrics

- At \$0.73 per new security
  - Discount to:
    - Last price of 13.1%
    - 1 month VWAP of (\$0.84) of 13.2%
    - 3 month VWAP of (\$1.13) of 35.6%
  
- At \$0.73 per new security:
  - EPS<sup>3</sup> yield of 14.8%
  - DPS yield of 10.4%
  - 54.5% discount to NTA<sup>5</sup>

## Earnings yield<sup>1,2</sup>



## Discount to NTA



1. Yields and discount based on security prices as at 2 December 2008.

2. All 09E EPS from broker consensus.

3. Adjusted distributable earnings represents Funds from Operations (FFO) attributable to securityholders.

4. GPT NTA ex BNB JV equity.

5. Pro forma NTA of \$1.60.

# Positions DEXUS for the future

- One of the largest, highest quality diversified property groups in Australia
  
- Strong balance sheet
  - Reduces pro forma gearing<sup>1</sup> from 37% to 34%
  - All maturities until February 2010 fully funded with new facilities
  - Pro forma NTA of \$1.60
  
- Strong recurring earnings
  - 96%<sup>2</sup> of operating earnings derived from Net Property Income
  - Underlying business performing in line with budget and earnings guidance provided at the AGM<sup>3</sup>

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1. Gearing is calculated as interest bearing liabilities (excluding deferred borrowing costs) less cash divided by total tangible assets (excluding derivatives and current and deferred taxes) less cash.

2. As at 30 June 2008.

3. Adjusted for the capital raising.

# Indicative placement timetable

Activity	Timing
Institutional bookbuild opens	10.00am Wednesday 3 December 2008
Institutional bookbuild closes	2.30pm Wednesday 3 December 2008
Settlement of placement securities	Tuesday 9 December 2008
Anticipated quotation date of placement securities	Wednesday 10 December 2008
Anticipated SPP offer period	January 2009

Timetable indicative only and subject to change. All references to time are Australian Eastern Daylight Time.



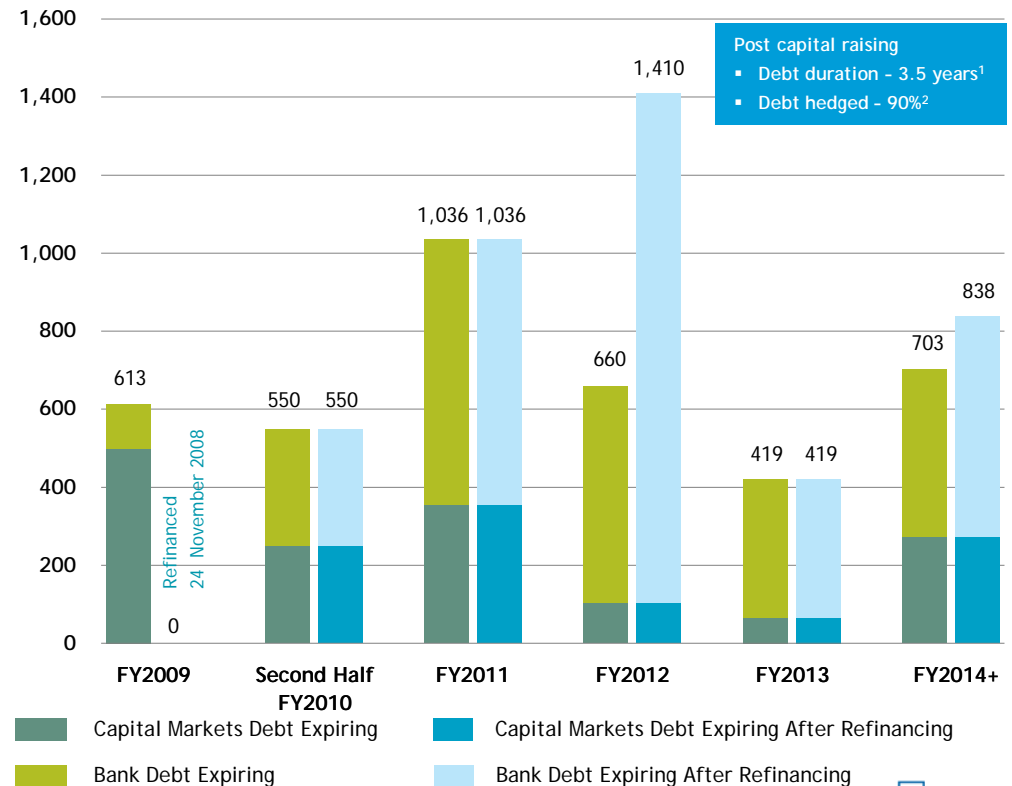
# Debt refinancing / Additional headroom



# Refinancing CY09 expiries

- DEXUS maintains strong relationships with its lenders
- Refinanced \$500m CMBS due April 2009
  - \$250m announced in August 2008
  - \$250m announced 24 November 2008
- Refinanced US\$74m secured debt due March 2009
  - New US\$90m secured debt facility with major US lender
- Additional \$250m secured debt facility arranged
  - Will provide greater funding flexibility
- Brings the total new facilities arranged since August 2008 to \$885m

## Debt maturity profile<sup>1</sup>



1. June 2008 pro forma: restated for currency movements from AUD/USD 0.9626 to 0.6700 and AUD/EUR 0.6096 to 0.5200 and including new facilities.

2. June 2008 pro forma: restated for capital raising and currency movements.

# DEXUS at a glance



# DEXUS at a glance

- One of the largest owner, manager and developers of high quality property in Australia and selected international markets
- 96%<sup>1</sup> of operating earnings derived from net property income
- Properties continuing to perform in line with budget
- Total portfolio value<sup>1</sup> of \$15.3bn, including owned property portfolio of \$8.9bn, and third party funds under management of \$6.4bn
- Experienced management team and market leader in sustainability

Quality and scale	Value <sup>1</sup>	Occupancy <sup>2</sup>	WALE <sup>2</sup>	Retention <sup>2</sup>
Office	\$4.6bn	98.0%	5.7 yrs	72%
Industrial	\$1.6bn	97.6%	4.4 yrs	82%
Retail	\$0.3bn	99.2%	4.4 yrs	NA
International	\$2.2bn	91.0%	4.0 yrs	74% <sup>4</sup>
<b>Total</b>	<b>\$8.7bn<sup>3</sup></b>	<b>93.7%</b>	<b>4.9 yrs</b>	<b>NA</b>

1. As at 30 June 2008.

2. As at 30 September 2008.

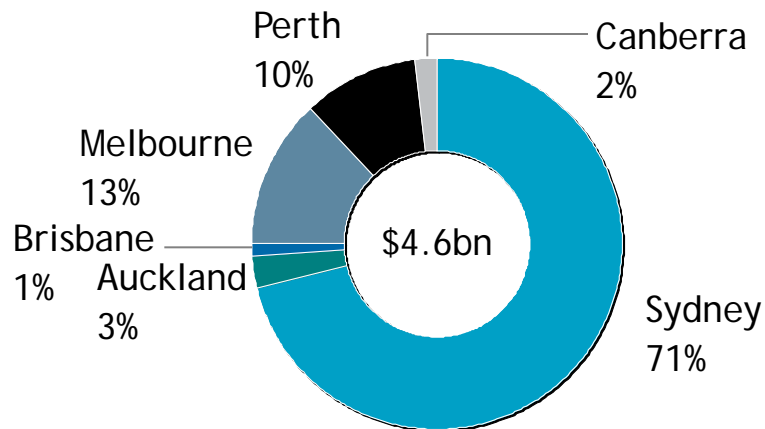
3. As at 30 June 2008 excluding cash & other.

4. US portfolio as at 30 June 2008.

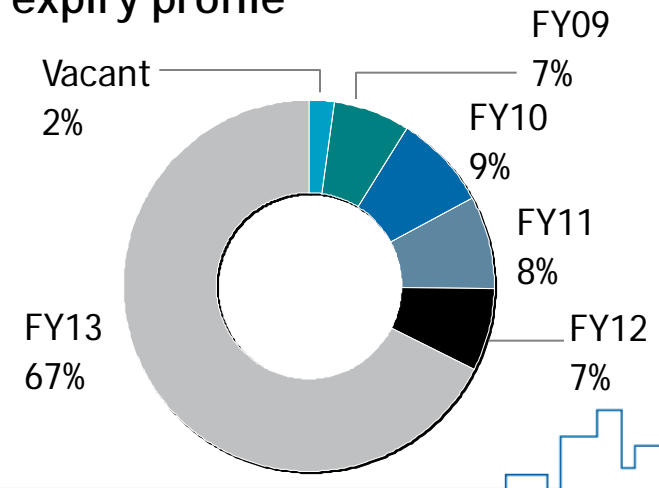
# Office portfolio highlights - Australia and New Zealand

- High quality, strategically located office portfolio
  - 95%<sup>1</sup> premium or A grade assets
  - 71%<sup>1</sup> located in Sydney market, of which 85%<sup>1</sup> in Sydney CBD
  - 18,000 sqm of leases<sup>2</sup> negotiated in Q1 FY09 representing 34% of FY09 expiries
    - Average rental increase<sup>2</sup> of 6.5% in Q1 FY09 on new lease deals
  - Arrears stable<sup>2</sup>
  - Actively reducing leasing exposure, HOA<sup>3</sup> to re-lease 16,000 sqm at Southgate

## Geographical allocation by market<sup>1</sup>



## Lease expiry profile<sup>1</sup>



1. As at 30 June 2008.

2. As at 30 September 2008.

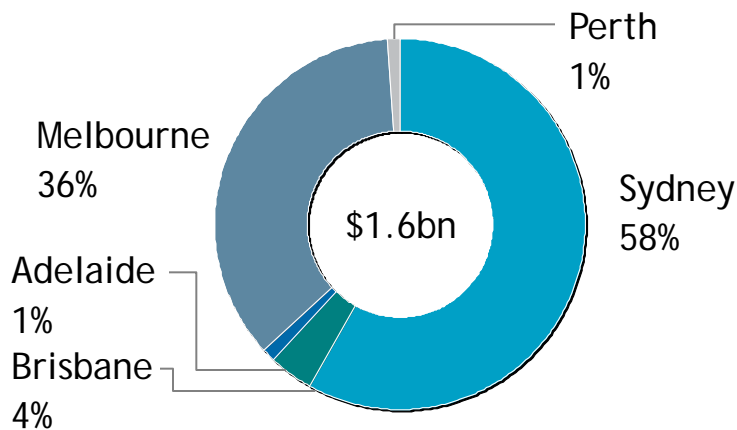
3. HOA = Heads of Agreement.



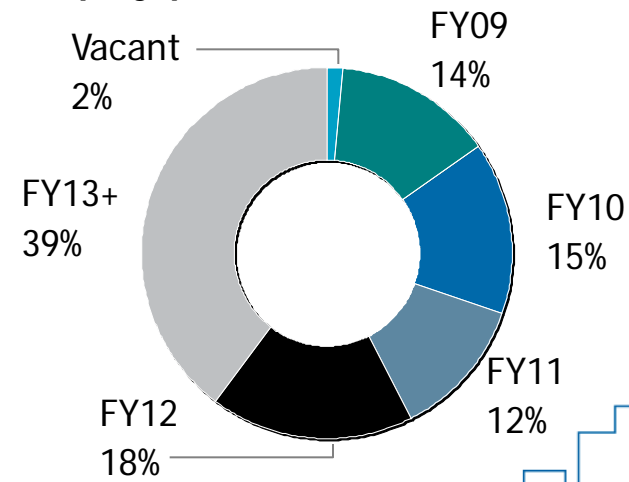
# Australian industrial portfolio

- Strategically located and diversified portfolio of quality industrial properties with high exposure to the key Sydney and Melbourne markets<sup>1</sup>
  - Over 66,700 sqm of leases negotiated in Q1 FY09 representing 34% of FY09 expiries
  - Re-leased 9,600 sqm or 7% of FY10 expiries
  - Arrears stable
  - Actively renegotiating over 11,000 sqm of space

## Geographical allocation by market<sup>2</sup>



## Lease expiry profile<sup>2</sup>



1. As at 30 September 2008.

2. As at 30 June 2008.

# International industrial portfolio

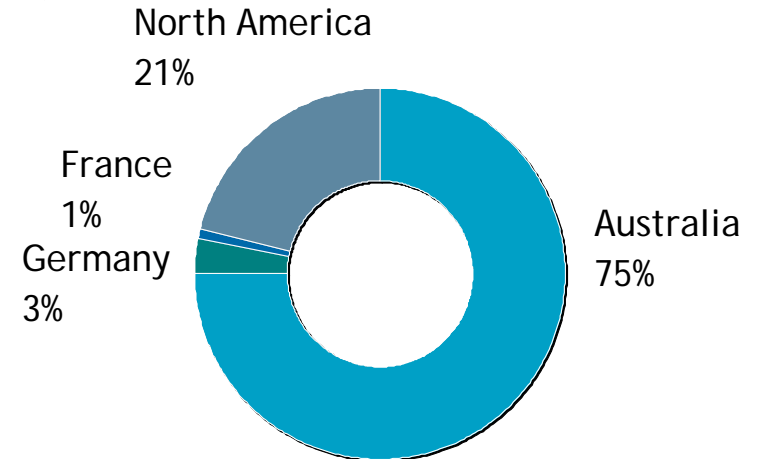
## North America<sup>1</sup>

- Assets strategically located in key sub-markets
- Occupancy 92%
- Tenant retention 74% as at 30 June 2008
- Weighted average lease expiry 4.1 years
  - Tenants have historically renewed their tenancy for a total term of approximately 10.8 years
- Leases negotiated for 86,000 + sqm in Q1 FY09

## Europe<sup>1</sup>

- Occupancy 88%
- Weighted average lease expiry 3.4 years
- Challenging market
- Continued focus on active leasing and maximising returns

## Geographical allocation by market<sup>2</sup>



1. As at 30 September 2008.

2. As at 30 June 2008.

# Committed developments and acquisitions

## 1 Bligh Street, Sydney<sup>1</sup>

- Premium grade 28 level, 42,000 sqm office tower
- Clayton Utz Heads of Agreement to lease over 55% as anchor tenant
- Designed to achieve 6 star Green Star rating and 5 star NABERS Energy rating

- Completion due mid 2011
- Estimated cost of \$430m
- Estimated stabilised yield on cost in excess of 7.0%<sup>2</sup>

## 123 Albert Street, Brisbane

- Premium grade 24 level, 38,600 sqm office tower
- Rio Tinto pre-commitment to lease 68% & option to increase to 80%
- Designed to achieve 6 star Green Star rating and 5 star NABERS Energy rating

- Completion due late 2010
- Estimated cost of \$350m
- Estimated stabilised yield on cost of 6.8%<sup>2</sup>

## 60 Miller Street, Sydney

- Redevelopment A grade office tower with 5 level office extension - 4,500 sqm
- Heads of agreement signed for 100% of new space
- Designed to achieve 4 star Green Star rating and 4.5 star NABERS Energy rating

- Completion due early 2009
- Estimated cost of \$25m
- Estimated stabilised yield on cost of 8.3%<sup>2</sup>

## Whirlpool

- Whirlpool industrial acquisitions (USA)
- Columbus OH, 145,000 sqm (Jan 09)
- Atlanta GA, 84,000 sqm (Jul 09)
- Seattle, OH, 139,000 sqm (Oct 09)

- 100% leased to Whirlpool
- Acquisition cost of US\$228m<sup>3</sup>
- Estimated average passing yield of 6.6%<sup>2</sup>

- In addition to the above developments, DEXUS has committed to a staged industrial land purchase at Greystanes, NSW and development capital expenditure at San Antonio, Texas
- DEXUS will not commence additional projects unless expected returns meet underlying internal feasibility benchmarks and appropriate funding is in place

1. 1 Bligh Street is owned proportionately 68.2% by DEXUS's owned portfolio, and 31.8% by the DEXUS Wholesale Property Trust (DWPF).

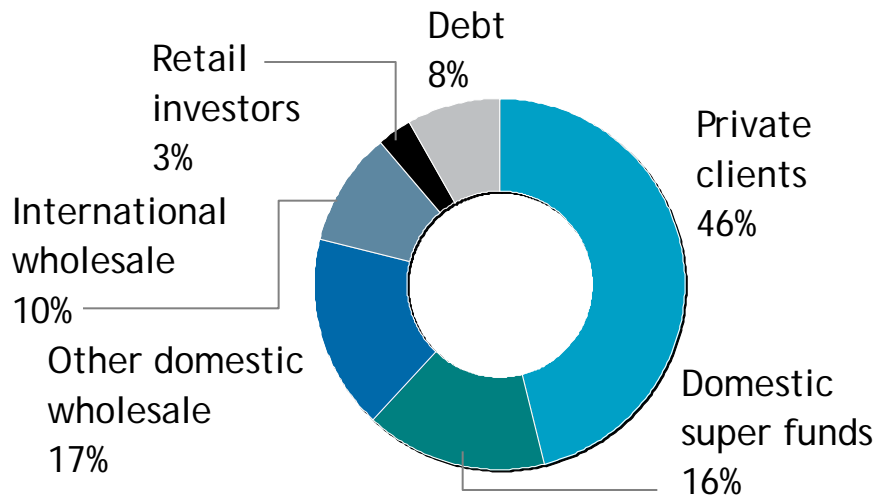
2. The estimated yield on cost on completion / acquisition assumes fully leased, fixed construction costs, maintenance of forecast rents and incentive levels.

3. 30 June 2008 estimated acquisitions costs.

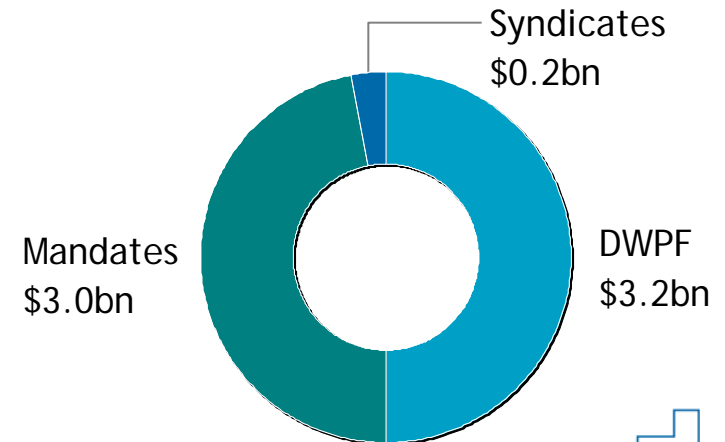
# Third party funds management business - stable and significant

- One of the largest third party platforms in Australia
- In FY08, third party funds increased by 39% to \$6.4bn<sup>1</sup>
- DEXUS has no equity interest or contingent exposure to these funds
- Well diversified by investor base and asset class

## Source of funds<sup>1</sup>



## Fund breakdown<sup>1</sup>



1. As at 30 June 2008.

# Summary



# DEXUS is well positioned for the future

- Clear vision and strategy
- High quality portfolio
- Stable and sustainable property earnings
- Quality developments adding value
- Strong balance sheet with low gearing
- Experienced management team
- Well-positioned to take advantage of market cycle



# Additional information



# Gearing post capital raising<sup>1</sup>

Consolidated, \$ million	Actual Jun-08	Pro Forma Incl FX + MTM adj Jun-08	Pro Forma Post Capital Raising Jun-08
<b>Total Assets<sup>2</sup></b>	<b>9,349</b>	<b>10,150</b>	<b>10,150</b>
Payables, Provisions and Other <sup>3</sup>	507	810	803
Interest Bearing Liabilities <sup>4</sup>	3,007	3,651	3,384
<b>Total Liabilities</b>	<b>3,514</b>	<b>4,461</b>	<b>4,187</b>
Less Minority Interests <sup>5</sup>	206	206	206
Less Intangible Assets	255	255	255
<b>Net Tangible Assets</b>	<b>5,374</b>	<b>5,228</b>	<b>5,502</b>
<b>NTA per Security</b>			
(Excluding Minority Interests) (\$)	1.77	1.72	1.60
Gearing (Net of Cash) <sup>6</sup>	33.2%	37.0%	34.1%
S&P Credit Rating	BBB+	BBB+	BBB+

1. Pro forma for the institutional placement (excluding the SPP), based on the issue price at the bottom end of the bookbuild range \$0.73 cents.

2. Investment properties have increased by A\$868 million due to the movement of AUD/USD from 0.9626 to 0.6700, and AUD/EUR from 0.6096 to 0.5200.

3. Including the movement in the fair value of derivatives representing the actual mark to market movements for the 4 month period to 31 October 2008.

4. Interest bearing liabilities have increased by A\$644 million due to the movement of AUD/USD from 0.9626 to 0.6700, AUD/EUR from 0.6096 to 0.5200 and the effect of hedging activities since 30 June 2008.

5. Minority interests primarily relate to holdings in the DEXUS RENTS Trust.

6. Gearing is calculated as interest bearing liabilities (excluding deferred borrowing costs) less cash divided by total tangible assets (excluding derivatives and current and deferred taxes) less cash.