

# DEXUS Property Group

Annual General Meeting  
29 October 2008



DEXUS Funds Management Limited  
ABN 24 060 920 783  
Australian Financial Services Licence Holder

**DEXUS**  
PROPERTY GROUP

# Welcome and introduction to the DEXUS Board

Christopher T Beare  
Chairman



# Elizabeth Alexander AM



**DEXUS**  
PROPERTY GROUP

# Barry Brownjohn



**DEXUS**  
PROPERTY GROUP

# Stewart Ewan OAM



**DEXUS**  
PROPERTY GROUP

# Victor Hoog Antink - CEO



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Charles Leitner III



Andrew Fay (alternate)



# Brian Scullin



**DEXUS**  
PROPERTY GROUP



# DEXUS Board of Directors



Christopher T Beare  
Chairman



Elizabeth A Alexander AM



Barry R Brownjohn



Stewart F Ewen OAM



Andrew J Fay^



Victor P Hoog Antink  
Chief Executive Officer



Charles B Leitner III



Brian E Scullin

\* Alternate to Charles Leitner III

# DEXUS Property Group 2008 Annual General Meeting





Message from the Chair & CEO



2008 Concise CR&S Report



2008 Financial Reports





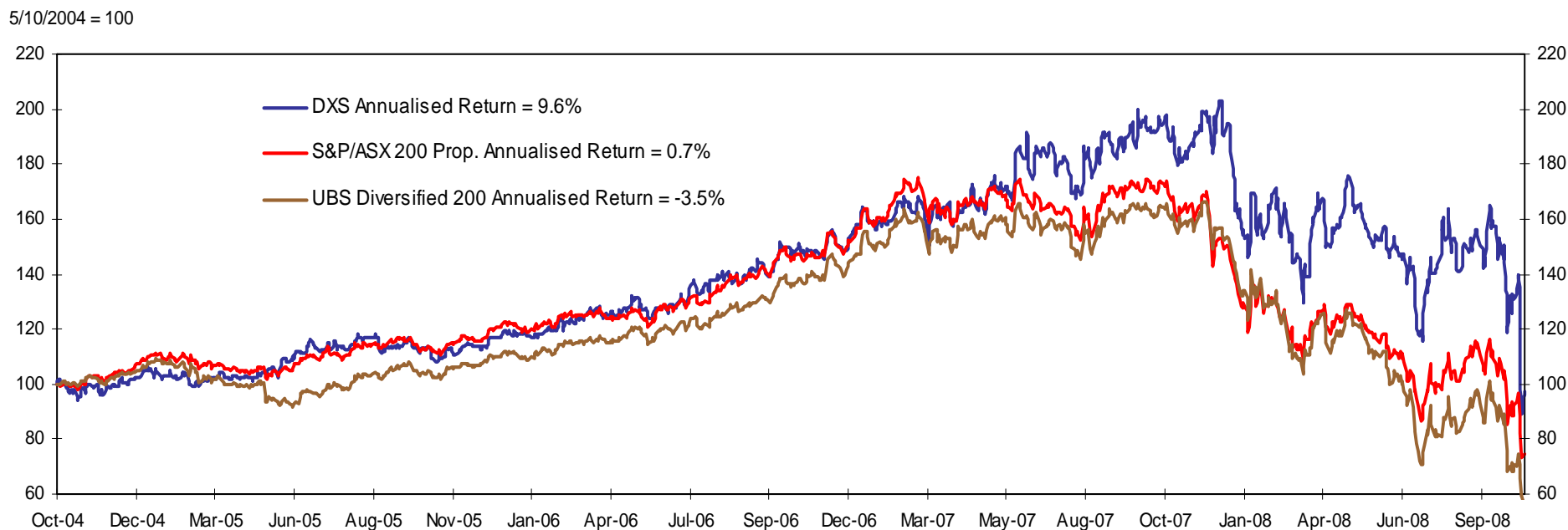
# Chair's address

Christopher T Beare  
Chair



# Security holder returns 4 years - since stapling

DXS compared to S&P / ASX 200 Property Accumulation Indices  
Annualised Total Return 6 October 2004 to 27 October 2008



Source: IRESS / DEXUS

# 2008 Achievements

- Retail portfolio disposal
  - substantially reduced debt levels
  - strengthened our balance sheet
  - focusing strategy on office and industrial
- Strong capital management approach
- High quality management team
- Acquisition of CalWest's 20% JV interest
  - creating flexibility to reposition the US portfolio
- Internalisation of management platform
  - full alignment with investor interests

Artist impression, 1 Bligh Street, Sydney





# Strong results underpinning distribution growth

- Financial highlights at 30 June 2008
  - stable operating earnings \$498m
  - strong DPU growth 11.9c, up 5.3%
  - annual compound growth 4.3% since stapling

View from Southgate across the Yarra River to Melbourne CBD



# Corporate responsibility & sustainability

- Progressing highly sustainable developments
- Future proofing our existing portfolio
- Online Annual & CR&S reports released today
- This AGM is a carbon neutral event



Artist impression, Atrium, 1 Bligh Street, Sydney



# Corporate governance

- Achieving highest standards of Corporate Governance
- Continue to meet ASX Corporate Governance Principles
- Regularly reviewing the structure and responsibilities of committees
- We have decided to increase the number of DEXUS directors





# In conclusion



# CEO's address

Victor P Hoog Antink  
Chief Executive Officer



# State of the market - DEXUS focus

## Market

- Volatile financial markets
- Flight to quality

## DEXUS focus

- Active property management
- Active capital management



View from GPT, 1 Farrer Place, Sydney



# Operating results

- One of the highest quality portfolios in Australia
- Stable operating earnings of \$498m
- 96% earnings from rental income and strong tenant covenants
- 4% earnings from funds management fees & development contributions
- Gearing of 37% well below target range of 40-45%
- Applying a prudent and cautious approach to maintain a sound financial position



# Strong portfolio results

■ Portfolio highlights	30 Sept 2008 <sup>1</sup>	30 June 2008 <sup>2</sup>
- stable portfolio occupancy	93.7%	93.7%
- steady lease duration	4.8 yrs	4.8 yrs
- like for like property income growth	n/a	4.5%
- strong leasing activity	177,000 sqm	818,000 sqm

1. 3 months to 30 September 2008

2. 12 months to 30 June 2008

# Our business today

- Total portfolio value<sup>1</sup> \$15.3 bn
  - owned property portfolio \$8.9 bn
  - third party funds \$6.4 bn
  
- Quality and scale: Owned<sup>1,2</sup> Group<sup>1</sup>
  - no 1 in office \$4.6 bn \$7.1 bn
  - no 3 in industrial \$1.6 bn \$2.3 bn
  - retail \$0.3 bn \$3.7 bn
  - international \$2.2 bn \$2.2 bn
  
- Experienced management team



1. As at 30 June 2008

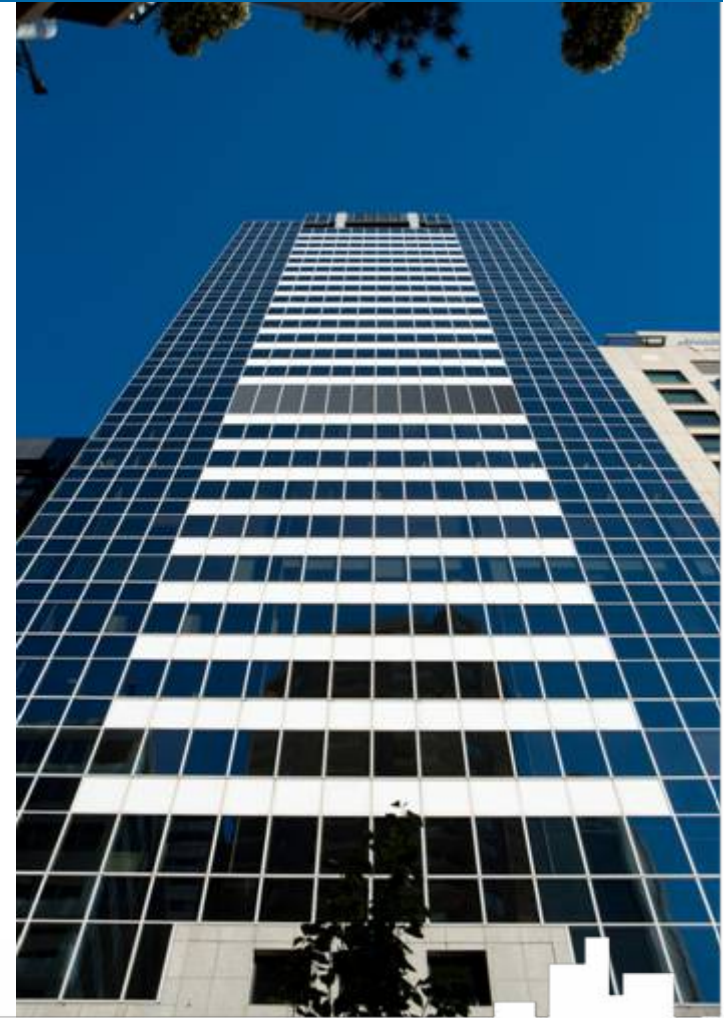
2. Excludes cash & other

# Office highlights

## High quality – strategically located

- 95% premium or A grade assets
  - 71% located in Sydney market
  - 85% in Sydney CBD
- Leases negotiated 18,000 sqm in Q1
- Occupancy 98%
- Average lease duration 5.7 years

45 Clarence Street, Sydney



As at 30 September 2008

# 1 Bligh Street, Sydney

- Premium-grade office building
- 28 levels - 42,000 sqm
- Anchor tenant secured - Clayton Utz over 55%
- Designed to achieve 6 star Green Star rating
- Demolition/construction in progress
- Completion due mid 2011

Demolition works, 1 Bligh Street, Sydney



# 123 Albert Street, Brisbane

- Premium grade office tower
- Rio Tinto pre-commitment to lease 68%
  - plus option to extend to 80%
- Designed to achieve
  - 6 star Green Star rating
  - 5 star NABERS Energy rating
- Completion due late 2010

Artist impression, 123 Albert Street, Brisbane





# 60 Miller Street, North Sydney

- Redevelopment A grade office tower
- 5 level office extension - 5,000sqm
- Heads of Agreement signed - 100%
- Designed to achieve
  - 4 star Green Star rating
  - 4.5 star NABERS Energy rating
- Completion due early 2009

Development, 60 Miller Street, North Sydney



# Industrial - active management delivering results

- Strong portfolio fundamentals
  - high quality institutional grade assets
  - highly diversified portfolio
  - strategically located in key markets
- Active management approach
- Delivering strong results
  - tenant retention - 82%
  - leases negotiated over 66,700sqm in Q1
  - occupancy - 97.6%
  - average lease duration - 4.4 years

DEXUS Industrial Estate, Laverton North



As at 30 September 2008

# Industrial developments - Australia

- Significant development capabilities
- Strategically located in key Sydney and Melbourne markets
- SEL, Greystanes
  - 50 hectares to develop in 4 stages
  - strategic site in a key location
  - high quality services & sustainability features

SEL, Greystanes NSW





# Industrial highlights - North America

Assets strategically located in key sub-markets

- Occupancy 91.6%
- Tenant retention 72%
- Average lease duration - 4.1 years
- Leases negotiated for 86,000+ sqm in Q1

2210 Oak Ridge Way, San Diego



As at 30 September 2008

# Industrial developments - North America

- San Antonio - 4 developments underway
- Whirlpool program - construction continuing on 3 sites
  - Columbus, OH, 145,000 sqft
  - Seattle, WA, 84,000 sqft
  - Atlanta, GA, 139,000 sqft

Whirlpool, North Perris Boulevard, Perris, California



# Industrial highlights - Europe

- Occupancy 87.7%
- Average lease duration 3.4 years
- Arrears stable
- Improved leasing activity - 5,000 sqm of new leases & renewals
- Challenging market
- Continued focus on active leasing and maximising returns

Unna, Germany

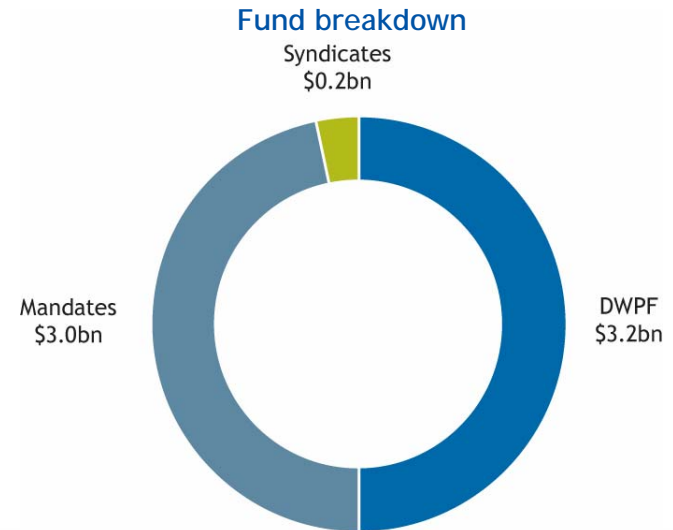
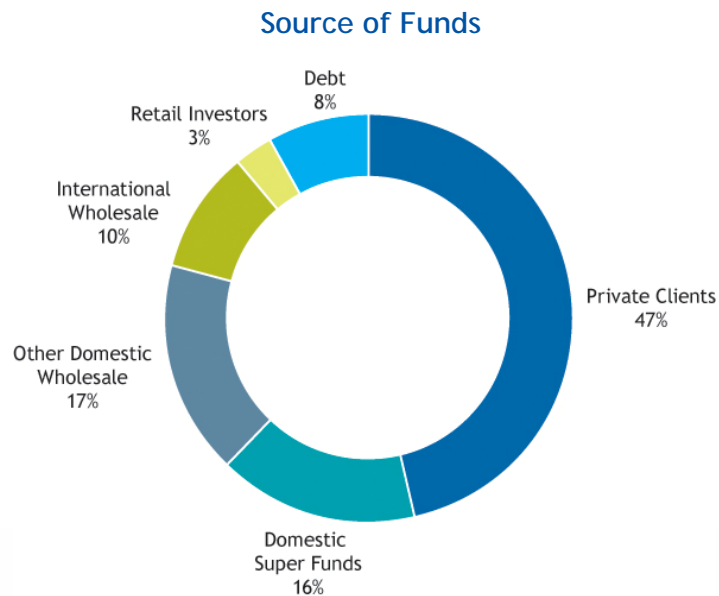


As at 30 September 2008



# Third party management business - highlights

- Third party funds increased by 39% to \$6.4bn
- One of the largest third party platforms in Australia
- Well diversified by investor base and asset class
- \$900 million development pipeline underway



As at 30 June 2008

# Our CR&S achievements

- 10 years of implementing sustainability features
- Own the first 5 star building - 30 The Bond
- Developing 6 star towers in Sydney & Brisbane
- Progressing sustainability programs
- Maintained FTSE4Good listing
- Obtained Australian SAM Sustainability listing
- 2008 CR&S report available on our website

30 The Bond, Hickson Road, Sydney



# Outlook

- Asset valuations
- Quality developments
- Capital management
  - \$580m refinancing in 2009
    - \$250m secured in August 2008
    - \$80m agreed and documenting
    - \$250m to be secured this year

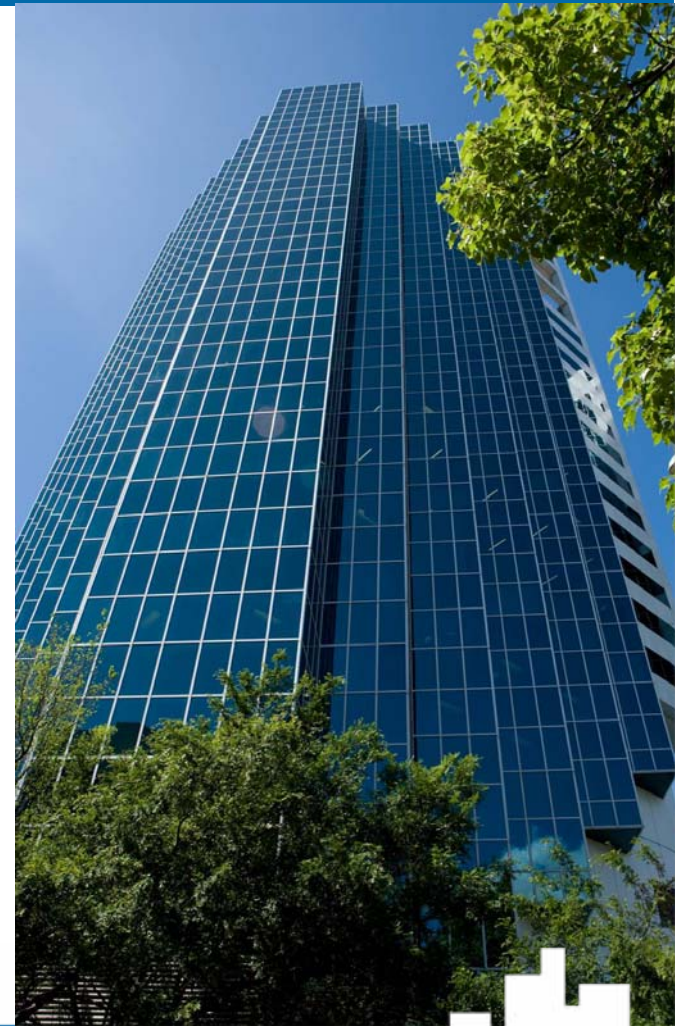
View from 1 Bligh Street, Sydney



# Distributions policy

- Revising payout policy – greater of:
  - 70% of funds from operations<sup>1</sup>; or
  - Taxable income

The Zenith, Pacific Highway, Chatswood



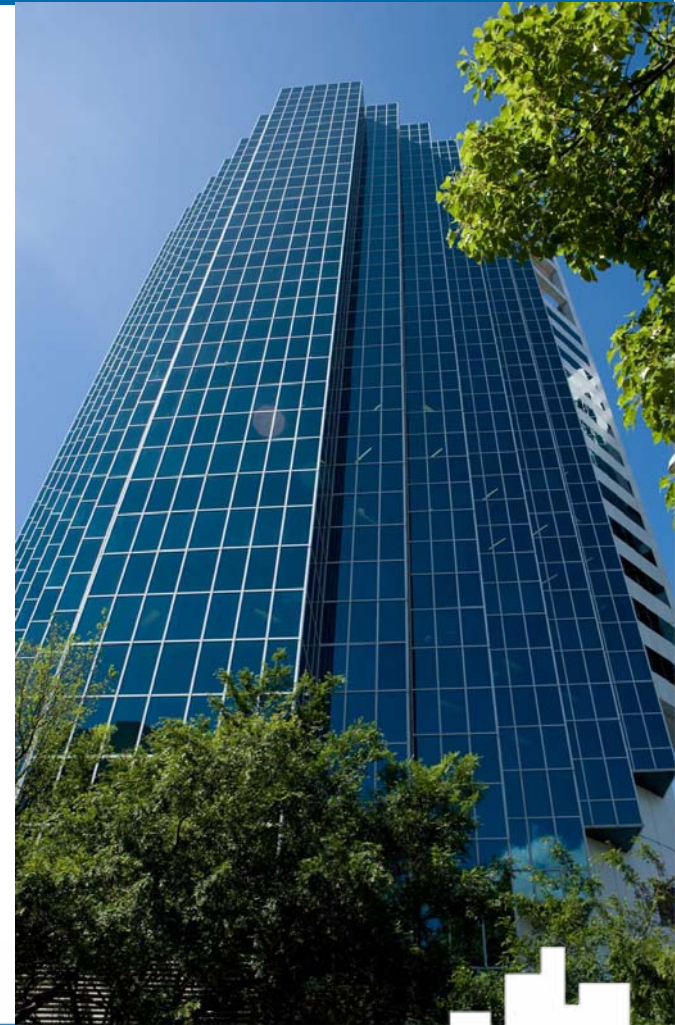
1. Funds from operations equate to current distributable income excluding development gains



# Distribution guidance

- 2009 funds from operations<sup>1</sup>
  - guidance of 11.7 cents
- 2009 Distributions
  - 70% of funds from operations<sup>1</sup> 8.2 cents

The Zenith, Pacific Highway, Chatswood



1. Funds from operations equate to current distributable income excluding development gains

# Well positioned for the future

- Experienced team
- Focused on quality portfolio
- Well-positioned to take advantage of market cycle
- 2009 focus
  - active portfolio management
  - active capital management
  - maximise returns for security holders

DEXUS head office, 343 George Street, Sydney





# DEXUS Property Group 2008 Annual General Meeting



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