

DEXUS Property Group

Investor Update

Goldman Sachs JBWere REIT Conference 6-7 April 2009



This Investor Update is a condensed version of DEXUS Property Group's 2008 Half Year Results presentation announced to the ASX on 18 February 2009, full version available at www.dexus.com

Agenda

- Group overview
- Financial performance
- Office portfolio
- Australian industrial portfolio
- International industrial portfolio
- Third party funds management
- Summary and outlook



30 The Bond, Hickson Road, Sydney NSW

Note: unless stated otherwise all figures as at 31 December 2008.

Our corporate vision

Our vision is to be a leading office and industrial owner, manager, developer in Australia and selected international markets, providing world-class property solutions and achieving optimal outcomes for our stakeholders

Our business at a glance

- Total portfolio value \$15 bn
 - owned property portfolio \$9 bn
 - third party funds management \$6 bn

- Quality and scale:

	Owned ¹	Group ¹
- no 1 in office	\$4.5 bn	\$6.8 bn
- no 3 in industrial	\$1.6 bn	\$2.1 bn
- retail	\$0.3 bn	\$3.5 bn
- international	\$2.6 bn	\$2.6 bn

- Market leader in sustainability

- Experienced management team

DEXUS Group operating model¹



1. Excludes cash & other

Well positioned: solid portfolio, focused team

- Strategic focus - leading owner, manager, developer
 - superior quality office and industrial portfolio
 - key locations in selected markets

- Strong tenant relationships
 - quality covenants
 - high retention rates
 - long tenure

- Experienced management team
 - high performance culture
 - focussed on active management of properties and balance sheet

- Market leader in sustainability
 - recognised as one of Global 100 Most Sustainable Companies at Davos

Financial performance



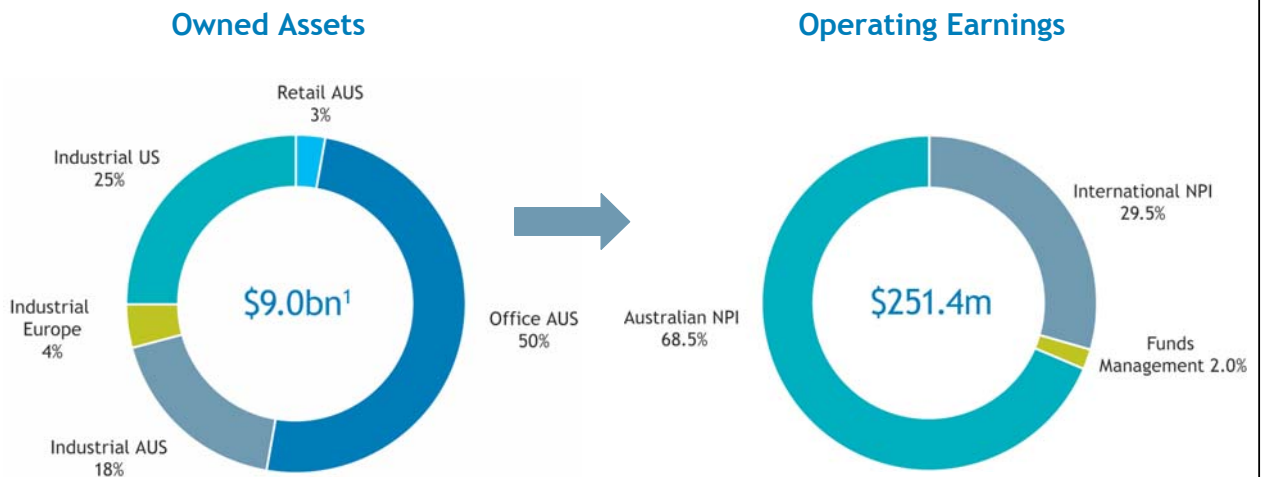
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Results at a glance

	Dec 08	Dec 07
Financial		
- operating earnings	\$251.4m	\$254.4m
- FFO per security	5.4c	5.9c
- DPS	3.8c	5.9c
- revaluations (devaluations)	(\$773m)	\$337m
- gearing	37.3%	31.3%
Operational		
- like-for-like property income	1.5%	4.4%
- portfolio occupancy	93.1%	95.1%
- lease duration	4.8 yrs	4.9 yrs

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Rental income drives operating earnings



- Highly diversified property portfolio
- Property assets represent 94% of total assets
- Rental income represents 98% of operating earnings

1. Excludes intangible assets of \$234m for management rights and cash

Active capital management

- Refinanced all 2008 & 2009 debt maturities
 - \$950 million from ongoing and new banking relationships
- Additional commitments of \$250 million
- Placement raising over \$300 million
 - natural DRP participation 30%
- Distribution policy changed
 - payout ratio 70% of FFO effective FY09
 - 30% retained for operating and leasing capex
- Asset sales/development de-risking
 - JV with Cbus reduces interest in 1 Bligh Street to 33%

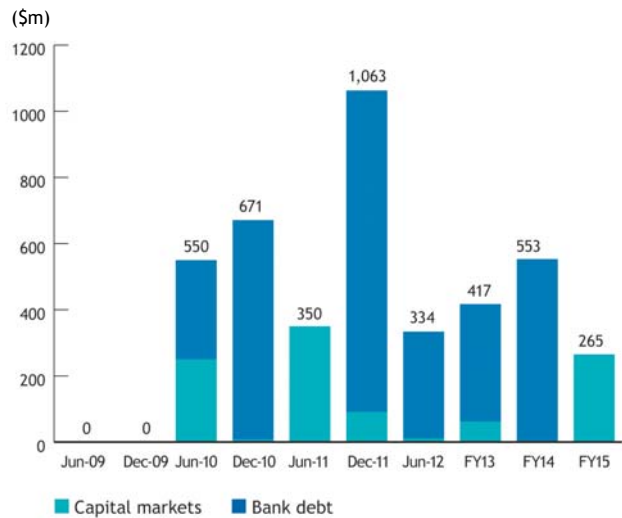
Gearing ratios



Pro-active debt management

- Committed undrawn facilities exceeded \$700m
- Debt duration steady at 3.0 years
- Gearing (adjusted for cash) 37.3%²
- No debt refinancing until Feb 2010
- Committed development and acquisitions fully funded until 2011
- Well within key covenants¹
 - gearing <55% actual 38.0%²
 - interest cover >2.0x actual 2.7x
 - priority debt <30% actual 10.3%
- S&P rating BBB+ reaffirmed

Maturity profile Dec 08

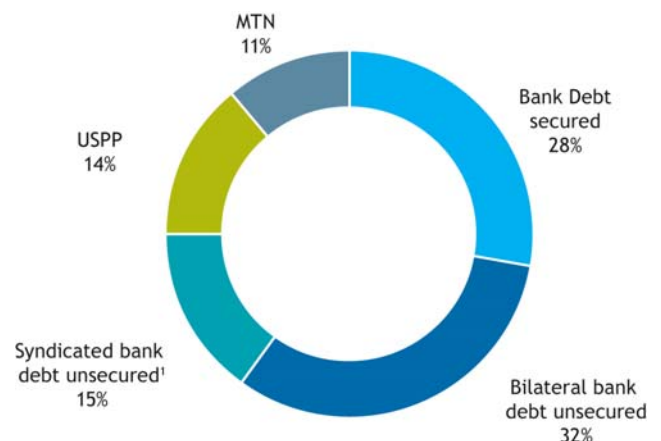


1. As per public bond covenants
 2. Gearing = Interest Bearing Liabilities (excluding deferred borrowing costs) less cash / Total Tangible Assets (excluding derivatives and deferred and current tax assets) less cash. Covenant gearing is the same definition but does not exclude cash. Consequently, gearing based on the covenant definition = 38.0%

Sound capital framework

- Diversified investments and funding sources
 - strong relationship with banking group
- Protection against movements in currency on debt and covenant headroom
 - balance sheet hedging
 - foreign currency denominated facilities
- Transparent debt structure
 - no off balance sheet debt (no look through adjustments)
 - majority of facilities unsecured
 - all rank pari passu

Facility mix Dec 08



1. Foreign banks hold 40% of the Syndicated unsecured bank debt

Office Portfolio

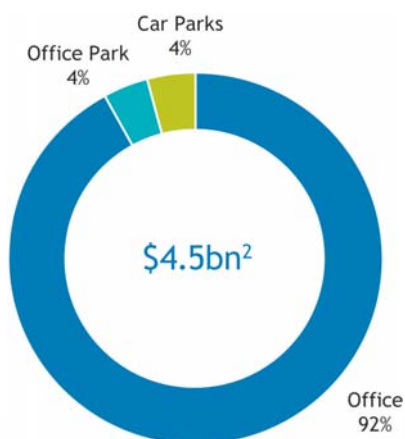


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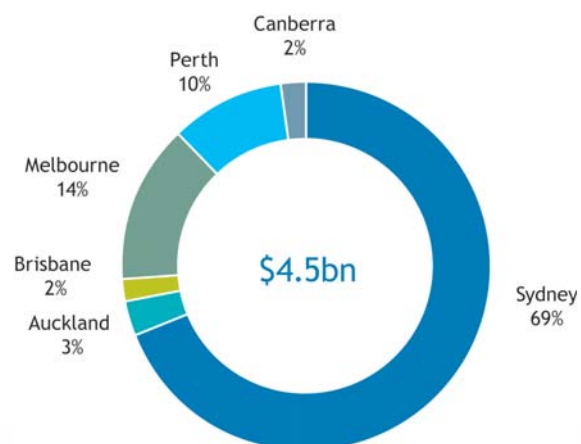
Quality portfolio - strategic location, quality assets

- High quality assets - 94% of office buildings are Premium or A-grade¹
- Geographic spread over 6 key locations - 69% of portfolio located in Sydney

Allocation by asset class



Geographical allocation by market



1. Includes Office Parks. Does not include car parks
2. Includes development assets

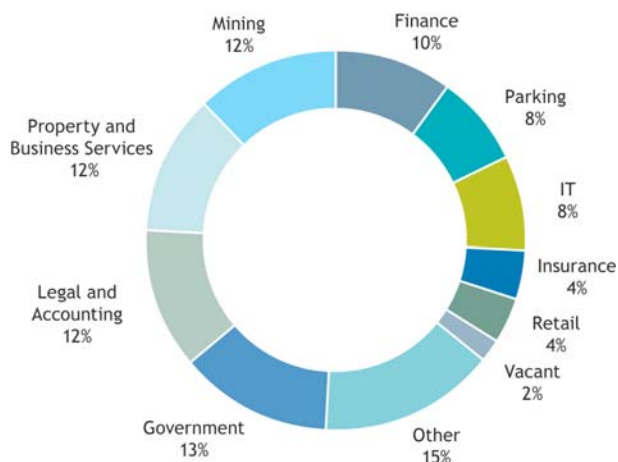
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Tenant diversification delivering sustained income

- Well diversified by tenant sector

- top 20 tenants generate over 50% of income
- secure income from Government tenants
- income evenly spread across industry groups

Economic diversity of tenants



Top ten office tenants (by income)

	% of Sector NPI
1 Woodside Energy Ltd	6.3%
2 State of NSW	5.1%
3 Commonwealth of Australia	4.6%
4 State of Victoria	3.3%
5 IBM Australia Limited	3.3%
6 Lend Lease Corporation Limited	3.1%
7 Mallesons	2.8%
8 The Herald & Weekly Times Limited	2.2%
9 HBOS Australia Pty Ltd	2.1%
10 PKF	1.6%

Office leasing - strong performance, active management

- 70% of FY09 expiries leased or renewed

- 25,000sqm leased - 64 transactions

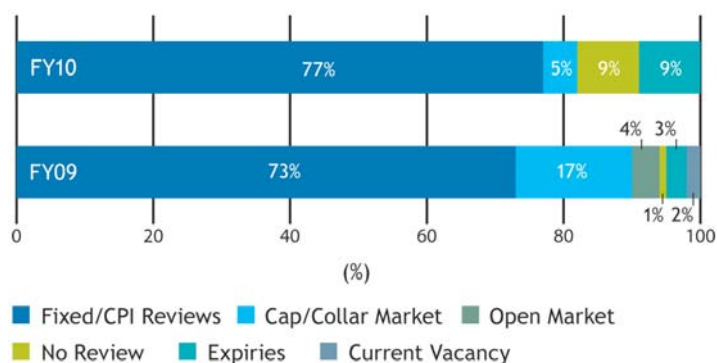
- Average rental increase was 10.2%¹

- Major deals with Adobe, Dairy Australia and Australia Post

- Rent review profile de-risked

- 90% (FY09) and 82% (FY10) are fixed, CPI, or cap/collar

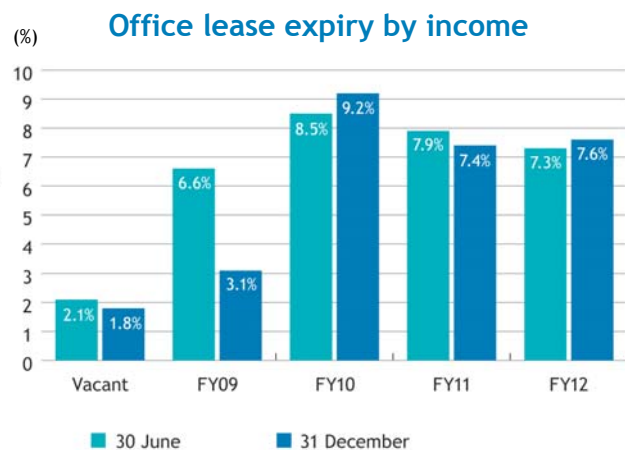
Rent review profile



1. Includes vacancies, new deals and renewals. Excluding leased developments

Strong portfolio fundamentals

- Solid like on like growth NPI
- High occupancy rates
- Limited market exposure
- High retention rates
- Good lease duration
- Expiries for FY09 well managed
- Capitalisation rates softening



Source: DEXUS forecast as at Nov 08

Net Property Income	Like-for-like	Occupancy (area)	Occupancy (income)	% Over/Under Rented	Exposure to Open Market Reviews	Retention rates	Lease duration ¹	Portfolio value ²	Avg cap rate
\$119.1m	3.1%	98.0%	98.2%	9% under	FY09 - 4%	74%	5.5yrs	\$4.5bn	7.0%

1. By income
2. Excludes cash and other assets

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Office development underway and de-risked

- Developments are on track
- 123 Albert Street - 38,000sqm
 - 68% pre-committed to Rio Tinto
 - completion Dec 2010
 - \$250 million remaining to spend
- 1 Bligh Street - 42,000sqm
 - 55% pre-committed to Clayton Utz
 - completion mid 2011
 - \$150 million¹ remaining to spend



123 Albert Street, Brisbane Qld

1. DXS interest only

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Australian Industrial Portfolio

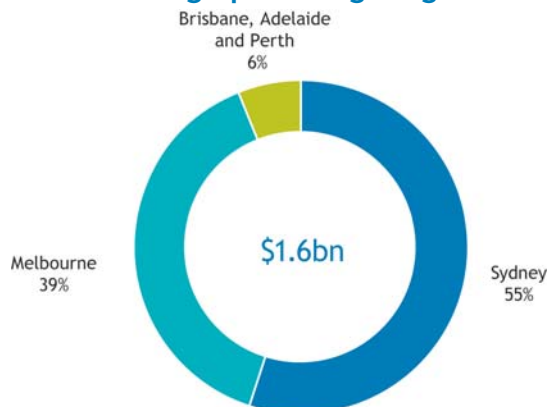


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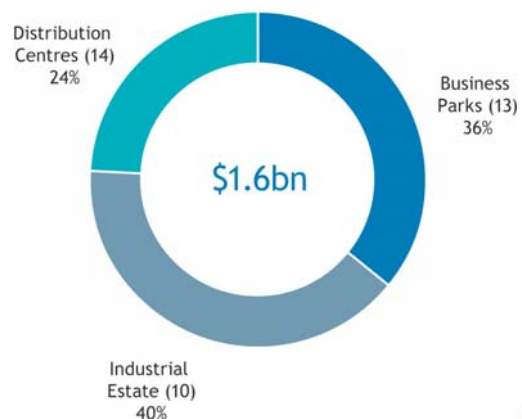
Diversified portfolio - quality assets, strategic location

- Flexible product - strategically located
- Continued market appeal - 97% occupancy

Geographic weighting



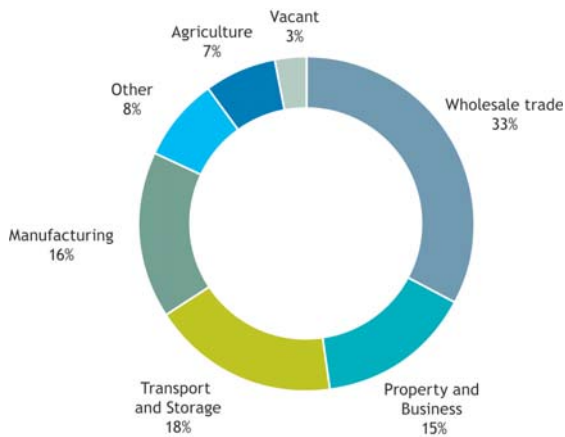
Property type



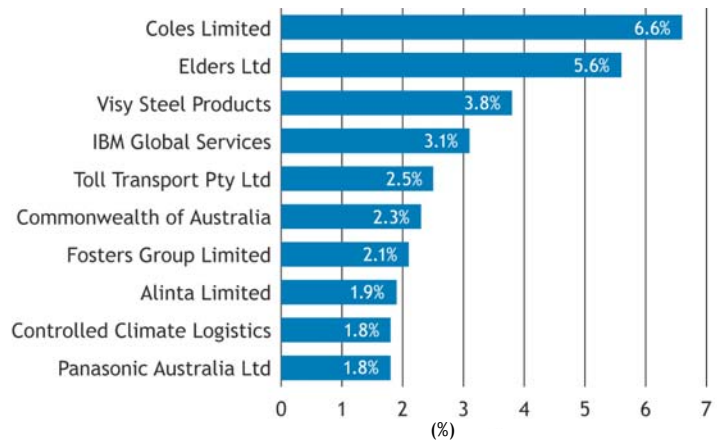
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Quality portfolio - strong tenant profile

Economic diversity of tenants



Top 10 customers (by income)

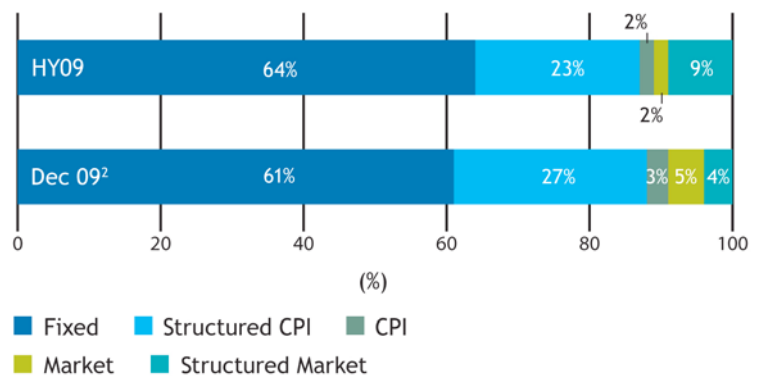


- Well diversified by industry sector
- 70% of income secured on 5+ year terms
- Top 20 tenants make up 45% of rent

Portfolio fundamentals - sound performance

- Solid like-for-like growth
- Strong rent review structure 3.7% YTD
- High occupancy maintained
- Limited exposure to market in the next 12 months
- Capitalisation rate softened 60bps

Rent review profile



Net Property Income	Like-for-like	Occupancy (area)	Occupancy (income)	% Over/Under Rented	Mkt review next 12 months¹	Retention rates	Lease duration¹	Portfolio value	Avg cap rate
\$53.4m	3.4%	96.8%	96.6%	3.5% over	4.3%	79%	4.5	\$1.6bn	8.1%

1. By income
2. 12 months to Dec 09

International Industrial Portfolio

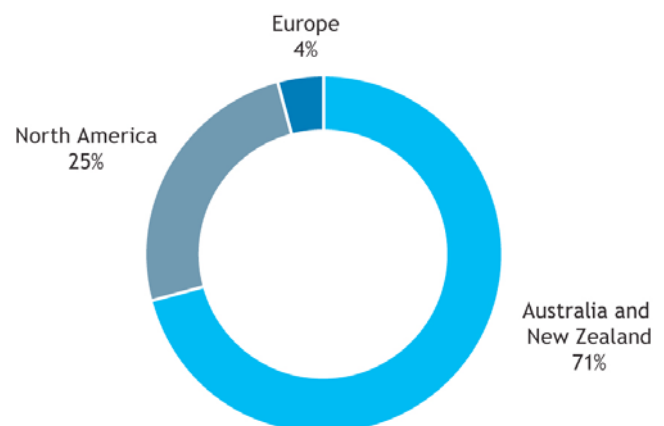


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Active management in a challenging market

- Challenging market conditions impacting results
 - like on like earnings down
 - valuations written down
- Sound portfolio fundamentals
 - quality assets
 - flexible asset mix
 - diverse tenant profile
- Active management approach
 - proactive leasing
 - sustainable cash flow
 - reduced capex

Total property portfolio by value¹

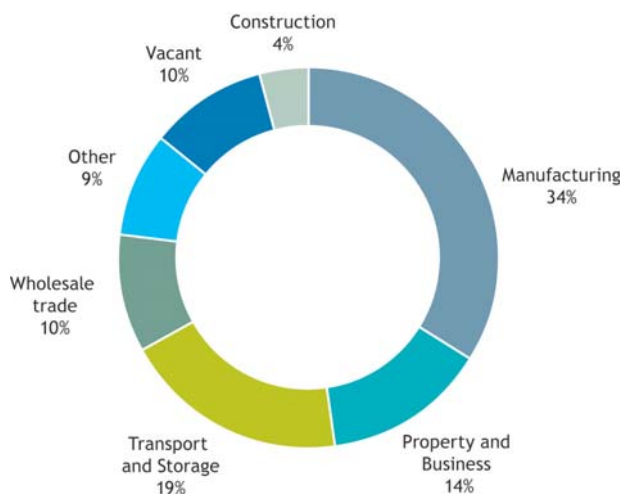


1. Excluding cash and other assets

Quality, diversified & adaptable portfolio

- Quality institutional grade properties
- Highly diversified portfolio
- Strategically located
- Economic diversification in tenant base
- Strong tenant relationships

Economic diversity of tenants



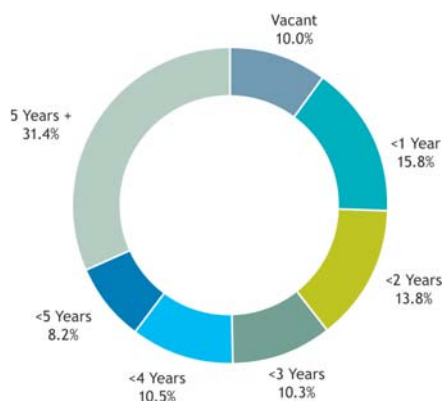
Top 10 North American tenants (by income)

Rank	Tenant	% of Sector NPI
1	Whirlpool Corporation	12.5%
2	AT&T Corporation	2.2%
3	US Government - Transport Services Admin.	1.6%
4	Savvis Communication Corporation	1.5%
5	US Government - General Services Admin.	1.5%
6	Skechers USA, Inc.	1.2%
7	Square D Company	1.2%
8	Proctor & Gamble - Graham Webb International	1.2%
9	Domtar Paper Company	1.1%
10	IBM	1.0%

Portfolio metrics

- Strong leasing activity has seen 210,000sqm leased in 59 deals
- Earnings profile
 - like on like earnings down:
 - occupancy slightly down by 1% to 90.8%
 - additional tenant incentives
 - fixed rent reviews of 2-3% on 70% of portfolio
- Early signs of arrears starting to weaken

North American lease expiry profile by income



	Net Property Income	Like for like	Occupancy by area	Occupancy by income	% Over/ Under Rented	Mkt review next 12 months	Retention rates	Lease duration ¹	Portfolio value ²	Avg cap rate
North America	A\$66.0m	(2.2%)	90.8%	90.0%	0.0%	15.8%	70%	4.3yrs	A\$2.2bn	7.9%
Europe	A\$11.6m	(2.8%)	87.7%	90.6%	8.4% Under	11.1%	n/a	3.3yrs	A\$0.3bn	7.7%

1. By income

2. Conversion rate: AUD/EUR = 0.4919 and AUD/USD = 0.6928

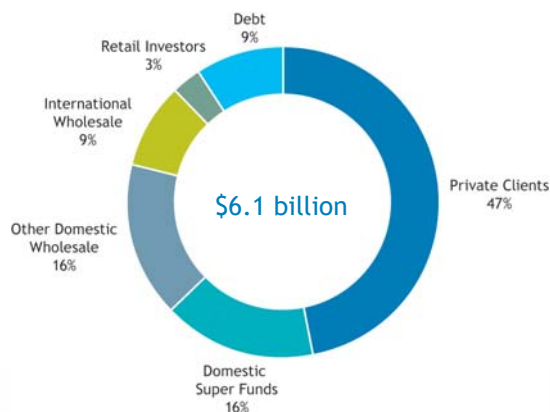
Third Party Funds Management



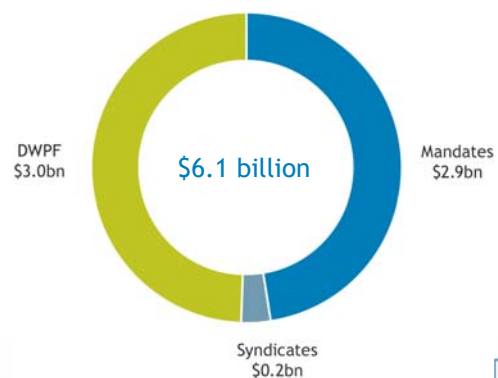
Third party management business - highlights

- One of the largest third party platforms in Australia at \$6.1 billion
- Well diversified by investor base and asset class
- Annuity income stream - no reliance on performance fees
- \$240 million developments underway

Source of Funds



Fund breakdown



Summary and Outlook



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2009 focus

- Maximising cash-flows
 - active portfolio management - enhancing our property portfolio
 - active capital management - strengthening our balance sheet

- FY09 guidance
 - earnings of 10.8 cents per security
 - distribution of 7.6 cents per security

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Appendices



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Balance sheet

DEXUS Property Group	Dec 08 \$'m	Jun 08 \$'m
Cash & receivables	145	136
Property assets	8,948	8,738
Other (including derivative financial instruments & intangibles)	482	475
Total assets	9,575	9,349
Payables & provisions	277	323
Interest bearing liabilities	3,455	3,007
Other (including derivative financial instruments)	774	184
Total liabilities	4,506	3,514
Less minority interest	207	206
Less intangible assets	234	255
Net tangible assets (after minority interest)	4,628	5,374
NTA per security (excluding minority interest) (\$)	1.33	1.77
Gearing (net of cash)	37.3%	33.2%

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Non-cash items dominate NPAT

	Dec 08 \$'m	Dec 07 \$'m
NPAT to stapled security holders	(954.3)	432.7
Add back:		
Non cash: unrealised MTM loss on derivatives	427.9	72.3
Non cash: devaluations/(revaluations) of investment property/PPE	773.0	(337.1)
Non cash: deferred tax benefit	(83.8)	(8.9)
Net finance cost and other	88.6	95.4
Operating earnings¹	251.4	254.4
Funds from operations ²	188.7	172.9
Distribution (70% of funds from operations)	132.1	172.9

1. Refer to slide 10
2. Adjusted for cum-distribution payment for placement securities

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Funds from operations

	Dec 08 \$'m	Dec 07 \$'m
Office	119.1	123.0
Industrial - Australia	53.4	52.3
Industrial - International	77.6	65.6
Retail	7.7	19.9
Development gains	-	5.9
Management EBIT ¹	5.3	4.9
Responsible Entity fees ¹	(11.7)	(17.2)
Operating earnings	251.4	254.4
Net finance cost and other ^{2,4}	(88.6)	(90.7)
Distribution adjustments ³		
- Cum dividend adjustment for placement	18.7	-
- Incentive amortisation/other ⁴	7.2	9.2
Funds from operations⁵	188.7	172.9
FFO per security	5.43c	5.90c

1. Dec 08 Responsible Entity fees are shown at cost following internalisation in Feb 08. This Responsible Entity fee expense and the corresponding management fee revenue are eliminated in the statutory financial statements as the management company is a wholly owned consolidated entity
2. Includes finance costs, other income/expenses, current tax expense and minority interests
3. Dec 08 includes all distribution adjustments except for property revaluations and impairments totalling (\$773m), unrealised MTM of derivatives of (\$427.9m) and deferred tax benefit of \$83.8m (refer appendix slide 53)
4. Net loss on sale of investments of \$4.7m has been excluded from the Dec 07 comparative
5. Dec 08 has been adjusted for cum-distribution payment for placement securities

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Capitalisation rates continue to soften

- Average capitalisation rates have softened by 72 bps in the last six months
- Entire portfolio revaluation decrease of \$773 million or (8.1%) over last six months

	Cap rate Jun 08 %	Cap rate Dec 08 %	Change bps	Property \$'m ¹	1H09 \$'m	De-valuation %
Australia office	6.4	7.0	58	4,180	(174)	4.0
Australia industrial	7.5	8.1	60	1,416	(78)	5.2
Australia retail	5.8	6.3	45	280	0	0.0
North America industrial ²	6.9	7.9	105	2,134	(384)	15.2
European industrial	6.4	7.7	123	325	(66)	16.8
Impairment of PP&E				483	(71)	
Total	6.7	7.4	72	8,818	(773)	8.1

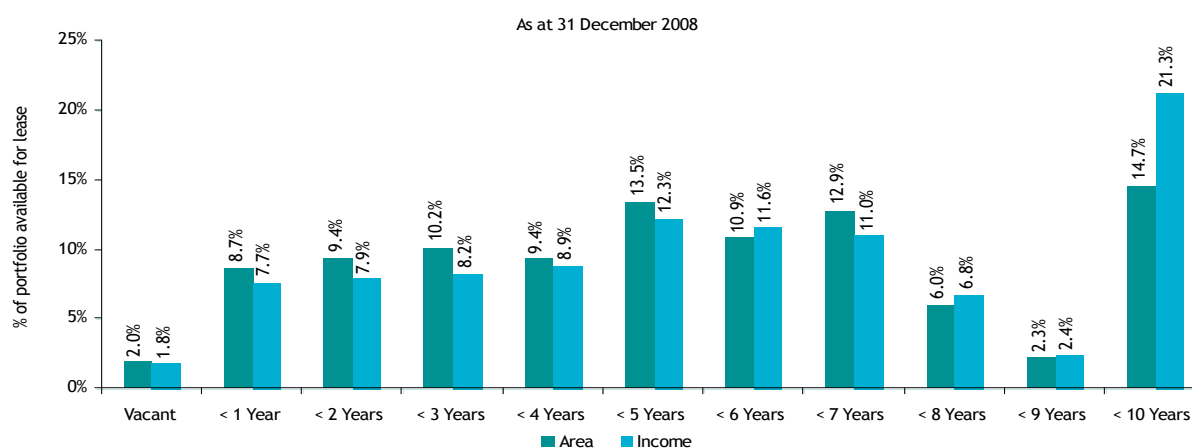
1. Excludes equity accounted asset (1 Bligh Street - book value of \$130m)
2. Stabilised cap rate used for North America Industrial

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Australia/New Zealand office – lease expiry



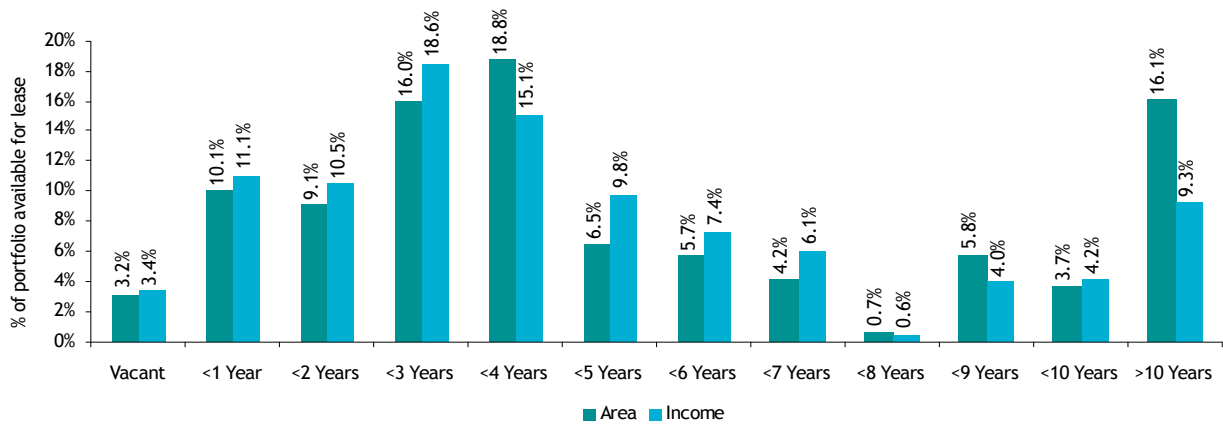
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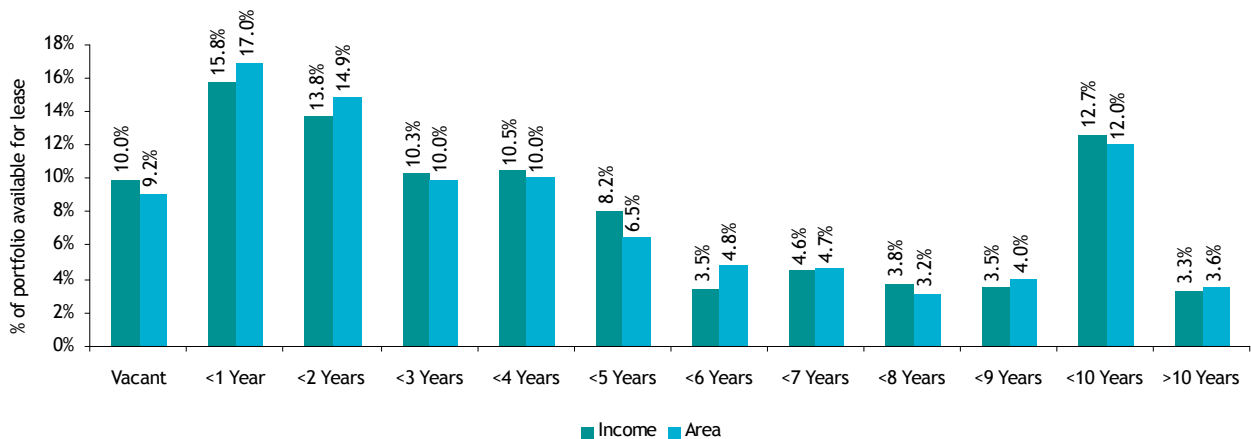
Australian industrial – lease expiry

As at 31 December 2008



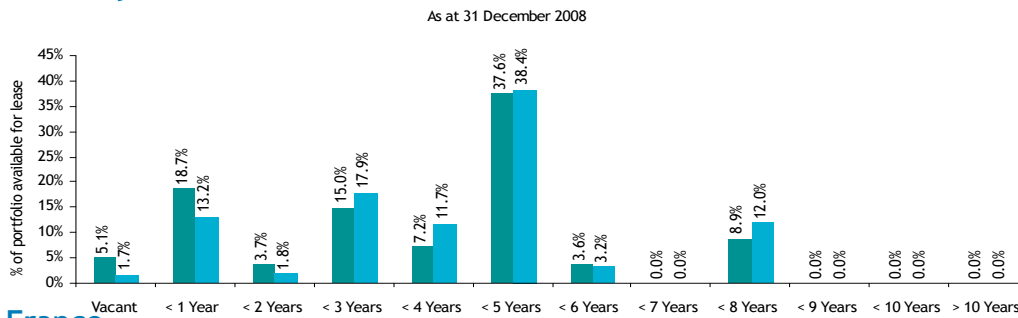
North American industrial - lease expiry

As at 31 December 2008

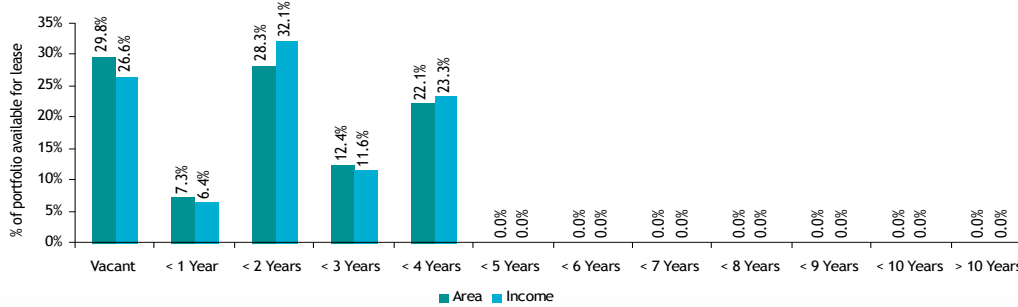


European industrial - lease expiry

Germany



France



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