

# 2010

DEXUS Property Group

ANNUAL RESULTS  
PRESENTATION





# 2010

DEXUS Property Group  
ANNUAL RESULTS  
PRESENTATION



DEXUS Funds Management Limited  
ABN 24 060 920 783  
AFSL 238163 as responsible entity for DEXUS Property Group

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## DEXUS 2010 FINANCIAL YEAR RESULTS

- Overview
- Financial performance
- Office portfolio
- Industrial portfolio
- US portfolio
- Outlook

## KEY FINANCIAL OUTCOMES

### Results in line with guidance

	June 2010
▪ FFO \$350m	7.3c <sup>1</sup>
▪ Distribution	5.1c
▪ Operating EBIT	\$461.3m
▪ NTA per security stable <sup>2</sup>	\$0.95

### Key portfolio metrics

▪ Occupancy (by area)	89.9%
▪ WALE (by income)	5.1yrs
▪ Like-for-like growth	(2.3%)

309-321 Kent Street and Australia Square, Sydney, NSW



1. Cents per security.
2. Since December 2009.

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## ACHIEVEMENTS

### Office

- Above benchmark occupancy and like-for-like growth
- Two six star premium developments

### Australian industrial

- Increased occupancy and like-for-like growth
- Repositioned \$70m to key markets – improved returns
- Development pipeline progressing well

### US industrial

- Established US head office and management team
- Internalisation and repositioning progressing

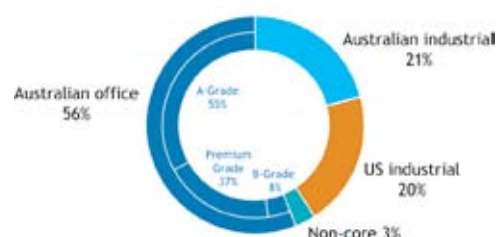
### Retail

- Sold remaining asset for \$256m

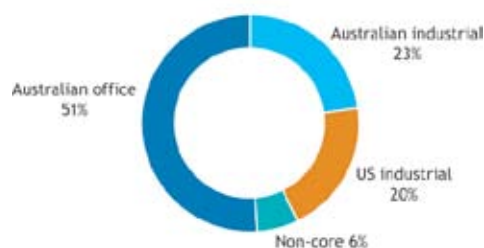
### Capital management

- Enhanced diversity and duration through accessing US and Australian debt capital markets
- Reduced DRP discount to 0%

### Portfolio by book value



### NOI by segment



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## MARKET CONDITIONS & OPPORTUNITIES

- Property prices near cyclical lows and markets improving
  - Office: demand starting to recover, limited supply
  - Industrial:
    - AU: industrial demand improving, limited supply
    - US: industrial market challenging but improving
- Opportunities
  - Office: build on our position as premier owner, manager of premium Australian office properties
  - Industrial
    - AU: capture emerging demand in developments
    - US: progress management internalisation and portfolio repositioning
  - Cyclical opportunity to service:
    - Increased demand from wholesale capital investors for property acquisition and development opportunities

## RESTRUCTURE

To support areas of focus

- Realign our executive structure with our areas of focus



# FINANCIAL PERFORMANCE

Craig Mitchell  
Chief Financial Officer

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## FINANCIAL RESULTS

At a glance

	June 2009	June 2010
Operating EBIT (\$m)	514.5	461.3
Net (loss)/profit after tax to security holders <sup>1</sup> (\$m)	(1,459.1)	31.4
Funds from operations (\$m)	423.8	350.0
Funds from operations per security (cps)	10.43c	7.30c
Distribution per security (cps)	7.3c	5.1c

1. Refer to a full reconciliation at <http://www.dexus.com/Investor-Centre/DXS/Property-Synopsis>

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## CORE OPERATING METRICS

	June 2009 \$'m	June 2010 \$'m
Office – Aust/NZ	246.8	245.1
Industrial – Aust	109.2	109.9
Industrial – US <sup>1</sup>	132.9	118.1
Non-core <sup>1,2</sup>	39.2	33.0
Currency impact on NOI	–	(21.7)
Management EBIT	21.0	6.1
Other	(34.5)	(29.2)
<b>Operating EBIT</b>	<b>514.5</b>	<b>461.3</b>
Finance costs	(158.5)	(148.6)
Currency impact on finance costs	–	22.7
Other <sup>3</sup>	8.5	14.6
FFO pre-cum distribution	<b>364.5</b>	<b>350.0</b>
Cum-distribution adjustment	59.3	–
<b>Funds from Operations</b>	<b>423.8</b>	<b>350.0</b>

1. Constant currency basis.
2. Retail and European industrial.
3. Refer to a full reconciliation at <http://www.dexus.com/Investor-Centre/DXS/Property-Synopsis>

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## VALUATIONS

- Investment properties
  - 1HY10 devaluation \$(286) million
  - 2HY10 revaluation \$50 million
- Cap rates remain stable
- NTA remains stable: \$0.95

Investment property	Portfolio <sup>1</sup>	Cap rate	Valuation movement \$m
Office	56%	7.6%	(13)
AU industrial	21%	8.8%	(13)
US industrial	20%	8.4%	(113)
AU development	n/a	n/a	(80)
Non-core	3%	8.0%	(17)
<b>Total</b>	<b>100%</b>	<b>8.0%</b>	<b>(236)</b>

Governor Phillip Tower, 1 Farrer Place and Gateway, 1 Macquarie Place, Sydney, NSW

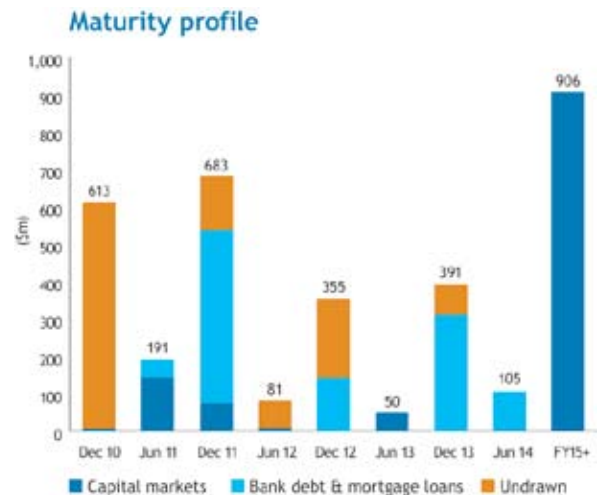
1. By book value and each portfolio percentage includes developments.

DEXUS Property Group 2010 Annual Results Presentation – Slide 10



## CAPITAL MANAGEMENT

- Gearing 29.8%<sup>1</sup>
- Undrawn facilities<sup>2</sup> \$1.2 billion
  - Undrawn costs still below current market
- \$700 million of refinanced debt since July 2009
  - Transacted in capital markets increasing diversity: 144a and MTN issues
  - Average maturity >5 years for new debt increasing portfolio duration to 3.2 years
- Conservative use of equity: no DRP discount



1. Refer to appendices for full reporting on covenants and targets.
2. Includes cash of \$0.1bn.

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## THIRD PARTY FUNDS MANAGEMENT

Focus on wholesale investors

### DEXUS Wholesale Property Fund (DWPF) \$2.9bn

- Pre-eminent prime domestic diversified fund (>50 investors)
- Gearing 19.7% and S&P rating 'A'
- \$400m of new equity applied to transfers
- Out-performance in FY10: 6.53% vs benchmark of 2.84%<sup>1</sup>

### Mandates \$2.7bn

- Diversified across Australia and New Zealand
- Asset and property management
- Out-performance over benchmarks in FY10
- \$300m industrial properties under management – US west coast

### Focus

- Further improve portfolio construction in DWPF
- New opportunities with capital partners

Gateway, 1 Macquarie Place and 1 Bligh Street, Sydney, NSW

1. Mercer IPD Pre Fee Gross asset weighted index.

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# OFFICE PORTFOLIO

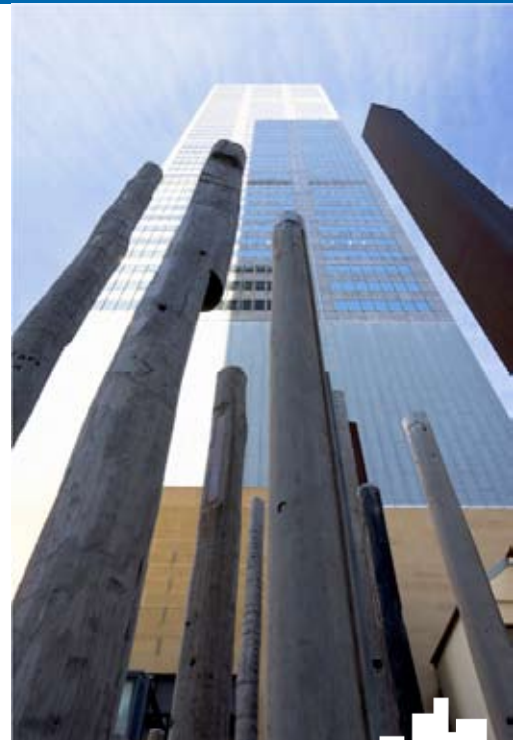
Louise Martin  
Head of Office



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## OFFICE Achievements

- Significant leasing success in a challenging market
  - High occupancy: 96% well above benchmark
  - WALE stable at a high 5.4 years
- Benefits of internalisation delivered
  - Reduced operational costs through re-tendering
  - Improved tenant satisfaction
  - Improvements in sustainability
- Developments nearing completion



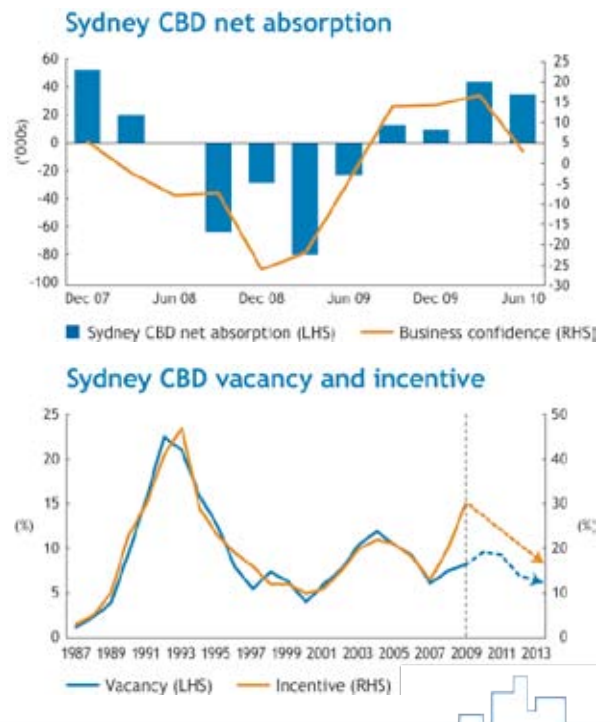
Governor Phillip Tower, 1 Farrer Place, Sydney, NSW

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## OFFICE FY 2010 market

- Enquiry levels weakened in 2010 with fall in business confidence
- Positive net absorption over the year
- Vacancy close to peaking in most markets
- Tenant incentives to fall as vacancy peaks and begins to decline
- Sydney CBD effective rents stabilising
- Robust effective rental growth in Melbourne



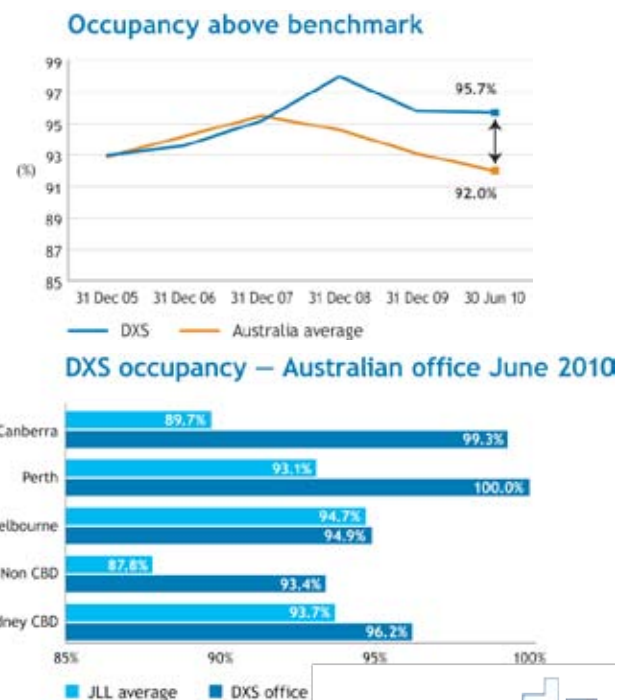
Source: Jones Lang LaSalle, NAB and DEXUS Research forecast.

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## OFFICE Sound portfolio fundamentals – high quality portfolio and management

- Stable income
  - Stable net operating income of \$245m
  - Like-for-like 0.4%
- Leasing success in challenging environment
  - Occupancy: 96% above benchmark in all markets
  - Tenant retention: 56%<sup>1</sup> reflecting conditions of 12 months ago
  - WALE: strong at 5.4 years
- Property values bottomed and increasing
  - Book value: \$4.1bn
  - Average cap rate: 7.6%
  - Total return FY10 of 6.9%



1. Rolling 12 months by Income.  
Source: Occupancy above benchmark – JLL direct vacancy.

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# OFFICE

## Leasing outcomes driving growth in FY11

### FY10

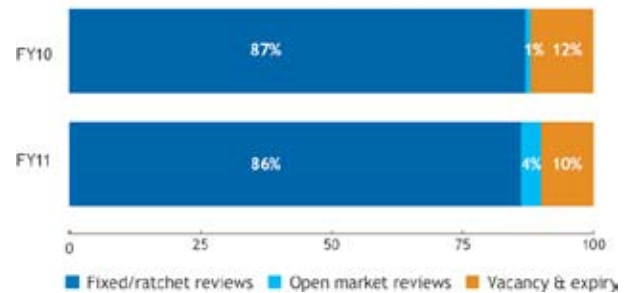
- Average fixed increases 3.5%
- Leasing (new and renewals) 6.1% increase

### Looking forward FY11

- Average fixed increase 3.7%
- FY11 benefit from FY10 leasing
- 10% of portfolio expiring/vacant, agreed terms on a quarter

Number of leases <sup>1</sup>	104
Area leased	73,979sqm
Average rental increase <sup>2</sup>	6.1%
Average tenant incentive <sup>3</sup>	20.5%
Average fixed increase	3.5%-4.0%
Current vacancy by income	3.8%

### Stable income profile



1. 93,364sqm at 100% level. Includes vacancies, new deals and renewals.  
 2. Excludes development leasing.  
 3. Gross incentives: new tenants 25.0%, renewals 19.1%. Tenant incentives were given on 86 of 104 transactions averaging 22.9%.  
 Across the 104 transactions, including those where no incentive was given, the average was 20.5%.

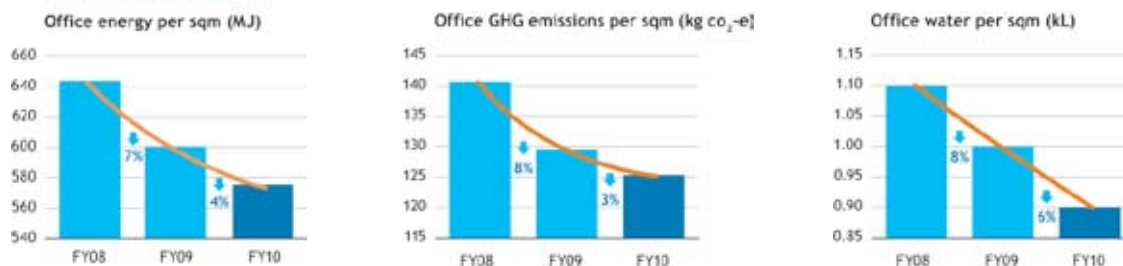


# OFFICE

## Sustainability achievements

- 6 star Green Star ratings obtained for 123 Albert and 1 Bligh Street
- \$3m grants from Green Building Fund
- Ongoing improvements in resource efficiency
- NABERS energy and water ratings: 3.3 stars
- 4.5 Star improvement program: future proofing of portfolio

### Intensity metrics<sup>1</sup>



1. Like-for-like – excludes asset sales and tenant consumption.





## OFFICE

### Development update

- 123 Albert Street, Brisbane – 38,000sqm
  - Completion January 2011
  - 80% of office leased or committed
  - 5 floors to lease, proposals out on remaining space
  - Forecast yield of 6.8% (fully leased)
- 1 Bligh Street, Sydney – 43,000sqm
  - Completion May 2011
  - 55% leased at 30 June 2010
  - 12 floors remaining: only new significant premium space in Sydney in 2011
  - Forecast yield of 7.0% (fully leased)



Development at 1 Bligh Street, Sydney, NSW

## OFFICE

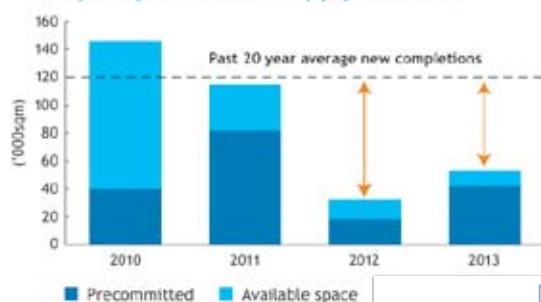
### 2011 outlook

- Leasing market patchy in short term due to impact of global risks on confidence
- Stronger demand levels forecast from 2011
- Supply gap 2011-2013
- Incentives expected to trend lower
- Stronger effective rent growth expected in most markets
- DEXUS well positioned to take advantage of upturn

#### Office demand and employment



#### Sydney CBD total supply forecast



# INDUSTRIAL PORTFOLIO

Andrew Whiteside  
Head of Industrial



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## INDUSTRIAL Achievements

- Active year capturing value with:
  - Improved returns and increased allocation to preferred markets:
    - Dispositions<sup>1</sup>: \$69m at 7.6%
    - Acquisitions: \$71m at 9.5%
    - Pre-committed developments: \$96m
- Relative out performance in operating metrics
  - Over 300,000sqm of leasing activity<sup>2</sup>
  - Increased occupancy and retention



Solaris development at Greystanes, NSW

1. Dispositions include sales since commencement of program in April 2009.  
2. 187,000 in DXS, 120,000 in the third party portfolio.

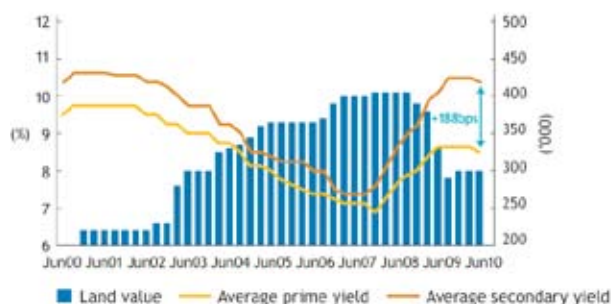
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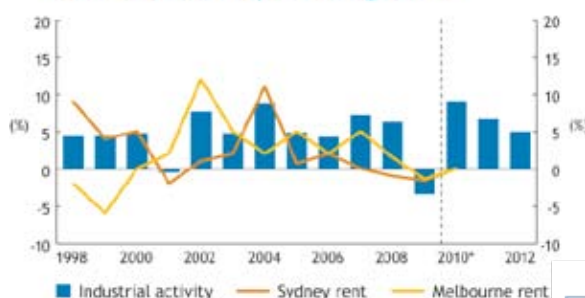
## INDUSTRIAL FY 2010 market

- Rents and vacancy more stable than expected
- Patchy industrial demand, offset by sharp decrease in supply
- Recent signs of market improvement and emergence of two-tiered market
  - Quality assets outperformed secondary reflected in both occupancy and valuations
- Improving development returns
  - Prime yields beginning to firm and land values bottoming

Divergence of performance – impact of quality



Industrial activity & rent growth



Source: Jones Lang LaSalle, Access Economics and DEXUS Research.

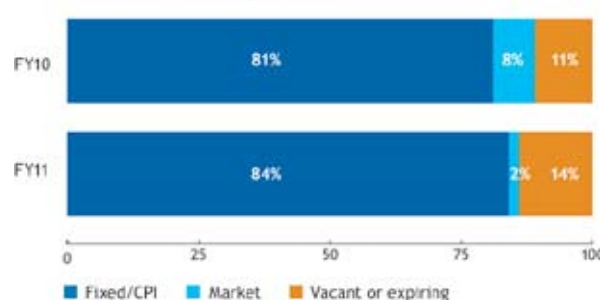
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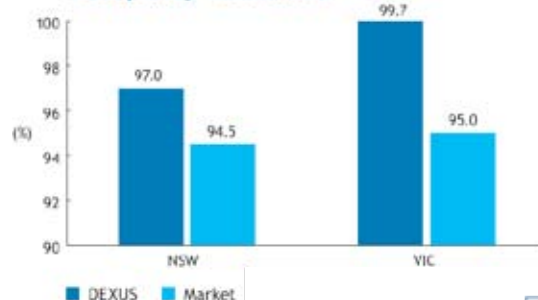
## INDUSTRIAL Strong portfolio fundamentals

- Consistent income growth with stable income profile
  - Net operating income up 0.6% to \$110m
  - Like-for-like income growth 1.6%
  - Effective rents still above market
- Strong passing yield with built-in growth
  - Occupancy increased 1.5% to 98.4%
  - Tenant retention improved 5% to 80%
  - WALE improved to 0.5 years to 4.9 years
- Values bottomed and increasing
  - Up 0.6%<sup>1</sup> in 2HY following 1.6%<sup>1</sup> fall in 1HY
  - Average cap rate stable at 8.8%
  - Total return FY10 of 7.9%

Stable income profile



Occupancy vs market<sup>2</sup>



1. Excludes industrial development properties.

2. Source: Savills Industrial Stock Survey.

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# INDUSTRIAL

## Leasing

### FY2010 strong performance

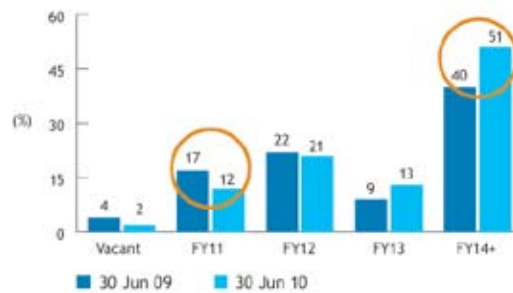
- Leased 16% of portfolio
- 56% were leases over 5 years
- 32% contribution from pre-leasing
- Achieving better than market effective rents, limiting roll down to market

Number of leases <sup>1</sup>	79
Area leased	186,922sqm
Average rental change <sup>2</sup>	(3.8%)
Average tenant incentive <sup>3</sup>	6.1%
Average fixed increase (in existing portfolio)	3.0%-3.5%
Current vacancy by income	2.1%

### Looking forward 2011

- 30% of FY11 expiries leased
  - Only 1 major expiry >1% income
  - Largest current vacancy <4,000sqm
- Expect similar like for like outcome to FY10

Lease expiry (by income)



1. Includes developments (59,500sqm), vacancies, new deals and renewals.  
 2. Excludes development pre-leasing.  
 3. Tenant incentives were given on 35 of 79 transactions, averaging 9.5%. The weighted average of all deals excluding developments was 5.7%.



# INDUSTRIAL

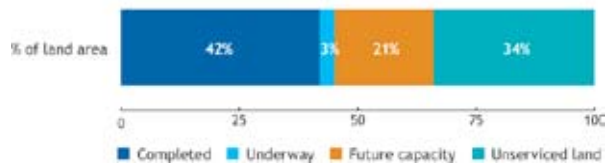
## Focus on redeploying capital in key markets in Sydney





# INDUSTRIAL

Development activity: Laverton

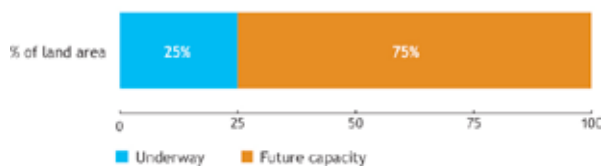


# INDUSTRIAL

Development activity: Greystanes



**quarry** at Greystanes Sydney's premier industrial community



# INDUSTRIAL

## 2011 Outlook

- Demand drivers improving
- Limited supply and availability of prime space
- Rent growth driven by economic growth and increasing development costs
- DEXUS is well positioned to capture value through the cycle



Source: Jones Lang LaSalle, Sydney Ports and DEXUS Research.

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# US INDUSTRIAL PORTFOLIO

Paul Say  
Chief Investment Officer



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## US INDUSTRIAL

### Achievements

- **Building local capability**
  - Established office in Newport, CA
  - Expanded team to 12 property professionals
  - Managing west coast and Whirlpool portfolio
- **Momentum in leasing & sales transactions**
  - Assets sales US\$208m
  - Leased 4.3m sf: 15% of the portfolio

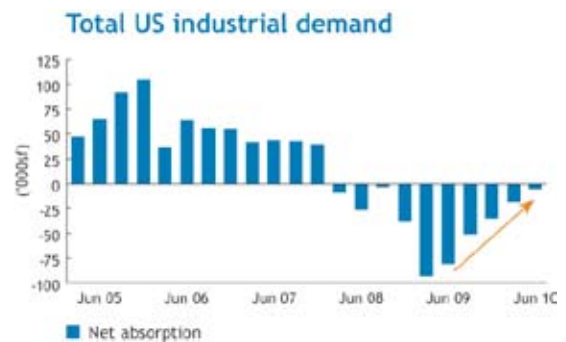


195 King Mill Road, McDonough, GA

## US INDUSTRIAL

### FY 2010 market

- Markets oversupplied as a result of sustained period of negative absorption
- Market occupancy now at 86%
- Inventories and port activity up
- Investment demand responding to brighter outlook



1450 E Francis Street, Ontario, CA



## US INDUSTRIAL

### Portfolio fundamentals reached cyclical lows

- 12 month total return above benchmark
- Net operating income: US\$87m
  - Like-for-like down by 12%
- Strong new leasing result matches lower retention
  - Portfolio occupancy 86% (by area)
  - Tenant retention 55%
- Portfolio values bottomed and increasing
  - 2nd half valuations up 2.9%
  - Average cap rate 8.4%



1. Refer to appendices for exchange rates.

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## US INDUSTRIAL

### Difficult leasing conditions

#### FY2010

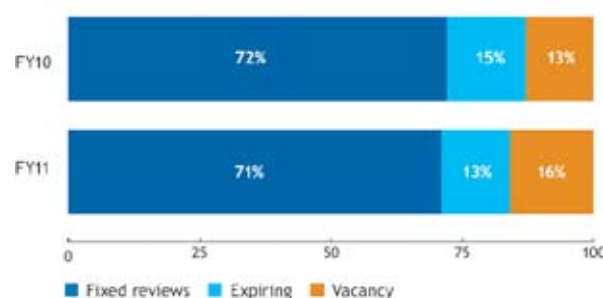
- Enquiry rates improved but not enough to drive rents
- 4.3m sf of leasing in 120 deals
- Rents down 12%

#### Looking forward 2011

- Occupancy starting to stabilise
- Income at risk lower at \$8.5m
- Opportunity from vacancy income

Number of leases <sup>1</sup>	120
Area leased	4.3m sf
Average rental movement	(11.6%)
Average tenant incentive <sup>2</sup>	11%
Average fixed increase	2%-3%
Current vacancy by income	15.7%

#### Stable income profile



1. Includes vacancies, new deals and renewals.  
2. Gross incentives.

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## US INDUSTRIAL

### Repositioning portfolio and expanding management

- Orderly transition of portfolio management responsibilities
  - DEXUS US team established
  - \$600m under direct management
  - West coast assets 'in house' December 2010
- Disciplined approach to transactions
  - Acquisitions markets remain tight
  - Selective asset sales underway



DEXUS US Office, 4200 Von Karman Avenue, Newport Beach, CA

## US INDUSTRIAL

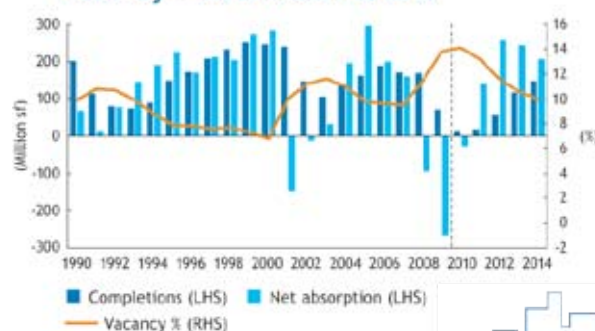
### Outlook

- Net absorption: forecast to improve with economy 2011-2013
  - Export-led and corporate earning growth
- Transaction markets opening up
- Recovery slow and patchy but double-dip unlikely
  - Portfolio stabilising through FY11
  - Earnings growth FY12

US industrial absorption and US GDP



Vacancy – west coast markets



## INVESTMENT PORTFOLIO 2011 FOCUS



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## PORTFOLIO FOCUS

### Australian office – core growth

- Enhance office portfolio quality
- Consolidate Sydney/Melbourne bias
- Deliver existing, identify new developments

### Australian industrial – value creation

- Capture demand at Greystanes and Laverton
- Selective countercyclical acquisitions
- Reposition portfolio to key markets

### US industrial – cyclical recovery

- Stabilise the portfolio ready for the cyclical upswing
- Continue portfolio repositioning to key west coast markets

### Target asset allocation



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# OUTLOOK

Victor Hoog Antink  
Chief Executive Officer



**DEXUS**  
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## 2011 OUTLOOK AND GUIDANCE

- Outlook
  - Office: increasing like-for-like growth
  - Industrial: consistent like-for-like growth
  - US industrial: stabilising
  - Interest margins: increasing
  - Valuations: improving
- Guidance<sup>1</sup>
  - FFO per security: at least 7.3 cents
  - Distribution per security<sup>2</sup>: at least 5.1 cents

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

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# 2010

## DEXUS Property Group ANNUAL RESULTS APPENDICES



DEXUS Funds Management Limited  
ABN 24 060 920 783  
AFSL 238163 as responsible entity for DEXUS Property Group

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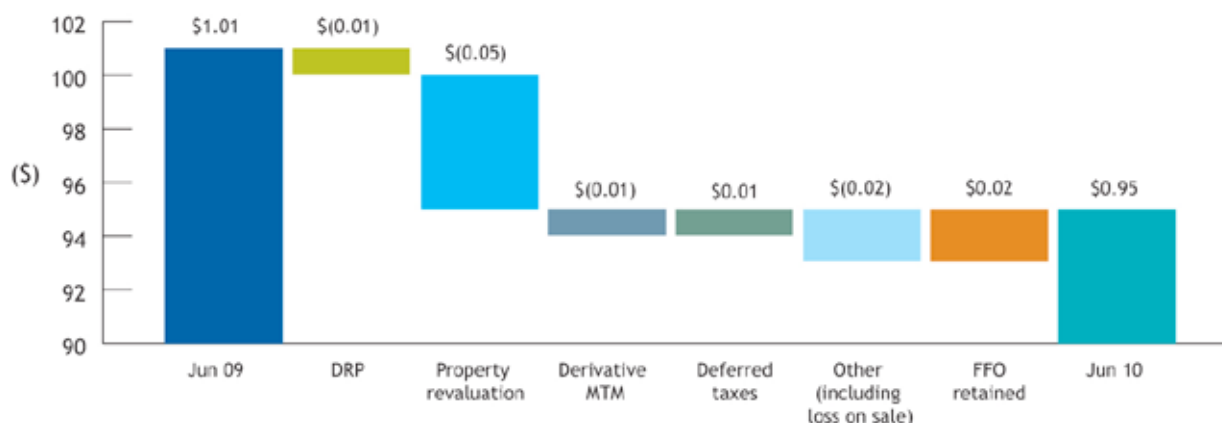
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## STATEMENT OF FINANCIAL POSITION

	June 2009 \$'m	June 2010 \$'m
Cash & receivables	121	89
Direct property portfolio	7,736	7,307
Other (including derivative financial instruments & intangibles)	494	475
<b>Total assets</b>	<b>8,351</b>	<b>7,871</b>
Payables & provisions	290	281
Interest bearing liabilities	2,509	2,240
Other (including derivative financial instruments)	406	343
<b>Total liabilities</b>	<b>3,205</b>	<b>2,864</b>
Less: non-controlling interests	207	205
Less: intangible assets	213	226
<b>Net tangible assets (after non-controlling interests)</b>	<b>4,726</b>	<b>4,576</b>
NTA per security (excluding non-controlling interests) (\$)	1.01	0.95
Gearing (net of cash)	31.2%	29.8%

## NET ASSET VALUE COMPOSITION

- Property devaluations of \$236 million or 5 cents of NTA





## INTEREST RECONCILIATION

	Jun 2010	
	\$'m	\$'m
Interest paid/payable	119.5	
Other finance costs	5.2	
Realised interest rate swap expense <sup>1</sup>	44.1	
<b>Total interest expense</b>		168.8
Less: interest capitalised		(41.4)
Less: interest income		(1.5)
<b>Net finance costs for distributable earnings</b>		125.9
Add: finance costs attributable to asset disposal programme		9.7
Add: unrealised interest rate swap MTM loss <sup>1</sup>		53.6
Add: interest income		1.5
<b>Statutory finance costs (per note 3)</b>		190.7

1. Net fair value loss of interest rate swaps of \$97.7m (per note 3) consists of realised interest rate swap expense (\$44.1m) plus unrealised interest rate swap MTM loss (\$53.6m).

DEXUS Property Group 2010 Annual Results Appendices – Slide 46



## PROFIT TO FUNDS FROM OPERATIONS RECONCILIATION

	Group consolidated Jun 10	Property revals/impair'm't	MTM derivs	Depr'n & amort'n	Straight line rent adjust	Deferred tax	P/L on sale of invest prop	RENTS capital dist'n	Current tax & other	Distributable earnings
<b>Revenue from ordinary activities</b>										
Property revenue	663.1			30.4	(2.9)					690.6
Management fees	51.6									51.6
Interest revenue	1.5								(1.5)	–
Net fair value gain of derivatives	5.4		(5.4)							–
Net foreign exchange gain	3.1									3.1
Reversal of impairment	13.2	(13.2)								–
Other income	0.2									0.2
<b>Total income</b>	738.1									745.5
<b>Expenses</b>										
Property expenses	(169.8)									(169.8)
Finance costs	(190.7)		53.6				9.7		1.5	(125.9)
Share of net profits of associates accounted for using the equity method	(26.2)	26.2								–
Net fair value loss of investment properties	(209.4)	209.4								–
Net loss on sale of investment properties	(53.3)						53.3			–
Depreciation	(3.5)								0.9	(2.6)
Impairment	(0.2)	0.2								–
Employee related expenses	(59.0)									(59.0)
Other expenses	(24.4)									(24.4)
<b>Total expenses</b>	(736.5)									(381.7)
<b>Profit before tax</b>	1.6									363.8
<b>Tax expense</b>										
Income tax benefit	3.4						0.2		(3.8)	(0.2)
Withholding tax benefit	26.6						(29.4)			(2.8)
<b>Total tax benefit/(expense)</b>	30.0									(3.0)
Net profit attributable to other non-controlling interests	(0.2)							(8.8)	(1.5)	(10.5)
Translation of FX for hedge rates and other	–								(0.3)	(0.3)
<b>Net profit</b>	31.4	222.6	48.2	30.4	(2.9)	(29.2)	63.0	(8.8)	(4.7)	350.0
<b>Distribution (70% of FFO)</b>										244.4
Securities for distribution (million)										4,792.4
Distribution per security (cents)										5.1

Link to <http://www.dexus.com/Investor-Centre/DXS/Property-Synopsis> for the excel spreadsheet.

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## VALUATION METRICS

	Cap rate Jun 09 %	Cap rate Jun 10 %	Cap rate change Bps	IRR Jun 09 %	IRR Jun 10 %	IRR change Bps	Devaluation change <sup>1</sup> %
Australian office	7.7	7.6	(10)	9.0	9.2	20	(1.4%)
Australian industrial	8.8	8.8	—	9.9	9.7	(20)	(3.0%)
US industrial <sup>2</sup>	8.2	8.4	20	9.4	8.9	(50)	(7.2%)
European industrial	8.1	8.0	(10)	8.8	8.7	(10)	(1.6%)
<b>Total</b>	<b>8.0</b>	<b>8.0</b>	<b>—</b>	<b>9.2</b>	<b>9.2</b>	<b>—</b>	<b>(3.1%)</b>

1. Devaluation change includes investment property, development property and investments accounted for using the equity method.
2. Stabilised cap rate used for the US industrial.

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## REVALUATION SUMMARY

	Office \$'m	Industrial \$'m	Retail \$'m	US \$'m	Europe \$'m	Total \$'m
<b>P&amp;L Revaluations – investment properties</b>						
External valuations	6	(6)	—	(105)	(3)	(108)
Internal valuations	(19)	(7)	(14)	—	—	(40)
<b>Sub total</b>	<b>(13)</b>	<b>(13)</b>	<b>(14)</b>	<b>(105)</b>	<b>(3)</b>	<b>(148)</b>
<b>P&amp;L revaluations – development properties</b>						
External valuations	—	(2)	—	(8)	—	(10)
Internal valuations	(19)	(33)	—	—	—	(52)
<b>Sub total</b>	<b>(19)</b>	<b>(35)</b>	<b>—</b>	<b>(8)</b>	<b>—</b>	<b>(62)</b>
<b>P&amp;L revaluations – equity accounted properties</b>						
External valuations	(26)	—	—	—	—	(26)
Internal valuations	—	—	—	—	—	—
<b>Sub total</b>	<b>(26)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(26)</b>
<b>Total P&amp;L revaluations</b>	<b>(58)</b>	<b>(48)</b>	<b>(14)</b>	<b>(113)</b>	<b>(3)</b>	<b>(236)</b>
<b>Carry value – investment properties</b>						
Externally revalued	1,604	594	—	1,411	197	3,806
Internally revalued	2,172	728	—	—	—	2,900
<b>Sub total</b>	<b>3,776</b>	<b>1,322</b>	<b>—</b>	<b>1,411</b>	<b>197</b>	<b>6,706</b>
<b>Carry value – development properties</b>						
Externally revalued	—	10	—	42	—	52
Internally revalued	236	216	—	—	—	452
<b>Sub total</b>	<b>236</b>	<b>226</b>	<b>—</b>	<b>42</b>	<b>—</b>	<b>504</b>
<b>Carry value – equity accounted</b>						
Externally revalued	97	—	—	—	—	97
Internally revalued	—	—	—	—	—	—
<b>Sub total</b>	<b>97</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>97</b>
<b>Total carry value</b>	<b>4,109</b>	<b>1,548</b>	<b>—</b>	<b>1,453</b>	<b>197</b>	<b>7,307</b>

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## EXCHANGE RATES USED IN STATUTORY ACCOUNTS

		June 2009	June 2010
<b>Closing rates for Statement of Financial Position</b>	USD	0.8114	0.8523
	EUR	0.5751	0.6979
	NZD	1.2428	1.2308
	CAD	0.9379	0.8976
<b>Average rates for Net Operating Income</b>	USD	0.7348	0.8800
	EUR	0.5398	0.6285
	NZD	1.2257	1.2554
	CAD	0.8580	0.9306

## KEY FINANCIAL RISK MANAGEMENT MEASURES

	June 2009	June 2010
Gearing <sup>1</sup>	31.2%	29.8%
Covenant gearing <sup>1</sup> (covenant <sup>2</sup> <55%)	32.0%	30.4%
Headroom (approx) <sup>3</sup>	\$1.5bn	\$1.2bn
Average maturity of debt	2.6 yrs <sup>4</sup>	3.2 yrs
Average maturity of interest hedge	6.2 yrs	6.2 yrs
Weighted average cost of debt <sup>5</sup>	5.4%	6.6%
Debt plus RENTS hedged <sup>6</sup>	90%	90%
Foreign balance sheet hedged <sup>7</sup>	90%	93%
Foreign income hedged <sup>8</sup>	93%	95%
Interest cover (covenant <sup>2</sup> > 2.0x)	3.0x	3.1x
Priority debt (covenant <sup>2</sup> < 30%)	8.1%	8.3%
S&P/Moody's rating	BBB+ / n/a <sup>9</sup>	BBB+ / Baa1

1. Refer to glossary for gearing definition.
2. As per public bond covenants (most conservative).
3. Undrawn facilities plus cash.
4. Includes July 2009 MTN issue.
5. Inclusive of margins and fees (includes RENTS) with margins calculated on a drawn basis.
6. Average amount hedged for the financial year (includes RENTS).
7. Excludes working capital and cash.
8. Hedging as % of total foreign exposure, including foreign interest expense ("natural hedging") and Foreign Exchange Contracts.
9. Moody's rating assigned in Sept 2009.



## DEBT PROFILE

	Facility limit A\$'m	Drawn A\$'m	Maturity dates	Security	Currency
Syndicated bank debt	246	—	Sept 10	Unsecured	Multi-ccy, US\$ limit <sup>2</sup>
Bilateral bank debt	360	—	Dec 10	Unsecured	Multi-ccy, A\$ limit <sup>1</sup>
	145	—	Sept 11	Unsecured	Multi-ccy, A\$ limit <sup>1</sup>
	178	—	May 12 - Jul 12	Unsecured	Multi-ccy, A\$ limit <sup>1</sup>
	250	136	Dec 12	Unsecured	Multi-ccy, A\$ limit <sup>1</sup>
	250	172	Sept 13	Unsecured	Multi-ccy, A\$ limit <sup>1</sup>
	141	140	Dec 13	Unsecured	Multi-ccy, US\$ limit <sup>2</sup>
Secured bank debt	250	250	Oct 11	Secured	A\$
Mortgage loans	48	48	Feb 11	Secured	US\$
	214	214	Sept 11	Secured	US\$
	106	106	Oct 11 - Feb 14	Secured	US\$
Medium term notes (MTN)	27	27	Sept 10 - Feb 11	Unsecured	US\$ / A\$
	160	160	Jul 14	Unsecured	A\$
	180	180	Apr 17	Unsecured	A\$
US senior notes (144a)	351	351	Oct 14	Unsecured	US\$
US senior notes (USPP)	122	122	Feb 11	Unsecured	US\$
	347	347	Dec 11 - Mar 17 <sup>3</sup>	Unsecured	US\$
<b>Total</b>	<b>3,375</b>	<b>2,253</b>			
Bank Guarantee utilised		7			
Cash		(64)			
<b>Headroom</b>		<b>1,179</b>			

1. Capacity to draw in multi-currencies, facility limit denominated in AUD.

2. Capacity to draw in multi-currencies, facility limit denominated in USD.

3. \$82m FY12, \$265m FY13-17.

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## FACILITY MIX

- No off balance sheet debt (no look through adjustments)
- All unsecured facilities rank pari passu
- All secured facilities are non-recourse to DEXUS



1. US\$ loans predominantly from insurance companies, secured by mortgages over property.

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## DEBT BALANCES BY JURISDICTION

	Interest bearing liabilities \$'m	Cross currency swaps <sup>1</sup> \$'m	RENTS \$'m	Total liabilities after cross ccy swaps <sup>2</sup> incl RENTS) for hedging \$'m	Weighted average cost of debt <sup>3</sup> %
Australia/New Zealand	A\$747	A\$(180)	A\$204	A\$771	6.84%
USA	US\$1,207	—		US\$1,208	6.62%
Europe	€62	€80		€142	4.97%
Canada	—	C\$50		C\$50	5.62%
<b>Average/total</b>	<b>A\$2,253</b>	<b>—</b>	<b>A\$204</b>	<b>A\$2,448<sup>2</sup></b>	<b>6.58%</b>
Less amortised debt costs	(A\$13)				
<b>Current &amp; non-current interest bearing liabilities</b>	<b>A\$2,240</b>				

- Balance sheet naturally hedged through foreign liabilities
- Reduction in US\$ cross currency swaps due to US\$ debt issue
- Minimal (€62m) foreign currency debt drawn under multi-currency facilities

1. Cross currency swap principal amounts included at contract exchange rates. Refer slide 56 for maturity profile and rates.  
 2. Differs to total interest bearing liabilities ("IBLs") by the amount of the cross currency swap mark-to-market, as IBLs are translated at the year end rate.  
 3. Weighted average of fixed and floating rates for the current period, inclusive of fees and margins on a drawn basis (6.05% on a fully drawn basis).

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## INTEREST RATE HEDGING PROFILE

	FY10	FY 11	FY 12	FY 13	FY 14	Avg FY15 <sup>4</sup>
A\$'m average hedged <sup>1,3</sup>	701	718	750	642	560	254
A\$ hedge rate (ex margin) <sup>2,3</sup>	4.70%	4.74%	4.91%	5.39%	5.74%	6.11%
US\$'m average hedged <sup>1</sup>	1,204	929	843	971	989	469
US\$ hedge rate (ex margin) <sup>2</sup>	5.10%	5.49%	6.10%	5.53%	5.45%	5.05%
€'m average hedged <sup>1</sup>	140	138	128	105	70	23
€ hedge rate (ex margin) <sup>2</sup>	4.44%	4.40%	4.43%	4.55%	4.86%	4.12%
C\$'m average hedged <sup>1</sup>	58	50	50	50	50	28
C\$ hedge rate (ex margin) <sup>2</sup>	5.09%	5.41%	5.41%	5.41%	5.41%	5.41%
<b>Total hedged (A\$'m) <sup>1,3</sup></b>	<b>2,346</b>	<b>2,061</b>	<b>1,978</b>	<b>1,987</b>	<b>1,877</b>	<b>869</b>
<b>Hedge rate (ex margin)<sup>2,3</sup></b>	<b>4.93%</b>	<b>5.11%</b>	<b>5.48%</b>	<b>5.40%</b>	<b>5.51%</b>	<b>5.38%</b>

- Note: the above rates do not include fees, credit margins or floating interest rate assumptions  
 Refer slide 54 for current period weighted average cost of debt

1. Average amount hedged across the period.  
 2. Weighted average rate of fixed debt and swaps for the period.  
 3. Includes RENTS.  
 4. Hedging out to 10 years.

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## FOREIGN INCOME HEDGING & CROSS CURRENCY SWAP MATURITY PROFILE

	FY 10	FY11	FY12	FY13	FY14
<b>Foreign income hedging profile</b>					
Foreign exchange contracts (US\$m) <sup>1</sup>	3.5	–	4.4	2.7	2.5
Average A\$/US\$ rate <sup>1</sup>	0.7165	–	0.7098	0.6657	0.6798
Foreign exchange contracts (NZ\$m)	4.0	2.0	–	–	–
Average A\$/NZ\$ rate	1.1780	1.1847	–	–	–
				FY11	FY12
<b>Cross currency swap maturity profile</b>					
€ maturities (€m)			40		40
€ contract rate			0.6160		0.6145
CAD maturities (C\$m)			15		35
C\$ contract rate			0.9657		0.9345

1. Excludes contracts that have been reversed.

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## ACQUISITIONS

	Interest %	Acquisition A\$m	Settlement
<b>Australia<sup>1</sup></b>			
2-4 Military Road, Matraville NSW <sup>2</sup>	100	46.1	Dec 2009
108 -120 Silverwater Rd, Silverwater <sup>2</sup>	100	24.4	May 2010
<b>United States</b>			
Whirlpool, Columbus, Ohio	100	80.3	July 2009
Whirlpool, Seattle, Washington	100	76.5	Oct 2009
Whirlpool, Atlanta, Georgia	100	79.9	Nov 2009
<b>Total acquisitions</b>		<b>307.2</b>	

1. Excludes Greystanes, staged acquisition with the final payment of \$20.4 paid during FY10.  
2. Excludes stamp duty paid.

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## DISPOSALS

	No of properties	Proceeds A\$'m
Australian office <sup>1</sup>	1	58.5
Australian industrial	5	57.3
Australian retail	1	256.5
European industrial	1	1.9
US industrial	22	220.7
<b>Total disposals</b>	<b>30</b>	<b>594.9</b>

1. Includes 1.6% of Bligh St to DWPF.  
Link to <http://www.dexus.com/Investor-Centre/DXS/Property-Synopsis> for the excel spreadsheet.

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## DEVELOPMENTS UNDERWAY

	Country	Area Sqm	Est total cost <sup>1</sup> A\$'m	Est. cost to completion A\$'m	Est. yield on total cost %	Est. completion date
<b>Office</b>						
123 Albert Street, Brisbane QLD	Australia	38,000	365	154	6.8	Jan 2011
1 Bligh Street, Sydney NSW <sup>1</sup>	Australia	43,000	222	104	7.0	May 2011
<b>Total office</b>		<b>81,000</b>	<b>592</b>	<b>258</b>		
<b>Industrial</b>						
Greystanes NSW – Solaris Paper <sup>2</sup>	Australia	18,600	22	3	8.7	Aug 2010
Greystanes NSW – Symbion Pharmacy Services	Australia	17,300	32	16	8.8	Feb 2011
Greystanes NSW – Fujitsu Aust Ltd	Australia	17,025	32	32	10.0	Oct 2011
Laverton Vic – Loscam Ltd	Australia	6,534	10	10	8.9	Jun 2011
<b>Total industrial</b>		<b>59,459</b>	<b>96</b>	<b>61</b>		
<b>Total underway</b>		<b>140,459</b>	<b>688</b>	<b>319</b>		

1. Includes land, fully leased.  
2. Previously known as EQBD Converting.

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## DEVELOPMENTS – UNCOMMITTED PIPELINE

	Country	Building area sqm	Project est. A\$'m	Project to est. completion A\$'m	Projected yield on project est. cost %
<b>Industrial</b>					
Greystanes, Western Sydney NSW <sup>1</sup>	Australia	188,581	289	189	9.0
DEXUS Industrial Estate, Laverton North VIC <sup>1</sup>	Australia	165,874	203	141	9.0
Axess Corporate Park, Mt Waverley VIC	Australia	16,000	51	44	9.0
<b>Total pipeline</b>		<b>370,455</b>	<b>543</b>	<b>374</b>	

1. Greystanes and DEXUS Industrial Estate Laverton land apportioned out for committed developments underway.

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## PORTFOLIO COMPOSITION (INCOME AND LEASE EXPIRY)

	% Total income	FY11	FY12	FY13	FY14	FY15+
Australian office	51%	2%	3%	4%	8%	35%
Australian industrial	20%	0%	3%	4%	3%	10%
US industrial	24%	4%	3%	2%	2%	13%
European industrial	4%	1%	1%	1%	1%	1%
<b>Total</b>	<b>100%</b>	<b>7%</b>	<b>9%</b>	<b>12%</b>	<b>13%</b>	<b>59%</b>

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# AUSTRALIA & NEW ZEALAND OFFICE

## Key portfolio statistics

	June 2009	June 2010
Net operating income	\$246.8m	\$245.1m
NOI change	1.7%	(0.7%)
Like-for-like	4.5%	0.4%
Occupancy (area)	97.6%	95.7%
Occupancy (income)	97.6%	96.2%
Over/under rented	6% under	2.4% under
Retention rates <sup>1</sup>	75%	56%
Lease duration by income	5.4yrs	5.4yrs
Portfolio value	\$4.0bn	\$4.1bn
Average cap rate	7.7%	7.6%

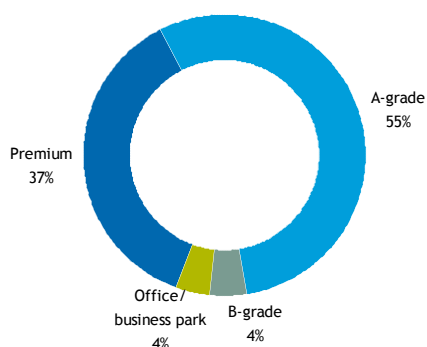


201 Elizabeth Street, Sydney, NSW

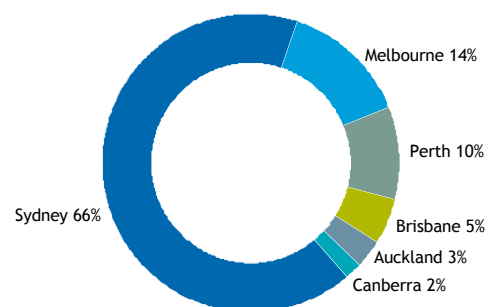
# AUSTRALIA & NEW ZEALAND OFFICE

## Portfolio diversification

Property classification by book value



Geographical weighting by income

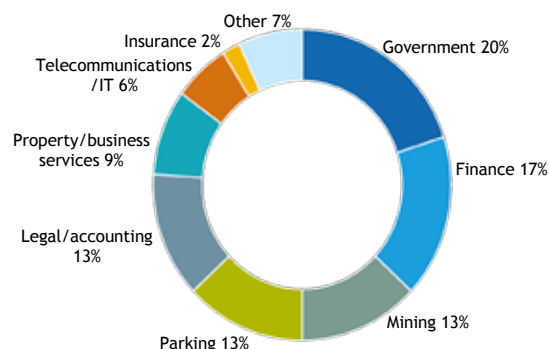


## AUSTRALIA & NEW ZEALAND OFFICE

### Top ten tenants

Tenant	S&P rating	% of NOI <sup>1</sup>
Woodside Energy	A-Negative	8.2%
S&K Car Park Management	Not rated	7.2%
State of NSW	AAA stable	4.7%
Commonwealth of Australia	AA stable	4.5%
Lend Lease	BBB- stable	3.2%
State of Victoria	AAA stable	2.9%
Mallesons	Not rated	2.8%
IBM Australia	A+ stable	2.6%
The Herald and Weekly Times	BBB+ stable	2.3%
PKF Services	Not rated	1.6%

### Diversity of tenants by income



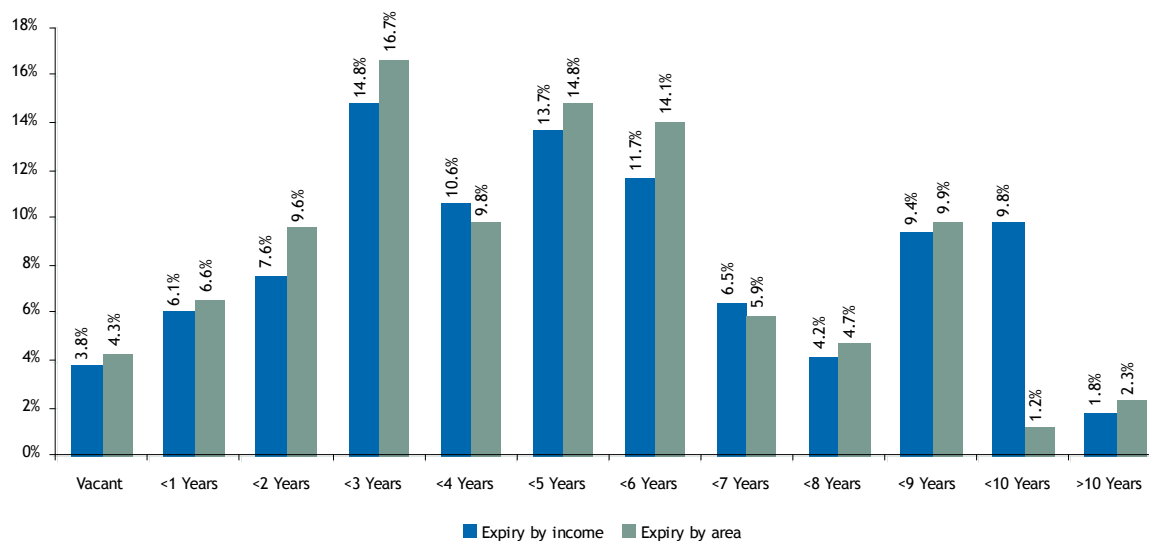
1. 30 June fully leased passing income annualised excluding pre-leased developments.

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## AUSTRALIA & NEW ZEALAND OFFICE

### Lease expiry profile at 30 June 2010



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## AUSTRALIAN INDUSTRIAL

### Key portfolio statistics

	June 2009	June 2010
Net operating income <sup>1</sup>	\$109.2m	\$109.9m
NOI change	3.3%	0.6%
Like-for-like	4.1%	1.6%
Occupancy (area)	96.9%	98.4%
Occupancy (income)	96.4%	97.9%
Over/under rented	4.9% over	7.1% over
Retention rates	75%	80%
Lease duration by income	4.3yrs	4.9yrs
Portfolio value <sup>1</sup>	\$1.5bn	\$1.5bn
Average cap rate	8.8%	8.8%



Development at SEL Greystanes, NSW – August 2010

1. At prevailing US/AUD FX rates (not constant currency).

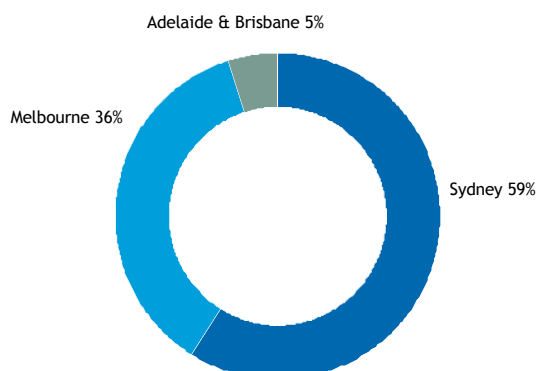
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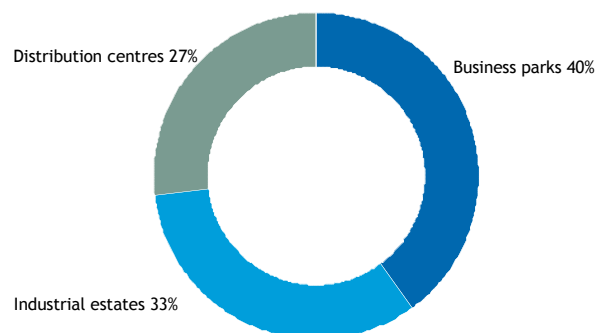
## AUSTRALIAN INDUSTRIAL

### Portfolio diversification

#### Geographical weighting by book value



#### Property classification by income



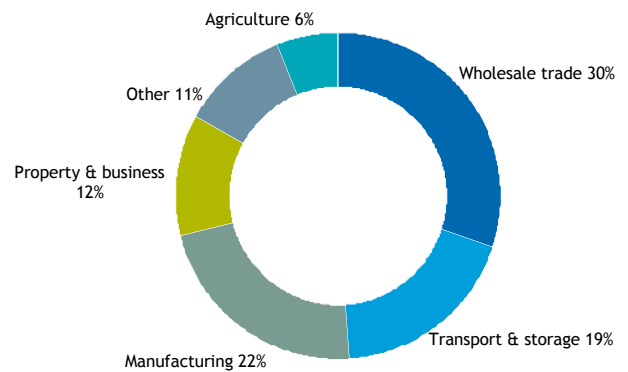
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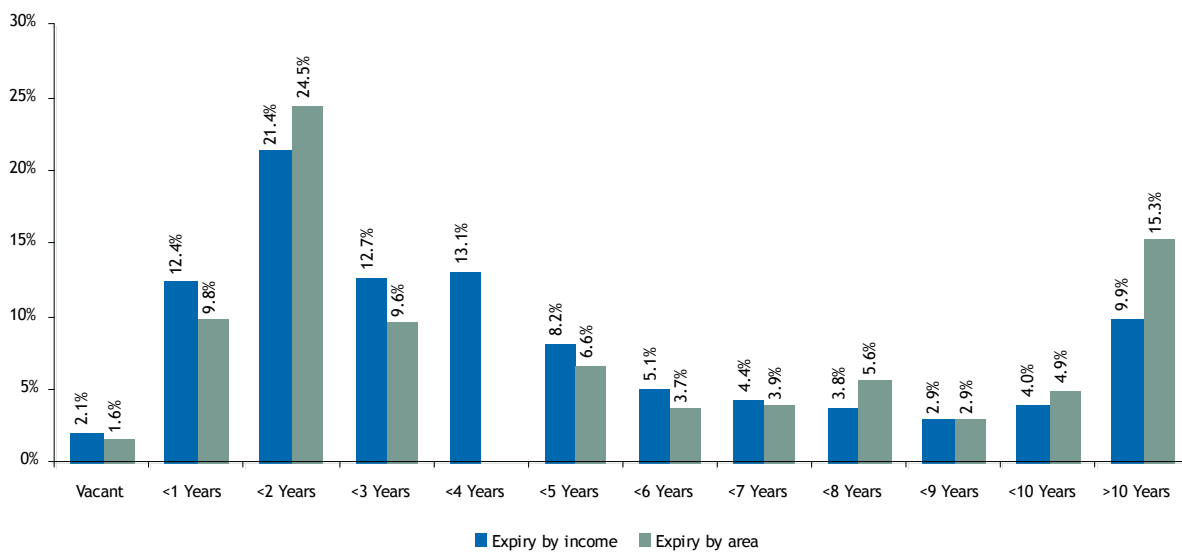
## AUSTRALIAN INDUSTRIAL Top ten tenants

Australian industrial	S&P rating	% of NOI
Wesfarmers Limited	BBB+ positive	6.9%
Elders Ltd	BBB stable	5.8%
IBM Australia Limited	A+ stable	3.2%
DHL	BBB+ stable	2.7%
Visy Pet Pty Ltd	Not rated	2.6%
Toll Transport Pty Ltd	Not rated	2.5%
Commonwealth of Australia	AAA stable	2.4%
Salmat BusinessForce Pty	Not rated	2.2%
Foster's Australia Ltd	BBB stable	2.1%
L'Oreal Australia Pty Ltd	Not rated	1.8%

### Diversity of tenants by income



## AUSTRALIAN INDUSTRIAL Lease expiry profile at 30 June 2010



## US INDUSTRIAL

### Key portfolio statistics

	June 2009	June 2010
Net operating income	US\$97.5m	US\$87.3m
Net operating income <sup>1</sup>	A\$132.8m	A\$99.1m
NOI change (USD)	(1.0%)	(10.5%)
Like-for-like (USD)	(4.6%)	(12.3%)
Occupancy (area)	88.0%	86.4%
Occupancy (income)	86.7%	84.3%
Over rented	8.2%	0.1%
Retention rates	68%	56%
Lease duration by income	4.3yrs	4.9yrs
Portfolio value	US\$1.4bn	US\$1.2bn
Portfolio value <sup>1</sup>	A\$1.7bn	A\$1.5bn
Average cap rate	8.2%	8.4%



195 King Mill Road, McDonough Georgia, CA

1. At prevailing US/AUD FX rates (not constant currency).

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## US INDUSTRIAL

### Major tenants by income

US Industrial	S&P rating	% of NOI
Whirlpool Corporation	Baa3 stable	26.4%
Advanced Bionics LLC	Not rated	3.1%
Fedex Ground Package System	Not rated	1.7%
US Government	Aaa stable	1.7%
Skechers USA, Inc	Not rated	1.1%
Fiesta Warehousing & Distribution	Not rated	1.1%
General Services Admin.	Not rated	1.1%
States Logistics Services, Inc.	Not rated	1.0%
Michaels Stores, Inc.	BB stable	1.0%
Kittrich Corporation	Not rated	0.9%



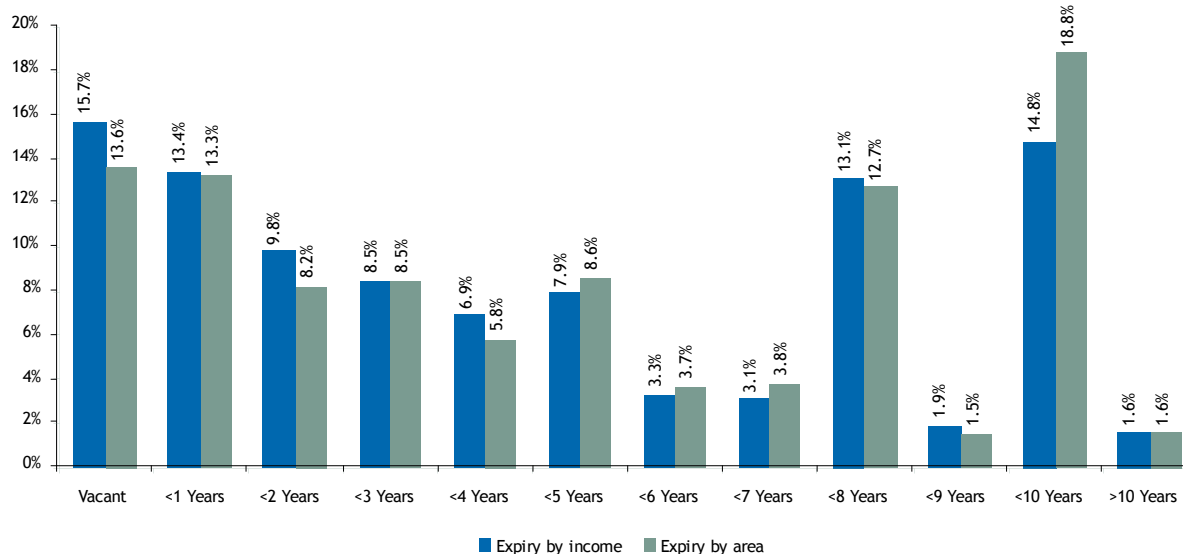
1777 S Vintage Avenue, Ontario, CA

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## US INDUSTRIAL

Lease expiry profile at 30 June 2010



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## EUROPEAN INDUSTRIAL

Key portfolio statistics

	June 2009	June 2010	Top 5 tenants	% of NOI
Net operating income <sup>1</sup>	€12.5m	€10.6m	EDEKA Handelsgesellschaft Südwest GmbH	22.0%
Net operating income <sup>1</sup>	A\$23.1m	A\$16.9m	Solideal Deutschland GmbH	11.1%
Like for like income growth	(6.4%)	(13.6%)	Compass Security Logistick GmbH	8.7%
Occupancy – by area	87.8%	78.1%	CAE	7.8%
Occupancy – by income	90.3%	82.8%	Coca Cola	6.2%
Lease duration	3.1yrs	2.9yrs		
Portfolio value <sup>1</sup>	€139m	€137m		
Portfolio value <sup>1</sup>	A\$241m	A\$197m		
Average cap rate	8.1%	8.0%		

1. At prevailing €/AUD FX rates (not constant currency).

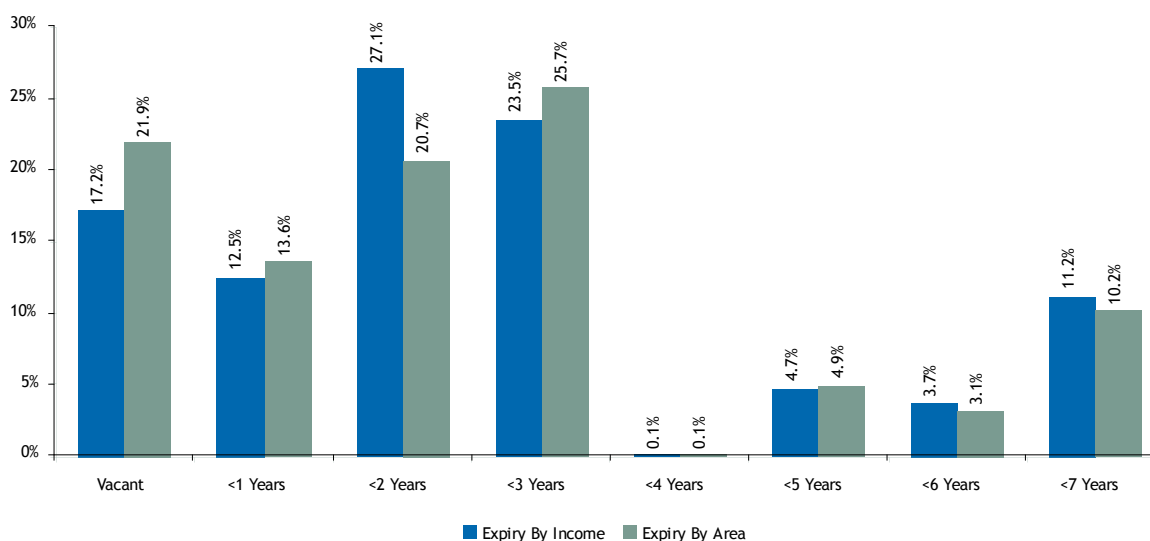
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## EUROPEAN INDUSTRIAL

### Lease expiry profile at 30 June 2010



## GLOSSARY

- **Constant currency:** Items shown at Constant currency for Jun 10 have been restated using the Jun 09 average FX rates for comparative purposes.
- **Distribution adjustments:** Includes all distribution adjustments except for revaluations and impairments, unrealised MTM of derivatives, loss on sale and deferred tax.
- **Distribution payout policy:** Distribution paid will be 70% of funds from operations (FFO).
- **Gearing:** Gearing is represented by Interest Bearing Liabilities (excluding deferred borrowing costs) less cash divided by Total Tangible Assets (excluding derivatives and deferred tax assets) less cash. Covenant gearing is the same definition but not adjusted for cash.
- **Management EBIT:** Comprises Responsible Entity fee revenue, third party fee revenue and corporate expenses including all staff costs for the DEXUS group.
- **Non-cash items:** Includes property revaluations, impairment of intangibles, derivative MTM, loss on sale and deferred tax benefit.
- **Operating EBIT:** Comprises net property income, Management EBIT and other income less Responsible Entity fees and other expenses paid.
- **Portfolio value:** Unless otherwise stated, Portfolio value is represented by investment properties, development properties and investments accounted for using the equity method, and excludes cash and other assets.
- **Responsible Entity fees:** In this presentation 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.
- **Securities on issue:** FFO per security is based on the average weighted units on issue prior to the Theoretical Ex-Rights Price (TERP) adjustment. In accordance with AASB133 the weighted average number of securities for earnings (EPS) purposes is adjusted by a factor equal to the security price immediately prior to issue divided by the TERP.

## IMPORTANT INFORMATION



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