

DEXUS Property Group (ASX: DXS)

ASX release

16 October 2014

DEXUS presentation to ASX Investor Series

DEXUS Property Group (DEXUS) provides an overview presentation that will be presented at the ASX Investor Series in Sydney today.

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About DEXUS

DEXUS Property Group is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With \$17.8 billion of assets under management, the Group also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. The Group manages an office portfolio of 1.7 million square metres located predominantly across Sydney, Melbourne, Brisbane and Perth and is the largest owner 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 32,000 investors from 20 countries. With nearly 30 years of expertise in property investment, development and asset management, the Group has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for its investors. 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

ASX INVESTOR SERIES PRESENTATION – 16 OCTOBER 2014



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AGENDA

- Overview
- Portfolio overview
- Development
- Third Party Funds Management platform
- Capital Management
- Summary

Information as at 30 June 2014 unless otherwise stated and quoted in Australian dollars.

OVERVIEW – DEXUS Property Group

\$17.8bn

Total funds under management

\$9.1bn

DEXUS portfolio

\$8.7bn

Third Party Funds Management

- A leading Australian real estate group
- A Top 50 entity by market capitalisation on the ASX
- 30 years of experience in property investment, development and asset management
- >32,000 investors from 20 countries



OVERVIEW – A clear and focused strategy

OUR VISION To be globally recognised as Australia's leading real estate company

OUR STRATEGY

To deliver superior risk-adjusted returns for our investors from high quality Australian real estate, primarily comprising CBD office buildings

OUR STRATEGIC OBJECTIVES

OFFICE

Being the leading owner and manager of Australian office

CORE CAPABILITIES

Having the best people, strongest tenant relationships and most efficient systems

CAPITAL PARTNERSHIPS

Being the wholesale partner of choice in Australian office, industrial and retail

CAPITAL & RISK MANAGEMENT

Actively managing our capital and risk in a prudent and disciplined manner

OUR PEOPLE WILL BE RECOGNISED FOR

Property expertise

Institutional rigour

Entrepreneurial spirit

OVERVIEW – Earnings composition

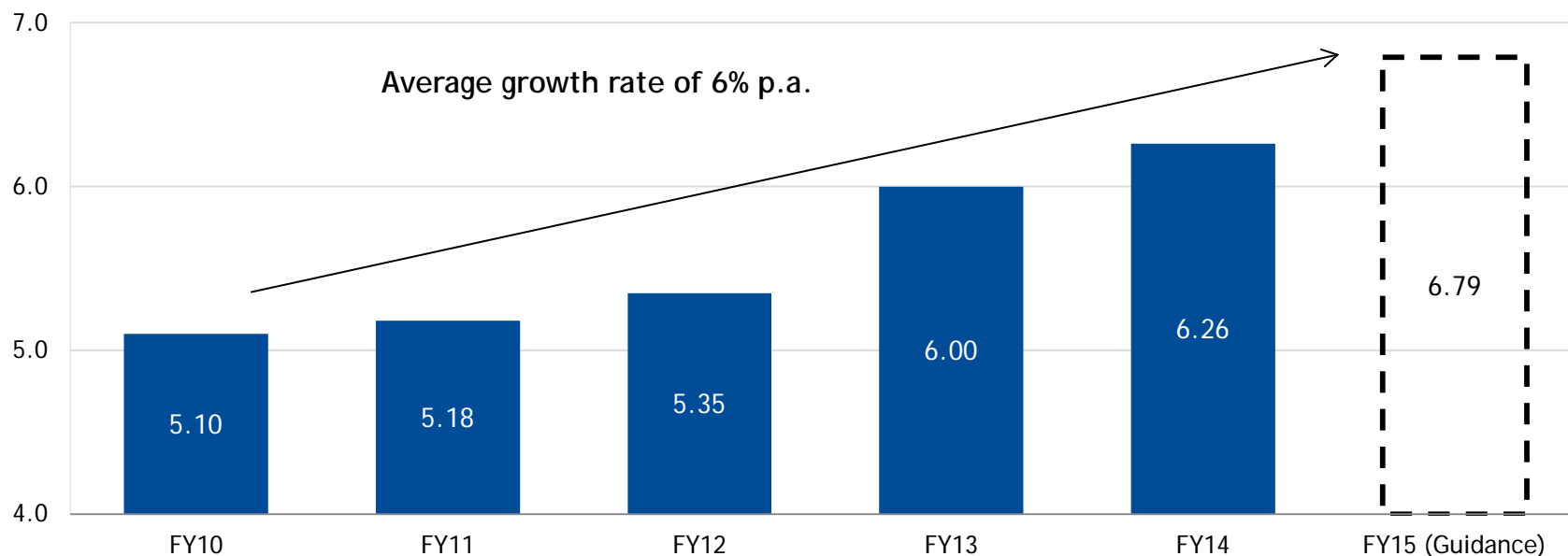
	PROPERTY PORTFOLIO	FUNDS MANAGEMENT & PROPERTY SERVICES	TRADING
FY15 DRIVERS	Maximising performance from the DEXUS property portfolio	Driving performance and generating revenue from funds management and property services	Delivering trading profits from identified properties
FY15 FORECAST	Target positive like for like income growth	\$35-40 million	approx. \$40 million
EARNINGS TARGET	80-90%	10-20%	

OVERVIEW – Investor returns and distributions

DEXUS investor returns

- Total security holder return of 17.0%¹ for the 12 months ended 30 September 2014
- Distribution per security growth of 4.3% for FY14 and guidance of 8.5% growth for FY15

DISTRIBUTION GROWTH - CENTS PER SECURITY



1. DEXUS security price appreciation plus distributions paid. Source UBS.

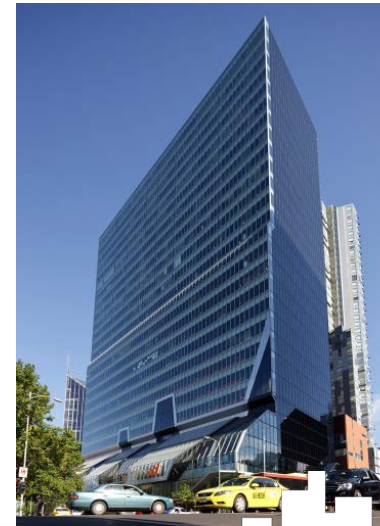
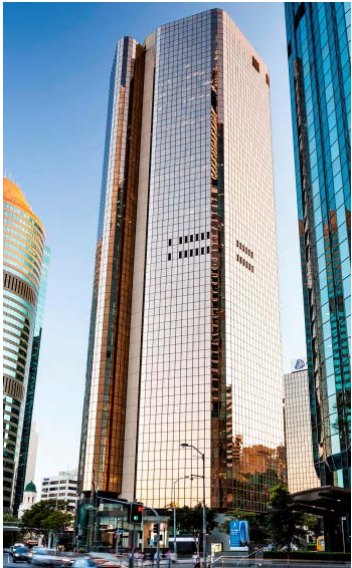
OVERVIEW – Commonwealth Property Office Fund (CPA) transaction

CPA transaction

Transaction completed in
9 months
and introduced new
capital partner

\$3.4bn
transaction significantly
increased
the Group's office market share

Successfully completed the
integration of 20 properties
onto the DEXUS platform



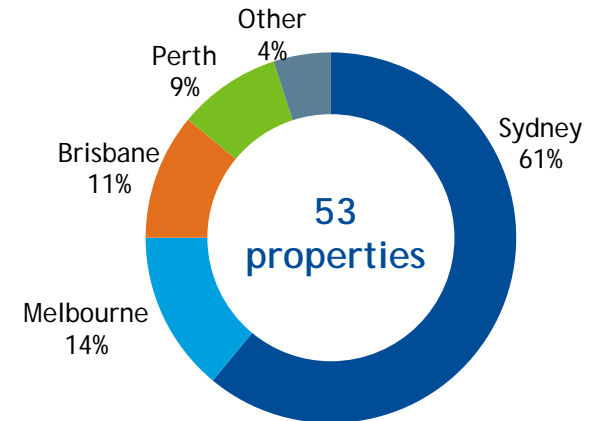
PORTFOLIO OVERVIEW – DEXUS office portfolio – 85% of balance sheet

\$7.7bn

Prime quality office portfolio

- Largest listed office portfolio in Australia
 - DEXUS owns interests in 53 office buildings
 - Largest owner of office in Sydney CBD with circa 25% share
 - DEXUS and its capital partners own interests in four of the seven premium grade towers in the Sydney CBD

Geographical weighting by book value



Grosvenor Place, Sydney



1 Bligh Street, Sydney



1 Farrer Place, Sydney



95.2%

Occupancy by income

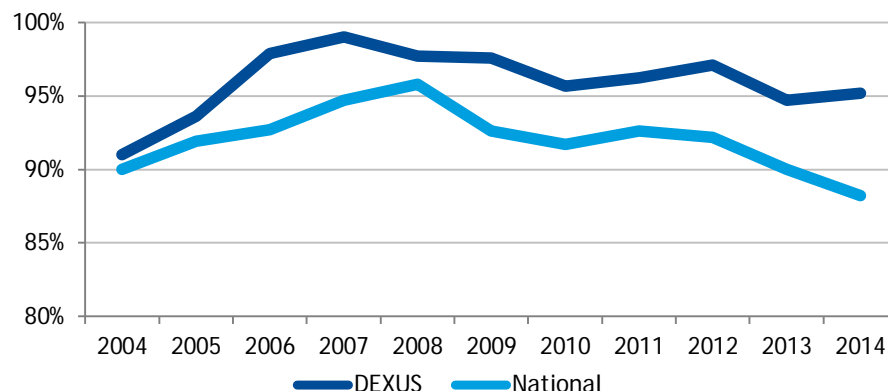
6.87%

Portfolio weighted average capitalisation rate

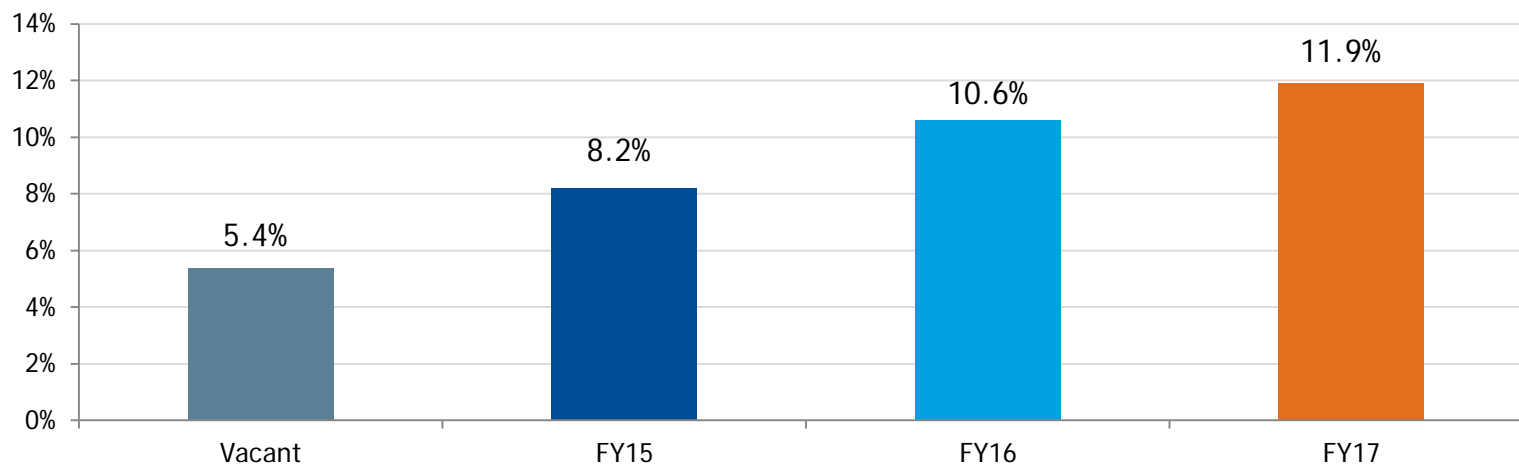
PORTFOLIO OVERVIEW – DEXUS office occupancy and lease expiry profile

- Maintained office occupancy rates well above National average and 90%³ since 2004
- No more than 11.9%³ of the Group's existing office leases expire in any single fiscal period for the next three financial years
- High proportion of fixed rent reviews
- No single tenant represents more than 4.3% of income²

Historical outperformance vs. National office occupancy rates¹



DEXUS Office portfolio lease expiry (including CPA)³



1. Source: DEXUS Research and Jones Lang LaSalle.
 2. 30 June 2014 fully leased DEXUS Portfolio passing income annualised.
 3. By income.

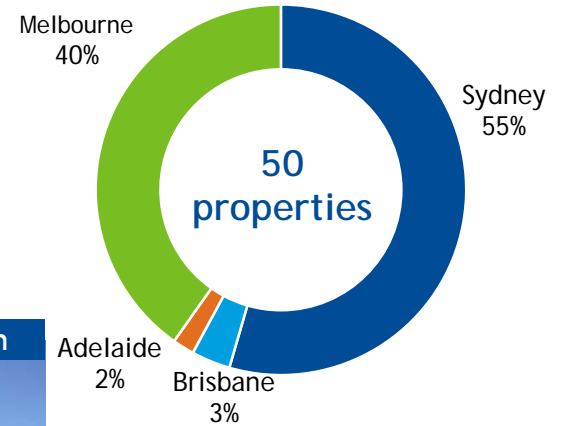
PORTFOLIO OVERVIEW – DEXUS industrial portfolio – 15% of balance sheet

\$1.4bn

Prime quality industrial portfolio

- 50 industrial properties focused on major industrial hubs and arterial roadways in Sydney, Melbourne and Brisbane
- Allocation to value add/repositioning and development

Geographical weighting
by book value



27 Distribution Drive, Laverton North



1-3 Distribution Drive, Laverton North



1 Bellevue Circuit, Greystanes



3 Basalt Road, Greystanes



93.0%
Occupancy by income

8.32%
Portfolio weighted average
capitalisation rate

DEVELOPMENT - Overview

\$3.3bn

Group development pipeline

\$1.3bn

DEXUS portfolio

\$2.0bn

Third Party Funds

Up to 15%

of DEXUS portfolio
allocated to
development/ trading/value-add



1. Leighton Holdings has provided DEXUS and DWPF with a five year income guarantee on any remaining vacancies at practical completion.
2. Grocon has provided DEXUS and DWPF with a two year income guarantee on any remaining vacancies at practical completion.

THIRD PARTY FUNDS MANAGEMENT PLATFORM - Overview

\$8.7bn

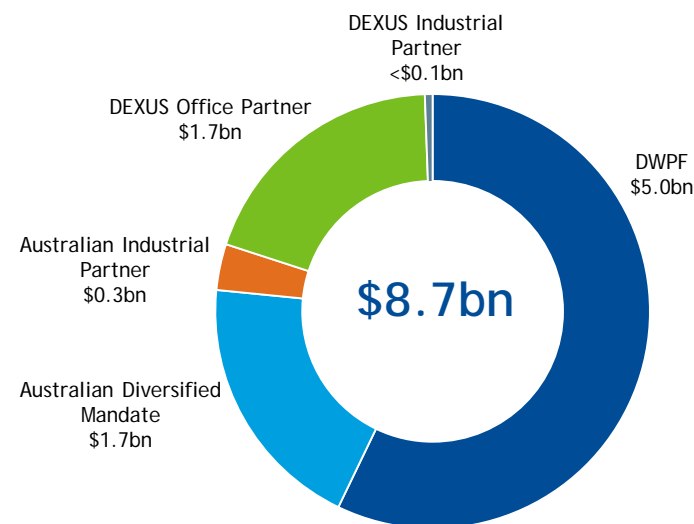
Third party funds management platform

50

Institutional investors

- Third party funds represents 49% of total Group FUM
- DEXUS strives to be the wholesale partner of choice in Australian office, industrial and retail
- A substantial funds management platform including
 - \$5.0bn DEXUS Wholesale Property Fund (DWPF) - diversified
 - \$1.7bn Australian diversified mandate
 - \$1.7bn¹ Australian Office Partnership with Canada Pension Plan Investment Board
 - \$0.3bn¹ Australian Industrial Partnership with global pension fund
 - Newly formed DEXUS Industrial Partnership with the Future Fund

Third party funds under management



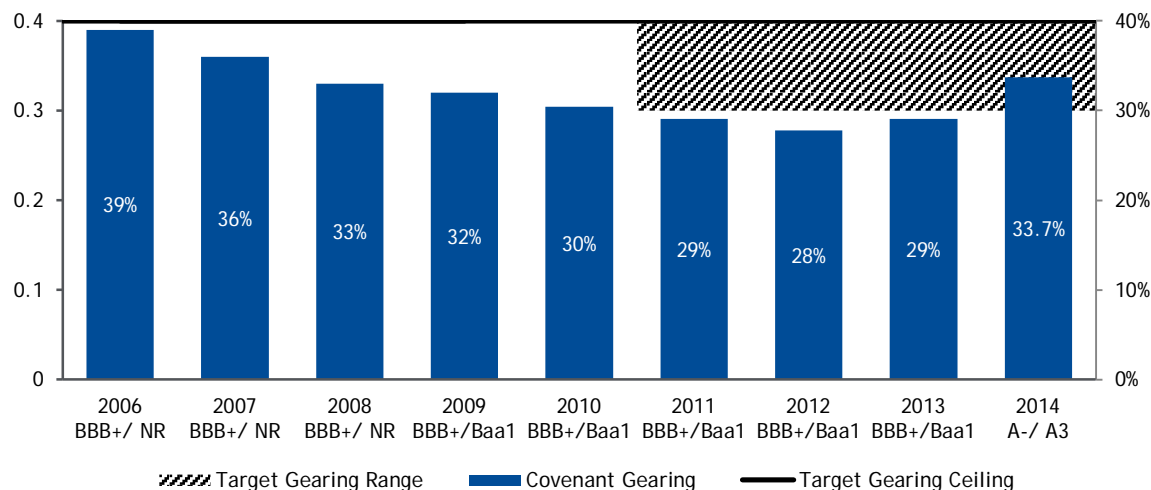
1. Portfolio value shown at 50% to represent 50:50 joint partnership with DEXUS direct portfolio.

CAPITAL MANAGEMENT – Conservative and disciplined approach

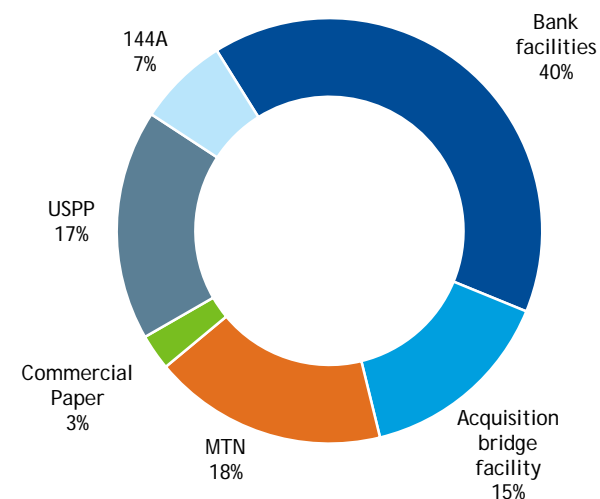
- Highly experienced team with proven track record
- Strong investment grade credit ratings
- Maintained a solid balance sheet with gearing well inside 30-40% target range
- Sourced \$1.7 billion of new funding in FY14 including \$1.3 billion for CPA transaction

Key metrics	30 June 14
Gearing (look-through) ¹	33.7%
Cost of debt ²	5.4%
Duration of debt	5.2 years
Hedged debt ³	60%
S&P/Moody's credit rating	A-/A3

Gearing history



Diversified mix of facilities⁴



1. Adjusted for cash and for debt in equity accounted investments.

2. Weighted average across the period, inclusive of fees and margins on a drawn basis.

3. Average for the full year. Actual debt hedged at 30 June 2014 was 64%.

4. Including domestic MTNs in equity accounted investments.

SUMMARY

- Expect economic conditions to strengthen
 - However will face competitive leasing markets where vacancy remains elevated
- Well positioned to deliver earnings growth through the cycles
- Market guidance¹ for FY15
 - Property Council of Australia (PCA) Funds from Operations (FFO) of 9.84 cents per security, reflecting 8.5% growth² from FY14
 - Distribution of 6.79 cents per security, in line with free cash flow, reflecting 8.5% growth³ from FY14



1. Barring unforeseen changes to operating conditions assumptions include: Targeting positive like-for-like income growth across the office and industrial portfolios, weighted average cost of debt of circa 5.4%, trading profits of approximately \$40m and Management Operations revenue of approximately \$35-40m.
2. Based on FY14 PCA FFO of 9.07 cents per security, refer to FY14 results presentation slide 48 for further details.
3. Based on FY14 distribution of 6.26 cents per security, refer to FY14 results presentation slide 48 for further details.

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