DEXUS Property Group (ASX: DXS)

ASX release

19 August 2013

2013 Annual results presentation

DEXUS Funds Management Limited, as responsible entity for DEXUS Property Group (DXS), provides the 2013 annual results presentation.

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About DEXUS

DEXUS Property Group (DEXUS) is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With over $13 billion of assets under management, DEXUS also actively manages office, industrial and retail properties located in key Australian markets on behalf of third party capital partners. DEXUS manages an office portfolio of over 900,000 square metres across Sydney, Melbourne, Brisbane and Perth and is one of the largest institutional owners 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 18,000 investors from 15 countries. With over 25 years of experience in commercial property investment, development and asset management, DEXUS has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns to 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.

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DEXUS Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for DEXUS Property Group (ASX: DXS)

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2013 ANNUAL RESULTS PRESENTATION

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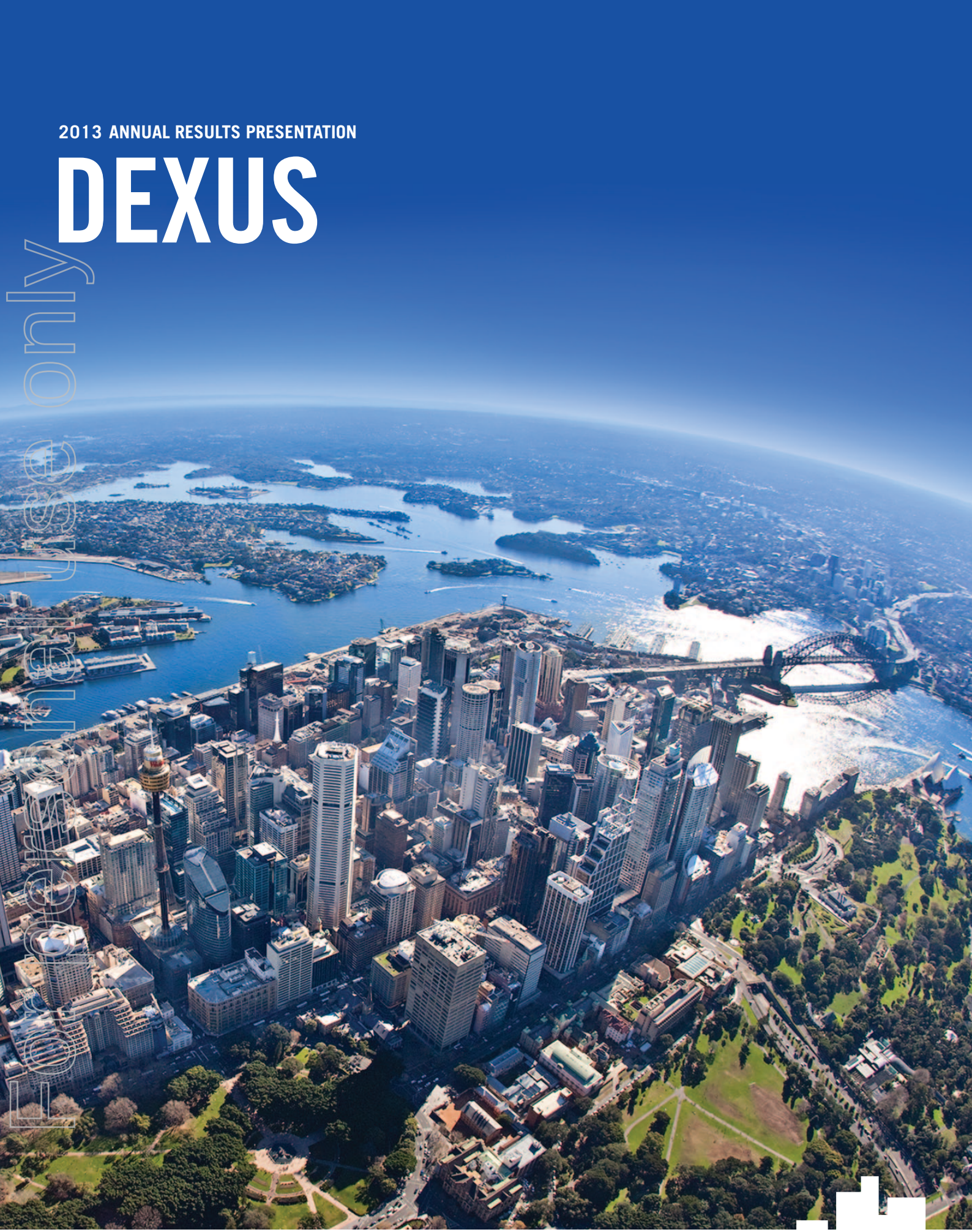

DEXUS Funds Management Limited
ABN 24 060 920 783
AFSL 238163 as responsible entity for DEXUS Property Group

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AGENDA

- Strategic progress
- Group highlights
- Financial results
- Capital management
- Third party funds management
- Portfolio results
- Transactions
- Market outlook
- Summary
- Appendices

Australia Square, 264-278 George Street, Sydney, NSW

DEXUS PROPERTY GROUP

STRATEGIC PROGRESS

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	CORE CAPABILITIES	CAPITAL PARTNERSHIPS	CAPITAL & RISK MANAGEMENT
Being the leading owner and manager of Australian office	Having the best people, strongest tenant relationships and most efficient systems	Being the wholesale partner of choice in Australian office, industrial and retail	Actively managing our capital and risk in a prudent and disciplined manner

OUR PEOPLE WILL BE RECOGNISED FOR

Property expertise | Institutional rigour | Entrepreneurial spirit

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STRATEGIC PROGRESS
Progressed FY13 strategic objectives

STRATEGIC OBJECTIVES	FY13 ACHIEVEMENTS
OFFICE Being the leading owner and manager of Australian office	▪ De-risked FY14 and FY15 lease expiries ▪ Achieved leasing success at newly acquired properties ▪ Redeployed $1.1 billion into Australian office properties ▪ On 25 July 2013, DEXUS entered into a forward contract to acquire a 14.9% interest in the ASX-listed Commonwealth Property Office Fund
CORE CAPABILITIES Having the best people, strongest tenant relationships and most efficient systems	▪ Introduced best-in-class property management platform with CBRE ▪ Invested in technology to improve efficiencies ▪ Relocated head office to Australia Square ▪ Strengthened the executive team through key appointments

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STRATEGIC PROGRESS
Progressed FY13 strategic objectives

STRATEGIC OBJECTIVES	FY13 ACHIEVEMENTS
CAPITAL PARTNERSHIPS Being the wholesale partner of choice in office, industrial and retail	▪ Grew third party funds business by 9.5% to $6.1 billion ▪ Established and grew a new industrial capital partnership ▪ DEXUS Wholesale Property Fund (DWPF) raised over $820 million in equity ▪ DXS in partnership with DWPF, acquired four core office properties
CAPITAL & RISK MANAGEMENT Actively managing our capital in a prudent and disciplined manner	▪ Secured $1 billion of new debt funding, reducing cost and improving diversity of debt ▪ Ended the 2012 on-market securities buy-back and announced the initiation of a new buy-back in July 2013 ▪ Commenced recycling of non-core Australian properties

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GROUP HIGHLIGHTS
For the year ended 30 June 2013

DXS investor returns

22.1%	12.1%	11.2%
Total security holder return for year to 30 June 2013	Growth in distribution per security	Return on equity

DXS Group	Capital management	Total Group property portfolio	
1.3% FFO per security growth	**29.0%** Gearing	**629,209sqm** Leased[1] in total	**$2.9bn** Total transactions across the Group
$1.05 Net tangible asset backing per security	**US$300m** US Private Placement notes secured	**1.8%** DXS office like-for-like income growth	**81,024sqm** Industrial developments completed

1. At 100%. Including Heads of Agreement, across total Group office, industrial and retail properties.

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GROUP HIGHLIGHTS
Financial results

		30 June 2013	30 June 2012	Change
Key financial metrics	Statutory net profit	$514.5m	$181.1m	+$333.4m
	FFO[1]	$365.4m	$367.8m	-$2.4m
	FFO per security	7.75c	7.65c	+1.3%
	Distribution per security	6.0c	5.35c	+12.1%
	Gearing	29.0%	27.2%	+1.8%
	NTA per security	$1.05	$1.00	+5.2 cents

1. FFO (Funds from Operations): net profit adjusted to exclude property revaluations, unrealised mark-to-market changes, changes in deferred tax, amortisation of tenant cash and fit-out incentives, gain/loss on sale of certain assets, rent straightlining, rental guarantees and coupon income.
Refer to the glossary for the detailed explanation of FFO and Slide 9 for a reconciliation to net profit. Refer to Slide 53 for Property Council of Australia reconciliation.

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FINANCIAL RESULTS

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FINANCIAL RESULTS

	30 June 2013 $m	30 June 2012 $m
Statutory net profit	514.5	181.1
Net fair value gain of investment properties[1]	(220.6)	(82.8)
Impairment of inventories	2.2	14.9
Net fair value loss of derivatives	17.7	97.1
Net loss on sale of investment properties	3.6	32.6
Finance break costs attributable to sales transactions	18.8	44.3
FX translation reserve transfer[2]	21.5	41.5
Incentive amortisation and rent straightline	30.5	31.7
RENTS capital distributions	–	(10.2)
Deferred tax (benefit)/expense and other	(22.8)	17.6
Funds From Operations (FFO)	365.4	367.8

1. 30 June 2013 includes $12.9 million of revaluations related to DXS's share of its equity accounted investments and $21.9 million of net revaluations relating to discontinued operations (US and Europe). Further details are included in the DXS Group financial statements.
2. Foreign currency translation reserve transfer on disposal of foreign operations.

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FINANCIAL RESULTS
Funds From Operations

- Operating EBIT from continued operations up $29.5m to $418.3m
- Office like-for-like income growth of 1.8%
- Industrial like-for-like income growth of 1.1%
- Finance costs $21.1m lower as a consequence of the US sale, partially offset by acquisitions
- Distributions up 12.1% due to higher earnings and increased payout ratio for second half

	30 June 2013 $m	30 June 2012 $m
Office	317.4	289.9
Industrial	117.1	120.0
Net profit from management operations[1]	22.0	26.2
Group corporate & asset management[1]	(38.2)	(47.3)
Operating EBIT - continued operations	418.3	388.8
Discontinued operations[2]	25.0	79.1
Operating EBIT	443.3	467.9
Finance costs[3]	(111.2)	(132.3)
Incentive amortisation and rent straight-line	30.5	31.7
Other	2.8	0.5
Funds From Operations	**365.4**	**367.8**
FFO per security	7.75	7.65
Distribution per security	6.00	5.35

1. Refer to slide 11 for further detail.
2. US and European industrial and including US corporate costs.
3. Including interest revenue and RENTS.

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FINANCIAL RESULTS
Corporate revenue and expenses

Net profit from management operations

FY13	Property management	Development & trading[1]	Funds management	Total ($m)
Revenue	32.0	25.5	27.7	**85.2**
Operating expenses[2]	(25.3)	(1.4)	(13.6)	**(40.3)**
Cost of sales – active trading	–	(22.9)	–	**(22.9)**
Total operating expenses	(25.3)	(24.3)	(13.6)	**(63.2)**
Net profit from management operations	**6.7**	**1.2**	**14.1**	**22.0**

11.2%
Return on Equity exceeding DEXUS's target of 9-10% through the cycle

Group corporate & asset management

FY13	Total ($m)
Group corporate expenses	(25.2)
DXS asset management	(13.0)
Group corporate & asset management	**(38.2)**

Management Expense Ratio (MER)

FY13 Gross MER[3]	Total ($m)
A) Group corporate & asset management	(38.2)
B) Funds under management	7,251
Gross MER = A/B	**53bps**

1. Includes trading profits of $1.5m and net development expense of $0.3m.
2. Comprises property management salaries of $9.8m and corporate & administration expenses of $30.5m.
3. Gross Management Expense Ratio: calculated as annualised domestic costs arising from managing DXS assets and corporate activity divided by domestic funds under management.

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CAPITAL MANAGEMENT

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CAPITAL MANAGEMENT
FY13 achievements

Actively managing our capital in a prudent and disciplined manner

FOCUS	FY13 ACHIEVEMENTS
Reduce cost of debt	☑ Reduced average cost of debt 20bps to 5.9%
Maintain strong diversity of debt and duration of greater than four years	☑ Increased debt duration to 5.4 years and increased diversity – Raised over $1 billion of debt with an average duration of seven years – Diversified debt sources through access to MTN and USPP markets
Maintain strong credit rating metrics	☑ Credit ratings reaffirmed as Standard & Poor's BBB+ and Moody's Baa1
Continue on-market securities buy-back, where accretive to investor returns	☑ Acquired 137m securities in 2012 and announced a new $245m (5%) buy-back program on 2 July 2013
Utilise headroom for quality acquisitions or cancel excess facilities	☑ Reduced headroom by 50% as part of commitment to reduce weighted average cost of debt

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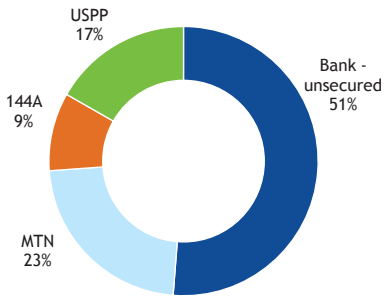
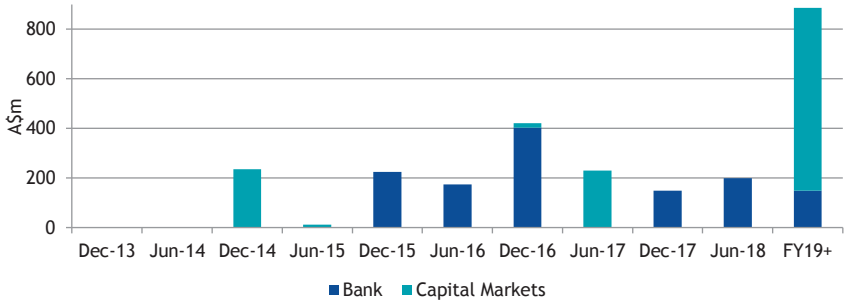
CAPITAL MANAGEMENT
Reduced cost and duration of debt

Key metrics	30 June 2013	30 June 2012
Cost of debt[1]	5.9%	6.1%
Duration of debt	5.4 years	4.2 years
Hedged debt	64%	73%
Gearing[2]	29.0%	27.2%
Headroom (approximately)[3]	$0.3bn	$0.6bn
S&P/Moody's credit rating	BBB+/Baa1	BBB+/Baa1

Diversified mix of facilities[4]



Debt maturity profile[4]



1. Weighted average for the period.
2. Refer to glossary for gearing definition.
3. Undrawn facilities plus cash.
4. Pro-forma facilities, adjusted for US$300m USPP that settled in July 2013 and associated bank facility cancellations.

CAPITAL MANAGEMENT
FY14 focus

FY14 CAPITAL MANAGEMENT FOCUS

- Maintain strong credit rating metrics
- Optimise cost of funds
- Utilise on market securities buy-back, where accretive to investor returns

39 Martin Place, Sydney, NSW

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THIRD PARTY FUNDS MANAGEMENT

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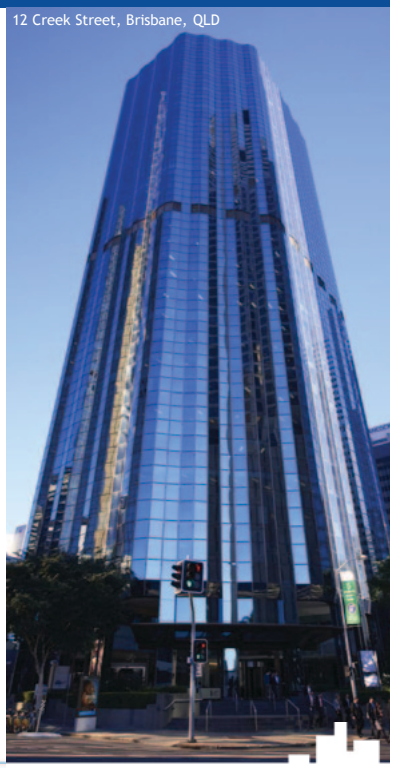
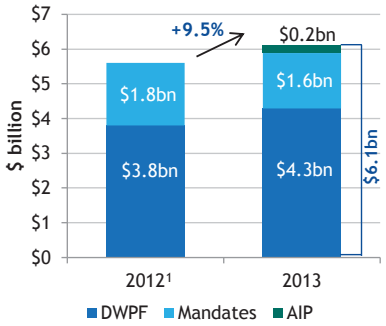
THIRD PARTY FUNDS MANAGEMENT
Growth through partnership with wholesale investors

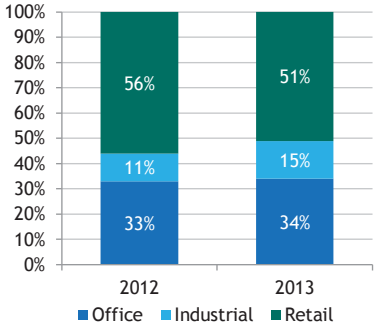
- Funds under management grew by 9.5% to $6.1 billion
- Established Australian Industrial Partnership in October 2012 and grew the partnership to joint ownership of $0.5 billion across 18 industrial properties
- DXS in partnership with DWPF acquired four Australian office properties
- Built scale and increased market presence through retail centre redevelopments


12 Creek Street, Brisbane, QLD

Funds under management



Asset diversification



1. Mandates for 2012 include a $0.2 billion US mandate.

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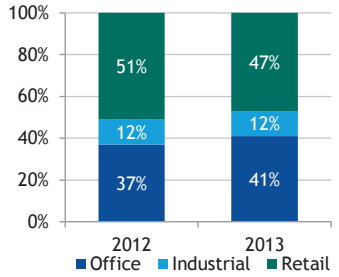
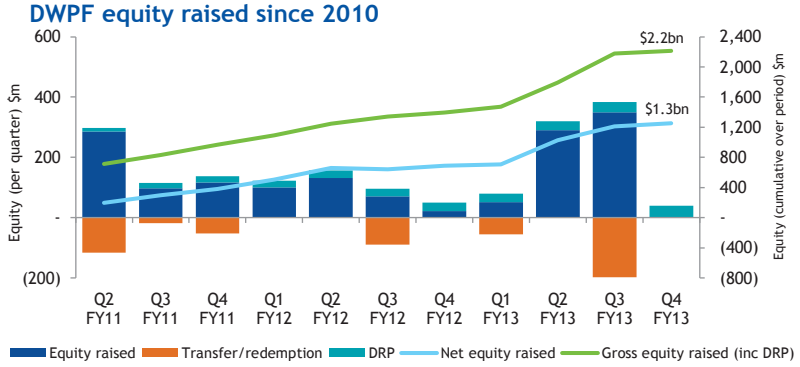
THIRD PARTY FUNDS MANAGEMENT
DWPF — Delivering on strategy with consistent outperformance

- Diversified portfolio composition through $728 million of acquisitions
- Improved portfolio quality through activating part of its $650 million development pipeline
- Attracted strong investor support
  - Six new investors
  - Over $820 million of equity raised
- Out-performed benchmark over one, three and five years
- Awarded an A/Stable long term credit rating by Standard & Poor's

DEXUS Wholesale Property Fund



DWPF equity raised since 2010



DWPF acquisitions	$m[1]
12 Creek Street, Brisbane (50%)	120.8
39 Martin Place, Sydney[2] (50%)	74.9
480 Queen Street, Brisbane (50%)	272.0
Kings Square, Perth (50%)	217.4
295 Archerfield Road, Richlands	8.3
4 Inglis Road, Ingleburn	34.3
Total	727.7

1. Acquisition price excluding acquisition costs.
2. Includes Martin Place Shopping Circle.

THIRD PARTY FUNDS MANAGEMENT
FY13 achievements and FY14 focus

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

FY13 FOCUS	FY13 ACHIEVEMENTS
Continue to develop new capital partnerships	☑ Created the $243 million Australian Industrial Partnership DWPF partnered with DXS to acquire four office properties
Continue to achieve investment objectives to enhance returns for our established funds	☑ Increased funds under management by 9.5% DWPF out-performed index by 0.28% over FY13
Raise further capital for DWPF	☑ DWPF raised over $820 million in new capital and introduced six new investors

FY14 THIRD PARTY FUNDS MANAGEMENT FOCUS

- Continue to drive the performance of capital partners
- Seek further investment opportunities with capital partners
- Attract additional sources of capital for long term co-investment

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PORTFOLIO RESULTS

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PORTFOLIO RESULTS
Total portfolio

$7.3bn
FUM ↑ $300m

84
Properties

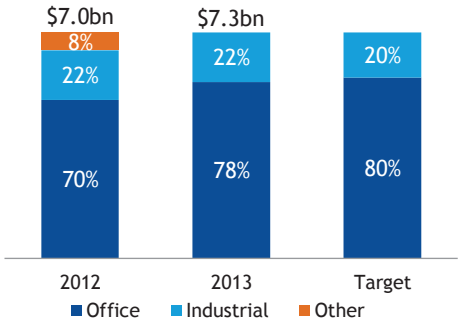
95.3%
Occupancy[1] ↑ 1.9%

4.8 years
WALE[2] ↑ 0.1 years

4.7 stars
NABERS Energy rating exceeding Dec 12 target

7.47%
Average cap rate
↓ 17bps

Total DXS portfolio composition



1. By area.
2. By income.

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PORTFOLIO RESULTS
Total portfolio — FY13 valuation metrics

- Total portfolio valuation uplift of $196.5m[1] predominantly driven by leasing success
  - Office portfolio valuations up 3.5% or $190.7m
  - Industrial portfolio valuations up 0.4% or $5.8m

Capitalisation rates	30 June 2013	30 June 2012
DXS office portfolio	7.17%	7.30%
DXS industrial portfolio	8.55%	8.59%
Total DXS portfolio[1]	7.47%	7.64%

123 Albert Street, Brisbane
Valuation increased 7.5% or $28.1m
Property stabilised following development

Australia Square, Sydney
Valuation increased 9.5% or $26.5m
Over 23,000sqm leased or renewed

30 The Bond, Sydney
Valuation increased 23.3% or $33.8m
Lend Lease exercised 5 year option

1. Excluding discontinued operations (US and Europe).

PORTFOLIO RESULTS
Office — FY13 achievements

FY13 FOCUS	FY13 ACHIEVEMENTS
Progress 8 Nicholson Street, Melbourne and 30 The Bond, Sydney	☑ Retained tenants at 8 Nicholson Street, Melbourne and 30 The Bond, Sydney for a further five years
Focus on leasing in Sydney western core	☑ Secured tenants at – 45 Clarence Street: 5 tenants over 6,343sqm – 383 Kent Street: 4 tenants over 7,953sqm – 309 Kent Street[1]: 6 tenants over 1,615sqm – 1 Margaret Street: 1 tenant over 2,325sqm – 44 Market Street: 8 tenants over 2,007sqm
Continue recycling non-strategic properties into core properties and markets	☑ Sold – 144 Wicks Road, Macquarie Park, NSW Exchanged contracts to sell – 40-50 Talavera Road, Macquarie Park, NSW

1. Shown at 50% ownership, 100% is 3,229sqm.

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PORTFOLIO RESULTS
Office — operating performance

- Active period of leasing with 130 leases completed, driving solid results across the portfolio

156,024sqm Leased[1] in total (2012: 75,668sqm)	**5.0 years** WALE[2] (2012: 4.9 years)	**1.8%** Like-for-like income growth (2012: 5.4%)
94.4% Occupancy[3] (2012: 97.1%)	**72%** Retention (2012: 66%)	**10.6%** Total return (2012: 9.5%)

123 Albert Street, Brisbane, QLD

1. At 100%, including Heads of Agreement of 34,709sqm.
2. By income.
3. By area.

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PORTFOLIO RESULTS
Office — key leasing achievements

- Leased[1] 156,024sqm across 31 properties
  - Retained 58 tenants over 116,348sqm on average 11 months prior to expiry
  - Signed 39,676sqm of new leases in 72 transactions
- New rents were down 0.1% on average than prior rents with average incentives of 12.2%

Key office leases completed

Property	Tenant	Area[2] (sqm)	Term	Expiry
8 Nicholson Street, Melbourne	Vic State Gov't	23,528	5	Jun 18
30 The Bond, Sydney	Lend Lease	17,547	5	Mar 19
Australia Square, Sydney	HWL Ebsworth	3,096	13	Jul 26
	Origin Energy	2,577	5	Aug 19
	DEXUS Property Group	1,032	8	Apr 21
	Ninemsn	1,546	6	May 20
240 St Georges Terrace, Perth	Woodside[3]	4,281	5	Dec 18
88 Shortland Street, Auckland	Minter Ellison Rudd Watts	3,901	8	Aug 21
45 Clarence Street, Sydney	Bank of Western Australia	2,500	5	Mar 19
Southgate Towers, Melbourne	CEO	3,847	7	Oct 22
The Zenith, Chatswood	TCA	3,161	5	Mar 18
201 Elizabeth Street, Sydney	State Property Authority	1,637	4	Apr 17
	Gucci Australia	536	5	Oct 18
383 Kent Street, Sydney	Grant Thornton	6,300	10	Oct 23/Oct 24
1 Margaret Street, Sydney	Travelex	2,325	3	Oct 16

82% Of space committed[4] at 50 Carrington St and 39 Martin Pl in Sydney

1. At 100%, including Heads of Agreement of 34,709sqm.
2. By ownership.
3. Woodside notified its intention to exercise a five year option subject to rent.
4. From 61% for 50 Carrington Street and 75% for 39 Martin Place at the time of acquisition.

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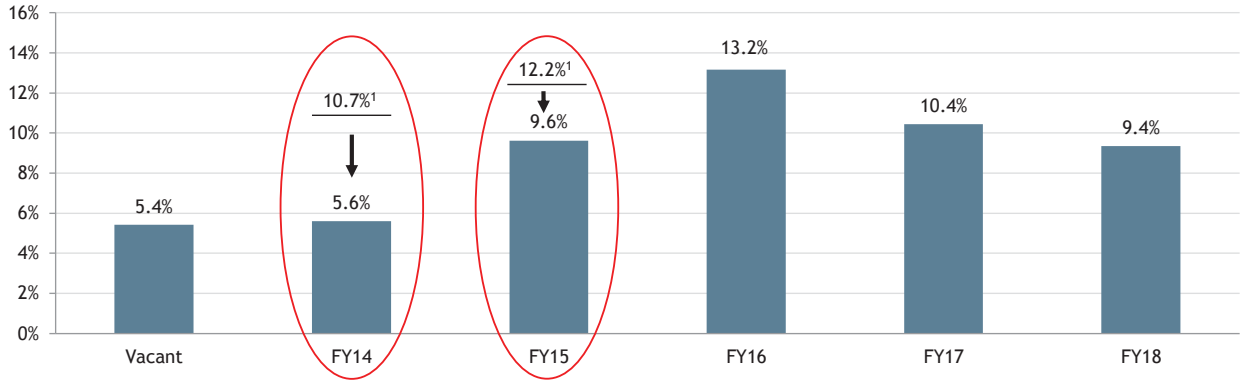
PORTFOLIO RESULTS
Office — lease expiry profile by income



Key future expiries – at 30 June 2013

Vacant	%	FY14	%	FY15	%	FY16	%	FY17	%
ex-ATO 14 Moore St	0.7	Corrs GPT/GMT	0.9	NSW Gov't GPT/GMT	1.7	IBM Southgate	2.0	Mallesons GPT/GMT	2.0
ex-JP Morgan Grosvenor Place	0.6	CMC Markets GPT/GMT	0.5	Lloyds 45 Clarence St	1.0	Merrill Lynch GPT/GMT	0.9	Promina 321 Kent St	0.7
ex-Goldman/other GPT/GMT	0.4	PKF and XL 1 Margaret St	0.3	DLA Piper 201 Elizabeth St	0.8	Ashurst Grosvenor Place	0.7	Covermore Victoria Cross	0.6
ex-Chep/other 11 Talavera Rd	0.4	Corrs Woodside Plaza	0.3	Deloitte Woodside Plaza	0.6	Sparke Helmore 321 Kent St	0.7	International SOS 45 Clarence St	0.5

1. 30 June 2012.

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PORTFOLIO RESULTS
Office — summary

- Secured future cash flows through substantial leasing
- Optimised leasing outcomes to preserve and enhance value
- Experienced team with substantial leasing and agency expertise

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PORTFOLIO RESULTS
Industrial — strong operating performance

- Strong leasing across 122 transactions drives a 4.2% increase in occupancy[1]
- Quarry at Greystanes now 100% leased

327,432sqm
Leased[2] in total
(2012: 300,939sqm)

4.1 years
WALE[3]
(2012: 4.4 years)

95.9%
Occupancy[1]
(2012: 91.7%)

70%
Retention
(2012: 59%)

1.1%
Like-for-like income growth
(2012: -1.6%)

8.8%
Total return
(2012: 8.0%)

57-75 Templar Road, Erskine Park, NSW

Quarry at Greystanes, 3 Basalt Road, Greystanes, NSW

1. By area.
2. At 100%, including Heads of Agreement of 57,752sqm.
3. By income.

PORTFOLIO RESULTS
Industrial — FY13 achievements

FY13 FOCUS	FY13 ACHIEVEMENTS
Increase occupancy at Sydney properties	☑ Increased Sydney portfolio occupancy[1] by 5.6%
Complete development projects – 43,800sqm of trading properties – 31,500sqm at Quarry at Greystanes	☑ Completed six development projects – 43,879sqm of trading properties – 37,145sqm of projects at Quarry at Greystanes – Six developments underway to deliver 90,139sqm with end cost of $111m
Secure $4m in trading profits	☒ Delivered $1.5 million in trading profits, deferring the sale of trading properties in order to maximise returns

1. By area.

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PORTFOLIO RESULTS
Industrial — summary

- Increased portfolio occupancy
- Leveraged strong tenant relationships
- Built on our track record in industrial development

2-6 Basalt Road, Greystanes, NSW

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PORTFOLIO RESULTS
Development and fund-through pipeline — Group

DXS developments and fund-throughs	Total est cost[1]	Est cost to complete[1]
Completed developments for trading	$55m	$6m
Development under construction	$111m	$46m
Future developments	$556m	$423m
Fund-through investments[2]	$489m	$411m
Total DXS pipeline	**$1,211m**	**$886m**

Third party developments and fund-throughs	Total est cost[1]	Est cost to complete[1]
Office and industrial developments[3]	$77m	$75m
Retail developments	$1,079m	$1,042m
Fund-through investments[2]	$489m	$411m
Total third party pipeline	**$1,645m**	**$1,528m**

$2.9 billion
Total Group pipeline

1. Costs shown at 100%.
2. At ownership.
3. Excludes land costs.

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PORTFOLIO RESULTS
Development pipeline — DXS portfolio

DXS developments and fund-throughs	Total est cost[1]	Est cost to complete[1]	Total estimated project cost: FY14	FY15	FY16+
57-65 Templar Road, Erskine Park	$38m	$5m	$38m		
163-183 Viking Drive, Wacol	$33m	$4m	$17m	$16m	
DEXUS Industrial Estate, Laverton North	$162m	$110m	$26m	$136m	
Quarry at Greystanes	$120m	$77m	$69m	$51m	
Phillip Street, Parramatta	$120m	$112m		$120m	
12 Creek St, Brisbane[2]	$19m	$19m		$19m	
180 Flinders Street, Melbourne	$230m	$148m			$230m
480 Queen Street, Brisbane[2]	$272m	$223m		$272m	
Kings Square, Perth[2]	$217m	$188m		$217m	
Total DXS pipeline	**$1,211m**	**$886m**			

Completed developments
Developments underway
Uncommitted development pipeline
Fund-through office investments

DXS value add and repositioning	Inventory[3]
50 Carrington Street, Sydney	$59m
40 Market Street, Melbourne	$47m
57-101 Balham Road, Archerfield	$22m
154 O'Riordan Street, Mascot	$14m
Total DXS value add properties	**$142m**

DXS capital expenditure	Est FY14
Maintenance capital expenditure	$40-50m
Tenant incentives and leasing costs	$40-50m
Total capital expenditure	**$80-100m**

1. Costs shown at 100% including land.
2. DXS share.
3. Acquisition or transfer price excluding costs and does not represent the trading price for the property.

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PORTFOLIO RESULTS
Developments — summary

- Diversified development pipeline for DEXUS and its capital partners
- Substantially de-risked development projects
- Significant pipeline underway will enhance earnings

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PORTFOLIO RESULTS
FY14 focus

FY14 OFFICE AND INDUSTRIAL FOCUS

- Deliver like-for-like income growth of circa 4% for office and circa 2% for industrial portfolio
- Reduce Sydney office portfolio lease expiries in FY15 and FY16 to under 7.5% and 10% respectively
- Launch initiatives to enhance the tenant experience and develop tenant loyalty

FY14 DEVELOPMENT FOCUS

- Deliver over 75,000 square metres of industrial developments
- Deliver trading profits of $4-5 million

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TRANSACTIONS

Artist's impression of Kings Square, Perth, WA

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TRANSACTIONS
Rebalanced portfolio composition, enhancing quality of earnings

- Exited US industrial market ahead of expected timeframe
  - Realised US$617 million (A$598 million) achieving a 12% premium
- Exited European industrial market
- Divested $42.1 million of non-core Australian assets
- Reinvested $1.1bn into Australian office markets
  - $550m core office[1]
  - $489m fund-through[2] strategic office investments
  - $105m value-add[3] office

$2.9 billion
Total transactions

$0.9 billion
DXS divestments

$1.1 billion
DXS office acquisitions

$0.9 billion
Third party transactions

1. Including 50% interest in 12 Creek Street, Brisbane; 39 Martin Place, Sydney and 2-4 Dawn Fraser Avenue, Sydney Olympic Park, and a 25% interest in 225 George Street, Sydney.
2. 50% interest in 480 Queen Street, Brisbane and Kings Square, Perth.
3. 50 Carrington Street, Sydney and 40 Market Street, Melbourne.

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MARKET OUTLOOK

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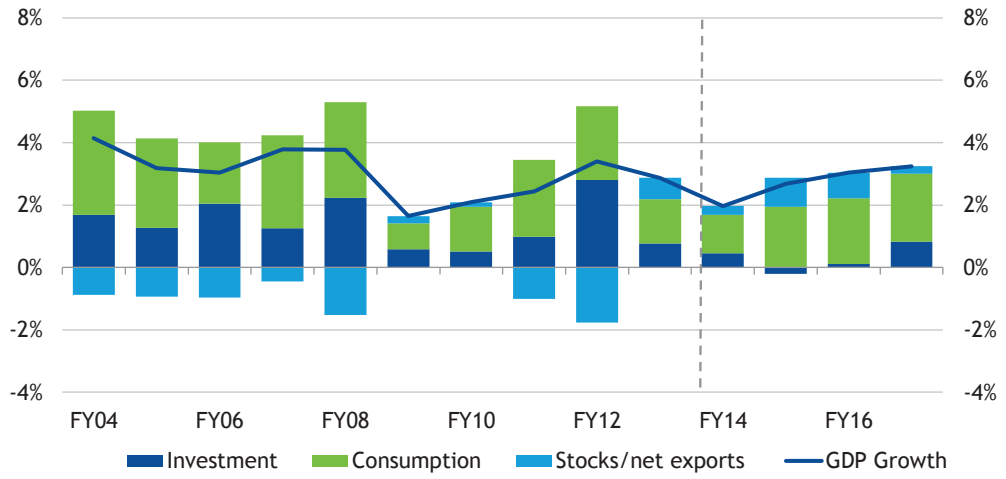
MARKET OUTLOOK
How growth will transition from investment to consumption and exports

Components of growth Australia



Source: Deloitte AE, DEXUS Research.

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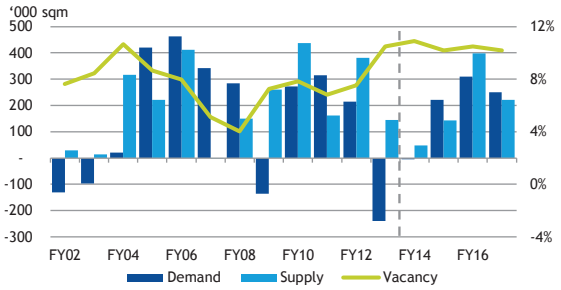
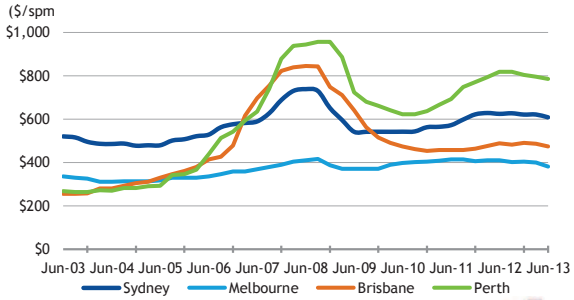
MARKET OUTLOOK
Office markets subdued in FY14 with upside in demand FY15

- Leasing enquiry and net absorption subdued, tenants taking longer to make decisions
- Vacancy rates have risen
- Supply is expected to be low in FY14 and FY15 (excluding Melbourne)
- Rents are likely to ease in FY14 with incentives increasing to secure quality tenants
- In Sydney, Brisbane and Perth a low construction pipeline in FY14 will limit movement in vacancy
- In Melbourne, above average levels of supply will lead to elevated vacancy in FY14 before improving
- Demand to improve in FY15

Office - supply/demand forecast (4 CBDs)



Office - gross effective rents



Source: Jones Lang LaSalle, DEXUS Research, Deloitte Access Economics June 2013.

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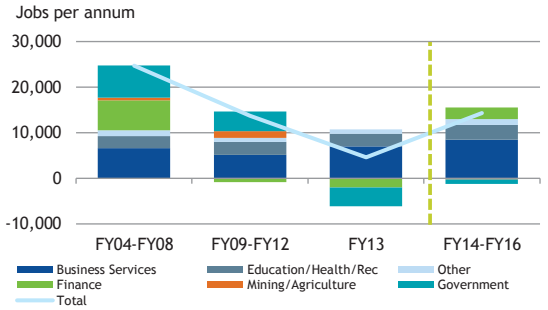
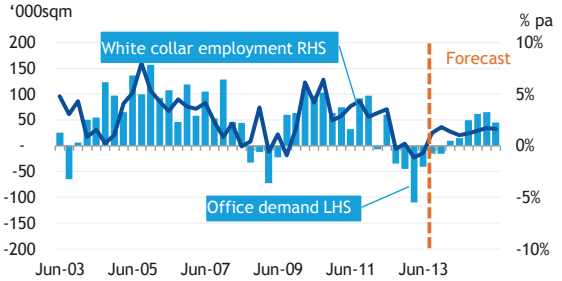
MARKET OUTLOOK
Why office demand will improve

- Periods of subdued office demand are a recurring feature of the office market cycle
- Demand will improve due to
  - Easing monetary policy and lower AUD stimulating confidence, economic growth, credit growth and revenues
  - Past productivity measures will help profits
  - Recovery in employment to be led by business services, accounting, legal, IT, health, education, finance
  - More moderate growth than over the past decade
  - More flexible workplaces a key theme over the next decade, embedded in view

Employment growth by industry



National whitecollar employment and office demand



Source: Jones Lang LaSalle, DEXUS Research, Deloitte Access Economics June 2013.

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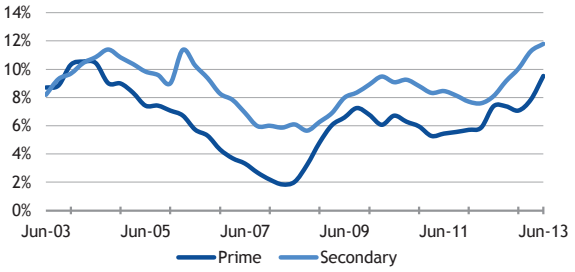
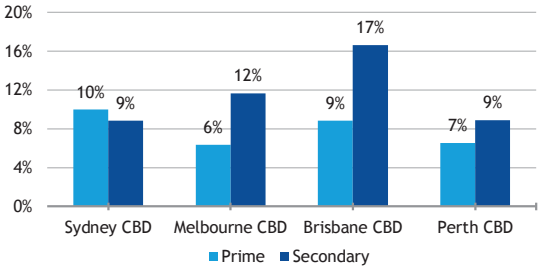
MARKET OUTLOOK
Two tier office market emerging with tenants favouring prime stock

- Prime vacancy is lower than secondary
- Tenants are migrating from poorer quality space to better quality space
- Two tier market most pronounced in Melbourne and Brisbane
- Perth and Sydney to follow as prime space leases up and secondary market weakens

Trend in prime and secondary vacancy (four CBD's)



Prime and secondary vacancy June quarter 2013



Source: Jones Lang LaSalle, DEXUS Research, Deloitte Access Economics June 2013.

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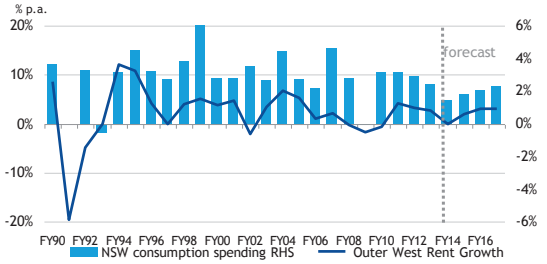
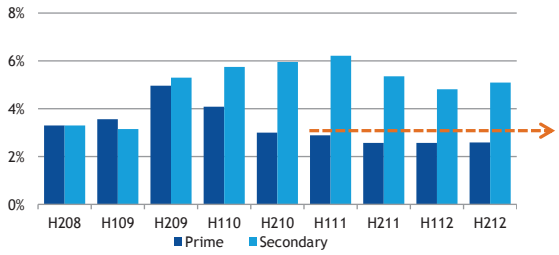
MARKET OUTLOOK
Industrial markets maintain good occupancy

- Demand in the industrial sector constrained
- Should improve late FY14 and FY15
- Demand to be driven by tenants relocating and seeking improved efficiencies and infrastructure investment esp. logistics and retail
- Occupancy rates high – limited availability of prime space
- Rents flat/easing in FY14, eventual upside in medium term due to increasing development costs
- Investor demand for industrial assets remains strong, however prime stock is limited
- Total return supported by high income yield
- Melbourne very competitive; Sydney subdued but stable; Brisbane has paused but has good medium term prospects

Consumption - to drive rental growth



National prime vacancy remains low



Source: Jones Lang LaSalle, Savills, Deloitte Access Economics June 2013, DEXUS Research.

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SUMMARY

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SUMMARY
Investment in Commonwealth Property Office Fund

On 25 July 2013, DEXUS entered into a forward contract to acquire a 14.9% interest in Commonwealth Property Office Fund (ASX: CPA)

- 350 million CPA units at $1.1334 per unit
- Efficient off balance sheet funding structure
- Accretive to earnings
- Investment consistent with DEXUS's strategy of investing in high quality Australian office
- DEXUS has no current intention to make a take-over offer for CPA, however reserves its rights to change that intention in the future

Grosvenor Place, 225 George Street, Sydney NSW

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SUMMARY

- Enhanced the quality and diversity of portfolio
- Market conditions remain uncertain
- Experienced office management team with strong corporate and leasing backgrounds will continue to drive high performance
- Market guidance for FY14[1]
  - FFO per security 8.15 cents, representing 5.2% growth
  - Distribution per security 6.12 cents

1 Bligh Street, Sydney, NSW

1. Barring unforeseen circumstances. Assumptions include: 75% payout ratio, delivering circa 4% like-for-like income growth in the office portfolio, $4-5m in trading profits, cost of debt at 6.0% and excluding further on-market buy-back.

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2013 ANNUAL RESULTS APPENDICES

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STRATEGY
FY14 strategic focus — leveraging core capabilities to drive high performance

STRATEGIC OBJECTIVE	INITIATIVES
OFFICE Being the leading owner and manager of Australian office	▪ Proactively managing and driving performance in the office portfolio ▪ Enhancing the value of newly acquired properties ▪ Enhancing the tenant experience ▪ Implementing initiatives that develop tenant loyalty
CORE CAPABILITIES Having the best people, strongest tenant relationships and most efficient systems	▪ Implementing key process improvement programs ▪ Reinforcing a culture of service excellence and high performance ▪ Leveraging best-in-class industrial capabilities to drive portfolio performance, development and trading opportunities ▪ Leveraging retail capabilities to drive developments and new opportunities for capital partners
CAPITAL PARTNERSHIPS Being the wholesale partner of choice in office, industrial and retail	▪ Continuing to support the performance of capital partners ▪ Leveraging relationships and capabilities into new opportunities through — Seeking further investment opportunities with capital partners — Attracting additional sources of capital for long-term co-investment
CAPITAL & RISK MANAGEMENT Actively managing our capital in a prudent and disciplined manner	▪ Maintaining a competitive cost of funding, improving the access and diversifying the sources of capital ▪ Selectively divesting non-strategic properties when supported by investment fundamentals ▪ Engaging in transactions that create value for DXS investors

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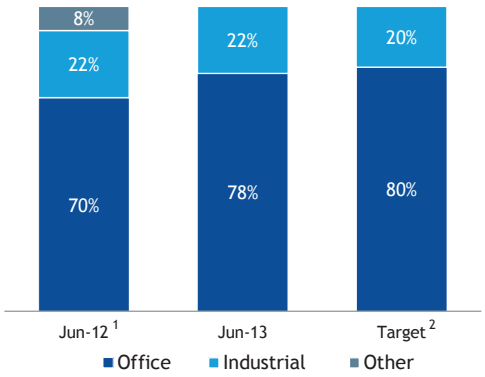
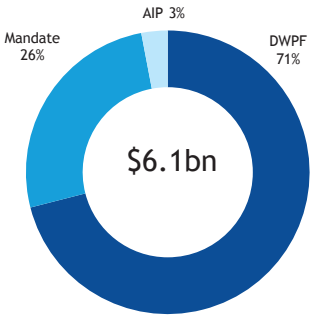
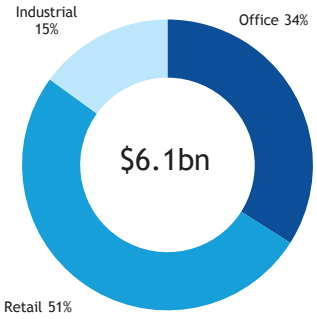
GROUP HIGHLIGHTS
DEXUS today

DEXUS Property Group platform
$13.4bn AUM

Public and private capital	235 property professionals	123 properties	2,975,545sqm NLA
Office $7.8bn	Industrial $2.5bn	Retail $3.1bn	Development pipeline[3] $2.9bn
DXS portfolio investments $7.3bn		Third Party Funds Management $6.1bn	







1. 30 June 2012 includes the Australian Industrial Partnership and the acquisitions of 50 Carrington Street, Sydney and 12 Creek Street, Brisbane.
2. Target of 3-5 year timeframe.
3. Includes fund-through investments.

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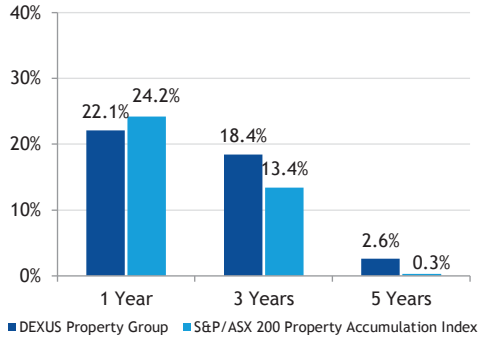
GROUP HIGHLIGHTS
Strong total security holder returns

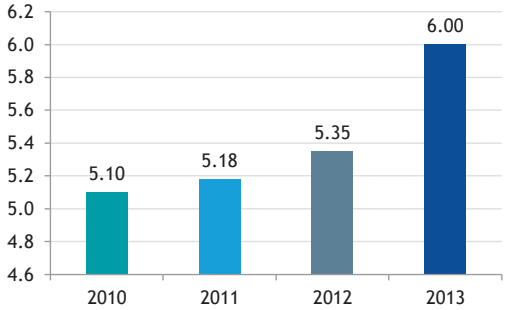
DXS investor returns

- One year total security holder return of 22.1%[1]
  - Outperformed A-REIT index[2] over 3 and 5 years
- Distribution per security growth of 12.1% for the 12 months ended 30 June 2013

DEXUS total security holder return



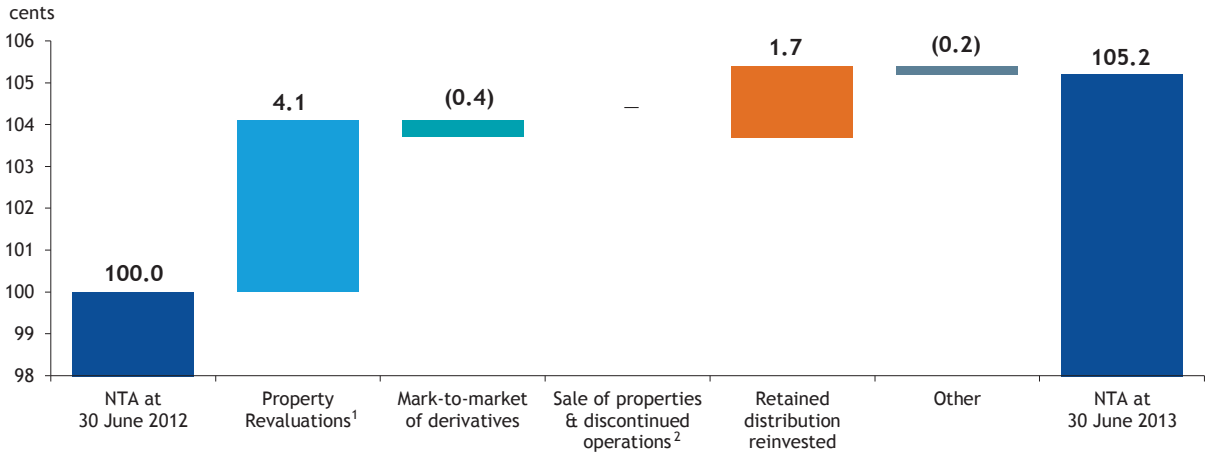
Distribution — cents per security



1. DXS share price appreciation plus distributions paid. Source UBS.
2. S&P/ASX 200 Property Accumulation Index.

FINANCIAL RESULTS
Net tangible assets and Return on Equity

Change in net tangible assets



- Delivered a Return on Equity (ROE)[3] of 11.2% for the 12 months to 30 June 2013
  - Exceeded the Group's through the cycle ROE target of 9-10%

1. Revaluations of continuing operations.
2. Includes gain or loss on sale of properties and revaluations on discontinued operations.
3. 5.2 cents increase in NTA price plus 6.0 cents distribution divided by 30 June 2012 NTA price of $1.00.

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FINANCIAL RESULTS
Change in net tangible assets

	30 Jun 2013 $m	30 Jun 2012 $m	cps
Opening net tangible assets	4,784	4,878	100.0
Revaluation of real estate[1]	197	68	
Retained earnings[2]	83	110	
Amortisation of tenant incentives[3]	(30)	(32)	
Fair value movements[4]	(9)	(189)	
NTA changes in comprehensive income	**241**	**(43)**	
Impact of the securities buy-back	(77)	(51)	
Total movement in NTA	164	(94)	5.2
Closing net tangible assets	4,948	4,784	105.2

Investment portfolio	% of portfolio	Cap rate %	Valuation movement $m
Office	78%	7.17	190.7
Industrial	22%	8.55	5.8
Total portfolio[1]	100%	7.47	196.5

1. Property revaluations of continuing operations including $2.2m impairment to inventories.
2. Based on payout ratio of 70% of FFO for FY12 and 77.4% for FY13.
3. Includes rent straightlining.
4. Primarily includes fair value movements of derivatives, deferred tax and gain/(loss) on sale of assets and includes property revaluations of discontinued operations.

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FINANCIAL RESULTS
FFO reconciliation — current and Property Council of Australia (PCA)

- From 1 July 2014, DXS will adopt a new definition for calculating FFO, in accordance with the PCA white paper "Voluntary best practice guidelines for disclosing FFO and AFFO". The table below shows how DEXUS's FY13 FFO would have been reported under the PCA definition

Reference	Item	DXS FFO $m	PCA FFO $m
Statutory AIFRS net profit after tax		**514.5**	**514.5**
A Investment property and inventory			
A2	Losses from sales of investment property	3.6	3.6
A3	Fair value gain on investment property	(220.6)	(220.6)
A5	Impairment charges on inventory	2.2	2.2
B Goodwill and intangibles			
B2	Reversal of impairment of goodwill or intangibles	(20.5)	(20.5)
C Financial instruments			
C2	Fair value loss on the mark-to-market of derivatives	17.7	17.7
D Incentives and rent straightlining			
D1	Amortisation of fit out incentives	29.9	29.9
D2	Amortisation of cash incentives	3.7	3.7
D4	Amortisation of rent-free periods	–	22.8
D5	Rent straightlining	(3.1)	(3.1)
E Tax			
E1	Non-FFO deferred tax benefits	(2.9)	(2.9)
F Other unrealised or one-off Items			
F1	Recycling of foreign currency translation reserve (FCTR)	21.5	21.5
F2	Other unrealised or one-off items[1]	19.4	19.4
FFO		**365.4**	**388.2**
FFO per security (cents)		**7.75**	**8.23**

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FINANCIAL RESULTS
Interest reconciliation

	30 Jun 2013 $m	30 Jun 2012 $m
Interest paid/payable	122.9	135.3
Other finance costs (amortised fees)	3.8	5.2
Realised interest rate swap (income)/expense[1]	(3.6)	4.0
Gross finance costs for cost of debt purposes	123.1	144.5
Less: interest capitalised	(10.7)	(22.5)
Net finance costs for distributable earnings	112.4	122.0
Add: unrealised interest rate swap MTM loss[2]	4.5	95.6
Add: finance costs attributable to sales transactions	18.8	44.3
Total statutory finance costs	**135.7**	**261.9**
Net fair value loss of derivatives	13.2	1.5
Total statutory finance costs including derivatives	**148.9**	**263.4**
Represented by:		
Statutory finance costs from continuing operations (Fin Stats note 3)	98.6	118.0
Net fair value loss of derivatives (Statement of Comprehensive Income)	10.9	–
Finance costs from discontinued operations (Fin Stats note 12)	18.3	66.0
Net fair value loss of derivatives (Fin Stats note 12)	2.3	35.1
Finance costs attributable to sales transactions (Fin Stats note 12)[3]	18.8	44.3
Total statutory finance costs	**148.9**	**263.4**

1. Net fair value loss of interest rate swap of $7.5m (per Fin Stats note 3) includes realised interest rate swap expense of $3.0m. Finance costs from discontinued operations of $18.3m (per Fin Stats note 12) includes realised interest rate swap income $6.6m.
2. Net fair value loss of interest rate swaps of $7.5m (per Fin Stats note 3) includes unrealised interest rate swap MTM loss $4.5m.
3. Finance costs attributable to sales transactions in discontinued operations of $18.8m (per Fin Stats note 12) consists of finance costs attributable to US sales transactions of $2.6m, finance break costs of $15.1m and unrealised interest rate swap MTM loss of $1.1m included within net fair value loss of derivatives.

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FINANCIAL RESULTS
Direct property portfolio movements

			Discontinued operations		
	Office[1] $m	Industrial $m	US industrial $m	Other[2] $m	DEXUS total[1] $m
Opening direct property	**4,680**	**1,659**	**539**	**45**	**6,923**
Leasing incentives[3]	52	9	2	–	63
Maintenance capex	26	7	2	1	36
Acquisitions	761	22	–	–	783
Developments[4]	37	93	–	–	130
Disposals[5]	(14)	(229)	(576)	(18)	(837)
FX	7	–	(9)	2	–
Revaluations[6]	191	6	44	(23)	218
Amortisation	(53)	(6)	(2)	–	(61)
Straight-lining	–	3	–	–	3
Closing direct property	**5,687**	**1,564**	**–**	**7**	**7,258**

1. Includes DXS's share of equity accounted investments.
2. Includes Europe.
3. Includes rent free incentives.
4. Includes capitalised interest.
5. At book value.
6. Includes impairments.

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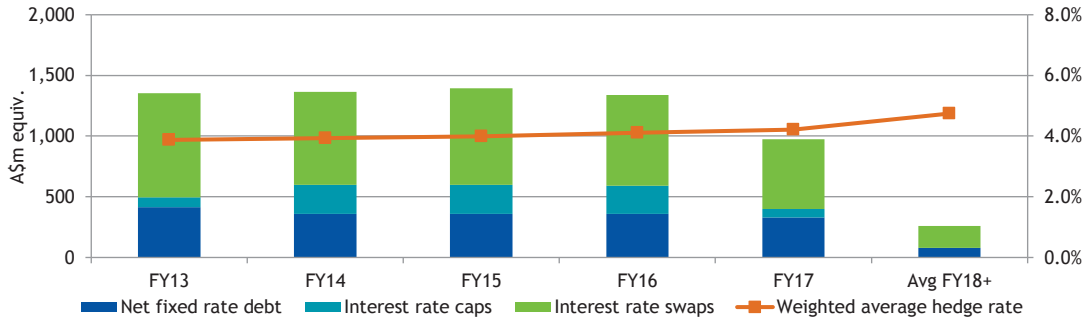
CAPITAL MANAGEMENT
Interest rate hedging profile

Hedging profile	30 Jun 2013	30 Jun 2012
Average amount of debt hedged[1]	64%	73%
Average amount of debt hedged excluding caps[1]	60%	70%
Weighted average interest rate on hedged debt[2]	3.9%	4.3%
Weighted average fixed & floating rate[3]	5.9%	6.1%
Weighted average maturity of interest hedges	4.5 years	5.2 years

Hedge maturity profile



1. Average amount hedged for the period.
2. Includes fixed rate debt (without credit margin).
3. Includes fees and margins.

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CAPITAL MANAGEMENT
Debt overview and buy-back summary

Key metrics	30 Jun 2013	30 Jun 2012
Total debt	$2,167m	$1,941m
Cost of debt[1]	5.9%	6.1%
Gearing	29.0%	27.2%
Headroom (approximately)[2]	$0.3bn	$0.6bn
Debt duration	5.4 years	4.2 years
S&P/Moody's rating	BBB+/Baa1	BBB+/Baa1
Covenant gearing (covenant[3] <55%)	29.1%	27.8%
Interest cover (covenant[3] >2.0x)	4.0x	3.8x
Priority debt (covenant[3] <30%)	0%	1.1%

2012 Buy-back program	FY12	FY13	Total
Total securities bought back	55.2m	81.9m	137.1m
% of total commitment	25.5%	38.8%	64.3%
Total unit cost bought back	$51.0m	$77.5m	$128.5m
Average price per security			$0.937

- The 2012 buy-back program was closed in April 2013 with 137.1m securities bought back
- On 2 July 2013 a new buy-back of up to 5% of securities on issue was announced, no securities have been bought back as at 19 August 2013

1. Weighted average for the year.
2. Undrawn facilities plus cash.
3. As per public bond covenants.

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PORTFOLIO RESULTS
Revaluation summary as at 30 June 2013

	Office A$m	Industrial A$m	Discontinued operations US industrial A$m	Discontinued operations Europe A$m	Total A$m
Investment properties	181.4	6.4	43.9	(22.0)	209.7
Development properties[1]	(3.6)	(0.6)	–	–	(4.2)
Equity accounted properties	12.9	–	–	–	12.9
Total P&L revaluations	**190.7**	**5.8**	**43.9**	**(22.0)**	**218.4**

1. Includes impairments.

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PORTFOLIO RESULTS
Developments – completed

	Building area sqm	Project cost A$m[2]	Yield on project cost %	Leased %	Completed date
Industrial[1]					
Greystanes, NSW – UPS	5,465	8.4	8.2	100	Jul 12
Greystanes, NSW – Warehouse 9	18,247	24.1	9.3	100	Nov 12
Greystanes, NSW – Brady	13,433	19.1	9.5	100	Dec 12
Wacol, Qld – Nissan	7,823	10.2	8.8	100	Jan 13
Wacol, Qld – Spec 1	5,800	7.5	8.8	0	Feb 13
57-65 Templar Road, Erskine Park, NSW	30,256	37.6	8.7	62	Mar 13
Total industrial	**81,024**	**106.9**	**9.0**	**79**	

1. At 100% ownership.
2. Includes land.

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PORTFOLIO RESULTS
Developments — underway

	Area sqm	Est. total cost[2] A$m	Est. cost to completion A$m	Pre-leased %	Est. yield on total cost %	Est. completion date
Industrial[1]						
Laverton North, Vic — Spec facility 4	11,854	9.8	1.4	0	8.0	Jul 2013
Laverton North, Vic — Toll 2	18,670	16.8	1.7	100	8.2	Jul 2013
Wacol, Qld — Heads of Agreement	12,220	15.4	3.6	100	8.7	Jul 2013
Greystanes, NSW — Roche	10,100	13.8	5.4	100	7.6	Dec 2013
Greystanes, NSW — Blackwoods	17,815	29.8	16.4	100	8.1	Dec 2013
Greystanes, NSW — Warehouse 10	19,480	26.0	17.8	0	8.0	Feb 2014
Total underway	**90,139**	**111.6**	**46.3**	**65**	**8.1**	

1. At 100% ownership.
2. Includes land.

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PORTFOLIO RESULTS
Developments — uncommitted pipeline

DXS	Building area sqm	Project est. A$m[1]	Est. cost to completion A$m	Est. yield on est. project cost %
Office				
180 Flinders Street, Melbourne, VIC	24,417	230	148	7.4
12 Creek Street, Brisbane, QLD[2]	4,820	19	19	9.2
105 Phillip Street, Parramatta, NSW	20,500	120	112	8.8
Total office	**49,737**	**369**	**279**	**8.0**
Industrial[3]				
Greystanes, NSW	39,000	51	37	8.5
DEXUS Industrial Estate, Laverton North, VIC[4]	125,200	136	107	8.1
Total industrial	**164,200**	**187**	**144**	**8.2**
Total pipeline	**213,937**	**556**	**423**	**8.1**

1. Includes land.
2. DXS share.
3. At 100% ownership
4. Project estimated cost includes cost of land sales.

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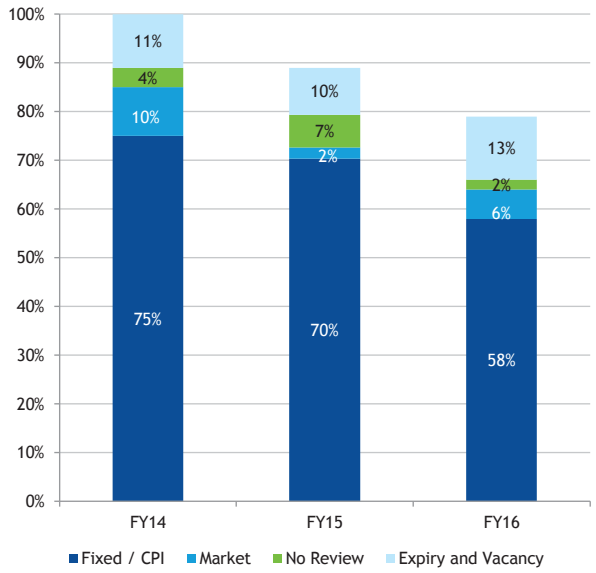
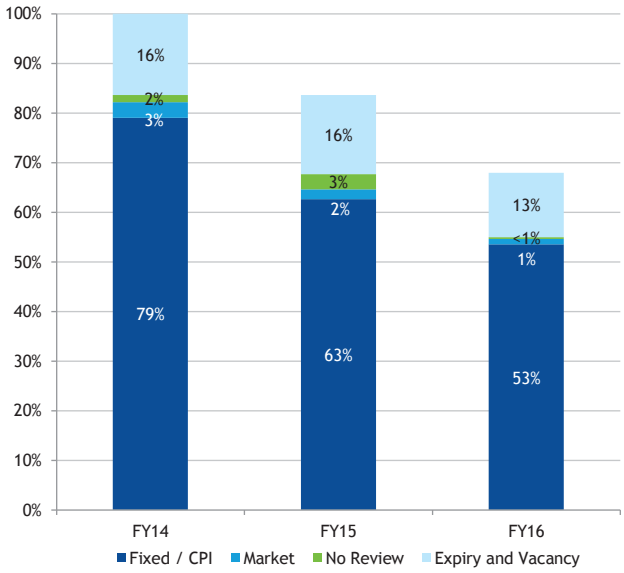
PORTFOLIO RESULTS
Office and industrial rent review profiles

Office rent review profile



Industrial rent review profile



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PORTFOLIO RESULTS
Office operating performance

Office portfolio	30 June 2013	30 June 2012
Occupancy by area	94.4%	97.1%
Occupancy by income	94.6%	96.8%
Average incentive	12.2%	17.3%
Average rental (decrease)/increase	(0.1%)	4.6%
Retention rate rolling 12 mths	72%	66%
Under rented	3.8%	3.3%
Weighted average lease expiry[1]	5.0 years	4.9 years
Weighted average cap rate	7.17%	7.30%
Total return – 1 year	10.6%	9.5%

1. By income.

Artist impression: Kings Square, Perth, WA

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PORTFOLIO RESULTS
Office portfolio composition — leased by area

	Occupancy 30 Jun 2012	Expiries sqm	Renewals sqm	New sqm	Other sqm	L4L closing occupancy	Transaction impact	Occupancy 30 Jun 2013
Current period leases	97.1%	(78,626)	41,339	28,029	(4,356)	94.9%	(0.5)%	94.4%
Future periods leases		(57,201)	56,777	424	—			
Total square metres[1]	578,905					565,291	56,589	621,880
Retention		(135,827)	98,116	28,453	(4,356)			
— Year to date[2]								72%

Office markets[3]	Vacancy	Incentives
Sydney	10.2%	29%
Melbourne	10.0%	22%
Brisbane	14.2%	26%
Perth	7.9%	10%
National CBD average	10.9%	22%
DXS portfolio average	**5.4%**	**12%**

1. Excludes trading properties (50 Carrington Street, Sydney and 40 Market Street, Melbourne).
2. By area.
3. Source: Jones Lang LaSalle Q2/13.

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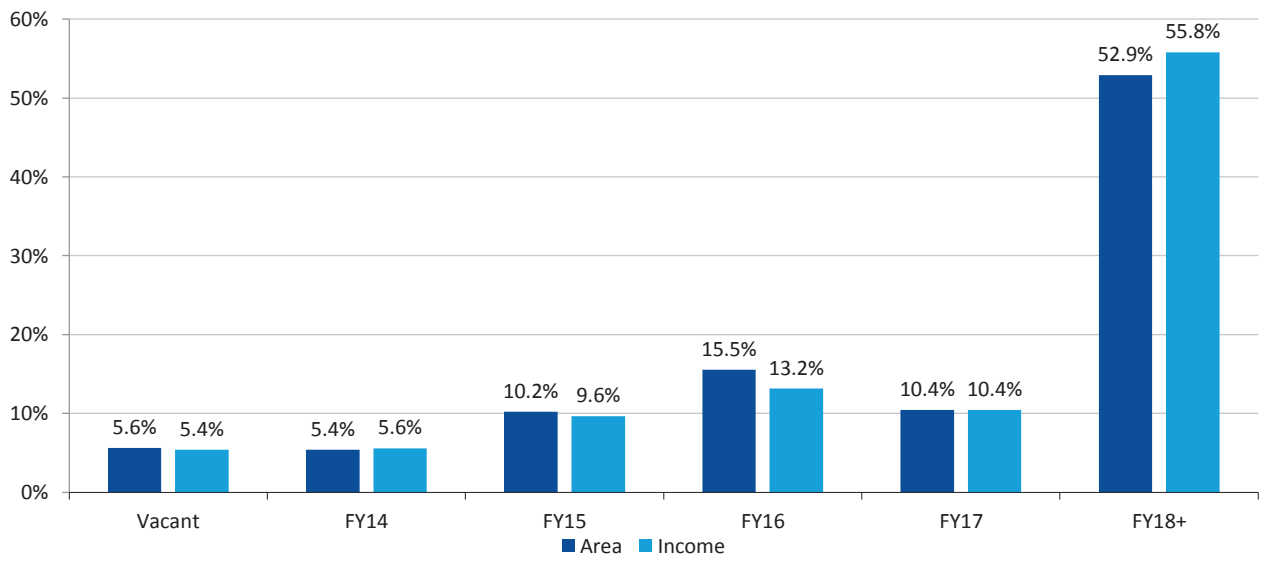
PORTFOLIO RESULTS
Office lease expiry profile at 30 June 2013



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PORTFOLIO RESULTS
Office leasing focus

Property	Tenant	Area[1] (sqm)	Expiry status	Progress
FY14				
14 Moore Street	Vacant	10,969	Available	10% HOA, leasing strategies with six interested parties
GPT, 1 Farrer Place	Vacant	1,528	Available	Marketing continuing
Grosvenor Place	Vacant	2,473	Available	Marketing continuing
One Margaret Street	Vacancy/PKF/XL Ins	3,431	Sep 13/Jun 14	Refurbishment complete, marketing continuing
FY15				
88 Shortland Street	Lumley Insurance	5,217	Sep 14	In discussions
GMT, 1 Farrer Place	NSW Gov't	10,203	Dec 14	Actively marketing assuming vacancy
45 Clarence Street	Lloyds Int.	7,064	Mar 15/Apr 15	In discussions
201 Elizabeth Street	DLA Piper	5,183	Jul 14	To be refurbished, marketing continues
Woodside Plaza	Deloitte	4,282	Jun 15	In discussions
FY16				
Grosvenor Place	Ashurst	3,448	Jul 15	Marketing underway, agreed four month holdover with tenant
GPT, 1 Farrer Place	Merrill Lynch	3,277	Aug 15	In discussions
130 George Street	C'wealth of Aust	7,210	Nov 15	In discussions
Southgate - IBM Tower	IBM	20,642	Dec 15	In discussions

1. By ownership.

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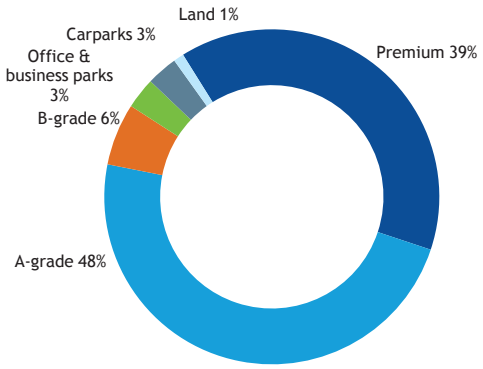
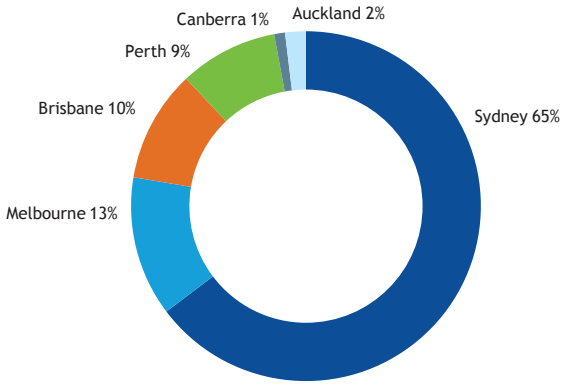
PORTFOLIO RESULTS
Office portfolio diversification

Property type by book value



Geographical weighting by book value



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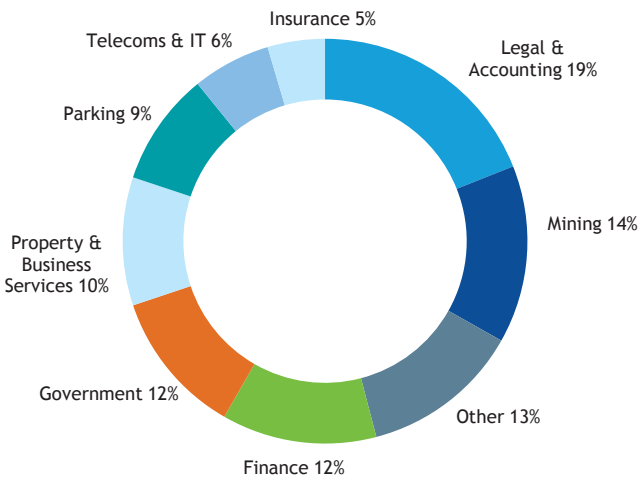
PORTFOLIO RESULTS
Office top 10 tenants

Tenant	S&P rating	% of income[1]
Woodside Energy	BBB+ positive	6.5%
S&K Car Park Management	Not rated	6.0%
Rio Tinto	A- negative	4.6%
Commonwealth of Australia	AAA stable	3.6%
State of NSW	AAA negative	3.4%
Lend Lease	BBB- stable	2.8%
State of Victoria	AAA stable	2.2%
IBM Australia Limited	AA- stable	2.1%
King &Wood Mallesons	Not rated	2.0%
Clayton Utz	Not rated	2.0%

Diversity of tenants by income



1. 30 June 2013 fully leased passing income annualised.

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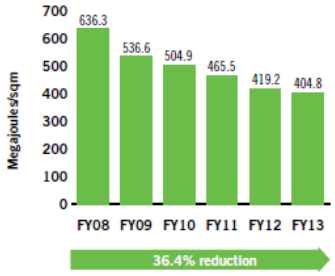
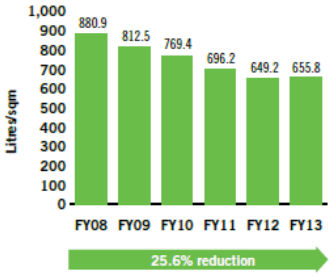
PORTFOLIO RESULTS
Corporate Responsibility and Sustainability

- Achieved NABERS improvement program targets
  - Average 4.7 star NABERS Energy rating exceeding the 4.5 star target in DXS office portfolio
  - Average 3.5 star NABERS Water rating in line with target in DXS office portfolio
- Achieved $5.3 million p.a. from energy efficiency improvements and reductions in tenant outgoings
- Outperformed in IPD Green Building Index in both Green Star and NABERS Benchmarks
- Improved listing on FTSE4Good Index for both company and relative super sector ratings
- Achieved carbon neutrality at DEXUS head office and Melbourne office

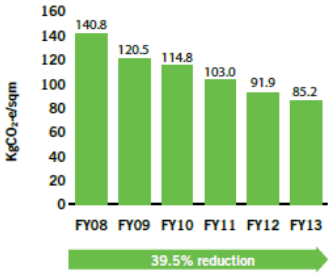
DXS office energy consumption/ intensity



DXS office water consumption/ intensity



DXS office greenhouse gas emission/intensity



Note: Data in charts is unaudited.

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PORTFOLIO RESULTS
Office portfolio sustainability metrics

DXS office portfolio[1]	Jun 08	Jun 09	Jun 10	Jun 11	Jun 12	Jun 13
NABERS Energy rating	N/A	N/A	3.2	3.6	3.9	4.7
NABERS Water rating	N/A	N/A	2.6	3.1	3.3	3.5
Energy consumption/intensity (MJ/sqm)	636.3	536.6	504.9	465.5	419.2	404.8
Water consumption/intensity (L/sqm)	880.9	812.5	769.4	696.2	649.2	655.8
Greenhouse gas emissions/intensity ($kgCO_2$-e/sqm)	140.8	120.5	114.8	103.0	91.9	85.2

1. Unaudited.

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PORTFOLIO RESULTS
Office NABERS ratings

	NABERS Energy				NABERS Water	
	June 2013		June 2012		June 2013	June 2012
Rating status	Inc GP[1]	Ex GP[1]	Inc GP[1]	Ex GP[1]		
The Zenith, 821 Pacific Highway, Chatswood	5.0	4.5	4.0	3.0	4.0	3.0
11 Talavera Road, Macquarie Park	4.5	4.0	3.5	3.5	4.5	4.0
40-50 Talavera Road, Macquarie Park	3.0	3.0	1.5	1.5	3.0	2.0
130 George Street, Parramatta	5.0	4.5	—	—	4.0	3.5
Victoria Cross, 60 Miller Street, North Sydney	4.5	4.0	4.0	3.5	3.5	3.5
45 Clarence Street, Sydney	5.5	5.0	5.0	5.0	3.5	3.5
201-217 Elizabeth Street, Sydney	4.5	3.5	3.5	3.5	3.5	3.0
Governor Phillip Tower, 1 Farrer Place, Sydney	4.5	3.5	4.5	3.5	3.5	3.5
Governor Macquarie Tower, 1 Farrer Place, Sydney	4.5	4.0	4.5	4.0	3.5	3.5
Australia Square — Tower	4.0	3.5	4.5	4.0	4.0	4.0
Australia Square — Plaza	5.0	5.0	5.0	4.5	4.0	4.0
309 Kent Street, Sydney	5.5	4.5	5.0	4.5	4.0	3.5
321 Kent Street, Sydney	5.5	5.0	5.0	4.5	4.0	3.5
383-395 Kent Street, Sydney	4.5	4.0	4.5	4.0	4.0	4.0
One Margaret Street, Sydney	5.5	5.0	5.0	4.5	3.0	2.5
44 Market Street, Sydney	5.0	4.5	3.5	2.5	3.0	2.5

1. GreenPower.

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PORTFOLIO RESULTS
Office NABERS ratings

	NABERS Energy				NABERS Water	
	June 2013		June 2012		June 2013	June 2012
Rating status	Inc GP[1]	Ex GP[1]	Inc GP[1]	Ex GP[1]		
30-34 Hickson Road, Sydney	5.5	5.0	5.0	4.5	3.5	3.5
Garema Court, 140-180 City Walk, Canberra	5.0	4.5	5.0	4.5	2.5	1.5
14 Moore Street, Canberra	4.5	3.5	4.0	3.5	3.0	3.0
172 Flinders Gate, Melbourne	3.5	3.0	3.0	2.5	3.0	3.0
189 Flinders Gate, Melbourne	4.0	3.5	4.0	3.5	1.5	1.5
8 Nicholson Street, Melbourne	3.5	3.0	3.5	3.5	3.5	3.5
Southgate Complex, Melbourne – HWT Tower	4.5	4.0	4.0	3.5	4.0	3.5
Southgate Complex, Melbourne – IBM Tower	4.5	4.0	4.0	3.5	3.5	4.0
Woodside Plaza, 240 St Georges Terrace, Perth	5.0	4.5	3.5	3.0	2.5	2.5
Average	**4.7**	**4.2**	**3.9**	**3.5**	**3.5**	**3.3**

1. GreenPower.

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PORTFOLIO RESULTS
Industrial operating performance

Industrial portfolio	30 June 2013	30 June 2012
Occupancy by area	95.9	91.7%
Occupancy by income	96.1	92.8%
Average rental decrease	(2.4%)	(5.0%)
Average incentive[1]	7.9%	5.6%
Retention rate rolling 12 mths	70%	59%
Over rented	4.8%	4.8%
Weighted average lease expiry[2]	4.1 years	4.4 years
Weighted average cap rate	8.55%	8.59%
Total return – 1 year	8.8%	8.0%

Quarry Industrial Estate, 8 Basalt Road, Greystanes, NSW

Quarry Industrial Estate, 2-6 Basalt Road, Greystanes NSW

1. Across all lease deals in the period, excluding development leasing.
2. By income.

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PORTFOLIO RESULTS
Industrial portfolio composition — leased by area

	Occupancy 30 Jun 2012	Expiries sqm	Renewals sqm	New sqm	Other sqm	L4L closing occupancy	Transaction impact	Occupancy 30 Jun 2013
Current period leases	91.7%	(123,040)	64,452	92,098		94.6%	1.3%	95.9%
Future periods leases		(92,053)	86,812	5,241				
Total square metres	**1,067,170**	**(215,093)**	**151,264**	**97,339**	**903**	**1,101,583**	**(76,516)**	**1,025,068**
Retention								
— Year to date[1]								70%

1. By area.

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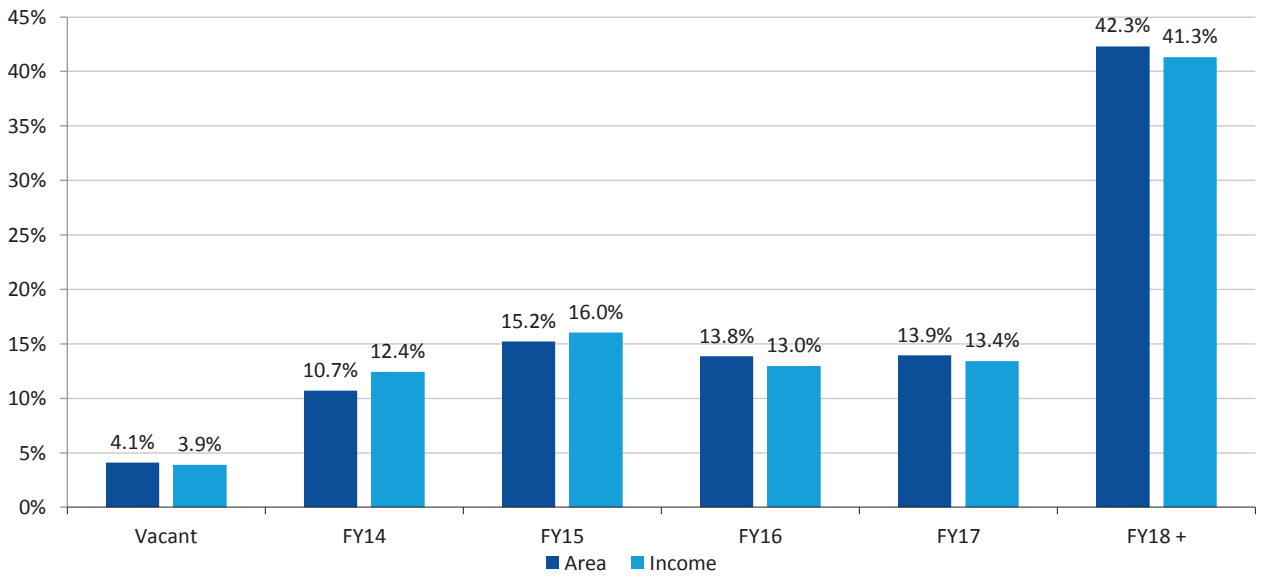
PORTFOLIO RESULTS
Industrial lease expiry profile at 30 June 2013



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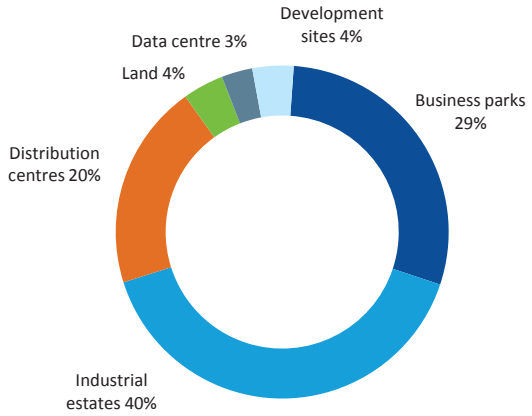
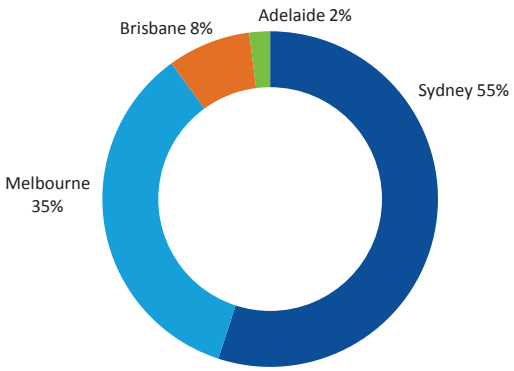
PORTFOLIO RESULTS
Industrial portfolio diversification

Property type by book value



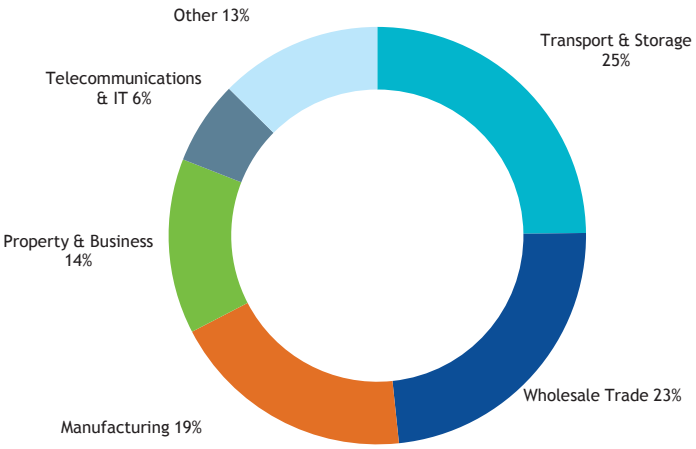
Geographical weighting by book value



PORTFOLIO RESULTS
Industrial top 10 tenants

Industrial	% of income[1]
Wesfarmers Limited	6.5%
AWH Pty Ltd	3.9%
IBM Australia Limited	3.4%
Toll Transport Pty Ltd	2.9%
Visy Industry Packaging Pty Ltd	2.9%
DHL	2.8%
Commonwealth of Australia	2.4%
Salmat Business Force Pty Ltd	2.3%
L'Oreal Australia Pty Ltd	1.9%
Jemena Pty Ltd	1.7%

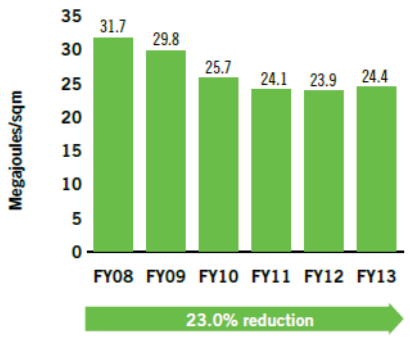
Diversity of tenants by income



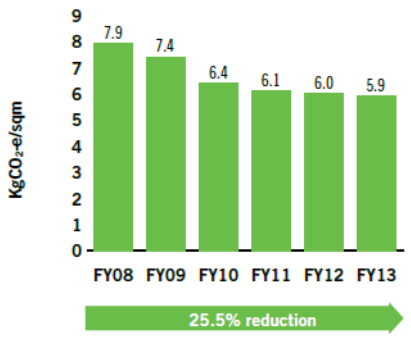
1. 30 June 2013 fully leased passing income annualised.

PORTFOLIO RESULTS
Industrial resource consumption

DXS industrial energy consumption/ intensity



DXS industrial GHG emissions/ intensity



Note: Data in charts is unaudited.

TRANSACTIONS
Acquisitions

Acquisitions	Sector	Interest %	Acquisition A$m[1]	Initial yield %	Cap rate %	Settlement
12 Creek Street, Brisbane, QLD	Office	50	120.8	7.9	7.8	Nov 2012
50 Carrington Street, Sydney, NSW	Office	100	58.5	5.2	8.0	Nov 2012
40 Market Street, Melbourne, VIC	Office	100	46.7	8.9	8.5	Jan 2013
131 Mica Street, Carole Park, QLD	Industrial	100	21.0	7.7	7.8	Jan 2013
Grosvenor Place, 225 George Street, Sydney, NSW	Office	25	271.2	5.4	6.5	Feb 2013
39 Martin Place, Sydney, NSW[2]	Office	50	74.9	5.7	7.6	Feb 2013
2 & 4 Dawn Fraser Avenue, Sydney Olympic Park, NSW	Office	50	82.7	7.8	8.0	Feb 2013
480 Queen Street, Brisbane, QLD	Office	50	272.0	7.3	7.3	Apr 2013
Kings Square, Wellington Street, Perth, WA	Office	50	217.4	8.0	8.0	May 2013
Total DXS			**1,165.2**			
12 Creek Street, Brisbane, QLD	Office DWPF	50	120.8			Nov 2012
Coles Distribution Centre, Laverton, VIC	Industrial AIP	50	50.0			Oct 2012
295 Archerfield Road, Richlands, QLD	Industrial DWPF	100	8.3			Nov 2012
39 Martin Place, Sydney, NSW[2]	Office DWPF	50	74.9			Feb 2013
480 Queen Street, Brisbane, QLD	Office DWPF	50	272.0			Apr 2013
Kings Square, Wellington Street, Perth, WA	Office DWPF	50	217.4			May 2013
4 Inglis Road, Ingleburn, NSW	Industrial DWPF	100	34.3			Jun 2013
Other/land	Mandates/other	100	4.5			various
Total Third Party Funds			**782.2**			
Total Group			**1,947.4**			

1. Acquisition price excluding acquisition costs.
2. Includes Martin Place Shopping Circle $3.4m (50% interest).

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TRANSACTIONS
Divestments

Divestments[1]	No. properties	Proceeds Local Ccy $m	Proceeds A$m
Office[2]	2	A$42.1	42.1
Industrial[3]	23	A$221.6	221.6
US industrial — west coast portfolio	27	US$617.2	597.7
Industrial — European portfolio	6	€22.6	29.9
Total DXS	**58**		**891.3**
112 Talavera Road, Macquarie Park, NSW	1	A$50.5	50.5
144 Wicks Road, Macquarie Park, NSW	n/a[4]	A$13.9	13.9
Total Third Party Funds	**1**		**64.4**
Total Group	**59**		**955.7**

1. Includes properties contracted for sale up to 16 August 2013 and excludes post 30 June 2012 balance date transactions.
2. Includes the separate sales of 144 Wicks Road, Macquarie Park and 40-50 Talavera Road, Macquarie Park for total proceeds of $42.1m.
3. Includes the sale of a 50% interest in 17 properties to the Australian Industrial Partnership together with the sale of five land parcels and 89 Egerton Street, Silverwater.
4. 144 Wicks Road, Macquarie Park was jointly owned by DXS and DWPF and has been included in DXS's property count only.

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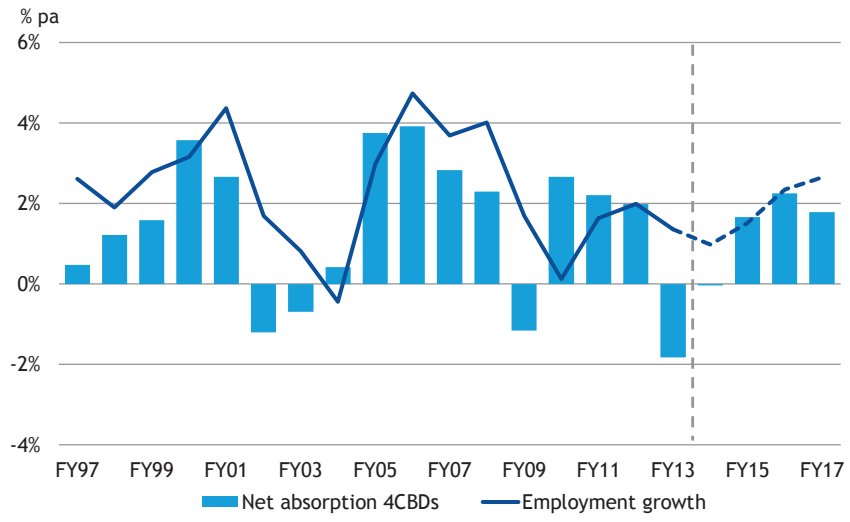
MARKET OVERVIEW — OFFICE
Employment growth to drive demand from FY15

White collar employment growth vs office demand (Sydney, Melbourne, Brisbane, Perth)



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

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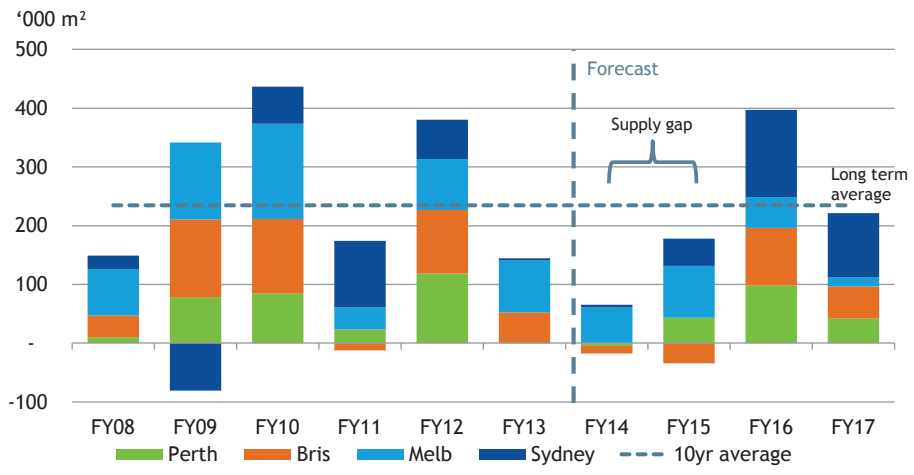
MARKET OVERVIEW — OFFICE
Lack of supply is a positive for office markets in FY14 and FY15

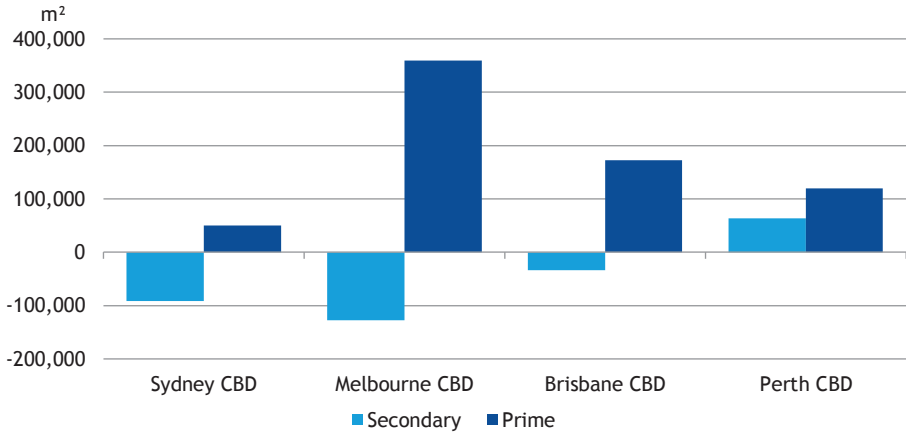
Net supply vs 10 year average in Sydney, Melbourne, Brisbane and Perth



Source: Jones Lang LaSalle, DEXUS Research.

MARKET OVERVIEW — OFFICE
Tenant flight to quality — moving from secondary to prime

Net absorption by grade over the past five years



Source: Jones Lang LaSalle, DEXUS Research.

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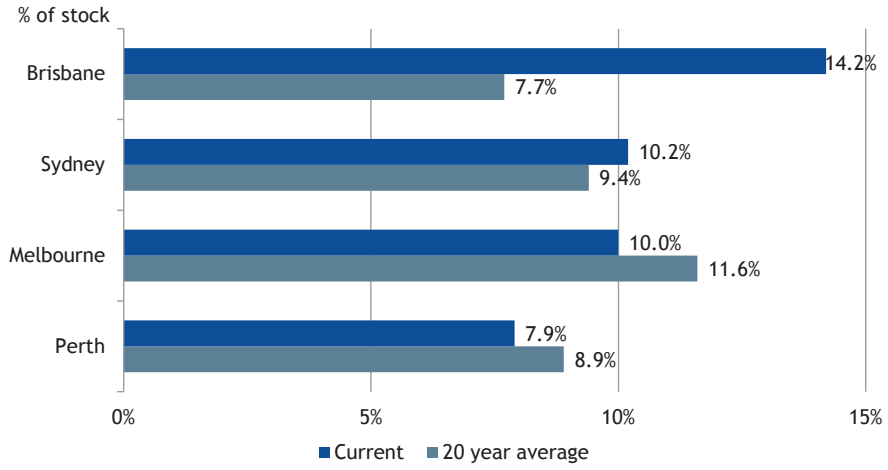
MARKET OVERVIEW — OFFICE
Current office vacancy rates close to long term average

Current office vacancy rates compared to the long term average



Source: DEXUS Research, Jones Lang LaSalle Q2/13.

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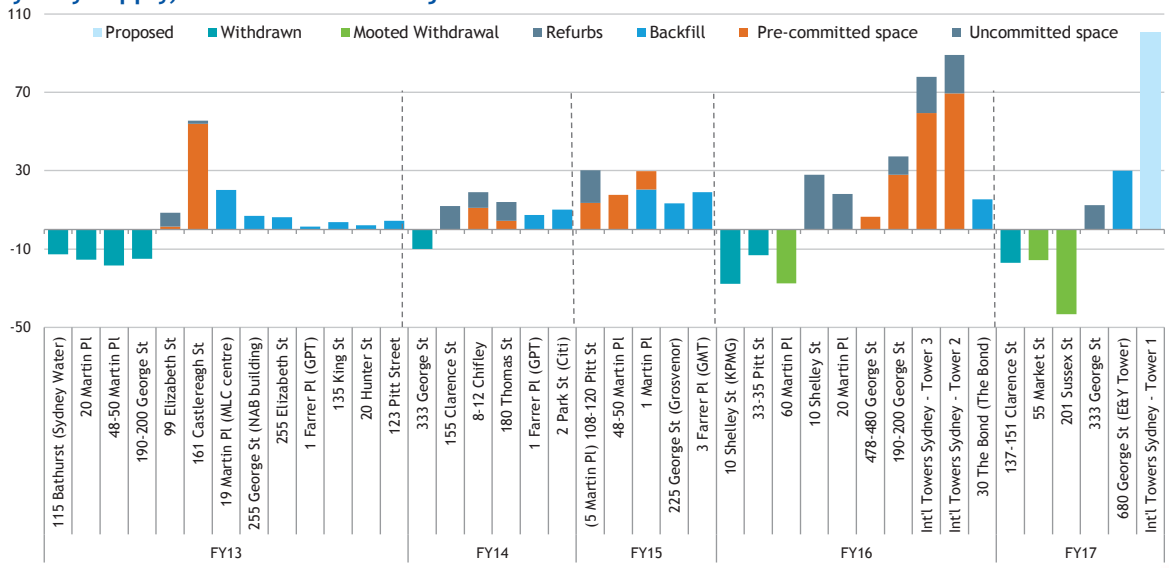
MARKET OVERVIEW — OFFICE
Sydney CBD office market — supply and availability

- Continual focus on leasing and managing lease expiry risk will be required in Sydney market
  - Proactive asset managers with superior expertise will be the winners

Sydney supply, withdrawals and major backfill



Source: DEXUS Research, Savills.

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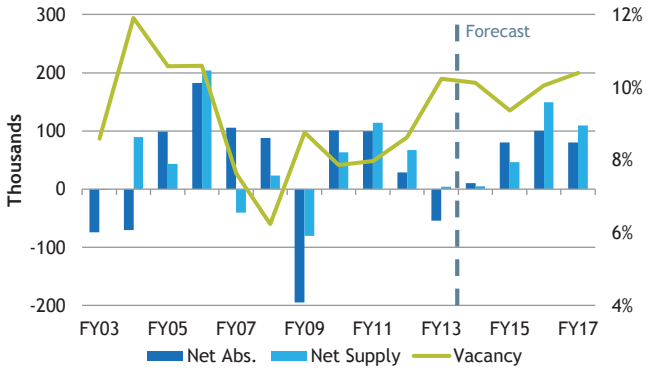
MARKET OVERVIEW — OFFICE
Sydney CBD office market to see a flight to quality

Sydney CBD office market



Sydney CBD office market	At 30 Jun 2013
Total net lettable area	4.96 million sqm
Prime vacancy average	11.3%
DXS Sydney CBD office exposure	
Net lettable area	288,982sqm
Number of properties	14
% of portfolio by value	54.0%
Occupancy by area	94.4%
Occupancy by income	93.9%
Weighted average lease expiry	4.9 years

- Next 12-18 months expected to see a flight to quality, benefiting prime grade office space
- Current leasing activity dominated by small and mid-sized business services and IT companies
- Tenant demand to improve late FY14

Source: Jones Lang LaSalle actual & DEXUS forecast.

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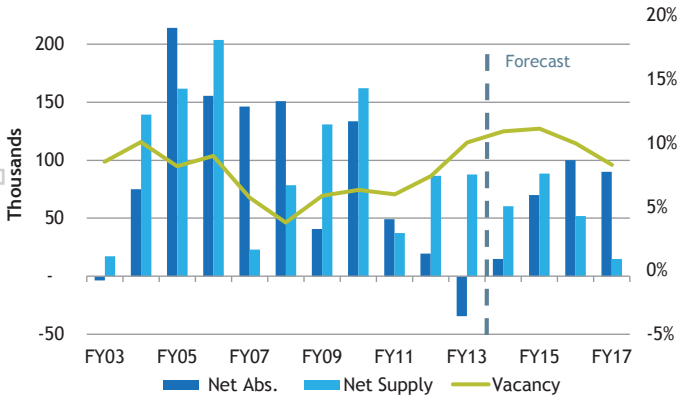
MARKET OVERVIEW — OFFICE
Melbourne CBD office vacancy to remain elevated over next 3 years

Melbourne CBD office market



Melbourne CBD office market	At 30 Jun 2013
Total net lettable area	4.42 million sqm
Prime vacancy average	8.7%
DXS Melbourne CBD office exposure	
Net lettable area	120,829sqm
Number of properties	7
% of portfolio by value	12.7%
Occupancy by area	96.6%
Occupancy by income	97.5%
Weighted average lease expiry	5.5 years

- Vacancy to peak in FY15, then decline
- Supply pipeline to decline FY16+
- Subdued rental outlook in the short term before improving FY16+

Source: Jones Lang LaSalle actual & DEXUS forecast.

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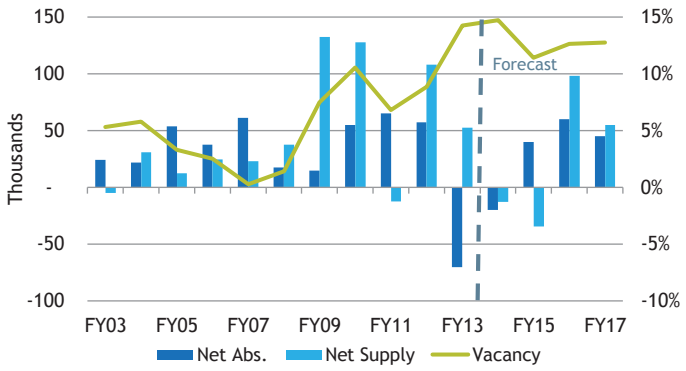
MARKET OVERVIEW — OFFICE
Brisbane CBD office market to have a supply gap in the short term

Brisbane CBD office market



Brisbane CBD office market	At 30 Jun 2013
Total net lettable area	2.18 million sqm
Prime vacancy average	9.9%
DXS Brisbane CBD office exposure	
Net lettable area	55,405sqm
Number of properties	3
% of portfolio by value	10.2%
Occupancy by area	95.3%
Occupancy by income	94.5%
Weighted average lease expiry	6.8 years

- Short term outlook impacted by subdued demand from government and mining sectors
- Vacancy to peak in FY14, then decline
- Demand expected to improve from FY15 driven by the service sectors

Source: Jones Lang LaSalle actual & DEXUS forecast.

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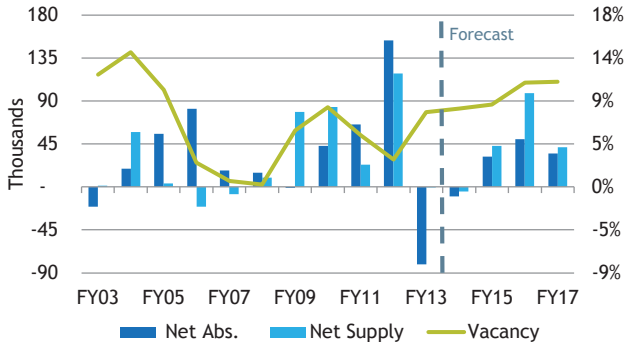
MARKET OVERVIEW — OFFICE
Perth CBD office market to experience low supply levels in the short term

Perth CBD office market



Perth CBD office market	At 30 Jun 2013
Total net lettable area	1.62 million sqm
Prime vacancy average	6.0%
DXS Perth CBD office exposure	
Net lettable area	47,264sqm
Number of properties	2
% of portfolio by value	9.0%
Occupancy by area	100.0%
Occupancy by income	98.2%
Weighted average lease expiry	4.8 years

- Demand subdued as resource sector transitions from investment to production
- Lack of supply in the next two years will keep vacancy relatively low
- Rental growth subdued in short term, coming from high base

Source: Jones Lang LaSalle actual & DEXUS forecast.

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MARKET OUTLOOK — OFFICE & INDUSTRIAL
Australian market trends in FY14/FY15

	Australian office markets	Australian industrial markets
Tenant demand	To improve from late FY14 in line with confidence & employment forecasts	To improve FY14/FY15 in line with confidence & growth in consumption
Supply	National supply levels below average	Supply to remain around average levels
Vacancy rates	Prime vacancy rates to remain relatively stable at mildly above average levels	Prime properties to remain relatively low
Buyer demand	To remain strong for quality properties	To remain strong for quality properties
Cap rates	At or above long term averages and expected to tighten for prime grade/well covenanted properties	Mild tightening for prime grade/well covenanted properties, flat for secondary
Asset values	Prime grade/well covenanted properties expected to firm due to tighter cap rates	Prime grade/well covenanted properties expected to firm due to tighter cap rates

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EXCHANGE RATES AND SECURITIES USED IN STATUTORY ACCOUNTS

		30 Jun 2013	31 Dec 2012	30 Jun 2012
Closing rates for Statement of Financial Position	USD	0.9275	1.0384	1.0191
	EUR	0.7095	0.7868	0.8092
	NZD	1.1871	1.2608	1.2771
Average rates for Statement of Comprehensive Income	USD	1.0267	1.0385	1.0320
	EUR	0.7941	0.8153	0.7638
	NZD	1.2492	1.2729	1.2831

	6 months to 31 Dec 2012	6 months to 30 Jun 2013	12 months to 30 Jun 2013
Average weighted number of securities[1]	4,726,427,218	4,701,957,390	4,714,292,865
Closing number of securities[2]	4,701,957,390	4,701,957,390	4,701,957,390

1. Used to calculate FFO per security.
2. Used to calculate distributions per security.

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GLOSSARY

Distribution payout policy:	For FY13 the distribution paid will be at 77.4% of Funds From Operations (FFO) in line with the current payout ratio policy of between 70-80% of FFO.
Funds From Operations (FFO):	Funds From Operations (FFO) is often used as a measure of real estate operating performance after finance costs and taxes. DXS's FFO comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark to market impacts, amortisation of certain tenant incentives, gain/loss on sale of certain assets, straight-line rent adjustments, deferred tax expense/benefit, rental guarantees and coupon income.
Gearing:	Gearing is represented by Interest Bearing Liabilities (excluding deferred borrowing costs and including the fair value of cross currency swaps) 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.
Non-cash items:	Includes property revaluations, impairment of goodwill, derivative MTM, gain/loss on sale and deferred tax.
Operating EBIT:	Comprises net operating 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, inventories 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 business 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.
Weighted Average Lease Expiry (WALE):	A measure in years of the average term to expiry of in-place rent. Includes vacancies.

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