

# DEXUS Property Group (ASX: DXS)

ASX release

18 February 2015

## 2015 Half year results presentation

DEXUS Property Group provides its 2015 half year results presentation.

The property synopsis spreadsheet is also available on our website at [www.dexus.com/synopsis](http://www.dexus.com/synopsis)

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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 \$18.3 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 1.6 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 18 countries. With 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](http://www.dexus.com)

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



# DEXUS PROPERTY GROUP

## 2015 HALF YEAR RESULTS PRESENTATION



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

**DEXUS**  
PROPERTY GROUP



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# AGENDA

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- Group highlights
- Financial results
- Capital management
- Third party funds management
- Portfolio results
- Development and trading
- Transactions and market outlook
- Summary
- Appendices

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## GROUP HIGHLIGHTS – For the six months ended 31 December 2014

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**7.4%** Growth in FFO per security

**6.8%** Growth in distribution per security

**200,561sqm** Leased across DEXUS total portfolio<sup>1</sup>

**6.3%** Increase in third party funds under management<sup>2</sup>

**\$18.1m** Trading profits<sup>3</sup> realised

**43bps** Management expense ratio<sup>4</sup> achieved

1. Across DEXUS office and industrial portfolios and includes Heads of Agreement.

2. 6.3% increase in third party funds under management (FUM) from 30 June 2014 to 31 December 2014.

3. Trading profits generated less FFO tax expense that is being recognised for Rosebery in the period.

4. Gross Management Expense Ratio is calculated as annualised costs arising from managing DEXUS assets and corporate activity divided by balance sheet FUM.



# GROUP HIGHLIGHTS – Significant progress on FY15 earnings drivers

## FY15 DRIVERS

### PROPERTY PORTFOLIO

### FUNDS MANAGEMENT & PROPERTY SERVICES

### TRADING

## HY15 ACHIEVEMENTS

- Delivered strong returns from the DEXUS Office Partnership properties<sup>1</sup>
- Achieved office portfolio occupancy of 95%
- Announced acquisition of Lakes Business Park

- Acquired \$285 million<sup>2</sup> of properties satisfying the investment objectives of third party funds and capital partners

- Contracted on all trading properties identified for FY15

### CAPITAL MANAGEMENT

- Improved diversity, duration and cost of debt





1. Formerly Commonwealth Property Office Fund (CPA) properties.

2. Including DEXUS's share of the properties acquired within the DEXUS Industrial Partnership and the \$20.7 million acquisition of 112 Cullen Avenue, Eagle Farm in the DEXUS Industrial Partnership which is expected to settle in March 2015.

# FINANCIAL RESULTS



## FINANCIAL RESULTS – Key financial metrics

Key financial metrics	31 Dec 2014	Previous corresponding period
Funds from Operations (FFO) <sup>1</sup> (\$m)	\$258.4m	 25.4%
Distribution (\$m)	\$178.2m	 25.4%
FFO (per security)	28.54c	 7.4%
Distribution (per security)	19.68c	 6.8%
Statutory net profit (\$m)	\$257.8m	\$277.2m
Other key metrics	31 Dec 2014	30 Jun 2014
Gearing <sup>2</sup>	32.0% <sup>3</sup>	33.7%
NTA per security	\$6.47	\$6.36 <sup>4</sup>

1. FFO in accordance with guidelines provided by the Property Council of Australia (PCA): 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, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, rental guarantees, coupon income and distribution income net of funding costs. Previous corresponding period FFO is restated for consistency with the HY15 definition of FFO and PCA guidelines. Refer to the glossary for the detailed explanation of FFO and slide 43 for a reconciliation to net profit.
2. Adjusted for cash and for debt in equity accounted investments.
3. Pro-forma gearing is 33.0% post the acquisition of Lakes Business Park, Botany which settled on 16 January 2015.
4. Adjusted for the one-for-six security consolidation completed in November 2014.



# FINANCIAL RESULTS – Funds from Operations

	31 Dec 2014 \$m	31 Dec 2013 \$m	Change \$m
Office property FFO	262.8	201.7	61.1
Industrial property FFO	52.0	61.5	(9.5)
<b>Total property FFO</b>	<b>314.8</b>	<b>263.2</b>	<b>51.6</b>
Management operations	19.2	12.7	6.5
Development & trading	18.3	(0.3)	18.6
Group corporate	(14.8)	(12.9)	(1.9)
Finance costs	(78.6)	(61.3)	(17.3)
Other	(0.5)	4.6	(5.1)
<b>FFO (\$m)</b>	<b>258.4</b>	<b>206.0</b>	<b>52.4</b>
<b>AFFO<sup>1</sup> (\$m)</b>	<b>188.7</b>	<b>150.1</b>	<b>38.6</b>
<b>Distribution (\$m)</b>	<b>178.2</b>	<b>142.1</b>	<b>36.1</b>
FFO per security (cents)	28.54	26.57 <sup>2</sup>	7.4%
Distribution payout ratio (of FFO)	69%	69%	n/a
Distribution per security (cents)	19.68	18.42 <sup>2</sup>	6.8%

## PROPERTY PORTFOLIO

Total property FFO of \$314.8m increased \$51.6m, driven by additional DEXUS Office Partnership properties

## FUNDS MANAGEMENT & PROPERTY SERVICES

Management operations up \$6.5m, driven by increased third party FUM

## DEVELOPMENT & TRADING

Development and trading increased from realisation of \$18.1m<sup>3</sup> of trading profits

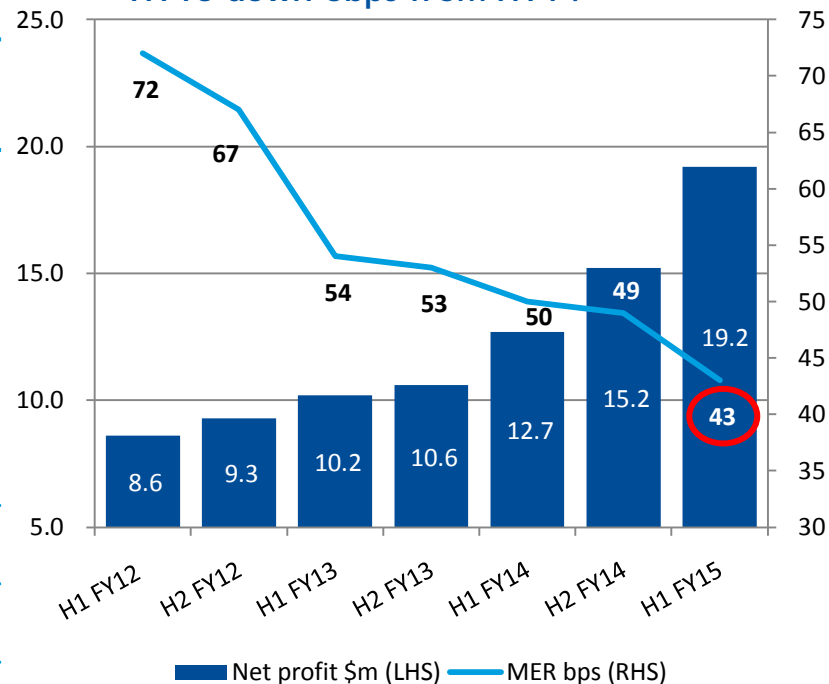
1. Refer to Appendix slide 43 for calculation of Adjusted Funds From Operations.
2. Adjusted for the one-for-six security consolidation completed in November 2014.
3. Trading profits generated less FFO tax expense recognised for Rosebery in the period.

# FINANCIAL RESULTS – Scalability benefiting Management Operations and MER

## Management operations net profit up 51%

HY15 (\$m)	Property Mgmt	Funds Mgmt	Mgmt Operations	Devt & Trading <sup>2</sup>
Revenue	24.8	19.8	44.6	107.3
Operating expenses <sup>1</sup>	(17.3)	(8.1)	(25.4)	(2.7)
Cost of sales –trading				(86.3)
Total operating expenses	(17.3)	(8.1)	(25.4)	(89.0)
<b>HY15 Net profit</b>	7.5	11.7	19.2	18.3
HY15 Margin	30%	59%		
HY14 Margin	27%	57%		

## Management operations and MER<sup>3</sup> HY15 down 6bps from HY14



1. Comprises property management salaries of \$5.8 million and management operations expenses of \$22.3 million.
2. Includes FFO tax expense recognised relating to Rosebery initial payment. Net profit comprises \$18.1 million from trading plus \$0.2 million net development management profit.
3. H2 MER depicted in chart reflects FY MER.

# CAPITAL MANAGEMENT – HY15 progress

## FY15 focus

Leverage strong credit rating metrics to reduce cost of debt

Improve diversification and duration of debt

Maintain gearing at lower end of 30-40% target range

## HY15 progress

Reduced cost of debt by 20bps to 5.2% supported by credit rating upgrades

Secured US\$250m long-dated USPP

Gearing<sup>1</sup> of 32.0% at 31 December 2014

1. Adjusted for cash and for debt in equity accounted investments.  
Pro-forma gearing is 33.0% post the acquisition of Lakes Business Park in Botany which settled on 16 January 2015.

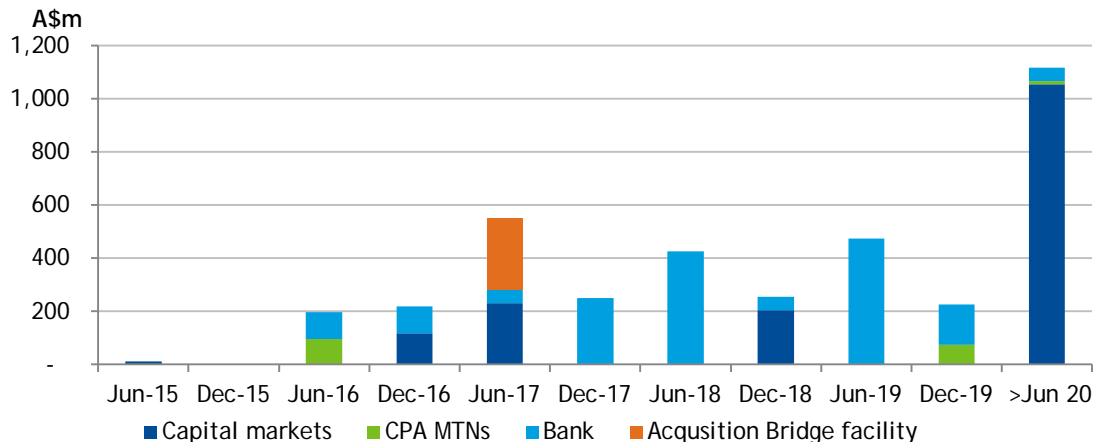


# CAPITAL MANAGEMENT – Improved diversity, duration and cost of debt

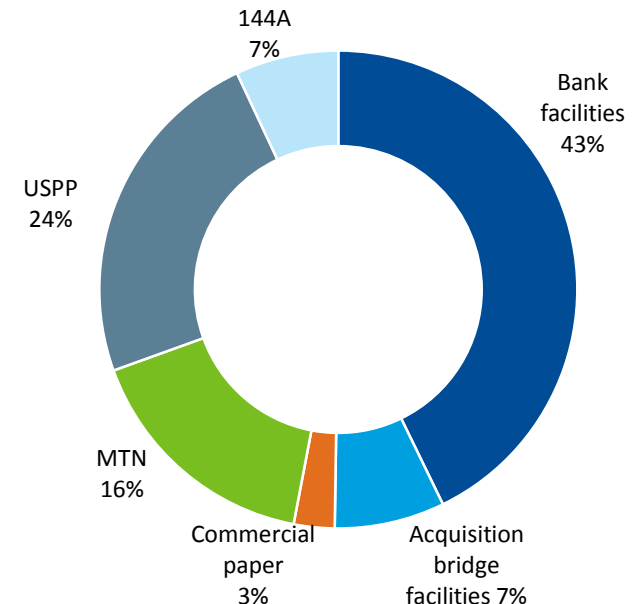
- Reduced cost of debt by 20bps to 5.2% and improved the duration of debt as a result of
  - Credit rating upgrades
  - Securing US\$250m long-dated US Private Placement
- Reinstated on-market securities buyback facility as a result of market volatility, which is yet to be utilised, for implementation when accretive to investor returns
- Implemented a 1-for-6 securities consolidation

Key metrics	31 Dec 14	30 Jun 14
Gearing (look-through) <sup>1</sup>	32.0% <sup>2</sup>	33.7%
Cost of debt <sup>3</sup>	5.2%	5.4%
Duration of debt	5.9 years	5.2 years
Hedged debt (ex caps) <sup>4</sup>	65%	51%
S&P/Moody's credit rating	A-/A3	A-/A3

## Debt maturity profile<sup>5</sup>



## Diversified mix of facilities<sup>5</sup>



- Adjusted for cash and for debt in equity accounted investments.
- Pro-forma gearing is 33.0% post the acquisition of Lakes Business Park, Botany which settled on 16 January 2015.
- Weighted average across the period, inclusive of fees and margins on a drawn basis.

- Average for the period. Hedged debt (including caps) was 72% for six months to 31 December 2014 and 60% for 12 months to 30 June 2014.
- Including domestic MTNs in equity accounted investments.

# THIRD PARTY FUNDS MANAGEMENT – HY15 progress

## FY15 focus

Continue to achieve top quartile performance for DWPF

Continue to deliver on investment plans and objectives

Leverage retail management team to enhance performance

## HY15 progress

DWPF continued to outperform benchmarks over three and five year periods

Acquired six properties<sup>1</sup> on behalf of DWPF and in JV with DEXUS Industrial Partner

Leased 41,427sqm of retail space<sup>2</sup> and added three retail projects to the development pipeline



1. Including the \$20.7 million acquisition of 112 Cullen Avenue, Eagle Farm in the DEXUS Industrial Partnership which is expected to settle in March 2015.
2. Includes Heads of Agreement.

# THIRD PARTY FUNDS MANAGEMENT – Developments and acquisitions

Third party funds under management increased by 6.3%<sup>1</sup>

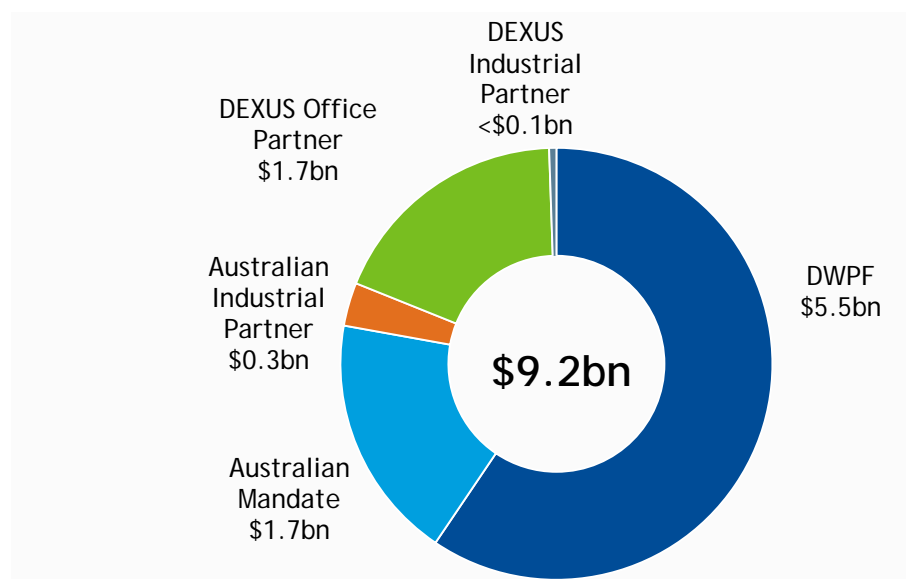
**\$344m**  
Transactions<sup>2</sup>

- Three properties acquired by DWPF
- Three properties acquired by DEXUS Industrial Partnership
- Further capacity for acquisitions to meet investment objectives

**\$2.2bn**  
Development pipeline

- First three stages of Westfield Miranda have opened 93% leased<sup>3</sup>
- Four projects added to DWPF pipeline
- Two projects added to DEXUS Industrial Partnership pipeline

1. Compared to 30 June 2014.
2. Represents third party share of transactions undertaken. Includes the acquisition of 112 Cullen Avenue, Eagle Farm which is expected to settle in March 2015.
3. Westfield Miranda: Stages 1, 2 and 3 (comprising Woolworths, a new food precinct and 206 tenancies), opened 93% leased at 31 December 2014. The remaining stage is underway with completion targeted in the second half of 2015.
4. Mercer IPD Post Fee Net Asset Weighted Index (Net returns, Net Asset weighted).

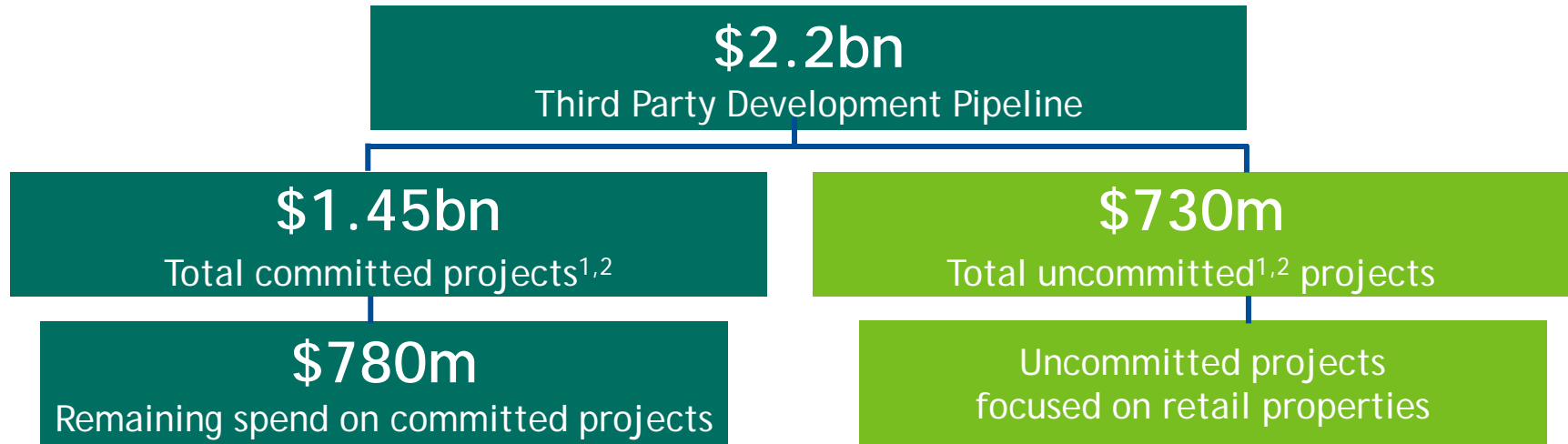


## DWPF performance against benchmark

Total return (post fees)	One year	Three years	Five years
DWPF	9.04%	8.68%	9.43%
Benchmark <sup>4</sup>	9.22%	8.64%	8.86%
<b>Variance</b>	<b>-0.18%</b>	<b>+0.04%</b>	<b>+0.56%</b>



# THIRD PARTY FUNDS MANAGEMENT – Pipeline of organic growth



## Remaining spend on committed projects in Third Party Funds

Committed projects	FY15	FY16	FY17/FY18
Office - 4 properties	\$360m		
Retail - 6 properties	\$290m <sup>2</sup>		
Industrial - 4 properties	\$130m		
<b>Remaining spend on committed Third Party projects</b>	<b>\$780m</b>		

1. Third party funds' or partners' share of development spend.

2. Including DEXUS third party funds' or partners' share of Westfield redevelopments.

# PORTFOLIO RESULTS





# PORTFOLIO RESULTS – HY15 progress

## FY15 focus

Maintain >95% occupancy in office portfolio

Reduce office lease expiries in FY16-17 to 8.5% and 9.5% respectively

Target positive like-for-like income growth across combined portfolio

Focus on reducing incentives and securing effective leasing deals

## HY15 progress

Achieved 95.0% office portfolio occupancy

Reduced FY15 expiries from 8.2% to 2.7%. Some short term leasing has increased FY16-17 expiries

Achieved flat like-for-like income growth

Reduced incentives to 16.1%  
Secured 34 effective deals

# PORTFOLIO RESULTS – Office HY15 performance

102,593<sub>sqm</sub>

Office space  
leased<sup>1</sup>

4.4<sub>yrs</sub>

WALE<sup>2</sup>  
(June 2014: 4.7 years)

61%

Retention  
(June 2014: 61%<sup>3</sup>)

Flat

Like-for-like  
income growth

8.2%

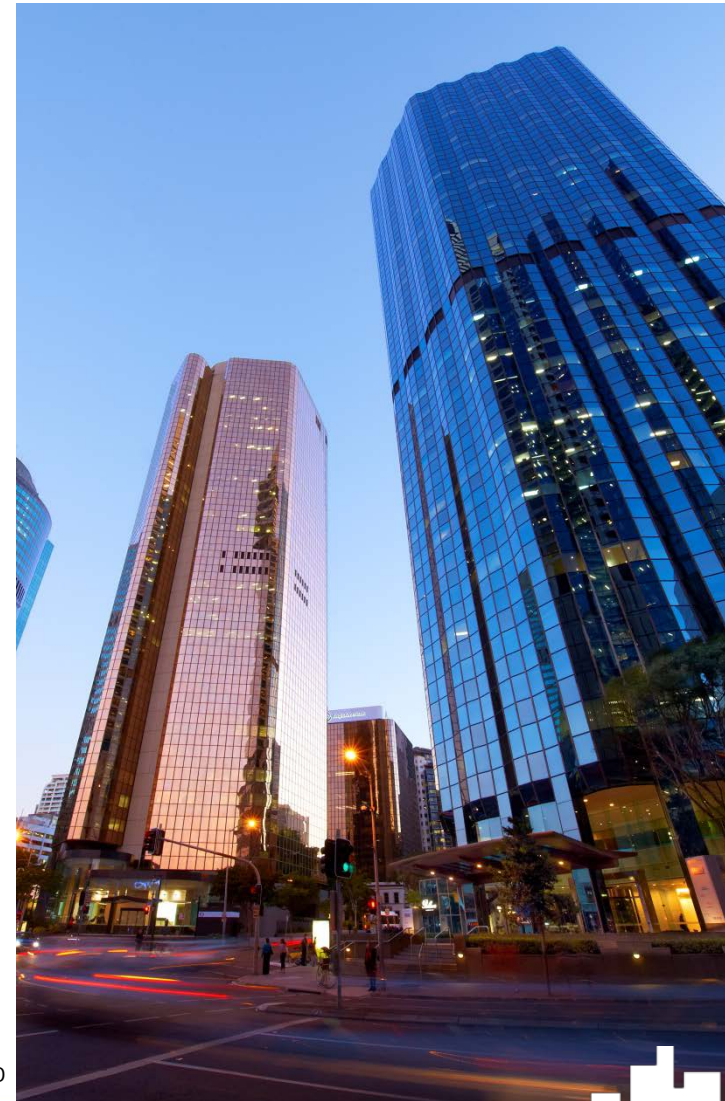
Total return  
(June 2014: 9.2%<sup>3</sup>)

95.0%

Occupancy<sup>2</sup>  
(June 2014: 94.6%)

1. At 100%, including Heads of Agreement.
2. By income.
3. Excluding DEXUS Office Partnership properties.

10 Eagle Street and 12 Creek Street, Brisbane QLD





# PORTFOLIO RESULTS – Office leasing results

60 Castlereagh Street, Sydney



Three new tenants across  
4,803sqm - 99.1% occupied

385 Bourke Street, Melbourne



UniSuper 2,326sqm

Southgate



Commonwealth of Australia  
3,767sqm

14 Lee Street, Sydney



State Govt of NSW  
13,662sqm

- Secured a total of 131 leasing transactions
  - 80 new leasing deals
  - 49 renewals
  - 2 development deals
- Average incentives of 16.1%
  - Secured 34 effective deals
- Average face rental growth of 0.7%
  - Effective rents down on average 2.1%

# PORTFOLIO RESULTS – Office valuations drive total valuation uplift

30 The Bond, Sydney



Up \$18.3m or 10.3%

1 Bligh Street, Sydney



Up \$14.3m or 5.7%

DEXUS Office Partnership properties



Up \$125.3m<sup>3</sup> or 3.8%

240 St Georges Terrace, Perth



Down \$20.1m or 4.0%

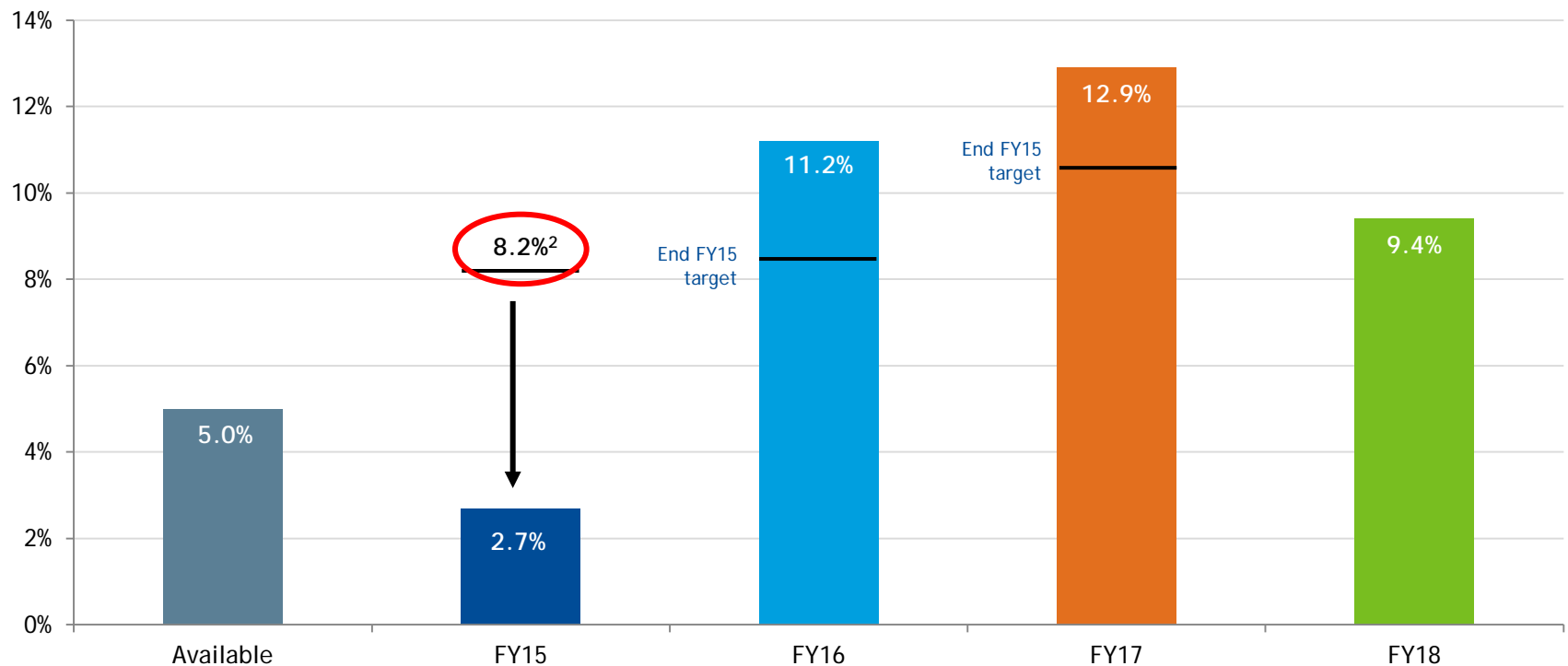
- Total portfolio valuation uplift of \$109.3m<sup>1</sup> or 1.2% on prior book values driven by leasing success and cap rate compression
  - Office portfolio valuations up 1.4% or \$105.8m
  - Industrial portfolio valuations up 0.2% or \$3.5m
  - 15bps tightening in total portfolio cap rate
- Expect a further 25 basis point tightening in capitalisation rates for well leased properties with strong tenant covenants over 2015

Capitalisation rates	31 Dec 2014	30 Jun 2014	Chg
DEXUS Office	6.79%	6.87% <sup>2</sup>	↓ 8bps
DEXUS Industrial	8.07%	8.32%	↓ 25bps
<b>Total DEXUS portfolio</b>	<b>6.98%</b>	<b>7.13%<sup>2</sup></b>	<b>↓ 15bps</b>

1. DEXUS share.  
 2. Capitalisation rate at 30 June 2014 excludes DEXUS Office Partnership properties.  
 3. Valuation increase represents 100% interest, of which DEXUS has a 50% share.

# PORTFOLIO RESULTS – Office lease expiry profile<sup>1</sup> at 31 December 2014

- Significantly de-risked FY15 expiries to 2.7% through focus on near term expiries
- Completed some short term leasing which has increased FY16 and FY17 expiries
  - Expectation that leases can be recalibrated on better terms in an improved market in the next few years



1. By income.  
2. As at 30 June 2014 including DEXUS Office Partnership properties.



# PORTFOLIO RESULTS – DEXUS Office Partnership portfolio achievements

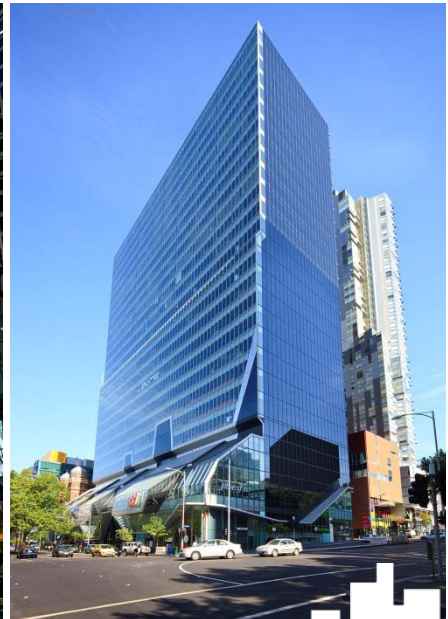
On track to deliver a 12%<sup>1</sup> total return for the 12 months ending 31 March 2015

Occupancy 92.2%<sup>2</sup> → 94.6%

Leased 73,710sqm

Portfolio valuations ↑ \$125.3 million<sup>3</sup>

Capitalisation rate 7.24%<sup>4</sup> → 7.06%



1. Forecast unlevered total return based on acquisition price.  
2. Occupancy of 92.2% excludes the five properties sold. Occupancy was 93.5% including these five properties at acquisition.

3. Valuation increase represents 100% interest, of which DEXUS has a 50% share.  
4. Represents the implied capitalisation rate of the remaining DEXUS Office Partnership portfolio based on acquisition price.

# PORTFOLIO RESULTS – Industrial HY15 performance

**97,968**sqm

Industrial space  
leased<sup>1</sup>

**4.0** yrs

WALE<sup>2</sup>  
(June 2014: 4.0 years)

**92.8%**

Occupancy<sup>2</sup>  
(June 2014: 93.0%)

**52%**

Retention  
(June 2014: 41%)

**8.5%**

Total return  
(June 2014: 9.0%)

**Flat**

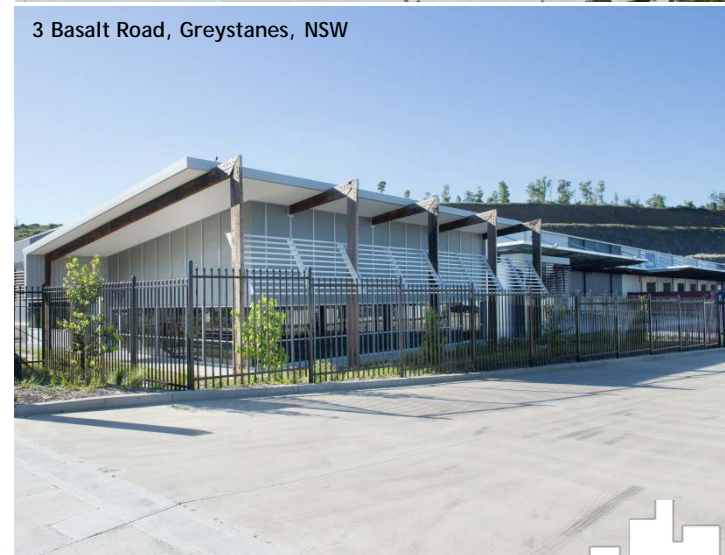
Like-for-like  
income growth

1. At 100%, including Heads of Agreement.
2. By income.

131 Mica Street, Carole Park, QLD



3 Basalt Road, Greystanes, NSW





# PORTFOLIO RESULTS – Industrial leasing achievements

15-23 Whicker Road, Gillman



Bevchain 22,924sqm

Quarry at Greystanes



Yusen 12,506sqm

DEXUS Industrial Estate,  
Laverton North



Linpac Packaging 11,886sqm

AXXESS Corporate Park,  
Mt Waverley



26 tenants across 14,152sqm

- Secured a total of 43 leasing transactions
- Average incentives 9.6%
- Average face rents down 4.2%
  - Driven by reversions on renewals and new leases, as the portfolio remains over-rented



# DEVELOPMENT AND TRADING



480 Queen Street, Brisbane QLD (under construction).



# DEVELOPMENT AND TRADING – HY15 progress

## FY15 focus

Deliver Kings Square and progress 5 Martin Place and 480 Queen Street

Commence three year development program at Quarrywest

Utilise development expertise to reposition trading opportunities

## HY15 progress

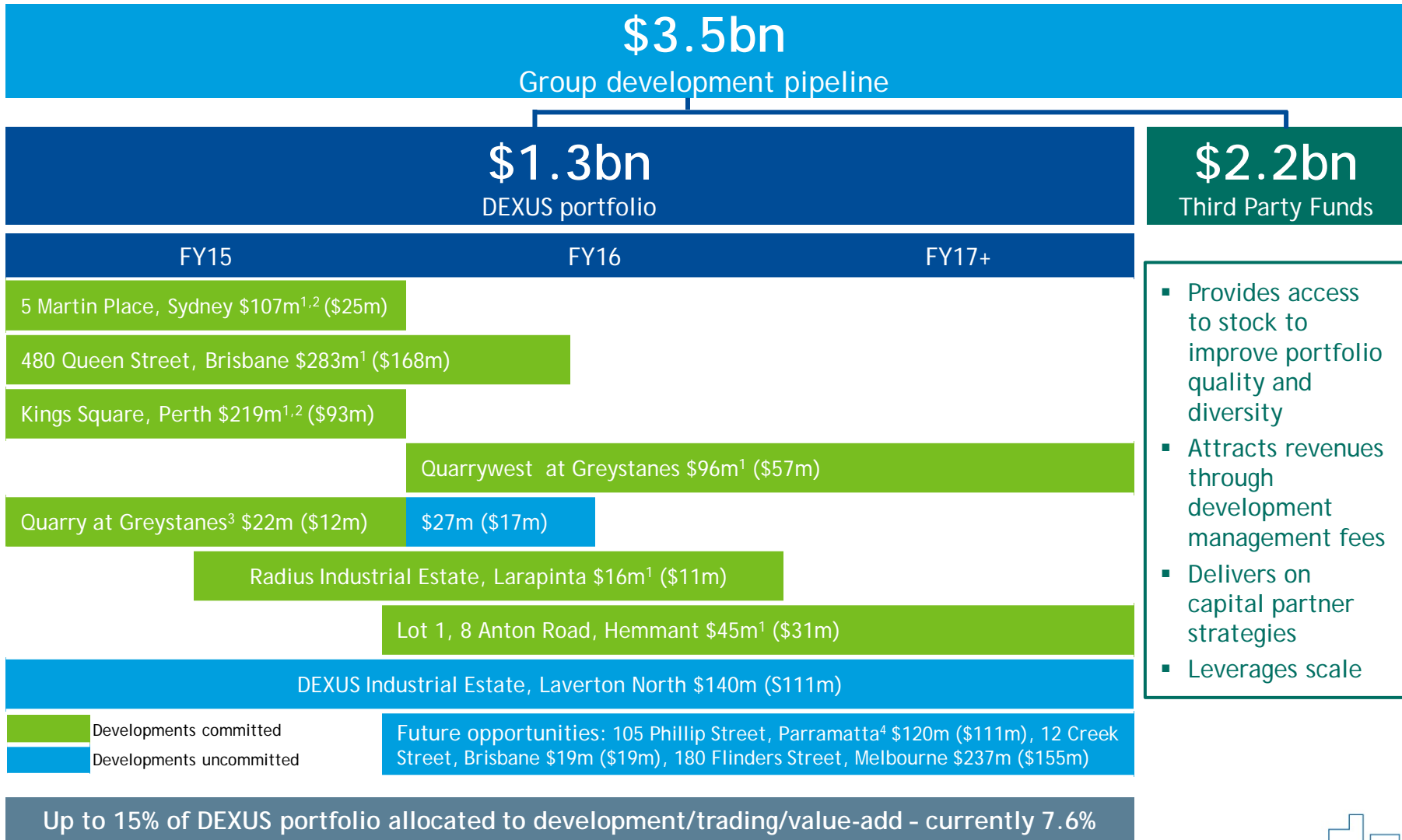
Kings Square on track for completion by mid 2015, 5 Martin Place and 480 Queen Street progressed

Stage 1 landform works underway, with planning and marketing commenced

Realised \$18.1m<sup>1</sup> of trading profits and continued to grow the trading book

1. Trading profits generated less FFO tax expense that is being recognised for Rosebery in the period.

# DEVELOPMENT – DEXUS pipeline



Note: Development pipeline shows total estimated project cost and (est. cost to complete).

1. DEXUS interest in development costs.

2. Practical completion due mid-2015.

3. Lots WH11, WH12 and A4 are committed. Lot A2 is uncommitted.

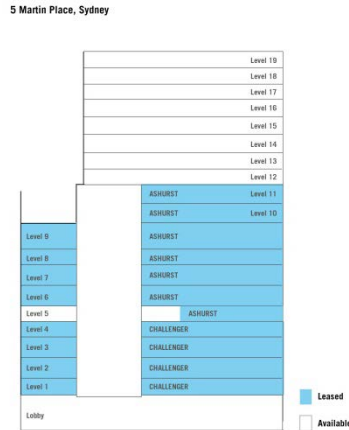
4. Also included in DEXUS trading pipeline. Property has DA approval for an office project.



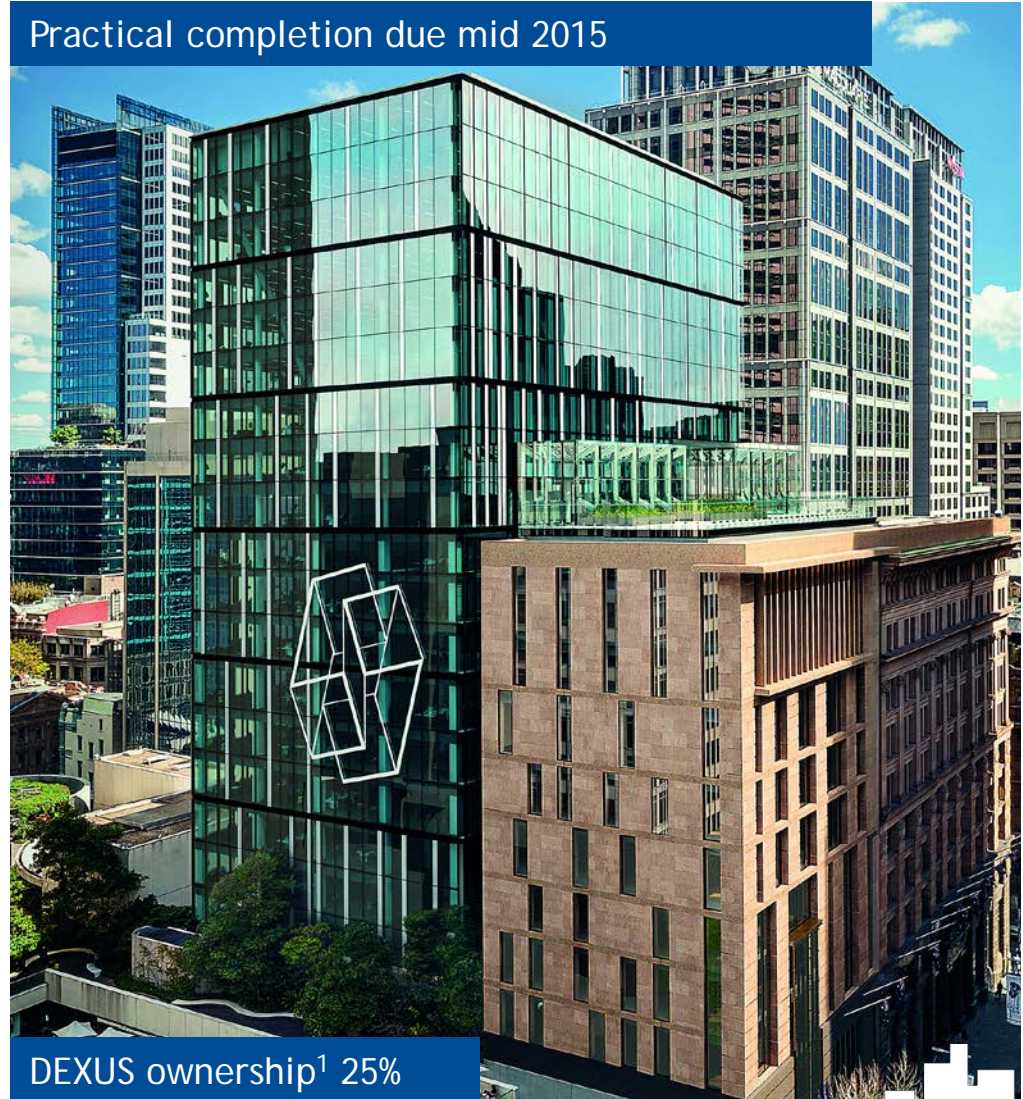
# DEVELOPMENT – 5 Martin Place, Sydney

## HY15 update

- Refreshed marketing campaign gaining interest
- Secured new tenant Challenger, increasing office space committed to 72%
- Topped out at end of 2014



## Practical completion due mid 2015



Target 10yr IRR >10%

DEXUS ownership<sup>1</sup> 25%

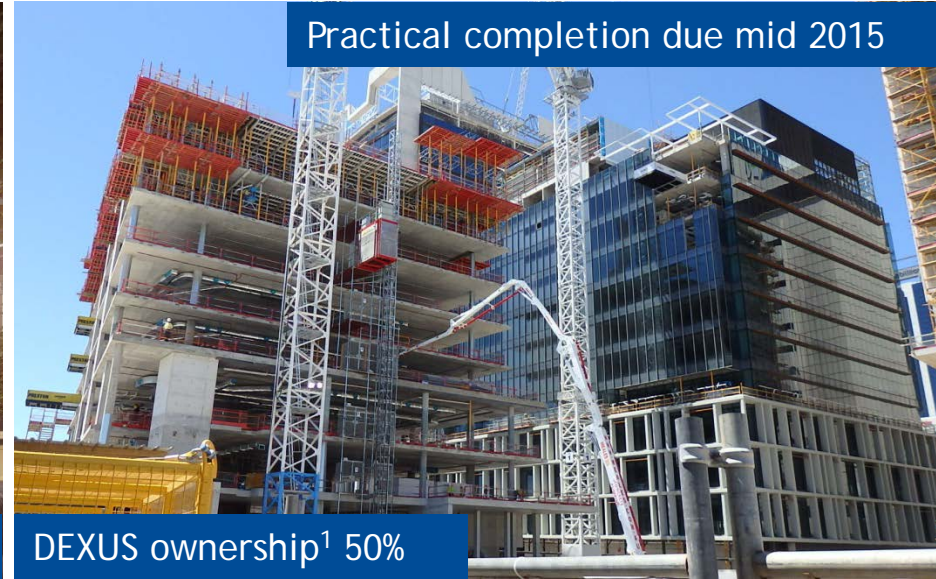
1. DEXUS Office Partner owns 25% interest and Cbus Property owns 50% interest.



# DEVELOPMENT – Kings Square, Perth



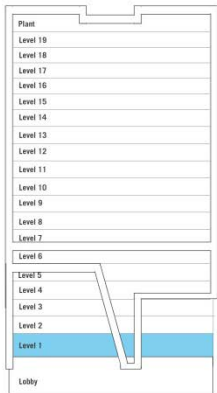
Target 10yr IRR circa 10%



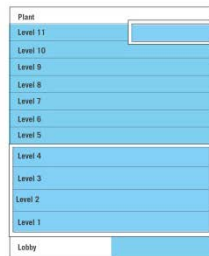
Practical completion due mid 2015

DEXUS ownership<sup>1</sup> 50%

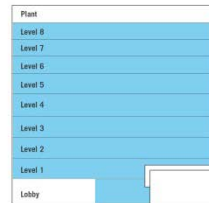
## HY15 update



KS1



KS2



KS3

■ Leased  
□ Available

- 55% leased and on track for completion in mid 2015
- 100% of income is secured through a five year income guarantee from practical completion<sup>2</sup>
- Topped out at the end of 2014

1. DWPF owns remaining 50% interest.

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

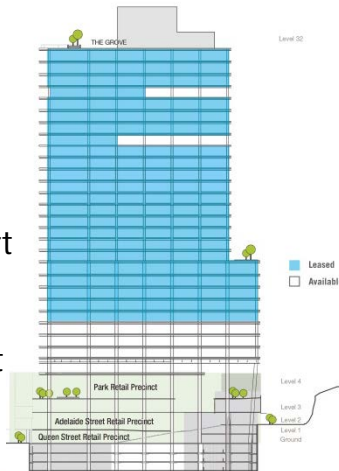
# DEVELOPMENT – 480 Queen Street, Brisbane

Practical completion in early 2016



HY15 update

- Ten tenants secured with 80.7%<sup>1</sup> office space pre-committed
- Terms agreed with leading Australian restaurateur on level 4
- Innovative design for “Room 480” food court and now leasing
- Building program on track with core almost complete and façade being installed



Target 10yr IRR circa 10%

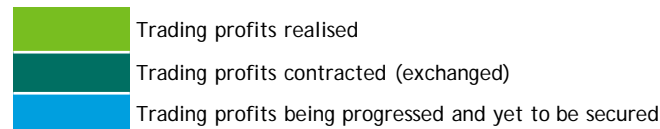
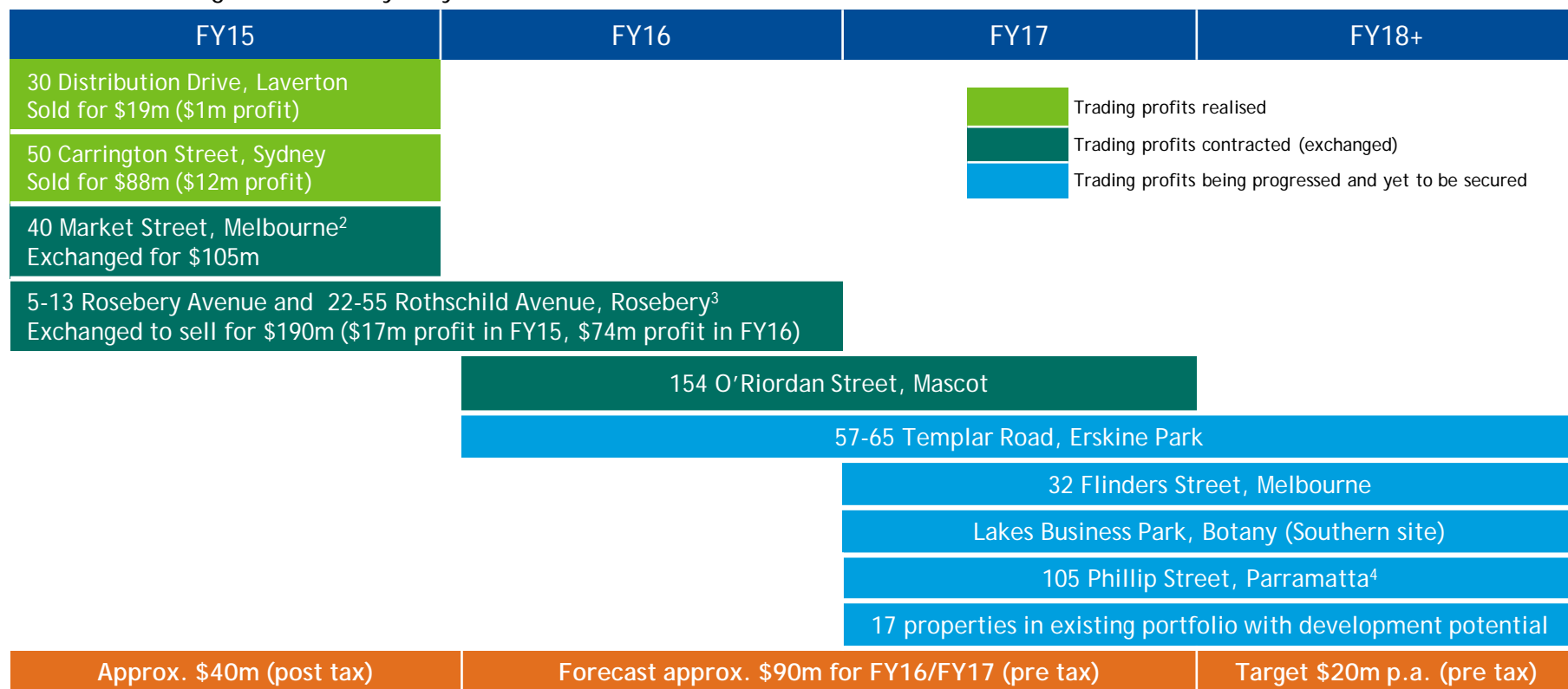


1. Including Heads of Agreement.  
2. DWPF owns remaining 50% interest.



# TRADING – HY15 update

- Contracted on all properties for FY15 and majority of FY16 trading profits
- Tax expense accrued for in FY15<sup>1</sup>
- Approx. 70% of forecast FY15 trading profits to be generated from the sale of
  - 50 Carrington Street, Sydney and 40 Market Street, Melbourne



1. Carried forward tax losses expected to be substantially extinguished by end of FY15.  
 2. 40 Market Street, Melbourne settlement is expected to occur in late FY15.  
 3. Expected Rosebery trading profit of \$17 million in FY15 and \$74 million in FY16 are pre-tax.

4. Also included in DEXUS development pipeline as property has DA approval for an office project.






# TRANSACTIONS & MARKET OUTLOOK





# TRANSACTIONS – \$852 million of transactions in a competitive market

	DEXUS balance sheet	Third party funds	
			
	<b>DEXUS Industrial Partnership</b>	<b>DEXUS Wholesale Property Fund</b>	
HY15 Activity	<b>Acquisitions</b> <ul style="list-style-type: none"> <li>Lakes Business Park, Botany<sup>1</sup></li> </ul>	<b>Industrial partnership with The Future Fund</b>	<b>\$5.5bn diversified wholesale fund with 44 investors</b>
	<b>Divestments</b> <ul style="list-style-type: none"> <li>201 Kent Street, Sydney<sup>2</sup></li> <li>50 Carrington Street, Sydney - trading</li> <li>30 Distribution Drive, Laverton - trading</li> <li>Lumley Centre, Auckland - last offshore asset</li> </ul>	<b>Acquisitions</b> <ul style="list-style-type: none"> <li>Larapinta, QLD</li> <li>Hemmant, QLD</li> <li>Eagle Farm, QLD<sup>3</sup></li> </ul>	<b>Acquisitions</b> <ul style="list-style-type: none"> <li>Deepwater Plaza, NSW</li> <li>Sturt Mall, NSW</li> <li>Shepparton Marketplace, QLD</li> </ul>
Forward focus	<ul style="list-style-type: none"> <li>Asset recycling</li> <li>DEXUS Industrial Partnership investments</li> <li>Selective direct acquisitions</li> </ul>	<ul style="list-style-type: none"> <li>Satisfying considerable appetite and capacity amongst wholesale funds and clients (office, retail and industrial)</li> </ul>	

1. Exchange announced on 29 December 2014. Settled on 16 January 2015.  
 2. Divested as a consequence of the pre-emptive right being exercised by co-owner.  
 3. Expected to settle in March 2015.



# TRANSACTIONS – Acquisition of Lakes Business Park, Botany

## BACKGROUND

- Acquired Lakes Business Park, comprising two adjoining sites located in southern Sydney
  - Northern site to be actively managed
    - 70% of net property income, 94% occupancy, 3.7 year WALE, 41 tenants
  - Southern site acquired as part of inventory for future trading opportunity and held in trading trust (DXO)
    - 30% of net property income, 100% occupancy, 2.3 year WALE, 15 tenants
- Potential for superior rental growth in the medium term due to constrained supply and competing land use interests in the area

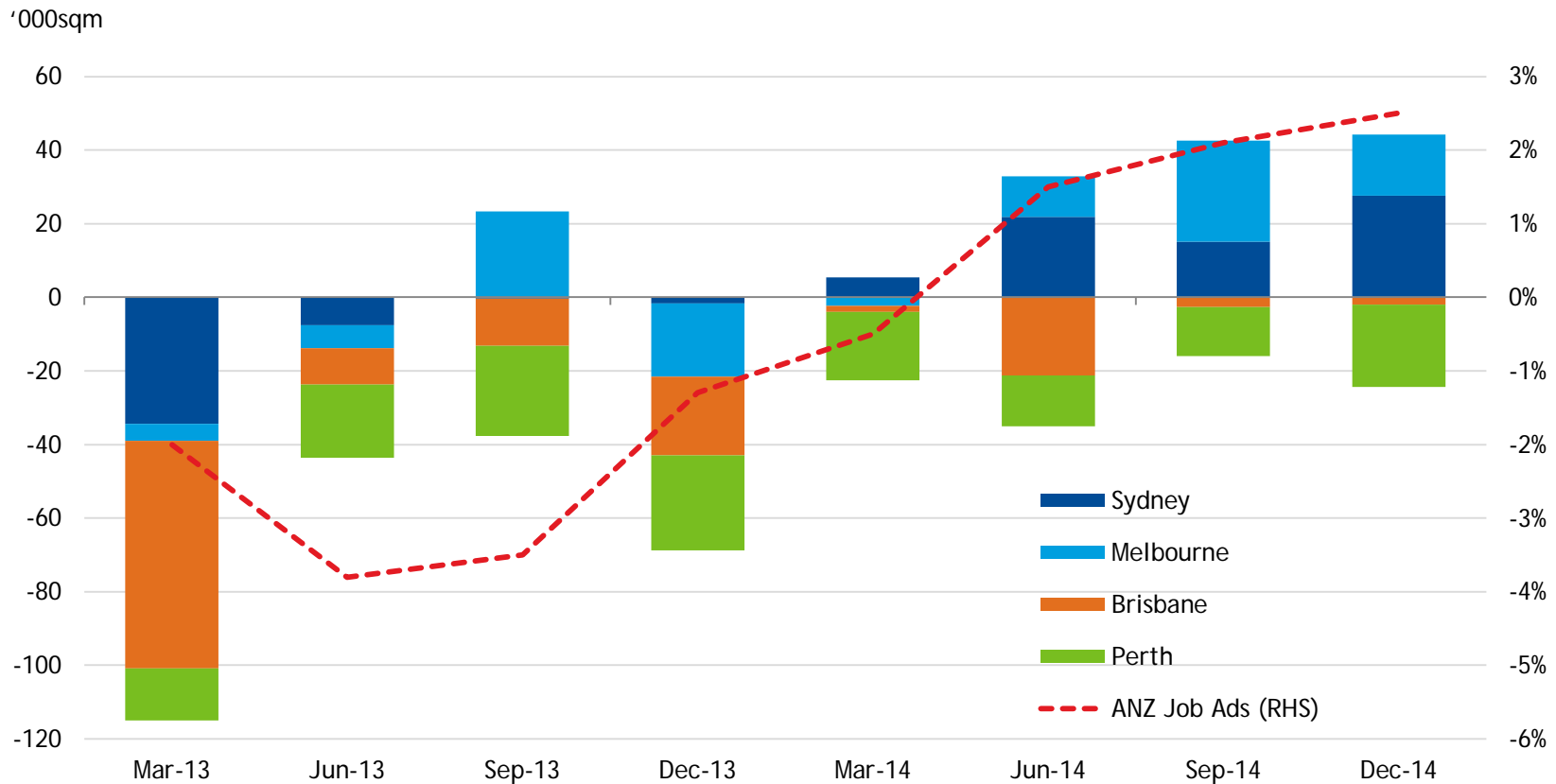
## OBJECTIVES

- Active leasing strategy to drive rental growth and increase WALE of Northern site
- Medium-term potential for residential re-zoning of Southern site



# MARKET OUTLOOK – Office market demand well into recovery phase

Demand underpinned by improving trend in employment (ANZ Job advertisements)

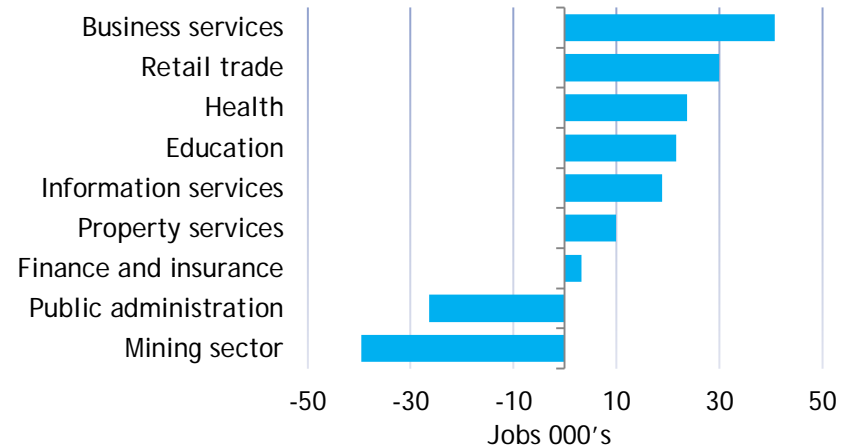


Sources: JLL Research, DEXUS Research.

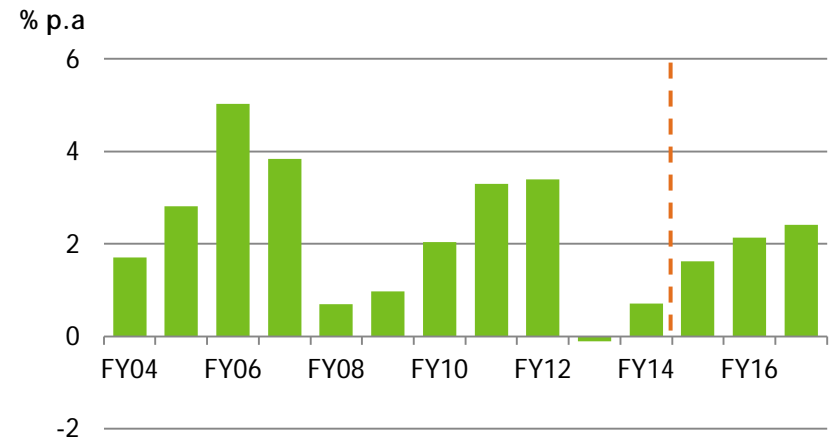
# MARKET OUTLOOK – Reasons why office demand is improving

- A recovery in demand is well underway in Sydney and Melbourne with the business services, IT and education sectors leading the way
- Firms are hiring more and beginning to factor expansion room into leasing decisions
- Tenants' flight to quality is driving demand for high quality space
- Demand in CBDs benefiting from inward migration
- Brisbane and Perth office markets are still impacted by the decline in mining investment

## Employment growth by industry in FY15



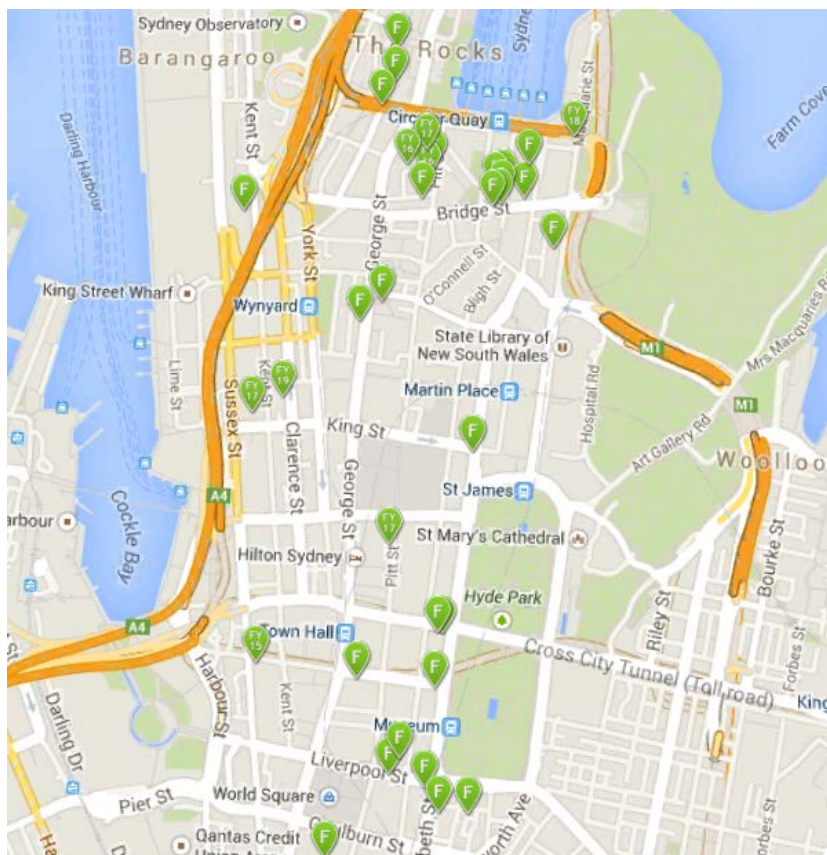
## White-collar employment growth



Source: Deloitte Access Economics, DEXUS Research.



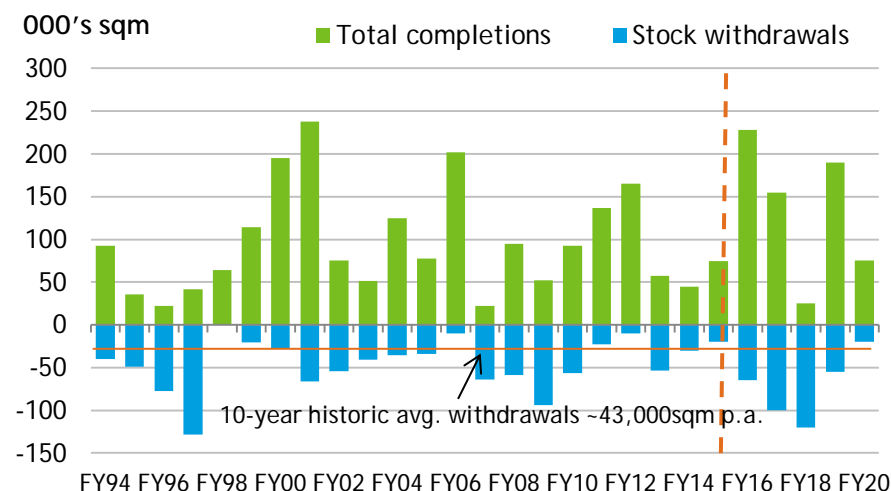
# MARKET OUTLOOK – Withdrawals to offset new supply in Sydney



## Sydney CBD office market

- 10 year historic avg. withdrawals ~43,000sqm p.a.
- DEXUS expectations
  - 587,000sqm of supply over the next 5 years
  - 360,000sqm of withdrawals over the next 5 years
  - Sydney office vacancy to fall to 6.5% by FY18

## Sydney CBD office supply and withdrawals



## Sydney CBD withdrawals - next 5 years

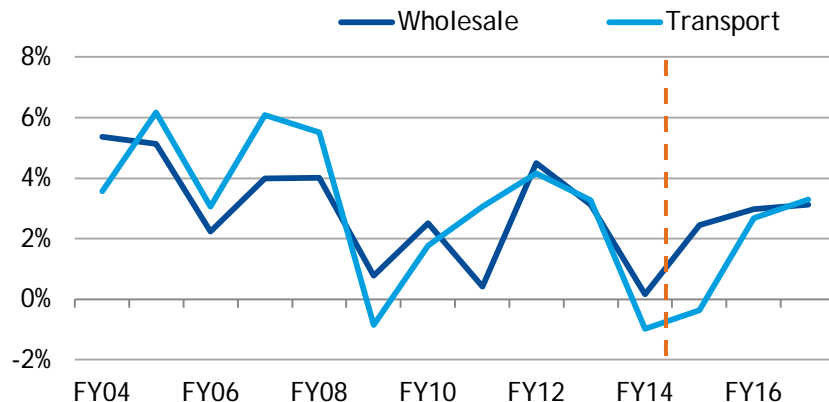
Total NLA	Circa 360,000sqm
Expectation prior to FY18	Circa 305,000sqm
Withdrawn for alternative use	Circa 185,000sqm

Source: DEXUS Research, JLL Research.

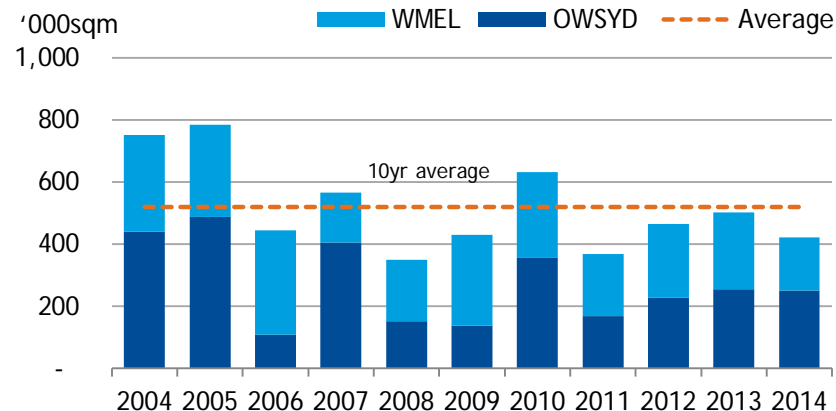
# MARKET OUTLOOK – Industrial positioned to benefit from economic activity

- Occupier demand varies between markets
  - VIC and NSW strengthening mildly
  - QLD subdued but improving
- Improving fundamentals (low interest rates and petrol prices) are expected to drive retail spending and hence wholesale activity
- Lower AUD to have little impact on imports
- Demand continues to be led by logistics providers and retailers
- Take-up of new premises will continue to benefit from supply chain trends and movement of goods
- Supply a stabilising influence - around long term average levels
- Developers are targeting sites for residential conversion

## Wholesale and transport sector output to strengthen



## Industrial take-up relatively consistent through cycles



Source: DEXUS Research, Deloitte Access Economics, JLL Research.



# SUMMARY





# SUMMARY – FY15 earnings drivers

FY15 DRIVERS	PROPERTY PORTFOLIO	FUNDS MANAGEMENT & PROPERTY SERVICES	TRADING
	Maximising performance from the DEXUS property portfolio	Driving performance and generating revenue from funds management and property services	Delivering trading profits from identified properties
PROGRESSING	<ul style="list-style-type: none"> <li>▪ Targeting positive like-for-like income growth</li> <li>▪ 2% accretion from the CPA transaction</li> </ul>	<ul style="list-style-type: none"> <li>▪ Progressing new revenue generating initiatives</li> <li>▪ Progressing major developments</li> </ul>	<ul style="list-style-type: none"> <li>▪ Progressing the trading pipeline for FY17</li> </ul>
% of EARNINGS TARGET	80-90%	10-20%	

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## SUMMARY

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- Another period of consistent performance for the Group
- Third party funds management business is set up for strong organic growth
- Well positioned to take advantage of improving office markets
- Upgraded FY15 guidance<sup>1</sup> primarily as a result of reduced debt costs and recent acquisitions
  - FFO per security of 59.48 cents, reflecting 9.3% growth from FY14
  - Distribution per security of 41.04 cents, reflecting 9.3% growth from FY14



1. Assumptions: Targeting positive like-for-like income growth across the office and industrial portfolios, weighted average cost of debt of 5.2%, trading profits of approximately \$40 million, Management Operations revenue of approximately \$35-40 million, excluding any buy-back of DEXUS securities and any further transactions.



# APPENDICES





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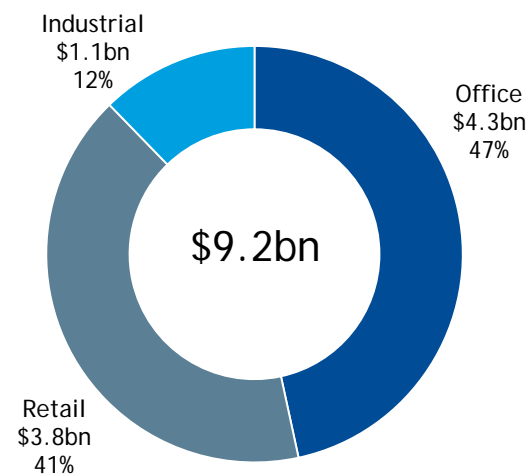
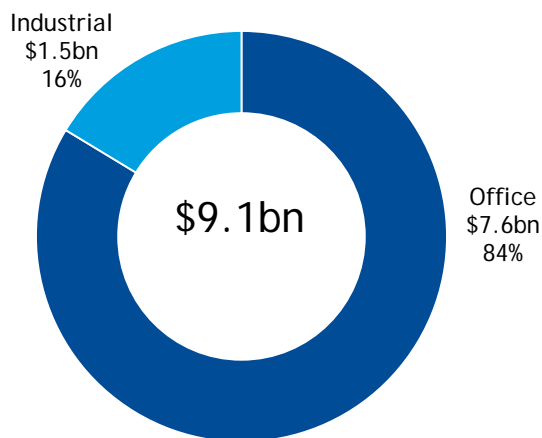
## Important information

70

# GROUP HIGHLIGHTS – DEXUS today<sup>1</sup>

## DEXUS Property Group portfolio \$18.3bn AUM

Public and private capital	295 property professionals	146 properties	4,142,818sqm NLA
Office \$11.9bn	Industrial \$2.6bn	Retail \$3.8bn	Development pipeline <sup>2</sup> \$3.5bn
DEXUS portfolio \$9.1bn		Third Party Funds Management portfolio \$9.2bn	



1. As at 31 December 2014.
2. Including fund-through investments.

# FINANCIAL RESULTS – Reconciliation to statutory net profit

- From 1 July 2014, DXS has adopted 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 the breakdown of DEXUS’s FFO and AFFO under the PCA definition in HY15 compared to HY14

Reference	Item	31 Dec 2014 \$m	31 Dec 2013 \$m
<b>Statutory AIFRS net profit after tax</b>		<b>257.8</b>	<b>277.2</b>
<b>A Investment property and inventory</b>			
A2	Losses from sales of investment property	1.3	0.5
A3	Fair value gain on investment property	(109.3)	(106.6)
<b>C Financial instruments</b>			
C2	Fair value loss on the mark-to-market of derivatives	20.2	15.1
<b>D Incentives and rent straight-lining</b>			
D1	Amortisation of fit out incentives	21.1	17.1
D2	Amortisation of lease fees	3.0	2.5
D4	Amortisation of rent-free periods	19.3	13.7
D5	Rent straight-lining	(4.5)	(2.7)
<b>E Tax</b>			
E1	Non-FFO deferred tax benefits	9.0	(0.1)
<b>F Other unrealised or one-off Items</b>			
F1	Recycling of foreign currency translation reserve (FCTR)	2.1	(0.8)
F2	Other unrealised or one-off items <sup>1</sup>	38.4	(9.9)
<b>FFO</b>		<b>258.4</b>	<b>206.0</b>
<b>G Maintenance and leasing capex</b>			
G1	Maintenance capital expenditure	(20.3)	(23.3)
G2	Cash incentives and leasing costs paid	(21.9)	(13.5)
G3	Rent free incentives	(27.5)	(19.1)
<b>AFFO</b>		<b>188.7</b>	<b>150.1</b>
<b>Distribution</b>		<b>178.2</b>	<b>142.1</b>
<b>Payout ratio (Distribution/FFO)</b>		<b>69%</b>	<b>69%</b>

1. Includes \$6.8 million coupon income and \$31.6 million of unrealised fair value losses on interest bearing liabilities for HY15.



## FINANCIAL RESULTS – Management Expense Ratio

Gross MER	31 Dec 2014 \$m	31 Dec 2013 \$m
Group corporate	(14.8)	(12.9)
Asset management	(4.6)	(5.5)
A) Total corporate & AM	(19.4)	(18.4)
B) Average FUM (balance sheet FUM only)	9,101	7,302
Gross MER = 2*A/B	43bps	50bps
C) Average total FUM	18,083	13,603
Gross MER (on Total FUM) =2*A/C	21bps	27bps

## FINANCIAL RESULTS – Cash flow reconciliation

	31 Dec 2014 \$m	31 Dec 2013 \$m
<b>Cash flow from operating activities</b>	<b>352.6</b>	<b>154.3</b>
add back:    payment for inventory acquisition and capex	21.6	9.8
less:        cost of sale of inventory	(84.0)	(3.3)
less:        proceeds from sale of Rosebery received in advance	(12.1)	-
less:        tax on sale of Rosebery not yet paid	(2.3)	-
add back:    capitalised interest	3.2	4.2
less:        Equity accounted distributions net of FFO <sup>1</sup>	(53.4)	0.7
add back:    Adjustment for net CPA distribution	-	5.2
other working capital movements (including payment of bonuses)	7.1	19.2
<b>Adjusted cash flow from operating activities</b>	<b>232.7</b>	<b>190.1</b>
less: payments from maintenance capex and cash incentives	(42.2)	(36.8)
less: gross distribution – Feb 15 (declared)	(178.2)	(142.1)
<b>Cash surplus</b>	<b>12.3</b>	<b>11.2</b>

1. Variance is a result of distribution of capital gains following DEXUS Office Partnership divestments.

## FINANCIAL RESULTS – Change in net tangible assets and revaluations

	\$m	\$
Opening net tangible assets (30 Jun 14)	5,761	6.36
Retained earnings <sup>1</sup>	80	0.09
Revaluation of real estate	109	0.12
Amortisation of tenant incentives <sup>2</sup>	(39)	(0.04)
Fair value movements <sup>3</sup>	(55)	(0.06)
<b>NTA changes in comprehensive income</b>	<b>95</b>	<b>0.11</b>
Closing net tangible assets (31 Dec 14)	5,856	6.47

Investment portfolio	Valuation change (\$m)	Cap rate (%)	% of portfolio
DEXUS office portfolio	106	6.79%	83.7%
DEXUS industrial portfolio	3	8.07%	16.3%
<b>Total DEXUS portfolio</b>	<b>109</b>	<b>6.98%</b>	

1. Based on payout ratio in line with free cash.
2. Includes rent straight-lining.
3. Primarily includes fair value movements of derivatives and interest bearing liabilities.



## FINANCIAL RESULTS – Interest reconciliation

	31 Dec 2014 \$m	31 Dec 2013 \$m
<b>Total statutory finance costs</b>	<b>126.3</b>	<b>65.5</b>
Less: unrealised interest rate swap MTM loss <sup>1</sup>	(51.2)	(1.6)
Less: finance costs attributable to sales transaction	-	(2.5)
Add: finance costs attributable to investments accounted for using the equity method	4.0	-
<b>Net finance costs for distributable earnings</b>	<b>79.1</b>	<b>61.4</b>
Add: interest capitalised	3.2	4.2
<b>Gross finance costs for cost of debt purposes</b>	<b>82.3</b>	<b>65.6</b>

1. Net fair value loss of interest rate swap of \$55.0 million (per note 2) includes realised interest rate swap expense of \$3.8 million and unrealised interest rate swap MTM loss of \$51.2 million

## FINANCIAL RESULTS – Direct property portfolio movements

	Office <sup>1</sup> \$m	Industrial <sup>1</sup> \$m	DEXUS total <sup>1</sup> \$m
Opening direct property	7,659	1,469	9,128
Leasing incentives <sup>2</sup>	45	5	50
Maintenance capex	17	3	20
Acquisitions	-	19	19
Developments <sup>3</sup>	118	10	128
Disposals <sup>4</sup>	(292)	(21)	(313)
FX	(3)	-	(3)
Revaluations	106	3	109
Amortisation	(40)	(3)	(43)
Straight-lining	4	1	5
<b>Closing direct property</b>	<b>7,615</b>	<b>1,488</b>	<b>9,103</b>

1. Includes DEXUS's share of equity accounted investments.

2. Includes rent free incentives.

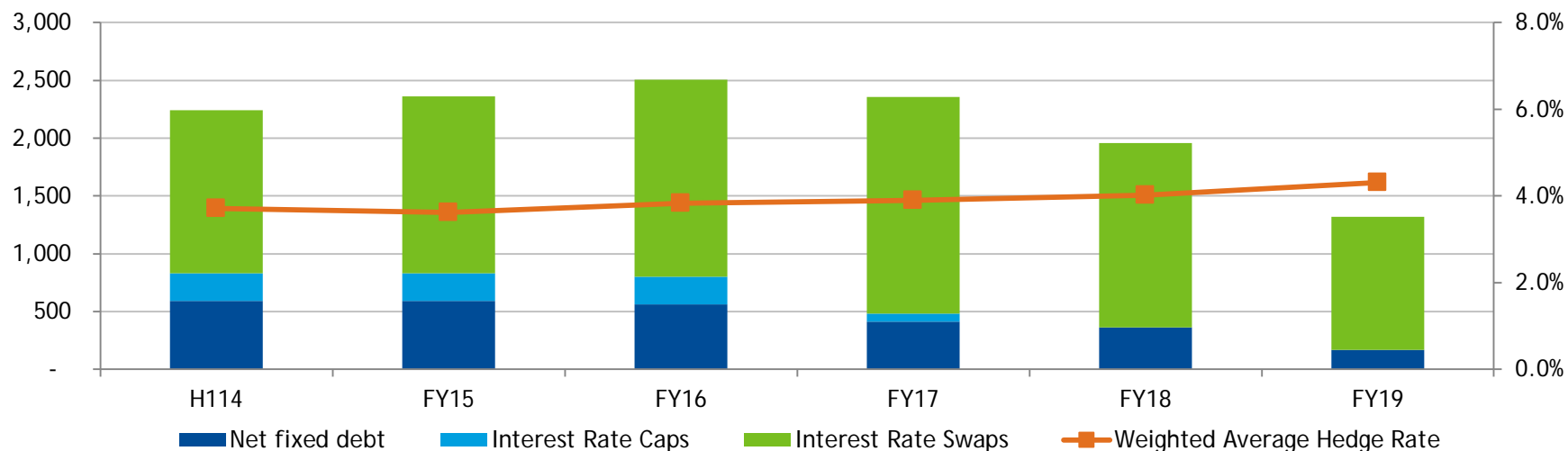
3. Includes capitalised interest.

4. At book value.

# CAPITAL MANAGEMENT – Interest rate hedging profile

Hedging profile	31 Dec 2014	30 June 2014
Average amount of debt hedged excluding caps <sup>1</sup>	65%	51%
Average amount of debt hedged <sup>1</sup>	72%	60%
Weighted average interest rate on hedged debt <sup>2</sup>	3.7%	3.7%
Weighted average fixed & floating rate <sup>3</sup>	5.2%	5.4%
Weighted average maturity of interest hedges	4.3 years	5.7 years

## Hedge maturity profile



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



# CAPITAL MANAGEMENT – Debt overview

Key metrics	31 Dec 2014	30 June 2014
Total debt <sup>1</sup>	\$2,959m	\$2,932m
Cost of debt <sup>2</sup>	5.2%	5.4%
Gearing (look-through) <sup>3</sup>	32.0%	33.7%
Headroom (approximately) <sup>4</sup>	\$0.6bn	\$0.5bn
Debt duration	5.9 years	5.2 years
S&P/Moody's rating	A-/A3	A-/A3
Covenant gearing (covenant <sup>5</sup> <55%)	29.5%	31.2%
Interest cover (covenant <sup>5</sup> >2.0x)	4.1x	4.3x <sup>6</sup>
Priority debt (covenant <sup>5</sup> <30%)	0%	0%

1. Total debt does not include \$182.6 million of debt in an equity accounted investment.
2. Weighted average for the period.
3. Adjusted for cash and for debt in equity accounted investments. Pro-forma gearing is 33.0% post the settlement of the acquisition of Lakes Business Park on 16 January 2015.
4. Undrawn facilities plus cash. Excluding forward start commitments.
5. As per public bond covenants.
6. Look-through interest cover is 3.9x.

175 Pitt Street, Sydney NSW



# PORTFOLIO RESULTS – Office operating performance

Office portfolio	31 Dec 2014	30 June 2014
Occupancy by income	95.0%	94.6%
Occupancy by area	95.2%	94.3%
Average incentive	16.1%	18.6% <sup>1</sup>
Average rental increase	0.7%	3.1% <sup>1</sup>
Retention rate rolling 12 mths	61%	61% <sup>1</sup>
Over/(under) rented - face	0.1%	(0.7%)
Weighted average lease expiry <sup>2</sup>	4.4 years	4.7 years
Weighted average cap rate	6.78%	6.87% <sup>1</sup>
Total return – 1 year	8.2%	9.2% <sup>1</sup>

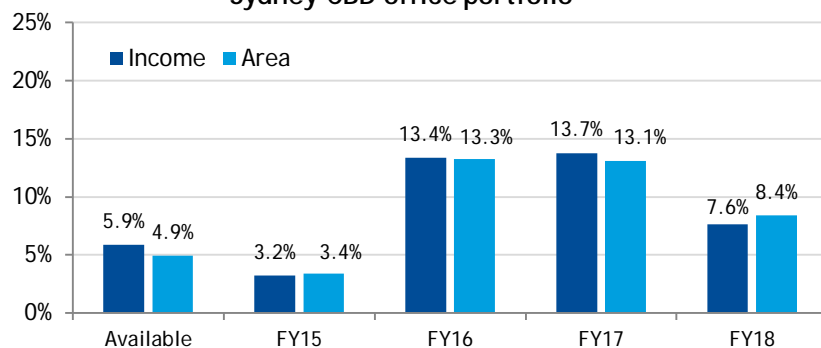
1. Excluding the DEXUS Office Partnership properties.
2. By income.

T: 11 Waymouth Street, Adelaide, SA  
B: 58 Mounts Bay Road, Perth, WA

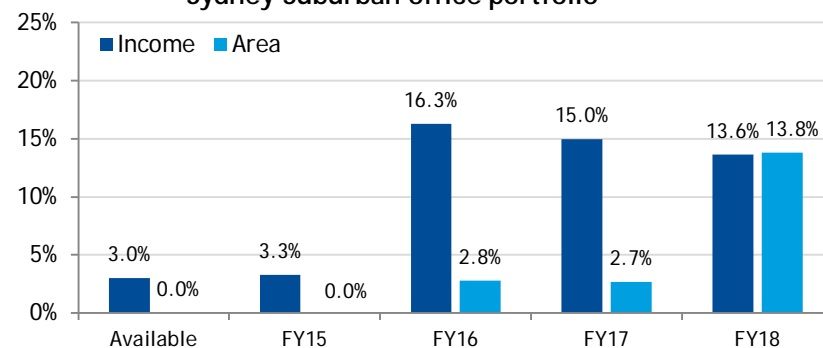


# PORTFOLIO RESULTS – Office lease expiry profile at 31 December 2014

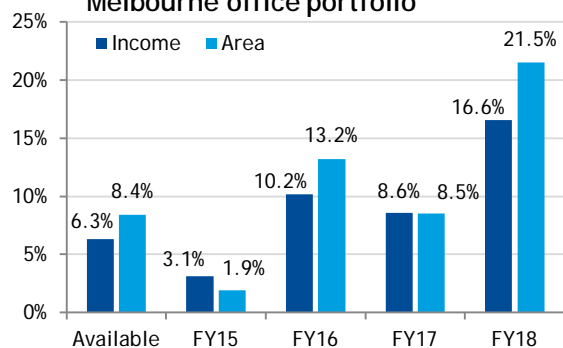
### Sydney CBD office portfolio



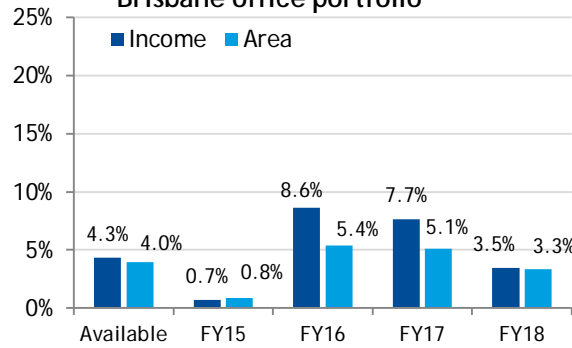
### Sydney Suburban office portfolio



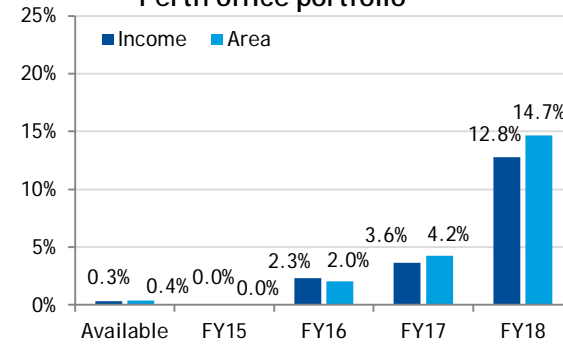
### Melbourne office portfolio



### Brisbane office portfolio



### Perth office portfolio



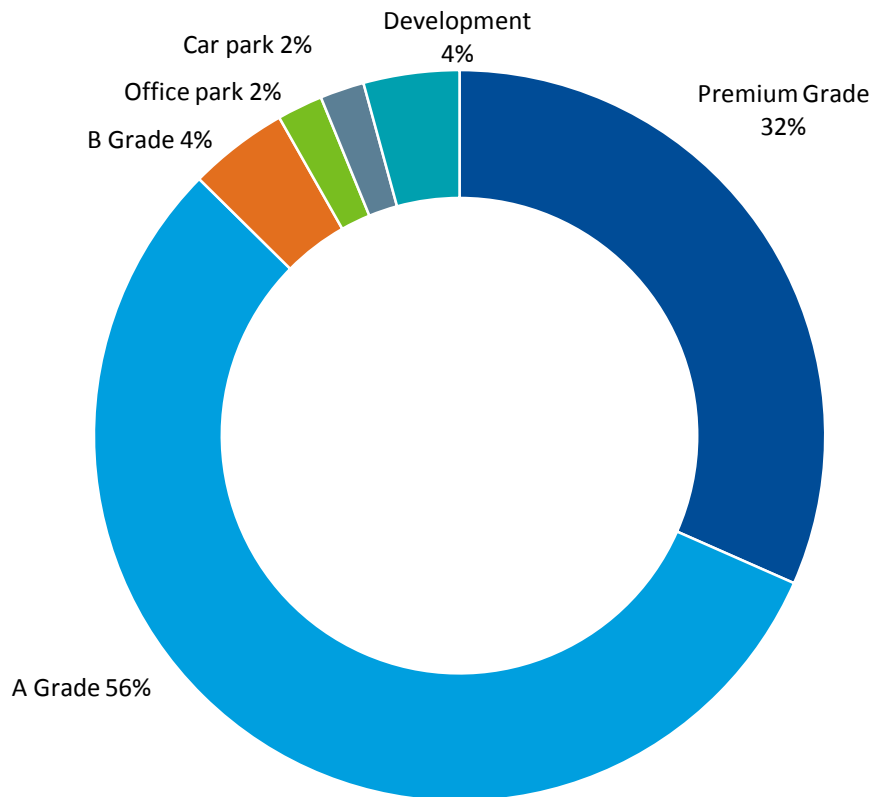
DEXUS Office <sup>1</sup>	Value (\$m)	Cap rate (%)	Yield (%)
Sydney CBD	3,755	6.39	6.62
Sydney Suburban	817	7.94	8.37
Melbourne	1,069	7.06	7.26
Brisbane	763	6.62	7.32
Perth	560	7.08	7.53

1. Includes stabilised properties only. Excludes Adelaide and Canberra office properties.

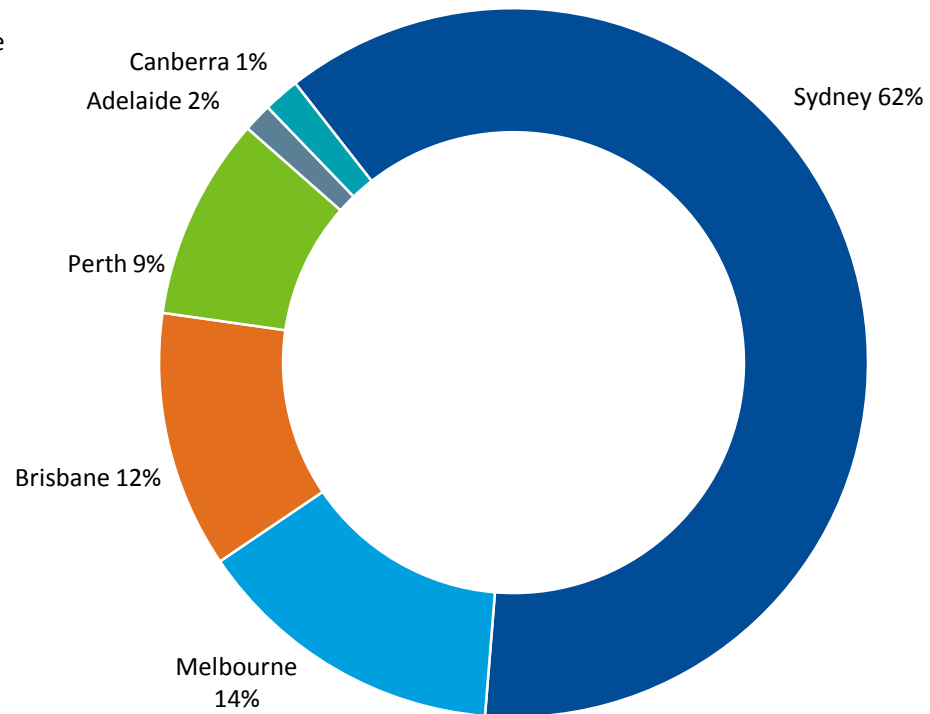


# PORTFOLIO RESULTS – Office portfolio diversification

## Property type by book value



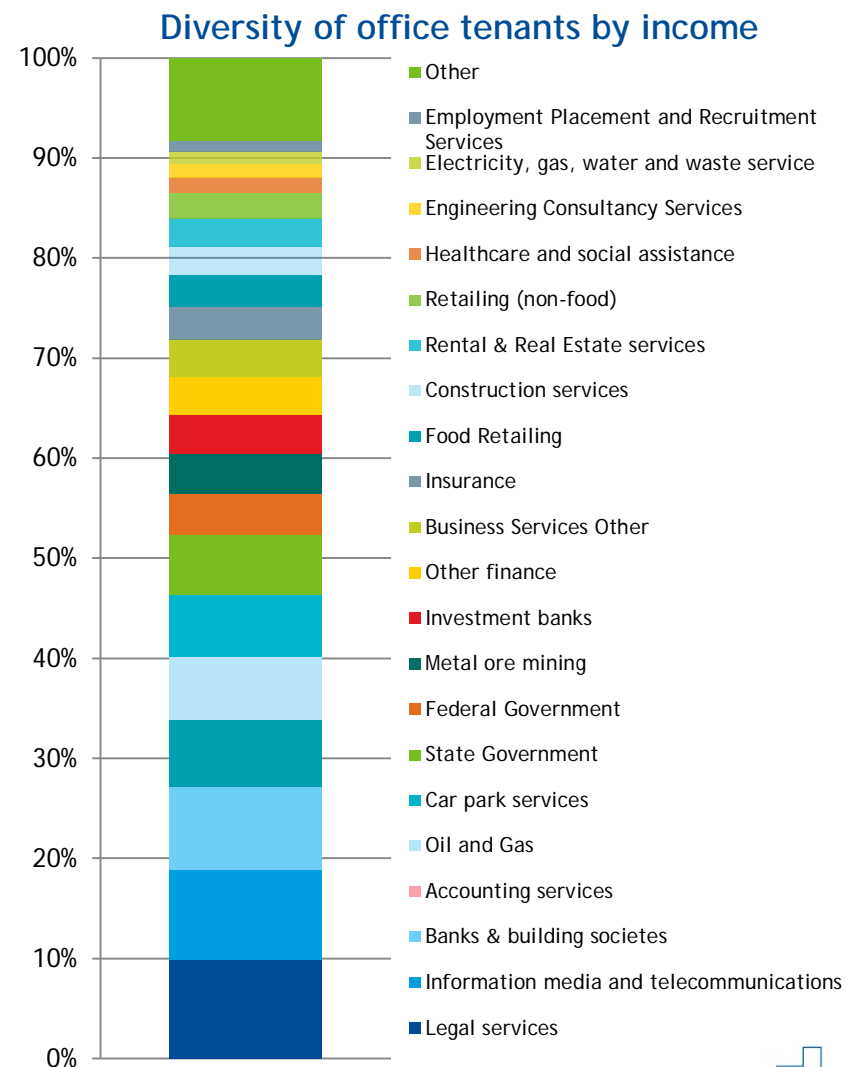
## Geographical weighting by book value



# PORTFOLIO RESULTS – Office top 10 tenants

Office tenant	S&P rating	% of income <sup>1</sup>
Woodside Energy	BBB+ positive	4.6%
Wilson Parking Australia	Not rated	4.4%
Commonwealth of Australia	AAA stable	4.3%
Commonwealth Bank of Australia	AA-	3.1%
Rio Tinto	A- negative	3.0%
State of NSW	AAA negative	2.1%
Deloitte Services Pty Ltd	Not rated	2.0%
IBM Australia Limited	AA- stable	1.6%
Lend Lease Management Services	BBB- stable	1.5%
State Of Victoria	AAA stable	1.4%

1. 31 December 2014 fully leased DEXUS portfolio passing income.



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## PORTFOLIO RESULTS – Corporate Responsibility and Sustainability

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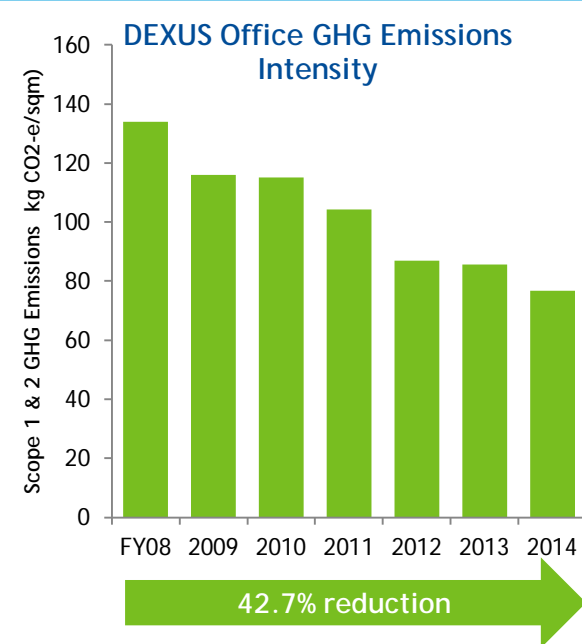
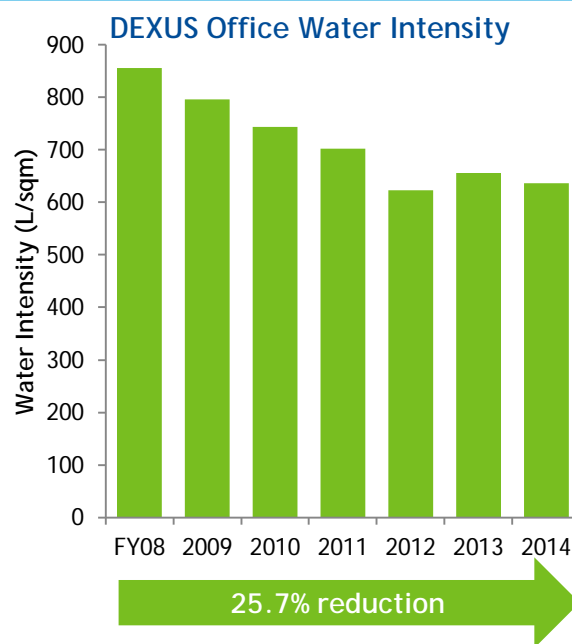
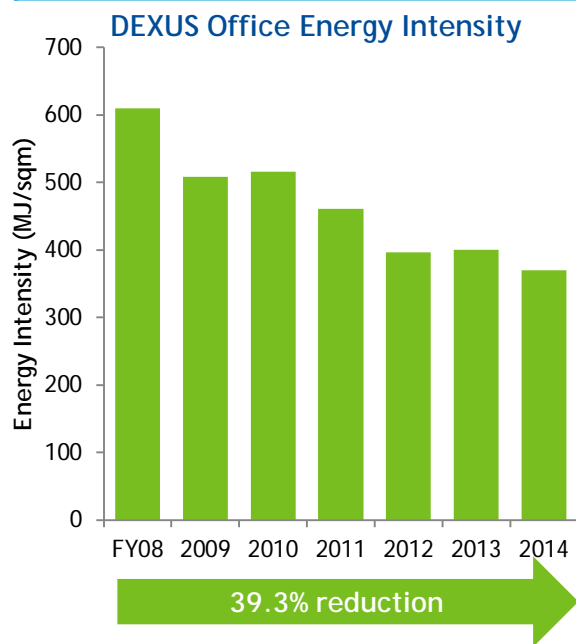
- Maintained and improved NABERS Energy and Water ratings<sup>1</sup>
  - Achieved 4.6 star NABERS Energy rating exceeding the 4.5 star target in DEXUS office portfolio
  - The Group’s portfolio includes 26 properties with an energy rating of 5 stars or better, comprising 57% of total net lettable area
  - Achieved 3.5 star NABERS Water rating in line with target in DEXUS office portfolio
  - Achieved 4.7 star NABERS Energy rating and 3.8 star NABERS Water ratings across the DEXUS Office Partnership office portfolio
- Delivered 10.1% absolute energy savings across the Group’s like-for-like property portfolio six months ahead of FY15 target
- Included on the 2014 Carbon Disclosure Project’s Performance Leadership Index and listed as a Sustainability Leader in the 2015 RobecoSAM Sustainability Yearbook
- Completed a comprehensive stakeholder engagement project to identify and prioritise material issues as part of DEXUS’s transition from Global Reporting Initiative (GRI) G3.1 protocol to its materiality-based G4 protocol
- Kings Square, Perth achieved a 5 Star Green Star - Office Design v3 rating for KS1 and KS2

1. NABERS ratings represent weighted portfolio averages on an absolute basis.



# PORTFOLIO RESULTS – Office portfolio sustainability metrics

DEXUS office portfolio	Jun 08	Dec 12	Dec 13	Dec 14
NABERS Energy average rating	n/a	4.7 <sup>1</sup>	4.8 <sup>1</sup>	4.6 <sup>2</sup>
NABERS Water average rating	n/a	3.5 <sup>1</sup>	3.5 <sup>1</sup>	3.5 <sup>2</sup>
Energy consumption intensity (MJ/sqm)	609.5	396.6	400.3	370.2
Water consumption intensity (L/sqm)	856.2	622.5	655.7	636.1
Scope 1 & 2 Greenhouse gas emissions intensity (kgCO <sub>2</sub> -e/sqm)	133.9	86.9	85.6	76.7



Note: Data in charts is unaudited.  
 1. NABERS ratings on a like-for-like basis.  
 2. NABERS ratings on an absolute basis.

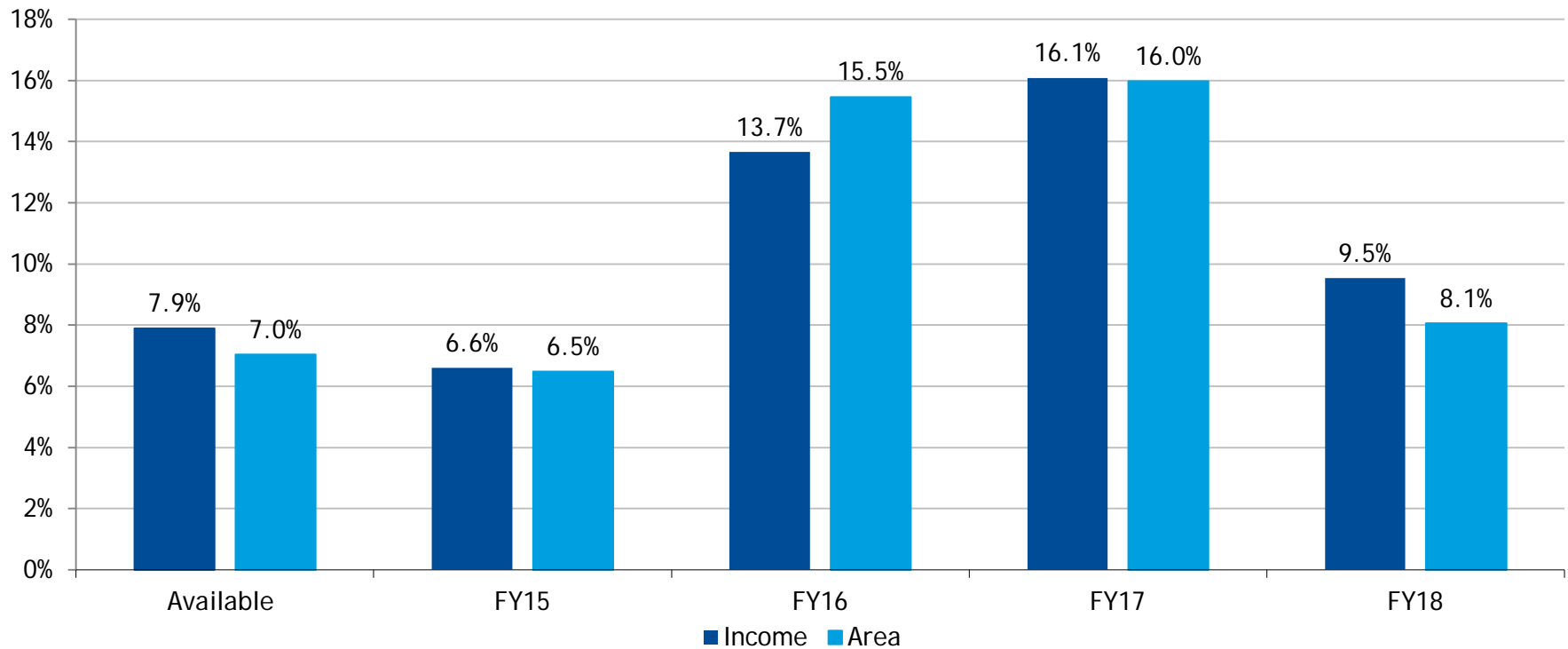
# PORTFOLIO RESULTS – Industrial operating performance

Industrial portfolio	31 Dec 2014	30 June 2014
Occupancy by income	92.8%	93.0%
Occupancy by area	92.1%	93.1%
Average rental decrease	(4.2%)	(8.6%)
Average incentive	9.6%	11.0%
Retention rate rolling 12 mths	52%	41%
Over rented - face	6.7%	5.9%
Weighted average lease expiry <sup>1</sup>	4.0 years	4.0 years
Weighted average cap rate	8.07%	8.32%
Total return – 1 year	8.5%	9.0%

1. By income.



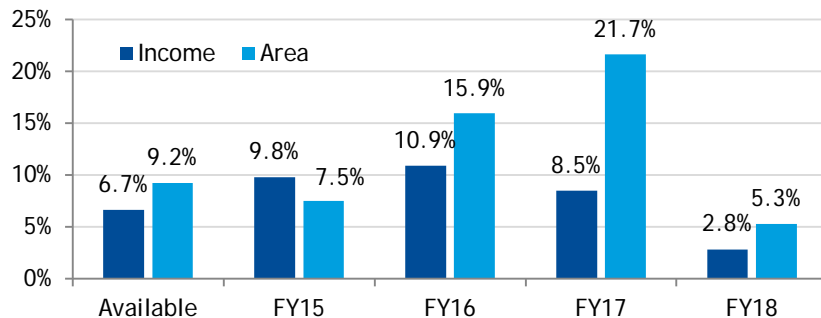
# PORTFOLIO RESULTS – Industrial lease expiry profile at 31 December 2014



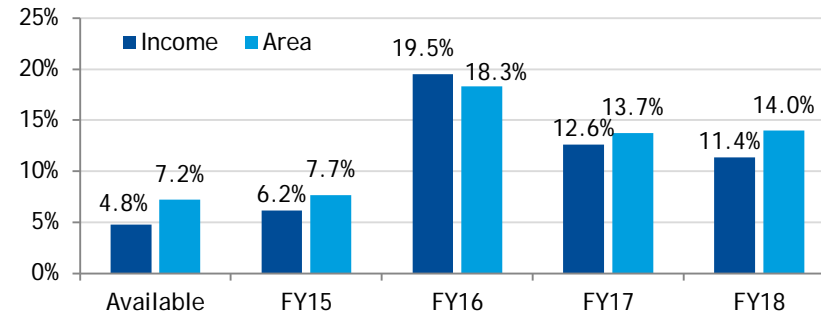


# PORTFOLIO RESULTS – Industrial lease expiry profile at 31 December 2014

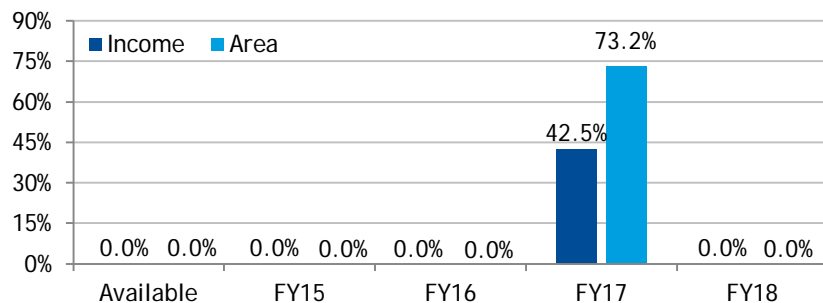
### Sydney industrial portfolio



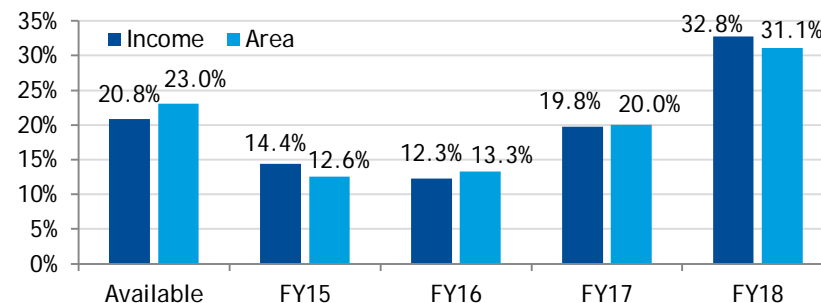
### Melbourne industrial portfolio



### Brisbane industrial portfolio



### Adelaide industrial portfolio

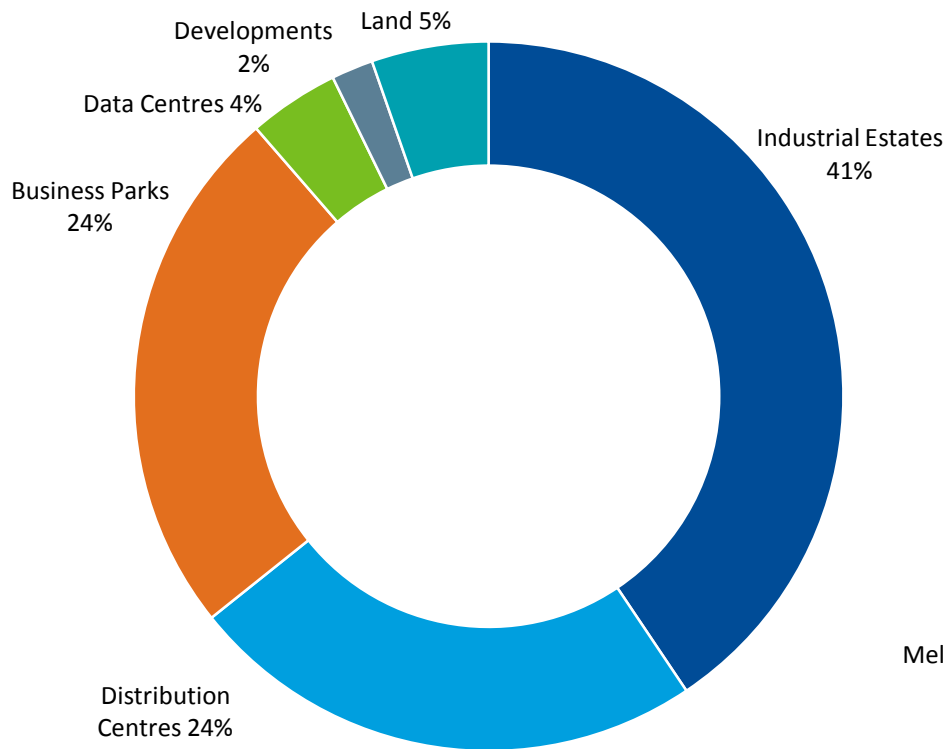


DEXUS Industrial <sup>1</sup>	Value (\$m)	Cap rate (%)	Yield (%)
Sydney	653	7.91	7.32
Melbourne	506	8.15	9.10
Brisbane	43	7.65	8.24
Adelaide	25	11.00	11.29

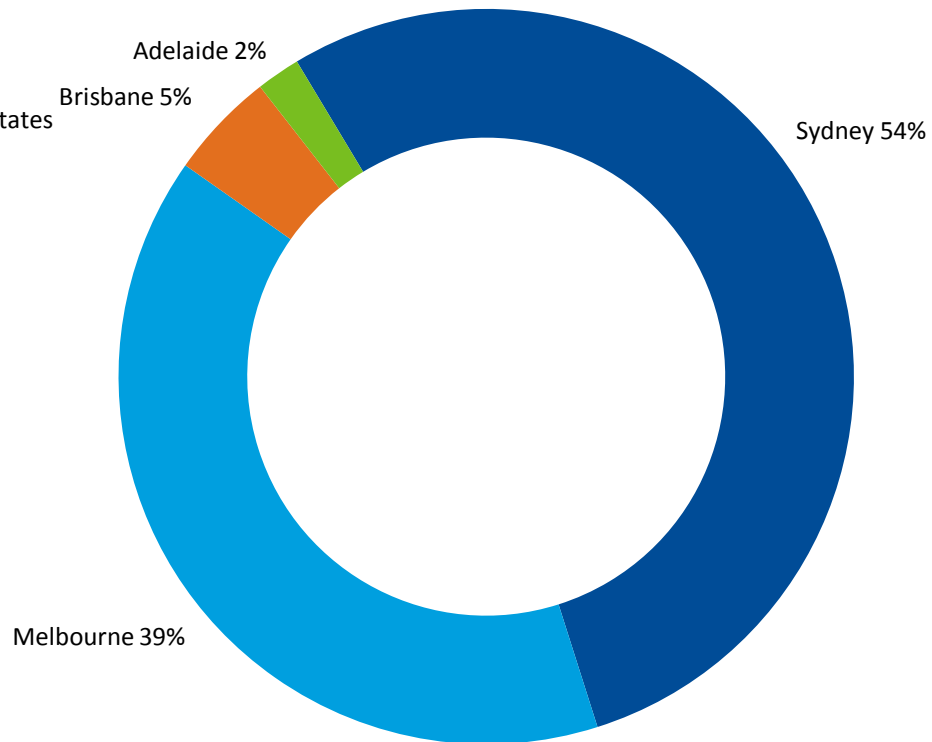
1. Includes stabilised properties only.

# PORTFOLIO RESULTS – Industrial portfolio diversification

Property type by book value



Geographical weighting by book value

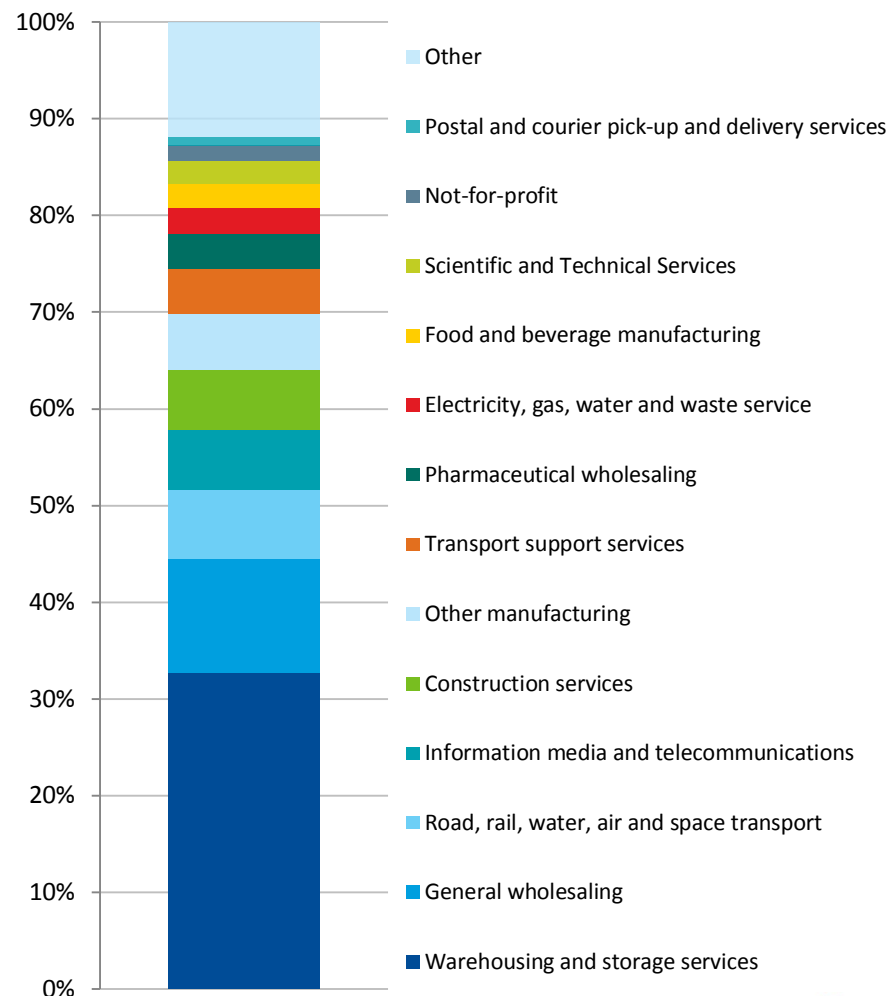


# PORTFOLIO RESULTS – Industrial top 10 tenants

Industrial tenant	% of income <sup>1</sup>
Wesfarmers Limited	1.0%
AWH Pty Ltd	0.8%
IBM Australia	0.6%
Visy Industry Packaging Pty Ltd	0.6%
DHL	0.5%
Toll Transport Pty Ltd	0.5%
Blackwoods	0.4%
Jemena Pty Ltd	0.3%
Fonterra Co-Operative Group	0.3%
Agility Logistics	0.3%

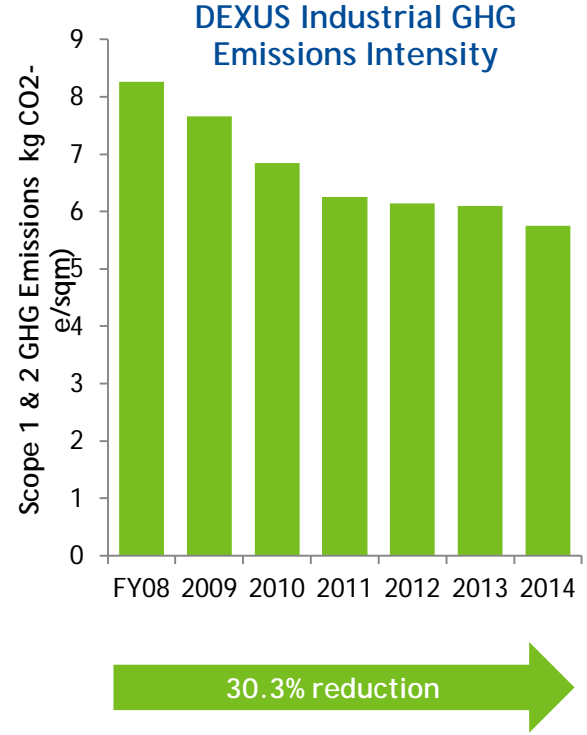
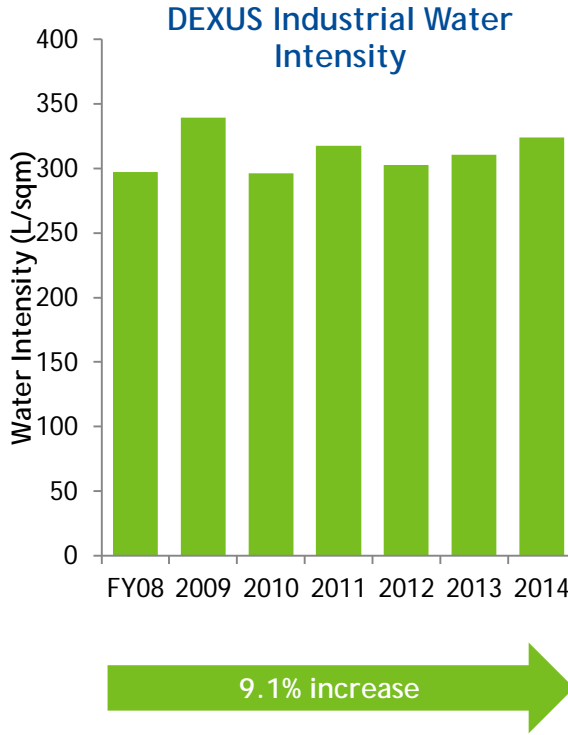
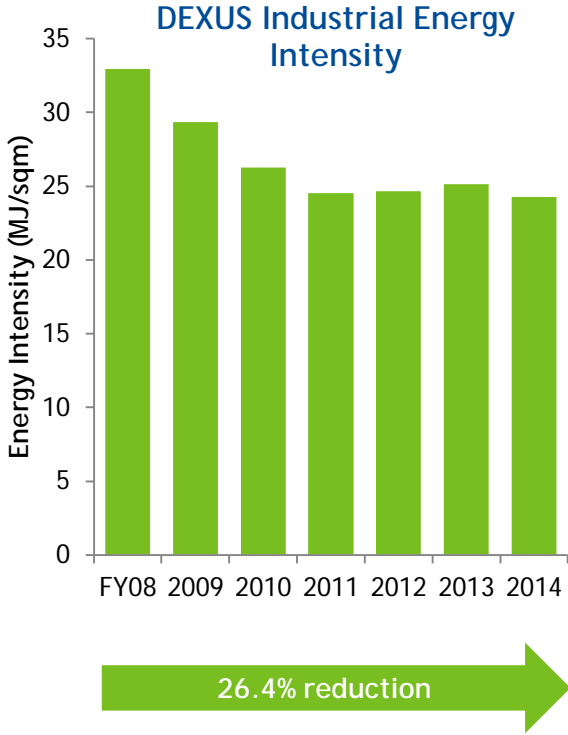
1. 31 December 2014 fully leased DEXUS portfolio passing income.

## Diversity of industrial tenants by income





# PORTFOLIO RESULTS – Industrial resource consumption



Note: Data in charts is unaudited.

## PORTFOLIO RESULTS – DEXUS developments committed

Pipeline	Building area sqm <sup>1</sup>	Project cost A\$m <sup>2</sup>	Yield on cost %	Leased %	Completion due
<b>Office</b>					
5 Martin Place, Sydney, NSW	33,752	107	Circa 7%	72%	Mid 2015
480 Queen Street, Brisbane, QLD	52,781	283	7.0-7.5%	81%	Early 2016
Kings Square, Perth, WA	55,561	219	Circa 8%	55%	Mid 2015
<b>Total office</b>	<b>142,094</b>	<b>609</b>			
<b>Industrial</b>					
Quarry at Greystanes, NSW <sup>3</sup>	9,466	22	7.0-7.5%	83%	Mid 2015
Quarrywest at Greystanes, NSW	129,500	96	tbc	0%	Mid 2018
Radius Industrial Estate, Larapinta, QLD	22,950	16	tbc	0%	Mid 2016
1 Anton Road, Hemmant, QLD	66,100	45	tbc	0%	Mid 2017
<b>Total industrial</b>	<b>228,016</b>	<b>179</b>			
<b>Total committed</b>	<b>370,110</b>	<b>788</b>			

DEXUS total portfolio capital expenditure	Estimated FY15
Maintenance capital expenditure	\$55-65m
Cash incentives and leasing costs	\$55-65m
<b>Total capital expenditure</b>	<b>\$110-130m</b>

1. At 100%.
2. DEXUS interest.
3. Includes Lots WH11 and WH12 underway (100% tenant pre-committed) and Lot A4 awaiting tenant pre-commitment.

## PORTFOLIO RESULTS – DEXUS uncommitted development pipeline

Pipeline	Building area (sqm) <sup>1</sup>	Project est. (A\$m) <sup>2,3</sup>	Est. cost to completion (A\$m) <sup>3</sup>	Est. yield on est. project cost (%)
<b>Office</b>				
180 Flinders Street, Melbourne, VIC	23,950	237	155	7.0-7.5%
12 Creek Street, Brisbane, QLD	4,820	19	19	9.0-9.5%
105 Phillip Street, Parramatta, NSW <sup>4</sup>	20,000	120	111	8.25-8.75%
<b>Total office</b>	<b>48,770</b>	<b>376</b>	<b>285</b>	
<b>Industrial</b>				
DEXUS Industrial Estate, Laverton North, VIC <sup>5</sup>	119,500	140	111	8.0-8.5%
Quarry at Greystanes, NSW <sup>6</sup>	19,500	27	17	8.0-8.5%
<b>Total industrial</b>	<b>139,000</b>	<b>167</b>	<b>128</b>	
<b>Total uncommitted</b>	<b>187,770</b>	<b>543</b>	<b>413</b>	

1. At 100%.
2. Including land.
3. DEXUS share.
4. Also in DEXUS trading pipeline.
5. Stage 3 estimated cost includes cost of land sales.
6. Includes Lot A2.





# TRANSACTIONS – Trading versus non-trading opportunities

ORIGINATION	Acquisitions <sup>1</sup>		Balance Sheet Assets	
ACTIVITY / STRATEGY	Reposition & Sell	Develop & Sell	Reposition/ Develop & Sell	Divestment (non trading)
TYPE	Trading asset <sup>2</sup> (inventory)	Trading asset <sup>2</sup> (inventory)	Trading asset <sup>2</sup> (transfer to inventory) <sup>3</sup>	Investment property (no transfer to trading)
PROPERTIES	<ul style="list-style-type: none"> <li>50 Carrington Street, Sydney</li> <li>40 Market Street, Melbourne</li> <li>Archerfield, Brisbane</li> <li>Lakes Business Park (Southern site)</li> </ul>	<ul style="list-style-type: none"> <li>Wacol, Brisbane</li> <li>Laverton North, Melbourne</li> <li>Erskine Park, Sydney</li> </ul>	<ul style="list-style-type: none"> <li>Mascot, Sydney</li> <li>Rosebery, Sydney</li> <li>32 Flinders Street, Melbourne</li> <li>105 Phillip Street, Parramatta</li> </ul>	<ul style="list-style-type: none"> <li>Lumley Centre, NZ</li> <li>201 Kent Street, Sydney</li> </ul>
ACCOUNTING TREATMENT	<ul style="list-style-type: none"> <li>Net profit/loss after tax in FFO<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>Net profit/loss after tax in FFO<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>Net profit/loss after tax in FFO<sup>4</sup></li> <li>Transferred at fair value</li> </ul>	<ul style="list-style-type: none"> <li>Profit/loss on sale held in passive trust (DIT/DOT/DDF)</li> <li>Reflected in NTA</li> <li>Not recognised in FFO</li> </ul>

1. Assets or land acquired externally with the intention to sell for profit.

2. Activities are undertaken in a tax paying entity (DXO).

3. Intention changed to significantly participate in profit from change of use (residential, mixed-use or retail), development and subsequent sale. Future use may be uncertain.

4. Profits will not be recognised in FFO on any previous impairment amounts.

# TRANSACTIONS – An active six months for Third Party Funds

DEXUS acquisitions	Purchase price \$m	Cap rate	Settlement date
Lakes Business Park, Botany, NSW	153.5	7.0%	16 Jan 15
<b>Total</b>	<b>153.5</b>		

DEXUS divestments	Sale price \$m	Cap rate	Settlement date
50 Carrington Street, Sydney, NSW	88.0	n/a	1 Dec 14
30 Distribution Drive, Laverton North, VIC	19.0	n/a	1 Jul 14
Lumley Centre, Auckland, NZ <sup>1</sup>	132.9	n/a	18 Nov 14
<b>Total</b>	<b>239.9</b>		

DEXUS Office Partner divestments	Sale price \$m	Cap rate	Settlement date
201 Kent Street, Sydney, NSW <sup>2</sup>	173.0	n/a	1 Sep 14
<b>Total</b>	<b>173.0</b>		

DWPF acquisitions	Purchase price \$m	Cap rate	Settlement date
Deepwater Plaza, Woy Woy, NSW	98.5	7.25%	25 Jul 14
Sturt Mall, Wagga Wagga, NSW	61.2	7.5%	28 Jul 14
Shepparton Marketplace, VIC	70.6	7.0%	18 Dec 14
<b>Total</b>	<b>230.3</b>		

DEXUS Industrial Partner acquisitions	Purchase price <sup>3</sup> \$m	Cap rate	Settlement date
Radius Industrial Estate, Larapinta, QLD	9.2	n/a	1 Aug 14
Lot 1, 8 Anton Road, Hemmant, QLD	25.2	n/a	22 Dec 14
112 Cullen Avenue, Eagle Farm, QLD <sup>4</sup>	20.7	n/a	27 Feb 15
<b>Total</b>	<b>55.1</b>		

1. NZ\$146m proceeds converted at NZD/AUD of \$1.0984.
2. Pre-emptive right exercised by co-owner resulted in the divestment. DEXUS's share of the \$173 million sale price was \$86.5 million.
3. Price reflects 100% share of which DEXUS owns a 50% interest.
4. 112 Cullen Avenue, Eagle Farm had exchanged as at 31 December 2014, and is expected to settle in March 2015.



# TRANSACTIONS – Acquisitions in DEXUS Industrial Partnership

- Current end value of \$360m<sup>1</sup> with \$1bn target

## 50 & 70 Radius Drive, Larapinta

- Development opportunity
- 42,770sqm usable area, 22,950sqm planned GLA
- Acquired on market for \$9.2m

## Lot 1, 8 Anton Road, Hemmant

- Reduced risk development with zoning approvals
- 122,500sqm usable area, 66,100sqm planned GLA
- Acquired off-market for \$25.2m

## 112 Cullen Avenue, Eagle Farm

- First income producing property acquired by the Partnership<sup>2</sup>
- 11,979sqm NLA, 100%<sup>3</sup> leased to six tenants including Brisbane City Council
- Acquired off-market for \$20.7m



1. 100% interest including Quarrywest site which was acquired in June 2014.  
2. Expected to settle in March 2015.  
3. 97% before 18 month rent guarantee.



# EXCHANGE RATES AND SECURITIES USED IN STATUTORY ACCOUNTS

		31 Dec 2014	30 June 2014	30 June 2013
Closing rates for Statement of Financial Position	NZD	1.0462	1.0761	1.0879
	USD	0.8202	0.9420	0.8948
Average rates for Statement of Comprehensive Income	NZD	1.0962	1.1061	1.1345
	USD	0.8906	0.9184	0.9219

	6 mths to 31 Dec 2014	12 mths to 30 Jun 2014 (post consolidation equivalent) <sup>2</sup>	12 mths to 30 Jun 2014	6 mths to 31 Dec 2013 (post consolidation equivalent) <sup>2</sup>	6 mths to 31 Dec 2013
Average weighted number of securities <sup>1</sup>	905,531,797	820,257,691	4,921,546,144	775,433,185	4,652,599,109
Closing number of securities	905,531,797	905,531,797	5,433,110,810	771,371,404	4,628,228,426

1. Used to calculate FFO per security.

2. Where the number of securities held by a security holder following the consolidation resulted in a fraction of a security, the fraction was rounded up to the nearest whole number.

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# GLOSSARY

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Distribution payout policy:	Policy is to distribute in line with free cash flow.
Funds From Operations (FFO):	FFO is in line with Property Council of Australia definition and 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, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, rental guarantees, coupon income and distribution income net of funding costs.
Gearing:	Gearing is represented by Interest Bearing Liabilities (excluding deferred borrowing costs and including the currency gains and losses 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.
Gearing (look through):	Represents Gearing defined above adjusted to include debt in equity accounted investments.
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 calculated based on the weighted average number of DEXUS securities for the relevant period.
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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