DEXUS Property Group (ASX: DXS)

ASX release

12 February 2014

2014 half year results presentation

DEXUS Property Group provides its 2014 half year results presentation.

The property synopsis spreadsheet is also available on our website at www.dexus.com

For further information please contact:

Investor relations		**Media relations**	
David Yates	T: +61 2 9017 1424 M: +61 418 861 047 E: david.yates@dexus.com	Louise Murray	T: +61 2 9017 1446 M:+61 403 260 754 E: louise.murray@dexus.com

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 $14 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 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 19,000 investors from 22 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

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

DEXUS PROPERTY GROUP

2014 HALF YEAR RESULTS PRESENTATION – 12 FEBRUARY 2014

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

DEXUS PROPERTY GROUP

AGENDA

- Group highlights
- Takeover of Commonwealth Property Office Fund (CPA)
- Financial results
- Capital management
- Third party funds management
- Portfolio results
- Transactions and market outlook
- Summary
- Appendices

DEXUS PROPERTY GROUP

GROUP HIGHLIGHTS
For the six months ended 31 December 2013

3.8%	DXS office portfolio like-for-like income growth[1]
11.0%	Return on equity[2]
6.3%	Growth in Third Party Funds under management[3]
$0.3bn	Property acquisitions undertaken by Third Party Funds[4]
6.1yrs	Average debt duration

1. Growth compared to the six months ended 31 December 2012.
2. For the 12 months ended 31 December 2013.
3. Growth from 30 June 2013.
4. Including acquisition of AM60, William Street, Brisbane by DEXUS Wholesale Property Fund announced on 15 January 2014.

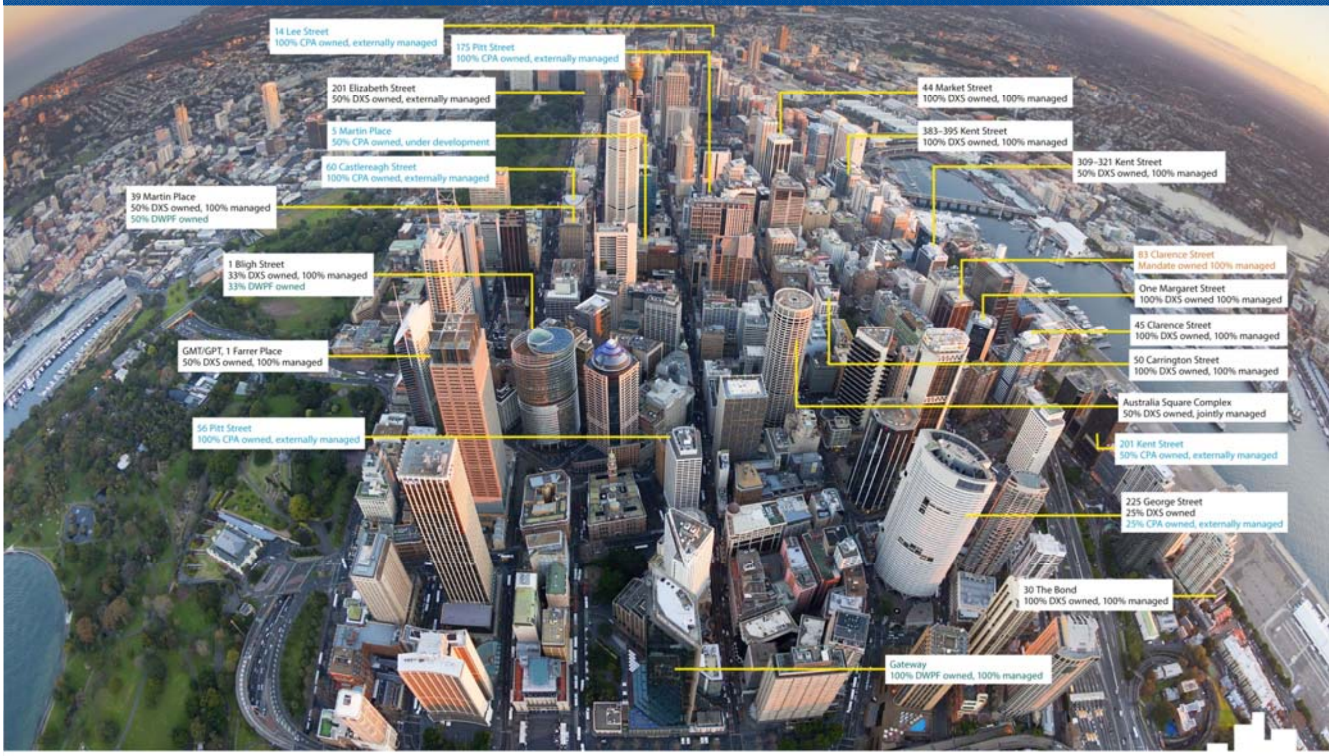
GROUP HIGHLIGHTS
Financial results

		31 Dec 2013	31 Dec 2012	Change
Key financial metrics	Statutory net profit	$277.2m	$267.0m	+3.8%
	FFO[1]	$189.8m	$182.2m	+4.2%
	FFO per security	4.08c	3.85c	+6.0%
	Distribution per security	3.07c	2.89c	+6.2%

		31 Dec 2013	30 Jun 2013	Change
Other key metrics	Gearing	30.6%	29.0%	+1.6%
	NTA per security	$1.08	$1.05	+2.9%

1. DEXUS'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, fair value movements of interest bearing liabilities, amortisation of certain 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. Refer to the glossary for the detailed explanation of FFO and Slide 9 for a reconciliation to net profit.

TAKEOVER OF COMMONWEALTH PROPERTY OFFICE FUND (CPA)



DEXUS existing owned and managed portfolio and CPA portfolio to be acquired - Sydney CBD, NSW

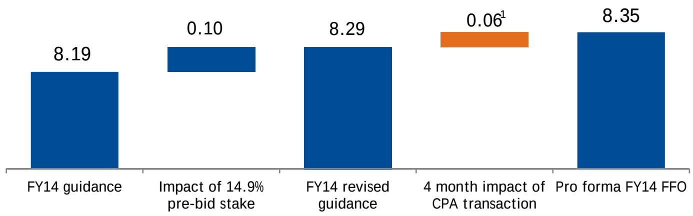
TAKEOVER OF COMMONWEALTH PROPERTY OFFICE FUND (CPA)
Update

- DEXUS and Canada Pension Plan Investment Board's (CPPIB) Offer (DEXUS Offer) is now unconditional
  - CPA's Responsible Entity has recommended CPA Unitholders ACCEPT the DEXUS Offer
  - Strong institutional investor support
  - DEXUS Offer extended to 14 February 2014
- DEXUS and CPPIB expect to
  - Proceed to compulsory acquisition of CPA Units by the end of March 2014
  - Undertake transition of management of the CPA portfolio over the second quarter of 2014

TAKEOVER OF COMMONWEALTH PROPERTY OFFICE FUND (CPA)

Pro forma impact on DEXUS's key metrics

FY14 FFO cents per security impact assuming 1 March 2014 implementation



- 0.7% increase on FY14 FFO guidance, excludes the one-off impact of the 14.9% pre-bid stake

	DEXUS Gearing		DEXUS NTA (per security)	
	Pre CPA transaction	**Post CPA transaction**	**Pre CPA transaction**	**Post CPA transaction**
30 Jun 13	29.0%	33.9%[2]	$1.05	$1.03[2]
31 Dec 13	30.6%	34.6%[3]	$1.08	$1.06[3]

1. Assumes 100% acceptances based on Option B cash/scrip offer, 1 March 2014 implementation date and GPT Wholesale Office Fund asset sales, as contemplated in the Second Supplementary Bidder's Statement dated 10 January 2014.
2. Pro-forma impact as outlined in the Second Supplementary Bidder's Statement dated 10 January 2014.
3. Pro-forma impact as outlined in the Second Supplementary Bidder's Statement dated 10 January 2014 adjusted for DXS's half year results announced on 12 February 2014.

FINANCIAL RESULTS

FINANCIAL RESULTS

	31 Dec 2013 $m	31 Dec 2012 $m
Statutory net profit	277.2	267.0
Net fair value gain of investment properties	(106.6)	(120.4)
Net fair value movements of derivatives & interest bearing liabilities[1]	(5.8)	11.9
Net loss on sale of investment properties	3.0	13.9
Incentive amortisation & rent straightlining	14.4	14.3
Coupon income and other	7.6	(4.5)
Funds From Operations (FFO)	189.8	182.2

1. Comprises net fair value gain on interest bearing liabilities of $20.9m and net fair value loss on derivatives of $15.1m.

DEXUS PROPERTY GROUP

FINANCIAL RESULTS

Funds From Operations

	31 Dec 2013 $m	31 Dec 2012 $m
Office	175.3	151.8
Industrial	59.5	57.8
Net profit from management operations[1]	12.4	11.5
Group corporate & asset management[1]	(18.4)	(17.8)
Operating EBIT – continued operations	**228.8**	**203.3**
Discontinued operations[2]	—	17.0
Operating EBIT	**228.8**	**220.3**
Finance costs[3]	(61.4)	(53.6)
Incentive amortisation and rent straight-line	14.4	14.3
Other	8.0	1.2
Funds From Operations	**189.8**	**182.2**
FFO per security	4.08	3.85
Distribution per security	3.07	2.89

- EBIT from continued operations up 12.5% to $228.8m
- Office like-for-like income growth of 3.8%
- Industrial like-for-like income growth of 2.1%
- Distributions per security up 6.2%

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

DEXUS PROPERTY GROUP

FINANCIAL RESULTS
Corporate revenue and expenses

Net profit from management operations

HY14	Property management	Development & trading[1]	Funds management	Total ($m)
Revenue	16.6	4.1	14.5	**35.2**
Operating expenses[2]	(12.1)	(1.1)	(6.3)	**(19.5)**
Cost of sales – active trading	-	(3.3)	-	**(3.3)**
Total operating expenses	(12.1)	(4.4)	(6.3)	**(22.8)**
Net profit from management operations	**4.5**	**(0.3)**	**8.2**	**12.4**

Group corporate & asset management

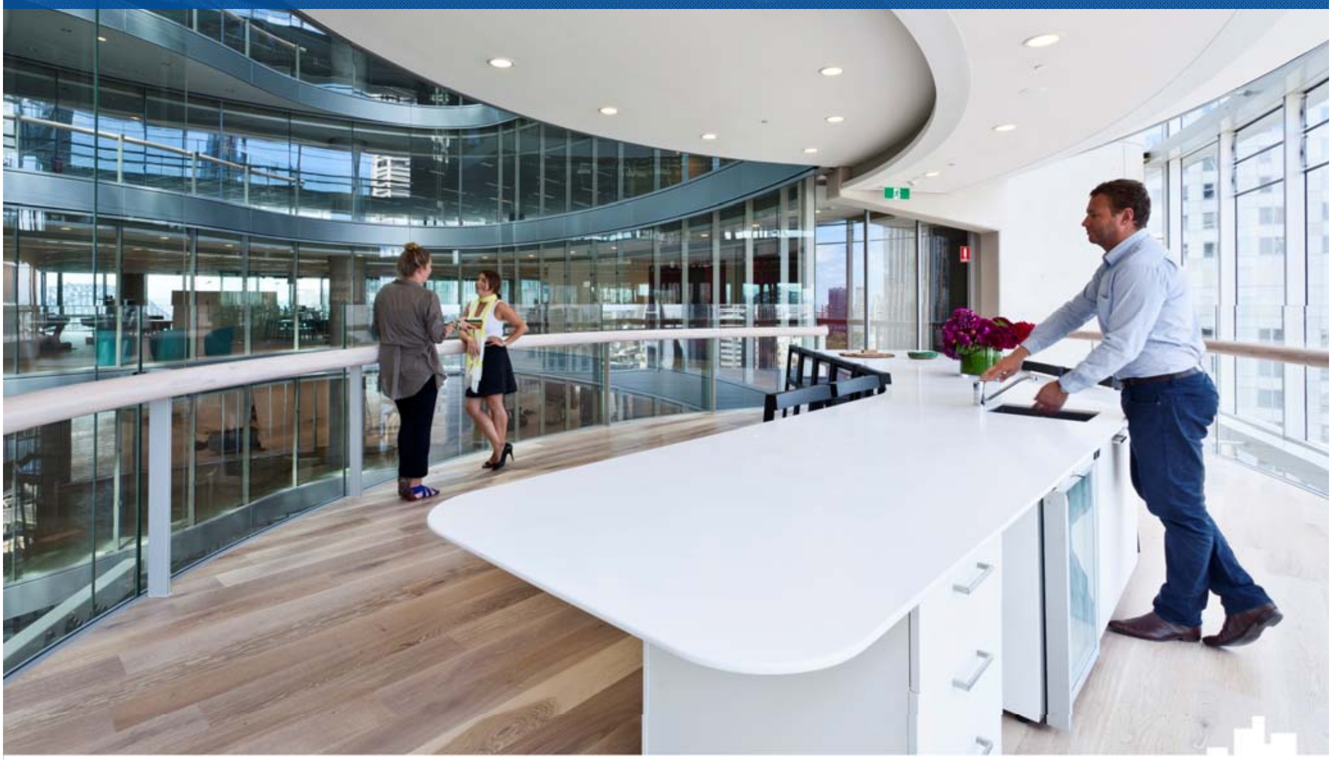
HY14	Total ($m)
Group corporate expenses	(12.9)
DXS asset management	(5.5)
Group corporate & asset management	**(18.4)**

Management Expense Ratio (MER)

HY14 Gross MER[3]	Total ($m)
A) Group corporate & asset management	(18.4)
B) Funds under management	7,418
Gross MER = 2*A/B	**50bps**

1. Including nil trading profits and net development expense of $1.1m.
2. Comprises property management salaries of $4.3m and corporate & administration expenses of $15.2m.
3. Gross Management Expense Ratio: calculated as annualised domestic costs arising from managing DXS assets and corporate activity divided by funds under management.

CAPITAL MANAGEMENT



CAPITAL MANAGEMENT
HY14 progress

Maintained strong credit rating metrics

Optimised cost of funds

Utilised on market securities buy-back to provide accretive investor returns

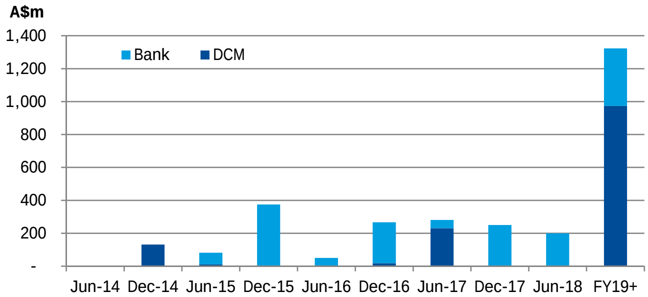
Level 18, 1 Bligh Street, Sydney, NSW

CAPITAL MANAGEMENT
HY14 update

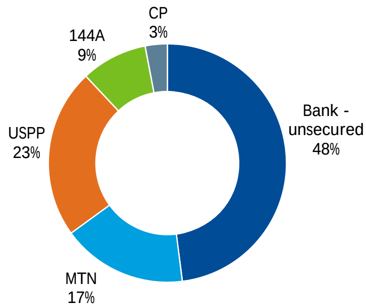
- Cost of debt was 20bps lower driven by reduced floating rates
- Debt duration increased to above six years
  - Issued US$200 million long dated US Private Placement notes
- Sourced $1.3 billion of new funding commitments for CPA transaction
- $245 million (5%) buy-back announced 2 July 2013
  - 73.7 million securities bought to date at 5.5% discount to NTA
- S&P and Moody's credit ratings on CreditWatch Positive and developing outlook (respectively)

Key metrics	31 Dec 13	30 Jun 13
Gearing	30.6%	29.0%
Cost of debt[1]	5.7%	5.9%
Duration of debt	6.1 years	5.4 years
Hedged debt	62%	64%
Headroom	$0.2bn	$0.3bn
S&P/Moody's credit rating	BBB+/Baa1	BBB+/Baa1

Debt maturity profile[2]



Diversified mix of facilities[2]



1. Weighted average across the period, inclusive of fees and margins on a drawn basis.
2. Including US$200m USPP that settles in February 2014.

THIRD PARTY FUNDS MANAGEMENT

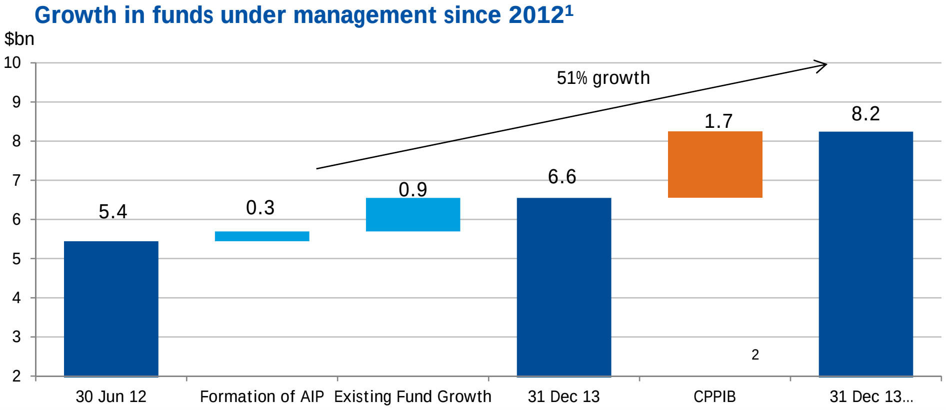
THIRD PARTY FUNDS MANAGEMENT
HY14 progress

Attracted a new capital partner for long term co-investment

Identified new investment opportunities for existing capital partners

Continued to drive the performance of capital partners

Growth in funds under management since 2012[1]



6.3%
Growth YTD
(excludes CPPIB)

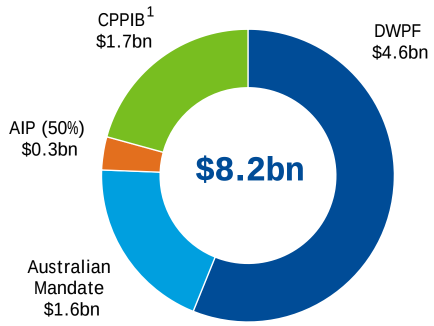
51%
Growth since 2012
(includes CPPIB)

1. Change in total Australian third party funds under management since 30 June 2012.
2. Including 5 Martin Place, Sydney at reported cost to complete.

THIRD PARTY FUNDS MANAGEMENT
Delivering on strategy

- Third party funds under management increases significantly through the takeover of CPA
  - Third party FUM increases over 26% to $8.2 billion
  - Represents 48% of total Group FUM of $17.4 billion
- DWPF continued to deliver on its investment plan
  - Invested $316.7 million across four new properties
  - Launched a $350 million pro-rata offer on 21 January 2014
  - Continued outperformance against benchmark
- Australian Industrial Partnership on track
  - Increased by two properties to 19 properties with a total value of $506.8 million

Third party funds under management post CPA transaction



1. Including 5 Martin Place, Sydney at reported cost to complete.

DEXUS PROPERTY GROUP

PORTFOLIO RESULTS

DEXUS PROPERTY GROUP

PORTFOLIO RESULTS
Total portfolio – valuation metrics

- Total portfolio valuation uplift of $106.6m[1] predominantly driven by leasing success
  - Office portfolio valuations up 1.7% or $98.7m
  - Industrial portfolio valuations up 0.6% or $7.9m
  - 11bps tightening in total portfolio average cap rate
  - Expect further cap rate compression as fundamentals improve

Capitalisation rates	31 Dec 2013	30 Jun 2013
DXS office portfolio	7.07%	7.17%
DXS industrial portfolio	8.40%	8.55%
Total DXS portfolio	7.36%	7.47%

Southgate Complex, Melbourne

Woodside Plaza, Perth

45 Clarence Street, Sydney

1. For the six months ended 31 December 2013.

PORTFOLIO RESULTS
HY14 progress

Office and industrial

Delivered office and industrial like-for-like income growth of 3.3%

Reduced Sydney office portfolio FY15 and FY16 lease expiries within target

Launched initiatives to enhance tenant experience and develop tenant loyalty

Development and trading

Completed over 70,734 square metres of industrial developments

Progressed trading properties to deliver forecast trading profits of $4-5 million

PORTFOLIO RESULTS
Office portfolio – operating performance

- Achieved a strong total return and an improvement in operating metrics

67,973sqm Leased[1] in total	5.1years WALE[2] (Jun 2013: 5.0 years)	3.8% Like-for-like income growth
94.6% Occupancy[2] (Jun 2013: 94.6%)	69% Retention (Jun 2013: 72%)	10.3% Total return[3] (Jun 2013: 10.6%)

1 Bligh Street, Sydney NSW

1. At 100%, including Heads of Agreement (HOA) of 39,141sqm.
2. By income.
3. For the 12 months to 31 December 2013.

PORTFOLIO RESULTS
Office portfolio – strong operating performance

Achievements

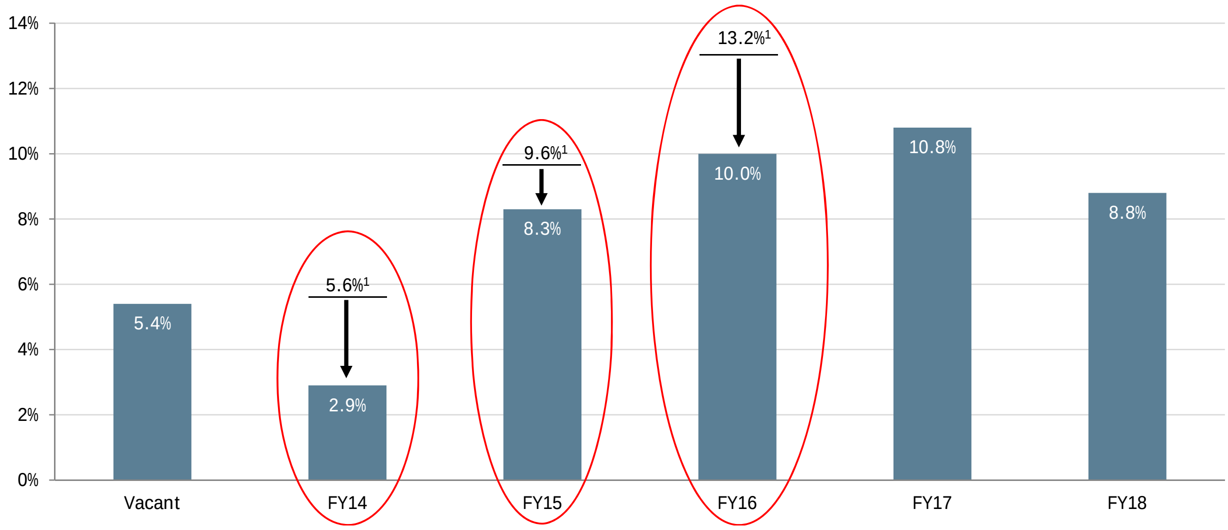
- Solid leasing activity secured 67,973sqm[1] of space across 86 transactions
  - Minter Ellison leased approximately 9,500sqm at Governor Macquarie Tower for 12 years, negotiated on an effective basis
  - IBM extended lease over 11,485sqm at Southgate, Melbourne for further five years until December 2020
  - Lumley General Insurance extended lease over 5,283sqm at 88 Shortland Street, Auckland until October 2020
  - Secured six new or renewed leases totalling 2,011sqm at 39 Martin Place, Sydney on average terms of 6.7 years
- Introduced initiatives to enhance tenant experience and develop tenant loyalty
- Occupancy by income remained stable at 94.6%

DXS office portfolio	31 Dec 13	30 Jun 13
Occupancy by income	94.6%	94.6%
Occupancy by area	93.9%	94.4%
Number of leasing transactions[1]	86	130
Average incentive	16.9%	12.2%
Average rental increase	2.5%	(0.1%)
Retention rate 12 months	69%	72%
Weighted average lease expiry[2]	5.1 years	5.0 years
Total return – 1 year	10.3%	10.6%

1. At 100%, including HOA.
2. By income.

PORTFOLIO RESULTS
Office portfolio — lease expiry profile

Lease expiry profile by income as at 31 December 2013



1. 30 June 2013.

PORTFOLIO RESULTS
Industrial portfolio — solid operating performance

- Solid leasing across 31 transactions
- Completed developments at Quarry at Greystanes are 100% leased

72,687 sqm Leased[1] in total	**4.1 years** WALE[2] (Jun 2013: 4.1 years)
94.2% Occupancy[2] (Jun 2013: 96.1%)	**63%** Retention (Jun 2013: 70%)
2.1% Like-for-like income growth	**9.2%** Total return (Jun 2013: 8.8%)


30 Distribution Drive, Laverton North, VIC


Quarry Industrial Estate, 1 Bellevue Circuit, Greystanes, NSW

1. At 100%, including HOA of 50,832sqm.
2. By income.

PORTFOLIO RESULTS
Industrial portfolio

Achievements

- Solid leasing result in a challenging market secured 72,687sqm[1] across 31 transactions
  - Consortium Group signed HOA to pre-lease 15,500sqm at Quarry at Greystanes for six years
  - Cotton On leased 12,246sqm at Wacol for 10 years
  - Allied Pickfords renewed its lease over 8,672sqm at Foundation Place, Greystanes for a further seven year term
- Occupancy by income decreased to 94.2%
  - Includes completed 11,854sqm speculative development[3] at Laverton North
  - Legrand vacated 5,575sqm in Auburn in December 2013
- WALE[2] remained stable at 4.1 years

DXS industrial portfolio	31 Dec 13	30 Jun 13
Occupancy by income	94.2%	96.1%
Occupancy by area	94.3%	95.9%
Number of leasing transactions[1]	31	122
Average incentive	9.9%	7.9%
Average rental increase	(7.1%)	(2.4%)
Retention rate 12 months	63%	70%
Weighted average lease expiry[2]	4.1 years	4.1 years
Total return – 1 year	9.2%	8.8%

1. At 100%, including HOA.
2. By income.
3. DXS share 5,927sqm.

DEXUS PROPERTY GROUP

PORTFOLIO RESULTS
Development

DEXUS PROPERTY GROUP

PORTFOLIO RESULTS
Development and fund-through pipeline — Group

$2.8bn
Total Group development pipeline

$1.1bn
DXS portfolio

$1.7bn
Third Party Funds

Viking Drive, Wacol, QLD – completed during the period.

PORTFOLIO RESULTS
DXS portfolio development pipeline

Developments and fund-throughs	No. of projects	Total est cost[1]	Est cost to complete[1]
Completed projects for trading[2]	2	$72m	$4m
Development under construction	1	$23m	$9m
Future developments	5	$545m	$413m
Fund-through investments[3]	2	$489m	$381m
Total DXS pipeline[4]	**10**	**$1,129m**	**$807m**
Total third party pipeline	**13**	**$1,723m**	**$1,493m**

- Identified new re-zoning opportunities within DEXUS's portfolio
  - Inner west and south Sydney industrial
  - Melbourne and Sydney office

1. Costs shown at 100%.
2. Comprises Wacol, QLD and Erskine Park, NSW.
3. At ownership.
4. Excluding DXS repositioning properties held as inventory.

TRANSACTIONS AND MARKET OUTLOOK

DEXUS PROPERTY GROUP

TRANSACTIONS

Another active period of transaction activity across the Group

DEXUS			Third Party Funds		
Divestments			**Acquisitions**		
2 Office properties	$51m Sale price	10.0% WACR[1]	4 DWPF	$317m Purchase price	8.2% WACR[1]
6 Industrial properties	$92m Sale price	8.3% WACR[1]	2 AIP	$18m Purchase price[2]	8.0% WACR[1]

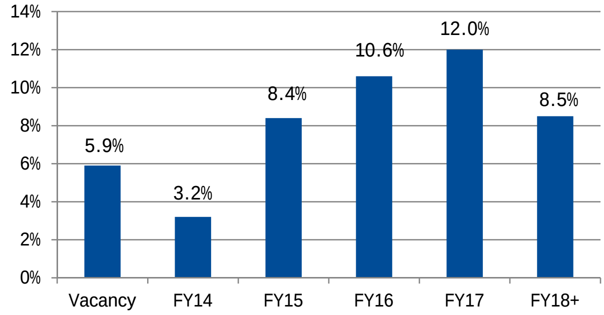
1. Weighted average capitalisation rate.
2. Based on expected end value of properties acquired on a fund-through basis.

DEXUS PROPERTY GROUP

TRANSACTIONS
Takeover of Commonwealth Property Office Fund (CPA)

- Secured support from the Commonwealth Bank of Australia and large institutional investors
- Offer closes 14 February 2014
- Staged transition planning well progressed
- No obligation to sell the properties that form the agreement with GPT Wholesale Office Fund (GWOF) until the Consortium acquires 100% of CPA units

Combined DXS/CPA lease expiry profile by income[1]



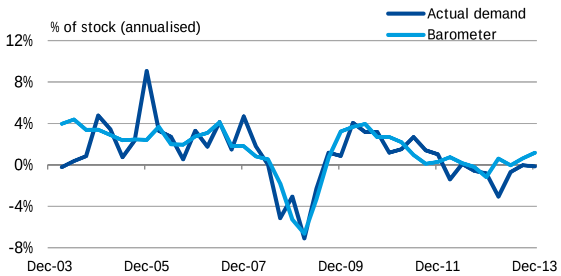
Portfolio metrics[2]	CPA portfolio	Combined DXS/CPA
Number of properties	21	45
Total value	$3.6bn	$7.5bn
Occupancy	90%	93%
Weighted average lease expiry	4.4 years	5.0 years
Capitalisation rate	7.2%	7.1%
Prime grade %	93%	92%

1. Excluding 5 Martin Place, Sydney.
2. Excluding properties sold to GWOF and including 5 Martin Place, Sydney on completion.

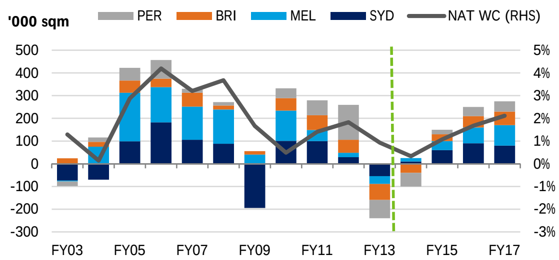
MARKET OUTLOOK
Why office demand will improve from FY15

- Demand to improve in FY15 due to
  - Economy responding to easing monetary policy and lower AUD
  - Improving business conditions and confidence
  - Recovery in employment to be led by business services, accounting, legal, IT, education and pharmaceuticals
  - Tenant migration into CBD areas
- Sydney and Melbourne to lead improvement with Brisbane and Perth to follow

DEXUS Office Demand Barometer points to improvement



Office demand in the four main CBDs vs employment growth

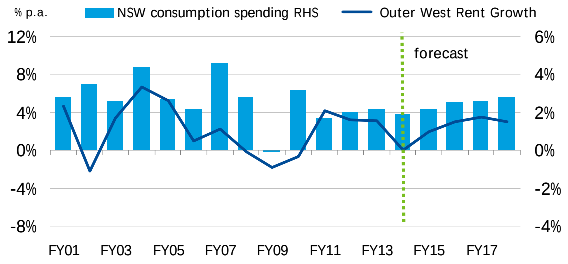


Source: Jones Lang LaSalle, Bloomberg, NAB, DEXUS Research.
DEXUS Office Barometer includes five variables: S&P/ASX 200 Index, NAB Business Confidence Index, ANZ job ads, US ISM Manufacturing Index and short-term business travel departures.

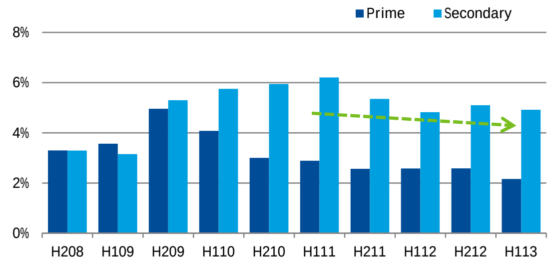
MARKET OUTLOOK
Industrial markets relatively stable

- Lead indicators for demand now improving (business confidence, consumer confidence)
- Demand to be driven by tenants consolidating and seeking efficiencies eg. logistics and retail
- Limited availability of prime space
- Rents flat in FY14, then upside in medium term
- Melbourne very competitive
- Sydney subdued but stable
- Brisbane has paused but could recover quickly

Consumption - to drive rental growth



National prime vacancy remains low



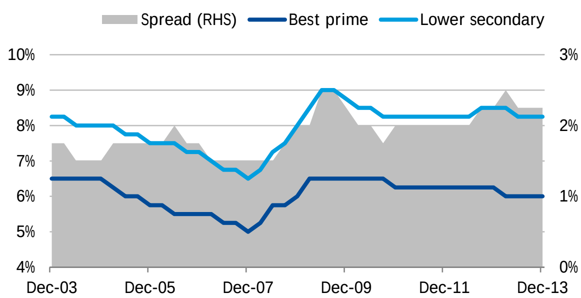
Source: Jones Lang LaSalle, Savills, Deloitte Access Economics, DEXUS Research.

DEXUS PROPERTY GROUP

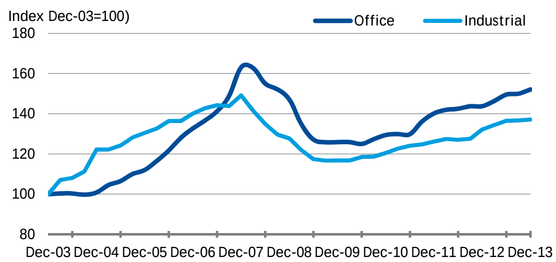
MARKET OUTLOOK
Investment demand

- Markets nearing low point of rent cycle – growth anticipated medium/long term
- Further declines in capitalisation rates should lead to firming of capital values
- Strong investment demand for quality stock due to solid income yield
- Wide spread in pricing of assets depending on risk, based on
  - duration of leases
  - prime vs secondary assets
  - CBD vs fringe/metropolitan
- Pricing spreads expected to narrow in the medium term for quality properties, but likely to remain uneven

Capitalisation rates - prime and secondary (Sydney CBD)



Capital values - office and industrial (Sydney)



Source: Jones Lang LaSalle, DEXUS Research.

DEXUS PROPERTY GROUP

SUMMARY

SUMMARY

- Delivered a solid result in a challenging market
- Expect office market conditions to improve in FY15
- Focus moving forward:
  - Ensure CPA portfolio is successfully integrated
  - Continue to drive earnings from existing business
- Market guidance for FY14[1]
  - FFO per security 8.29 cents, representing 7.0% growth
  - Distribution per security 6.24 cents

1. Barring unforeseen circumstances. Assumptions include: 75% payout ratio, delivering 2.5-3.5% like-for-like income growth across the office and industrial portfolios, $4-5m in trading profits, circa 5.7% cost of debt and excluding impact of CPA transaction.

Foyer, Australia Square, 264 George Street, Sydney NSW

APPENDICES

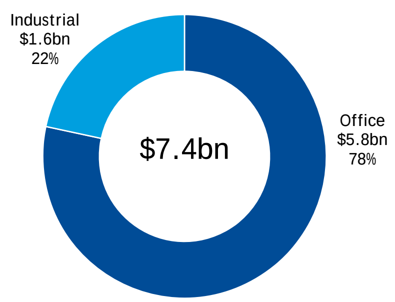
DEXUS PROPERTY GROUP

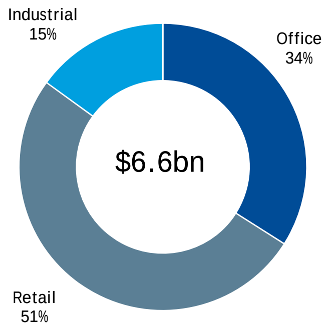
CONTENTS

DEXUS PROPERTY GROUP

GROUP HIGHLIGHTS
DEXUS today

DEXUS Property Group platform $14.0bn AUM			
Public and private capital	239 property professionals	127 properties	3,173,303sqm NLA
Office $8.0bn	Industrial $2.6bn	Retail $3.4bn	Development pipeline[1] $2.8bn
DXS portfolio investments $7.4bn		Third Party Funds Management $6.6bn	





1. Including fund-through investments.

DEXUS PROPERTY GROUP

GROUP HIGHLIGHTS
Takeover of CPA – the journey so far

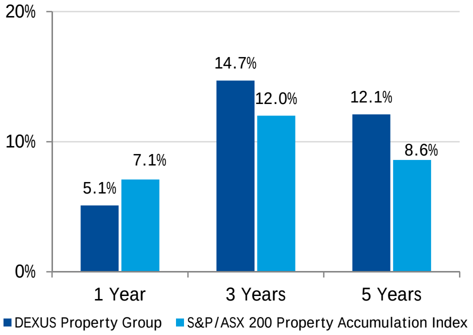
DEXUS PROPERTY GROUP

GROUP HIGHLIGHTS
Total security holder returns

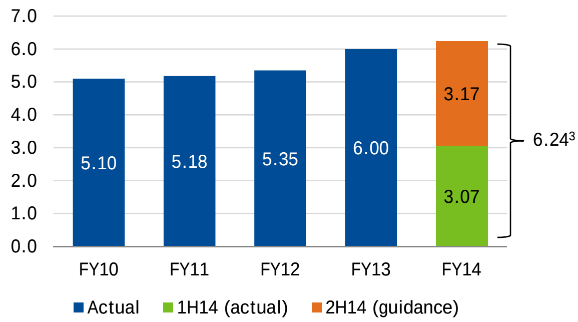
DXS investor returns

- One year total security holder return of 5.1%[1]
  - Outperformed A-REIT index[2] over 3 and 5 years
- Distribution per security growth of 6.2% for the 6 months ended 31 December 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.
3. Based on FY14 market guidance for FFO of 8.29 cents per security, 75% payout ratio and excluding impact of CPA transaction.

DEXUS PROPERTY GROUP

FINANCIAL RESULTS
Change in net tangible assets and revaluations

	31 Dec 2013 $m	cps
Opening net tangible assets (30 Jun 13)	4,948	105.2
Revaluation of real estate	107	
Retained earnings[1]	48	
Amortisation of tenant incentives[2]	(14)	
Fair value movements[3]	(6)	
NTA changes pre securities buy-back	**135**	
Impact of the securities buy-back	(75)	
Total movement in NTA		3.0
Closing net tangible assets (31 Dec 13)	5,008	108.2

Investment portfolio	Valuation change ($m)	Cap Rate (%)	% of portfolio
DXS office portfolio	98.7	7.07%	78%
DXS industrial portfolio	7.9	8.40%	22%
Total DXS portfolio	106.6	7.36%	100%

1. Based on payout ratio of 75% of FFO.
2. Includes rent straight-lining.
3. Primarily includes fair value movements of derivatives and interest bearing liabilities, deferred tax and gain/(loss) on sale of assets and includes property revaluations of discontinued operations.

DEXUS PROPERTY GROUP

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 FFO for the six months ended 31 December 2013 would have been reported under the PCA definition

Reference	Item	DXS FFO $m	PCA FFO $m
Statutory AIFRS net profit after tax		**277.2**	**277.2**
A Investment property and inventory			
A2	Losses from sales of investment property	0.5	0.5
A3	Fair value gain on investment property	(106.6)	(106.6)
C Financial instruments			
C2	Fair value loss on the mark-to-market of derivatives	15.1	15.1
D Incentives and rent straightlining			
D1	Amortisation of fit out incentives	15.0	15.0
D2	Amortisation of cash incentives	2.0	2.0
D4	Amortisation of rent-free periods	-	13.9
D5	Rent straightlining	(2.6)	(2.6)
E Tax			
E1	Non-FFO deferred tax benefits	(0.1)	(0.1)
F Other unrealised or one-off Items			
F1	Recycling of foreign currency translation reserve (FCTR)	(0.8)	(0.8)
F2	Other unrealised or one-off items[1]	(9.9)	(9.9)
FFO		**189.8**	**203.7**
FFO per security (cents)		**4.08**	**4.38**

1. Includes $2.5m finance break costs attributable to sales transactions, $5.2m CPA distribution (net of funding cost), $3.3m coupon income and $20.9m of unrealised fair value gains on interest bearing liabilities.

DEXUS PROPERTY GROUP

FINANCIAL RESULTS
Interest reconciliation

	31 Dec 2013 $m	31 Dec 2012 $m
Interest paid/payable	62.8	60.9
Other finance costs (amortised fees)	1.9	2.0
Realised interest rate swap (income)/expense[1]	0.9	(2.4)
Gross finance costs for cost of debt purposes	65.6	60.5
Less: interest capitalised	(4.2)	(6.1)
Net finance costs for distributable earnings	61.4	54.4
Add: unrealised interest rate swap MTM loss[1]	1.6	10.4
Add: finance costs attributable to sales transactions	2.5	12.4
Total statutory finance costs	**65.5**	**77.2**
Net fair value loss of derivatives	13.5	1.5
Net fair value gain on interest bearing liabilities	(20.9)	-
Total statutory finance costs including derivatives	**58.1**	**78.7**
Represented by:		
Statutory finance costs from continuing operations (Fin Stats note 2)	65.5	51.8
Net fair value loss of derivatives (Statement of Comprehensive Income)	13.5	0.6
Finance costs from discontinued operations	-	25.4
Net fair value loss of derivatives (discontinued operations)	-	0.9
Net fair value gain on interest bearing liabilities (Statement of Comprehensive Income)	(20.9)	-
Total statutory finance costs	**58.1**	**78.7**

1. Net fair value loss of interest rate swap of $2.5m (per note 2) includes realised interest rate swap expense of $0.9m and unrealised interest rate swap MTM loss of $1.6m.

DEXUS PROPERTY GROUP

FINANCIAL RESULTS
Direct property portfolio movements

	Office[1] ($m)	Industrial ($m)	Discontinued operations[2] ($m)	DEXUS total[1] ($m)
Opening direct property	**5,687**	**1,564**	**7**	**7,258**
Leasing incentives[3]	28	7	-	35
Maintenance capex	19	4	-	23
Acquisitions	-	-	-	-
Developments[4]	35	25	-	60
Disposals[5]	(30)	(7)	(7)	(44)
FX	10	-	-	10
Revaluations	99	8	-	107
Amortisation	(29)	(4)	-	(33)
Straight-lining	2	-	-	2
Closing direct property	**5,821**	**1,597**	**-**	**7,418**

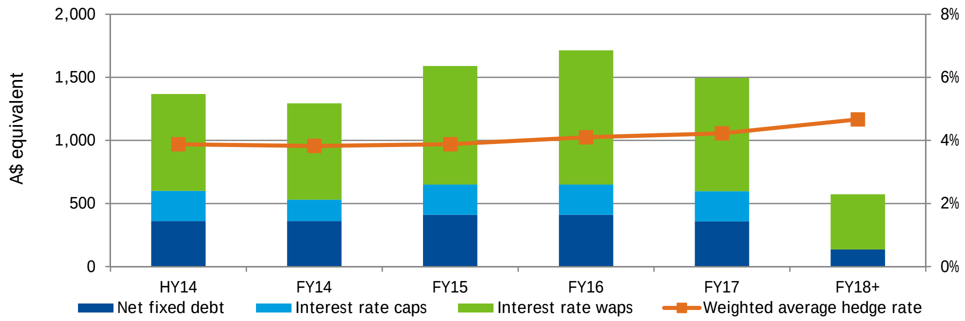
1. Includes DXS's share of equity accounted investments.
2. Europe.
3. Includes rent free incentives.
4. Includes capitalised interest.
5. At book value.

DEXUS PROPERTY GROUP

CAPITAL MANAGEMENT
Interest rate hedging profile

Hedging profile	31 Dec 2013	31 Dec 2012
Average amount of debt hedged[1]	62%	70%
Average amount of debt hedged excluding caps[1]	51%	67%
Weighted average interest rate on hedged debt[2]	3.88%	3.70%
Weighted average fixed & floating rate[3]	5.7%	5.8%
Weighted average maturity of interest hedges	5.2 years	4.0 years

Hedge maturity profile



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

DEXUS PROPERTY GROUP

CAPITAL MANAGEMENT
Debt overview and buy-back summary

Key metrics	31 Dec 2013	30 Jun 2013
Total debt	$2,336m	$2,167m
Cost of debt[1]	5.7%	5.9%
Gearing	30.6%	29.0%
Headroom (approximately)[2]	$0.2bn	$0.3bn
Debt duration	6.1 years	5.4 years
S&P/Moody's rating	BBB+/Baa1	BBB+/Baa1
Covenant gearing (covenant[3] <55%)	30.7%	29.1%
Interest cover (covenant[3] >2.0x)	3.9x	4.0x
Priority debt (covenant[3] <30%)	0%	0%

Buy-back program	FY14 program	FY13 program
Total securities bought back	73.7m	137.1m
% of total commitment	31.4%	64.3%
Total unit cost bought back	$75.3	$128.5m
Average price per security	$1.0211	$0.937

- The 2014 buy-back program was launched on 3 July 2013 and suspended on 11 October 2013 due to the CPA transaction.
- No securities have been bought back since DEXUS made the takeover offer for CPA.

1. Weighted average for the year.
2. Undrawn facilities plus cash. Excluding forward start commitments and USPP due for settlement in February 2014.
3. As per public bond covenants.

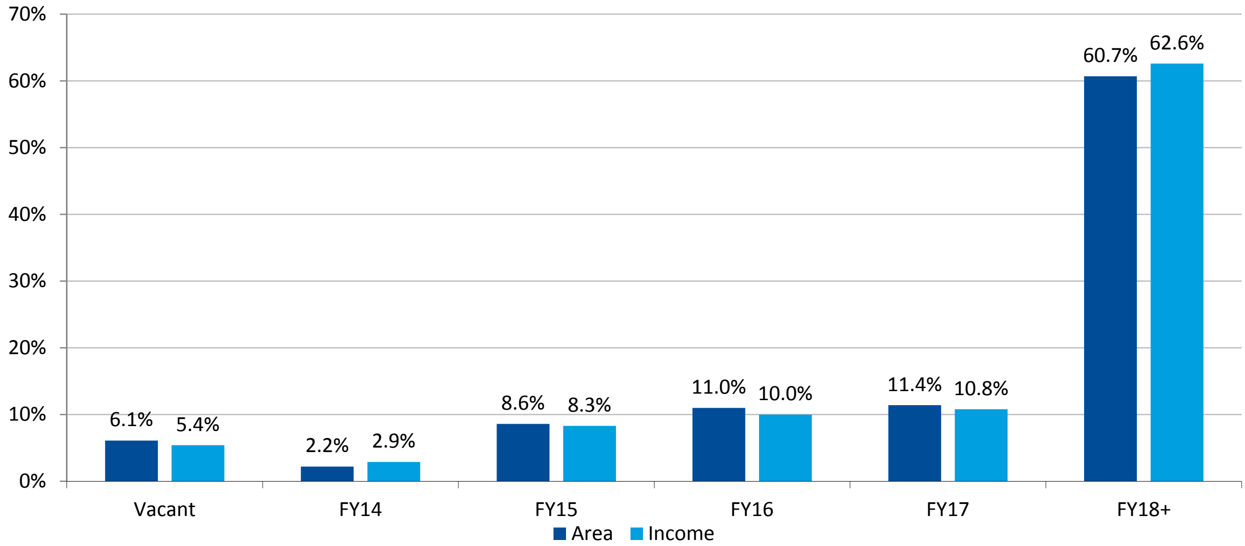
PORTFOLIO RESULTS
Office operating performance

Office portfolio	31 Dec 2013	30 Jun 2013
Occupancy by income	94.6%	94.6%
Occupancy by area	93.9%	94.4%
Average incentive	16.9%	12.2%
Average rental increase/(decrease)	2.5%	(0.1%)
Retention rate rolling 12 mths	69%	72%
Retention rate YTD	59%	72%
Under rented	1.4%	3.8%
Weighted average lease expiry[1]	5.1 years	5.0 years
Weighted average cap rate	7.07%	7.17%
Total return – 1 year	10.3%	10.6%

Level 18, 1 Bligh Street, Sydney, NSW

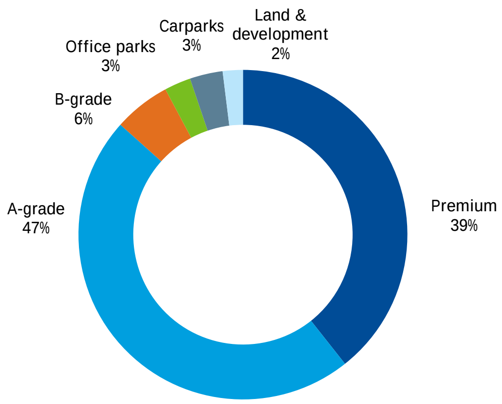
1. By income.

PORTFOLIO RESULTS
Office lease expiry profile at 31 December 2013

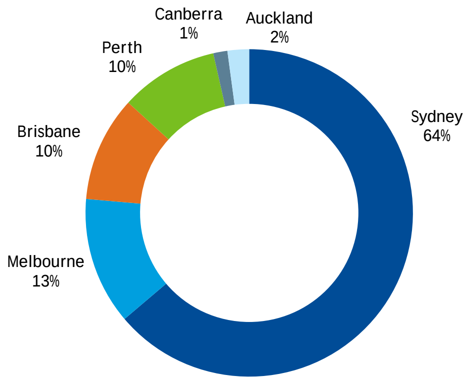


PORTFOLIO RESULTS
Office portfolio diversification

Property type by book value



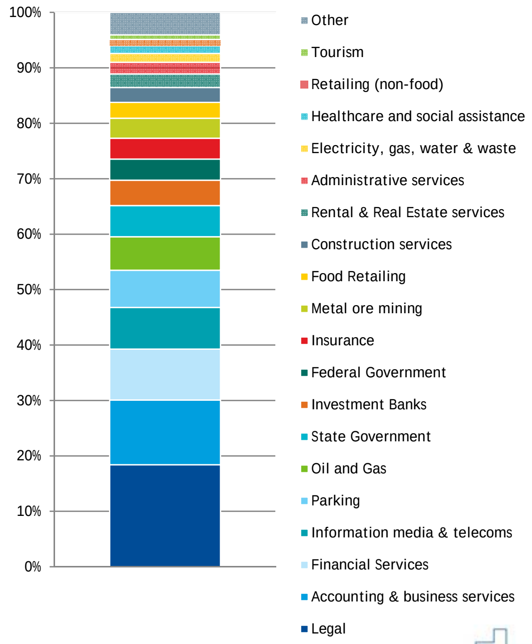
Geographical weighting by book value



PORTFOLIO RESULTS
Office top 10 tenants

Office tenant	S&P rating	% of income[1]
Woodside Energy	BBB+ positive	7.1%
Rio Tinto	A- negative	4.8%
Wilson Parking	Not rated	4.2%
Grant Thornton	Not rated	4.0%
Commonwealth of Australia	AAA stable	3.8%
Lend Lease Management Services	BBB- stable	2.7%
State of NSW	AAA negative	2.4%
IBM Australia Limited	AA- stable	2.2%
State of Victoria	AAA stable	2.1%
Deloitte Services	Not rated	2.0%

Diversity of office tenants by income

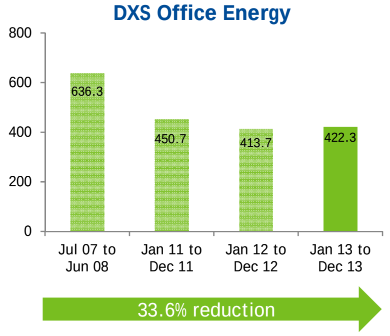


1. 31 December 2013 fully leased passing income annualised.

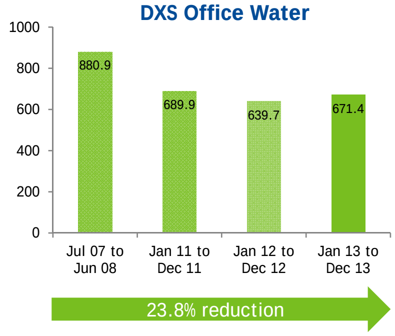
PORTFOLIO RESULTS
Corporate Responsibility and Sustainability

- Maintained and improved NABERS Energy and Water ratings
  - Weighted average 4.8 star NABERS Energy rating exceeding the 4.5 star target in DXS office portfolio[1]
  - Weighted average 3.5 star NABERS Water rating in line with target in DXS office portfolio[1]
- Achieved $5.3 million p.a. savings from energy efficiency improvements and reductions in tenant outgoings
- Outperformed in IPD Green Building Index in both Green Star and NABERS Benchmarks
- Inclusion on the Carbon Disclosure Projects Performance Leadership Index in 2013

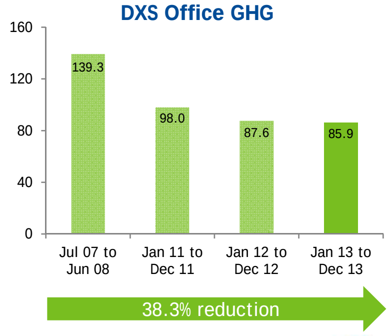
DXS Office Energy



DXS Office Water



DXS Office GHG



Note: Data in charts is unaudited.
1. On a like-for-like portfolio basis.

PORTFOLIO RESULTS
Office portfolio sustainability metrics

DXS office portfolio	Jun 08	Dec 11	Dec 12	Dec 13
NABERS Energy average rating[1]	N/A	3.5	4.7	4.8
NABERS Water average rating	N/A	3.2	3.5	3.5
Energy consumption/intensity (MJ/sqm)	636.3	450.7	413.7	422.3
Water consumption/intensity (L/sqm)	880.9	689.9	639.7	671.4
Greenhouse gas emissions/intensity (kgCO_2-e/sqm)	140.8	98.0	87.6	85.9

1. NABERS Energy ratings on a like-for-like basis with GreenPower. On an absolute basis the DXS weighted average NABERS Energy rating for 31 December 2013 is 4.6 stars.

PORTFOLIO RESULTS
Industrial operating performance

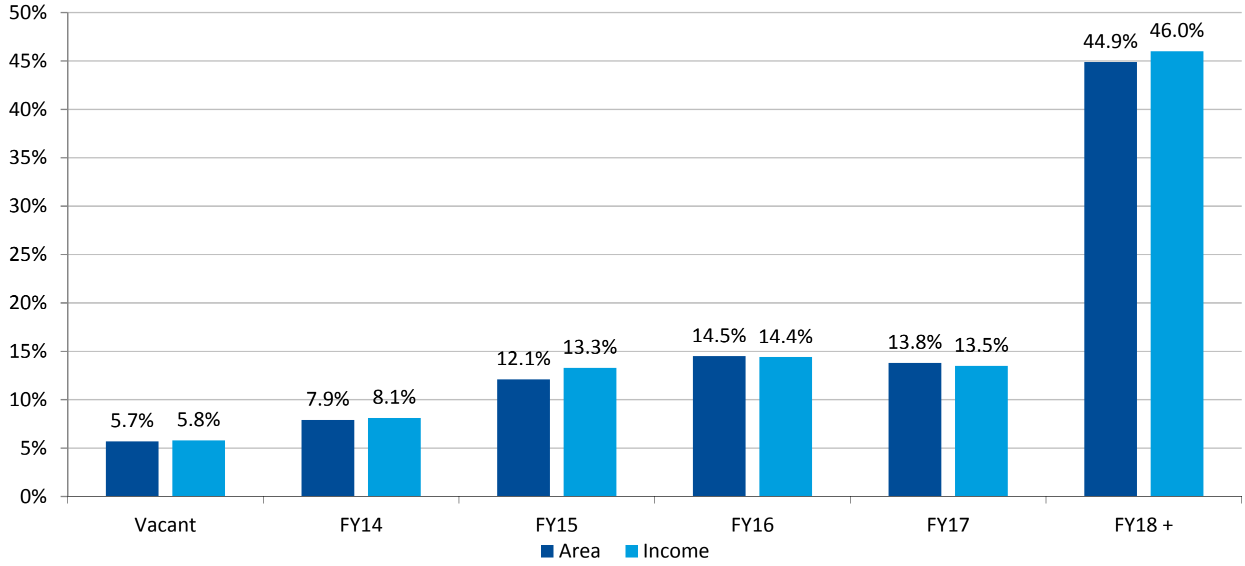
Industrial portfolio	31 Dec 2013	30 Jun 2013
Occupancy by income	94.2%	96.1%
Occupancy by area	94.3%	95.9%
Average rental decrease	(7.1%)	(2.4%)
Average incentive[1]	9.9%	7.9%
Retention rate rolling 12 mths	63%	70%
Retention rate YTD	52%	70%
Over rented	5.8%	4.8%
Weighted average lease expiry[2]	4.1 years	4.1 years
Weighted average cap rate	8.40%	8.55%
Total return – 1 year	9.2%	8.8%

Quarry Industrial Estate, 4 Turnbull Close, Greystanes NSW

3676 Ipswich Road, Wacol , QLD

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

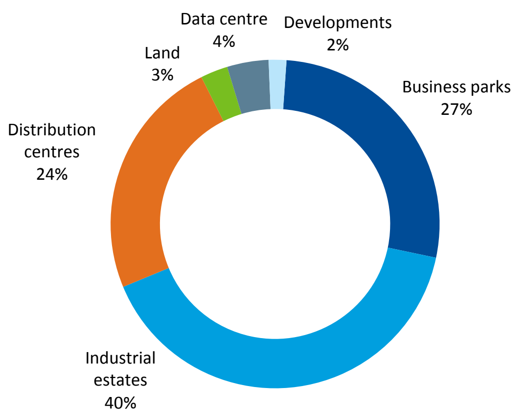
PORTFOLIO RESULTS
Industrial lease expiry profile at 31 December 2013



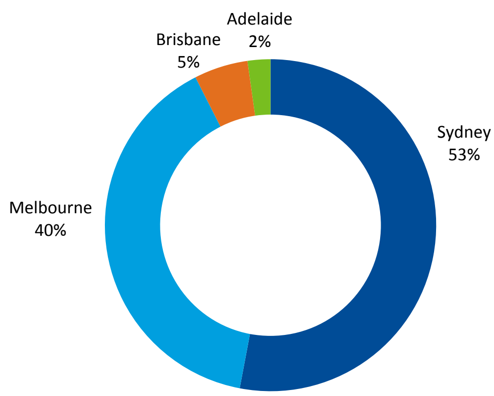
DEXUS PROPERTY GROUP

PORTFOLIO RESULTS
Industrial portfolio diversification

Property type by book value



Geographical weighting by book value

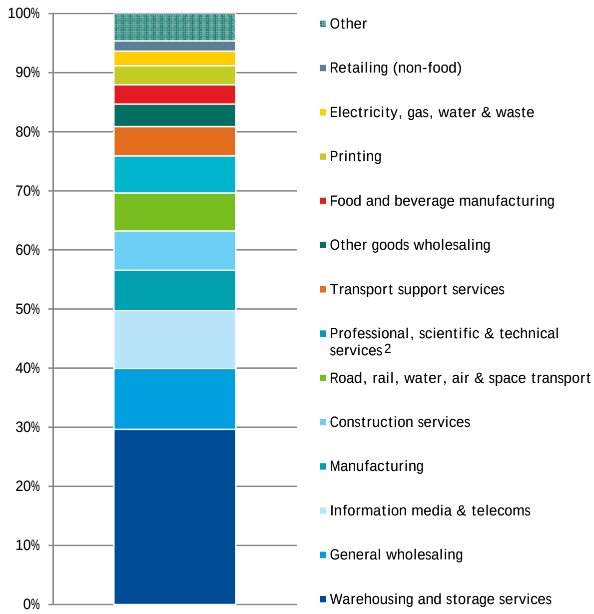


DEXUS PROPERTY GROUP

PORTFOLIO RESULTS
Industrial top 10 tenants

Industrial tenant	% of income[1]
Wesfarmers Limited	5.7%
AWH Pty Ltd	4.2%
Toll Transport Pty Ltd	3.5%
IBM Australia	3.5%
Visy Industry Packaging Pty Ltd	3.2%
DHL	3.1%
Salmat Business Force Pty Ltd	2.5%
Blackwoods	2.4%
L'Oreal Australia Pty Ltd	2.1%
Jemena Pty Ltd	1.9%

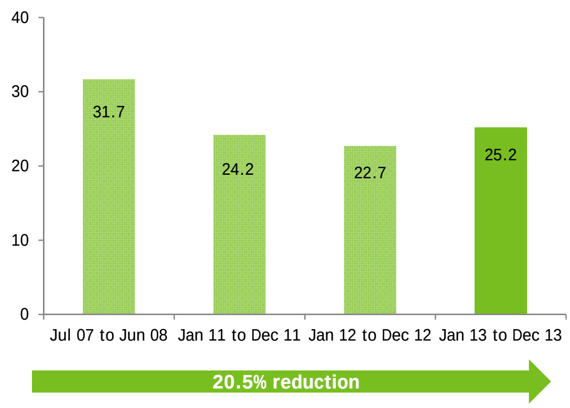
Diversity of industrial tenants by income



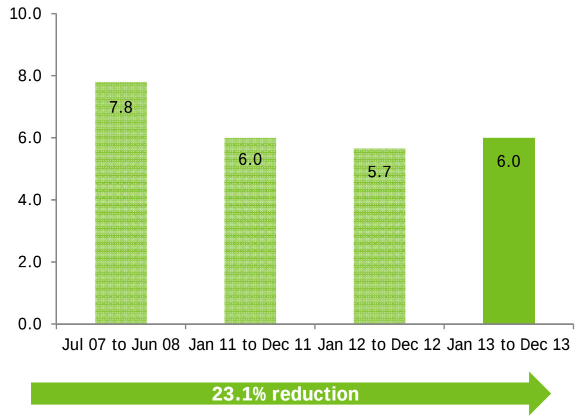
1. 31 December 2013 fully leased passing income annualised.
2. Except computer system design and related services.

PORTFOLIO RESULTS
Industrial resource consumption

DXS Industrial Energy



DXS Industrial GHG



Note: Data in charts is unaudited.

TRANSACTIONS
Another active period

DXS divestments	Sale price $m	Cap Rate	Settlement Date
Wustermark, Germany	8.9[1]	n/a	13 Aug 13
40 Talavera Rd, Macquarie Park	28.2	10.0%	23 Aug 13
10-16 South St, Rydalmere	43.25	8.6%	28 Feb 14
14 Moore Street, Canberra	23.0	10.0%	4 Jun 14
85 Egerton Street, Silverwater	6.1	n/a	25 Jun 14
25 Donkin Street, Brisbane	25.65	8.0%	30 Jun 14
Industrial divestments[2]	8.4	8.0%	
Total	**143.5**		

DWPF acquisitions	Purchase price $m	Cap Rate	Settlement Date
42-60 Albert Street, Brisbane	161.3	8.5%	31 Jan 14
Beenleigh Marketplace	88.4	7.5%	16 Dec 13
441 Nudgee Rd, Hendra	27.4	8.5%	28 Oct 13
1439 Lytton Road, Hemmant	39.6	8.25%	27 Nov 13
Total	**316.7**		

1. Sale price was €6.1 million.
2. Includes the sale of a 50% interest in one property to the AIP on a fund-through basis


AM60, 42-60 Albert Street, Brisbane QLD

1439 Lytton Street, Hemmant QLD


441 Nudgee Road, Hendra QLD

DEXUS PROPERTY GROUP

DEVELOPMENTS
DXS portfolio

DXS developments and fund-throughs	Total est cost[1]	Est cost to complete[1]	Total estimated project cost: FY14	FY15	FY16+
DEXUS Industrial Estate, Laverton North	$122m	$97m	$122m		
Quarry at Greystanes	$77m	$46m	$23m	$54m	
105 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	$213m	$272m		
Kings Square, Perth[2]	$217m	$168m	$217m		
DXS pipeline	**$1,057m**	**$882m**			
Completed developments for trading	$72m	$4m			
DXS pipeline including trading	**$1,129m**	**$886m**			

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
1-15 Rosebery Avenue, Rosebery	$59m
25-55 Rothschild Avenue, Rosebery	$37m
154 O'Riordan Street, Mascot	$14m
Total DXS value-add properties	**$238m**

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.

DEXUS PROPERTY GROUP

DEVELOPMENTS
Developments — completed and underway

Completed	Building area sqm	Project cost A$m[2]	Yield on cost %	Leased %	Completed date
Laverton North, Vic — Spec facility 4	11,854	9.9	8.0	-	Jul 2013
Laverton North, Vic — Toll 2	18,670	16.8	8.4	100	Jul 2013
Wacol, Qld — Cotton On	12,246	16.2	8.3	100	Jul 2013
Greystanes, NSW — Roche	10,105	13.5	8.5	100	Dec 2013
Greystanes, NSW — Blackwood	17,859	29.8	7.9	100	Dec 2013
Total completed	**70,734**	**86.2**			

Underway	Area sqm	Est. total cost[2] A$m	Est. cost to completion A$m	Pre-leased %	Est. yield on cost %	Est. completion date
Greystanes, NSW — Warehouse 10	19,480	23.0	9.0	80	8.2	Apr 2014
Total underway		**23.0**				

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

DEXUS PROPERTY GROUP

DEVELOPMENTS
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	8.5
Total office	**49,737**	**369**	**279**	**7.9**
Industrial[3]				
Greystanes, NSW	37,750	54	37	8.3
DEXUS Industrial Estate, Laverton North, VIC[4]	110,000	122	97	8.5
Total industrial	**147,750**	**176**	**134**	**8.4**
Total uncommitted	**197,487**	**545**	**413**	**8.0**

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

DEXUS PROPERTY GROUP

MARKET OUTLOOK — OFFICE & INDUSTRIAL
Australian market trends in FY15

	Australian office markets	Australian industrial markets
Tenant demand	Lead indicators point to improving demand in FY15	To improve in FY15 in line with confidence & growth in spending
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	Expected to tighten for prime grade/well covenanted properties	Tightening for prime grade/well covenanted properties
Asset values	Prime grade properties expected to increase due to tighter cap rates	Prime grade properties expected to increase due to tighter cap rates

EXCHANGE RATES AND SECURITIES USED IN STATUTORY ACCOUNTS

		31 Dec 2013	30 Jun 2013	31 Dec 2012
Closing rates for Statement of Financial Position	USD	0.8948	0.9275	1.0384
	EUR	0.6485	0.7095	0.7868
	NZD	1.0879	1.1871	1.2608
Average rates for Statement of Comprehensive Income	USD	0.9219	1.0267	1.0385
	EUR	0.6866	0.7941	0.8153
	NZD	1.1345	1.2492	1.2729

	6 months to 31 Dec 2013	12 months to 30 Jun 2013
Average weighted number of securities[1]	4,652,599,109	4,714,292,865
Closing number of securities[2]	4,628,228,426	4,701,957,390

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

GLOSSARY

Distribution payout policy:	Between 70-80% of Funds From Operations (FFO), in line with free cash flow.
Funds From Operations (FFO):	FFO is often used as a measure of real estate operating performance after finance costs and taxes. DEXUS'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, fair value movements of interest bearing liabilities, amortisation of certain 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 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.

IMPORTANT INFORMATION

- This presentation is issued by DEXUS Funds Management Limited (DXFM) in its capacity as responsible entity of DEXUS Property Group (ASX:DXS). It is not an offer of securities for subscription or sale and is not financial product advice.
- Information in this presentation including, without limitation, any forward looking statements or opinions (the Information) may be subject to change without notice. To the extent permitted by law, DXFM, DEXUS Property Group and their officers, employees and advisers do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the Information and disclaim all responsibility and liability for it (including, without limitation, liability for negligence). Actual results may differ materially from those predicted or implied by any forward looking statements for a range of reasons outside the control of the relevant parties.
- The information contained in this presentation should not be considered to be comprehensive or to comprise all the information which a DEXUS Property Group security holder or potential investor may require in order to determine whether to deal in DEXUS Property Group stapled securities. This presentation does not take into account the financial situation, investment objectives and particular needs of any particular person.
- The repayment and performance of an investment in DEXUS Property Group is not guaranteed by DXFM, any of its related bodies corporate or any other person or organisation.
- This investment is subject to investment risk, including possible delays in repayment and loss of income and principal invested.