

DEXUS Property Group (ASX: DXS)

ASX release

25 October 2016

2016 Investor Day

DEXUS Property Group (DEXUS) provides the presentation that will be presented today at its 2016 Investor Day event.

A webcast of the presentation will commence at 11.00am and will be available at www.dexus.com

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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 \$22.2 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 1.8 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 31,000 investors from 20 countries. With more than 30 years of expertise in property investment, development and asset management, the Group has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for its investors. www.dexus.com

Download the DEXUS IR app to your preferred mobile device to gain instant access to the latest stock price, ASX Announcements, presentations, reports, webcasts and more.



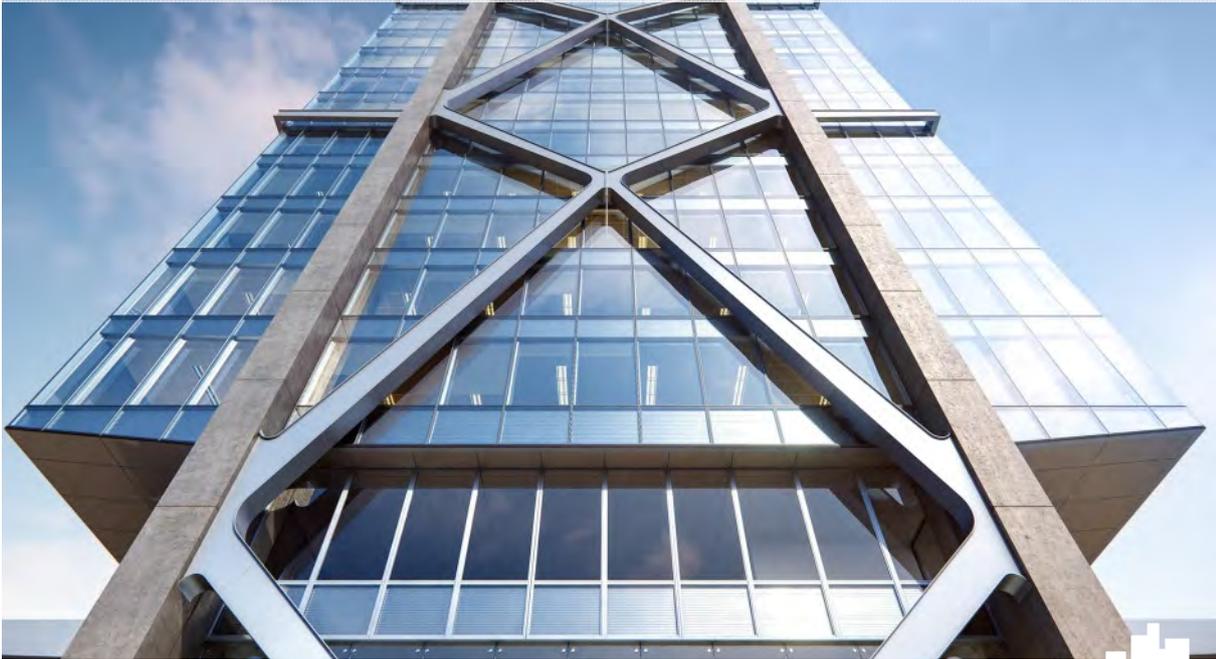
DEXUS Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for DEXUS Property Group (ASX: DXS)

DEXUS PROPERTY GROUP
INVESTOR DAY - 25 OCTOBER 2016



DEXUS PROPERTY GROUP

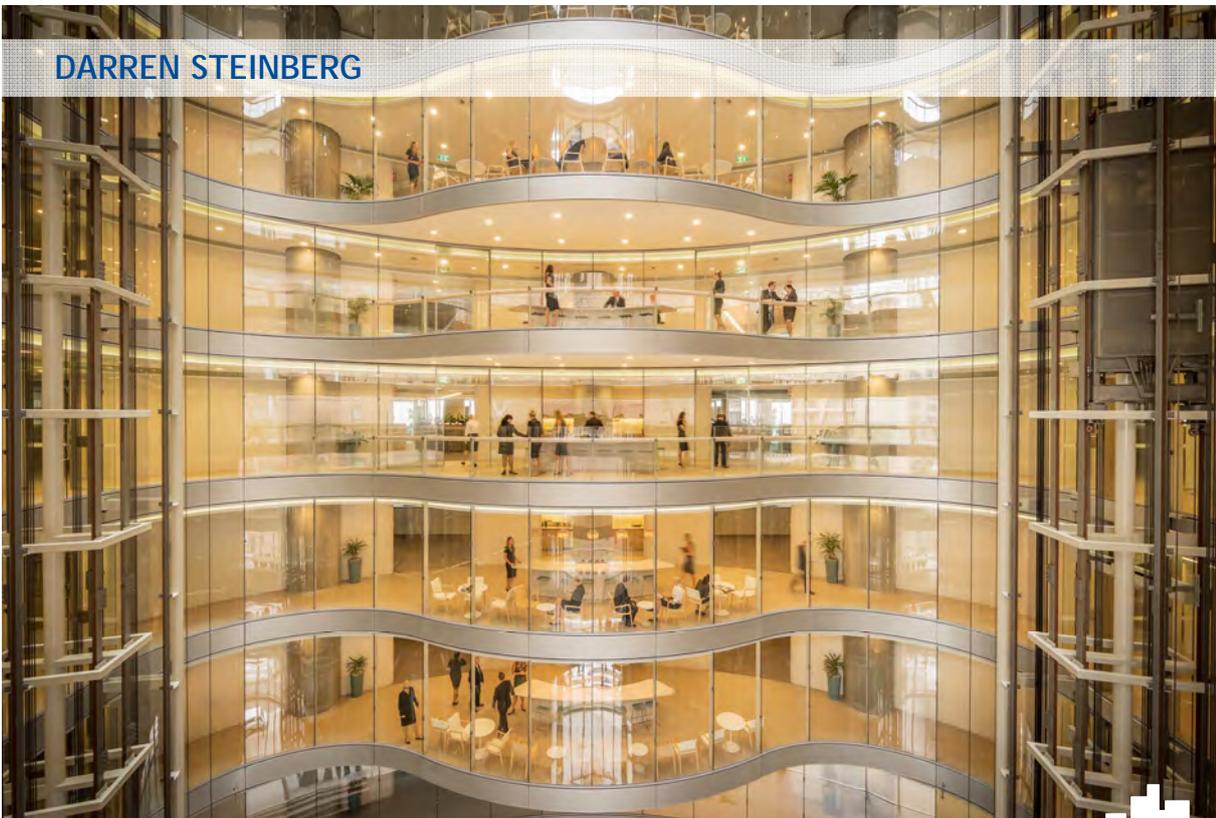
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DEXUS Funds Management Limited
ABN 24 060 920 783
AFSL 238163 as responsible entity for DEXUS Property Group



DARREN STEINBERG



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AGENDA

SESSION 1		SPEAKERS
11.00am	WELCOME STRATEGY - Leadership in office - Funds management partner of choice CREATING VALUE THROUGH: - Technology & Innovation - Customer focus - Leasing	Darren Steinberg Ross Du Vernet Mark Hansen Deborah Coakley Kevin George, Chris Hynes, Andy Collins, Richard Garing, Ellie Schwab, Mark Cuddy
12.15pm	Q&A panel session	All speakers from Session 1
SESSION 2		
12.30pm	CREATING VALUE THROUGH: - Development - Transactions - Trading - Funds Management CLOSING REMARKS	Paul Oates, Chris MacKenzie Andrew Whiteside, Michael Kwok Brenton McEwan Graham Pearson Darren Steinberg
1.20pm	Q&A panel session	All speakers from Session 2
1.40pm	Lunch	
2.00pm	Gateway Retail tour	Stewart Hutcheon, Paul Oates

COMMITMENT TO STRATEGY



COMMITMENT TO STRATEGY

DEXUS'S ASPIRATION - EXTRACT FROM 2012 ANNUAL RESULTS & STRATEGIC REVIEW PRESENTATION



PROGRESS TO DATE

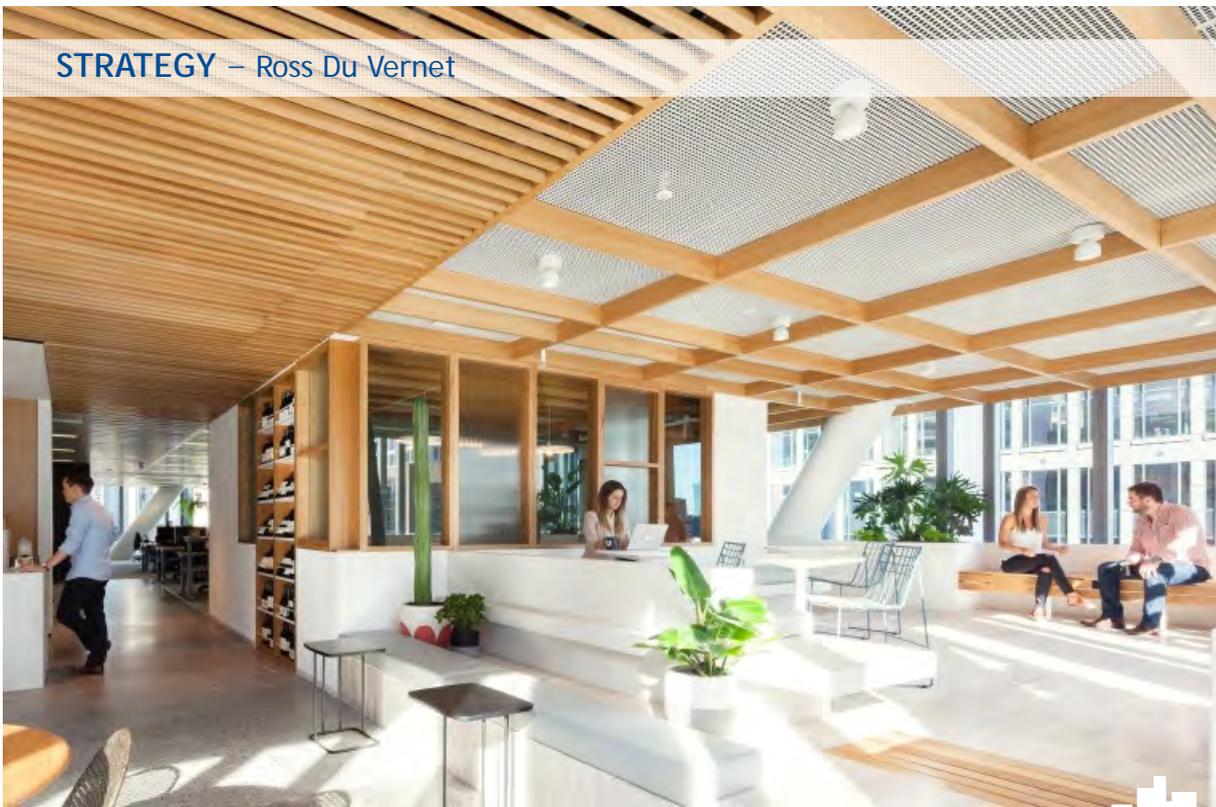
- ✓ Proxy for high quality Australian CBD office
- ✓ Leveraged multi-sector capabilities and scale to access diverse pools of capital
- ✓ Actively acquired, developed and recycled assets to drive superior investment performance
- ✓ Customer focus is strengthening existing relationships, attracting new customers and differentiating our product

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STRATEGY – Ross Du Vernet



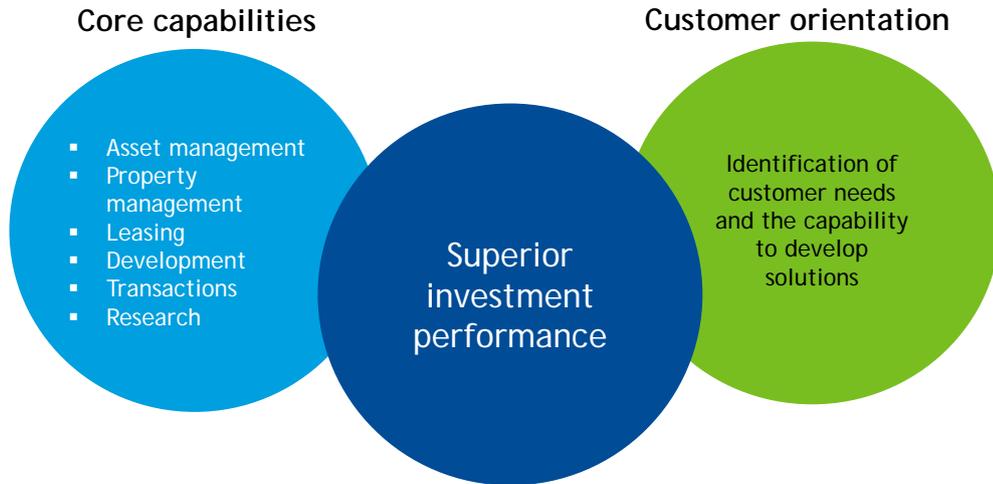
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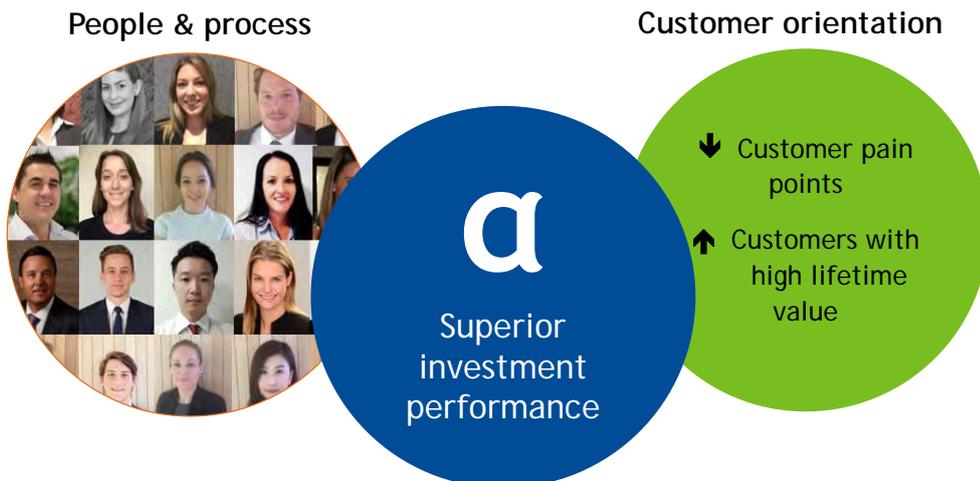


LEADERSHIP IN OFFICE

Leadership in office = superior investment performance AND the best customer experiences



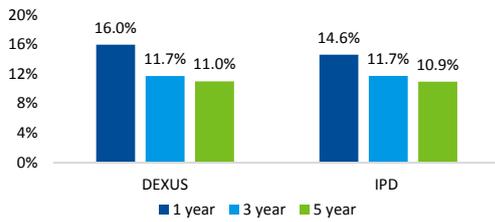
LEADERSHIP IN OFFICE – Is producing superior investment performance



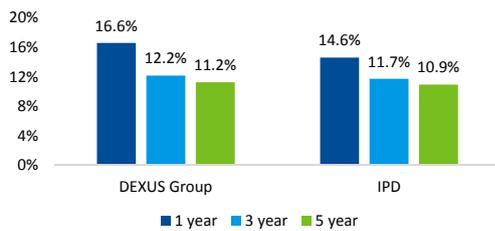
LEADERSHIP IN OFFICE – Performance underpinned by customer focus

Real estate performance

DEXUS balance sheet - office portfolio returns

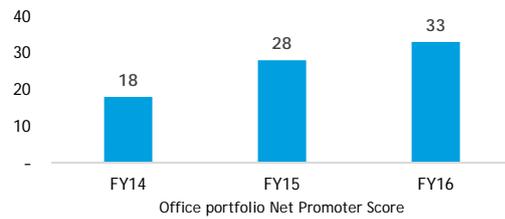


DEXUS Group - office portfolio returns

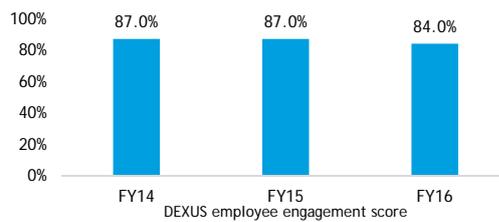


Customer orientation

Customer focus driving improved NPS



Supported by high employee engagement



Source: IPD, IPSOS, DEXUS portfolio information.

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LEADERSHIP IN OFFICE – Relevance of scale to investment outperformance

SCALE IN OFFICE

Balance sheet & P&L

- ✓ Access to transaction pipeline
- ✓ Capacity to innovate
- ✓ Financing access and costs

Portfolio

- ✓ Tenant diversification
- ✓ Asset diversification
- ✓ Superior access to customers

Platform

- ✓ Talent attraction & retention
- ✓ Partner attraction (innovators)
- ✓ Partner attraction (capital)
- ✓ Operating costs
- ✓ Customer insights

When incremental scale is not beneficial:

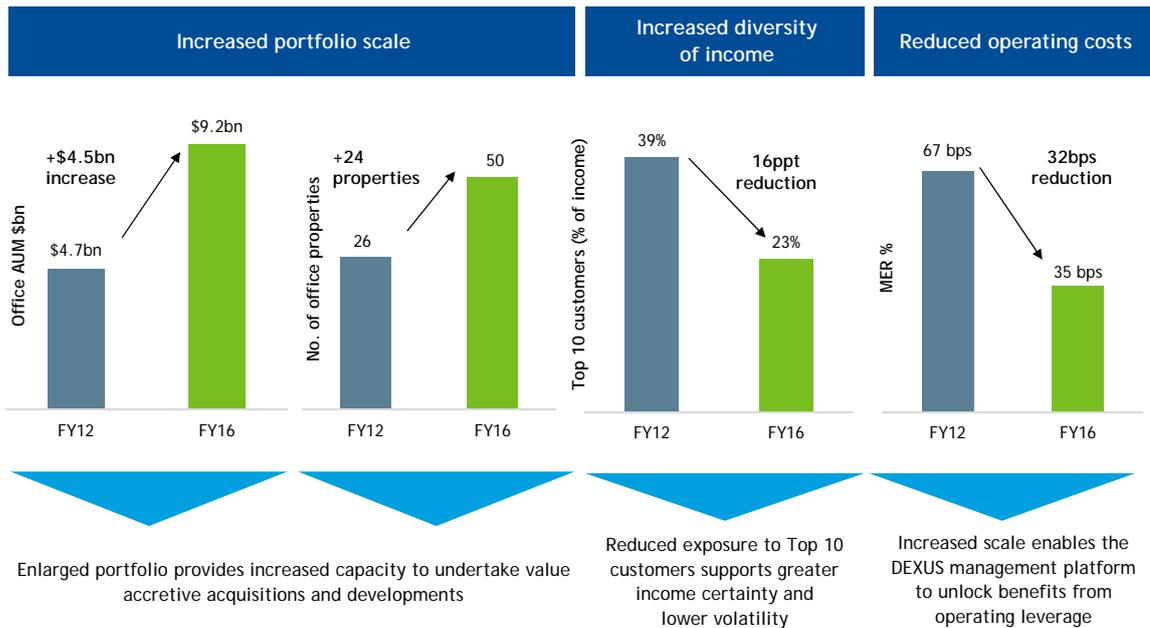
- ✗ Distracts management - Return on Management Effort (ROME)
- ✗ No material cost or revenue benefit - can't 'touch' customer or control costs
- ✗ Adds unnecessary complexity
- ✗ No embedded optionality
- ✗ No 'halo effects' or other intangible benefits

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LEADERSHIP IN OFFICE – Relevance of scale to investment performance



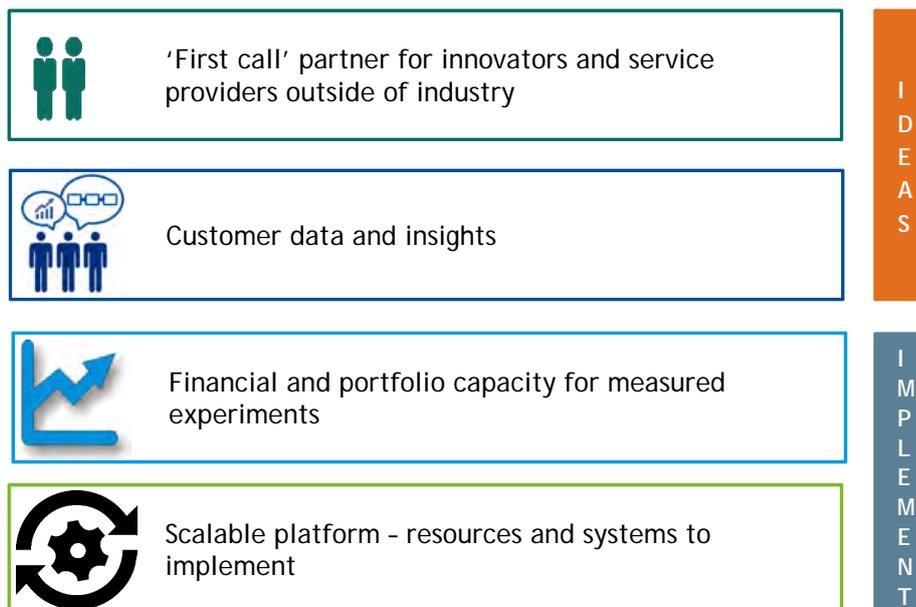
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LEADERSHIP IN OFFICE – Scale, capabilities and product development

Scale also improves our ability to develop and refine products



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LEADERSHIP IN OFFICE – Capabilities and product development

DEXUS PLACE



childspace



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FUNDS MANAGEMENT PARTNER OF CHOICE – Aligned to leadership in office

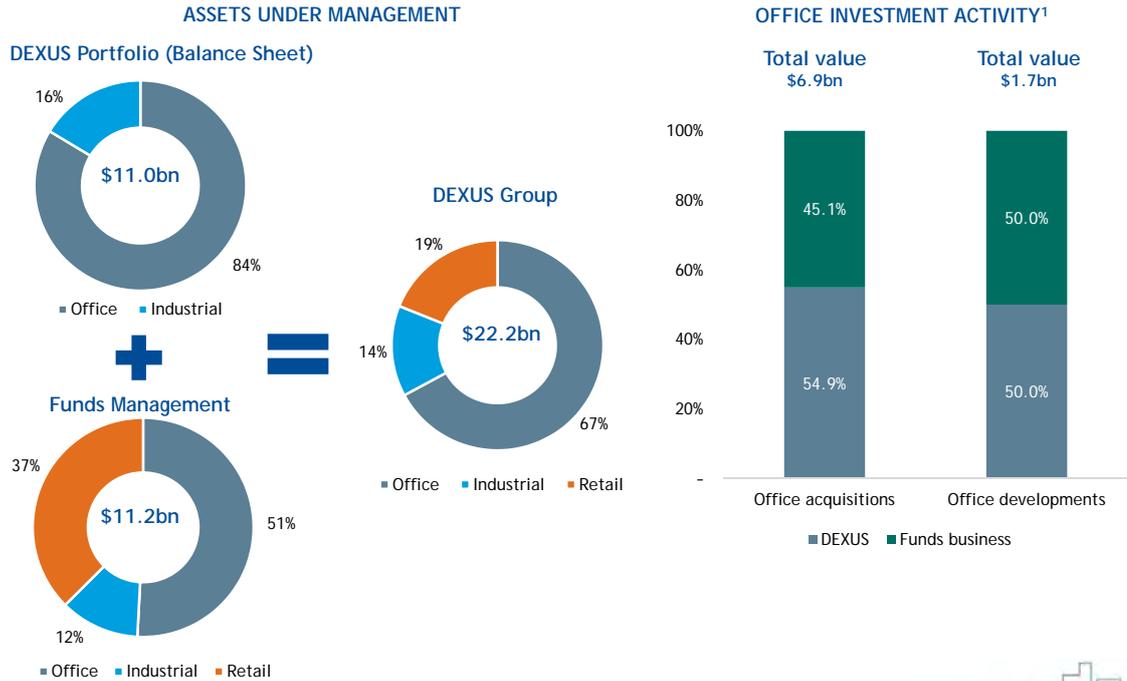
SCALE Doubles CBD office footprint	CAPABILITY Development and highest and best use industrial Retail place-making	CULTURE Stable scalable team aligned to long term performance

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FUNDS MANAGEMENT PARTNER OF CHOICE – Aligned to leadership in office



1. Both office acquisitions and office developments includes 100 Mount Street, North Sydney, Kings Square, Perth and 480 Queen Street, Brisbane.

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FUNDS MANAGEMENT PARTNER OF CHOICE – Increased opportunities

Funds platform increases access to investment opportunities

Transaction					
	480 Queen Street (Apr 13)	Kings Square (May 13)	DEXUS Office Partnership (Jan 14)	Waterfront Place (Jul 15)	100 Mount Street (Feb 16)
Structure	Fund-Through Development	Fund-Through Development	Public markets	Acquisition	Development
Transaction value \$bn (100% share)	0.6	0.4	3.4	0.6	0.5
DEXUS share	50%	50%	50%	50%	50%
Capital Partner	DWPF	DWPF	CPPIB	DWPF	DWPF
IRR % (since acquisition)	20.9%	13.6%	14.4%	12.8%	n/a

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STRATEGY – Summary

- Two key strategic objectives - Leadership in office and partner of choice in funds
- Leadership in office
 - Must ultimately translate to investment outperformance
 - Customer orientation key
- Scale critical to improving the customer experience - people & product innovation
- Funds management aligned to office leadership objective - scale, capability, culture



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TECHNOLOGY & INNOVATION – Mark Hansen



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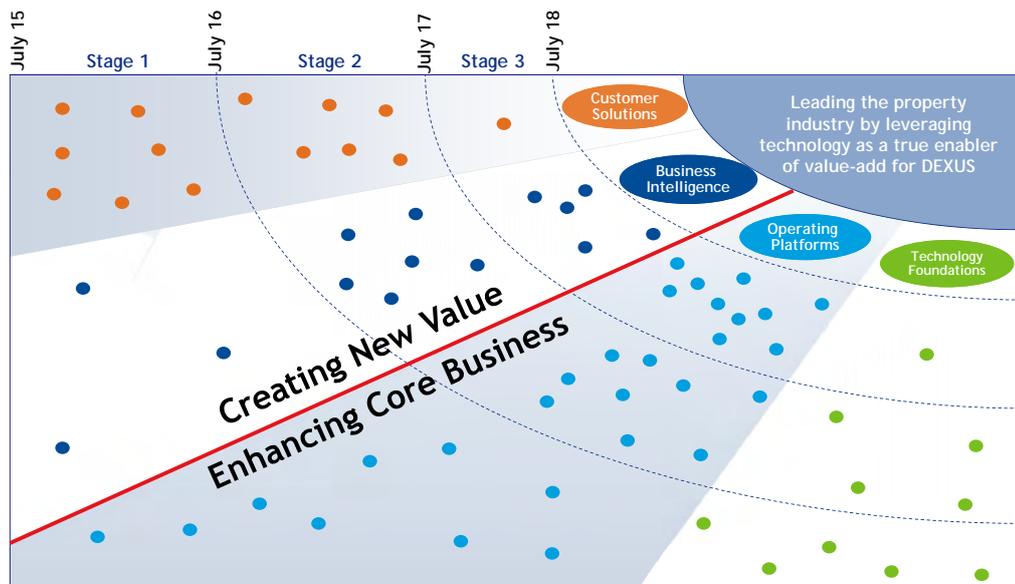
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TECHNOLOGY – DEXUS’s approach



TECHNOLOGY – DEXUS initiatives and projects

66 opportunities to be delivered over 3 years



TECHNOLOGY – Blueprint for smart buildings

Customer Solutions

...superior customer experience

Building Management Systems

- Lift controls
- Environmental controls
- CCTV and access controls
- Fire monitoring

Activated Spaces

- Internet of Things
- Sensory system

Digital Systems Management

- Cyber security
- Security centralised operations

Enterprise Applications

- Tenant services - cloud
- Building analytics
- Performance Dashboards

Communications infrastructure

- Connectivity



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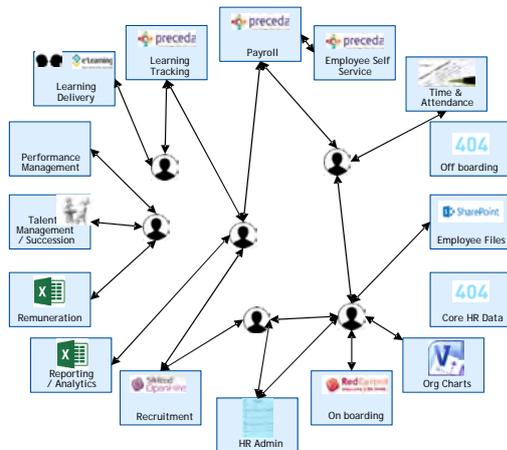
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TECHNOLOGY – Workday implementation

Operating Platforms

...improving operational agility

Where we started



What it looks like today



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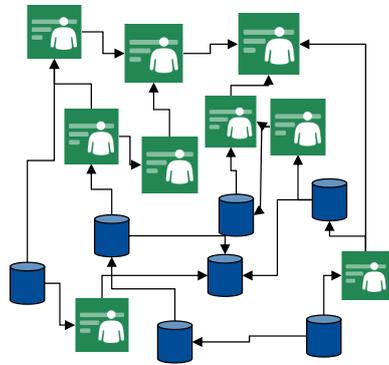
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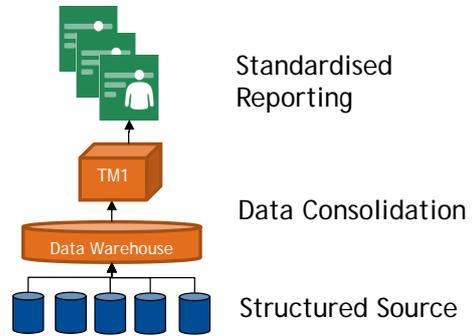
TECHNOLOGY – Data management and reporting

Business Intelligence ...accelerating business performance

Where we started



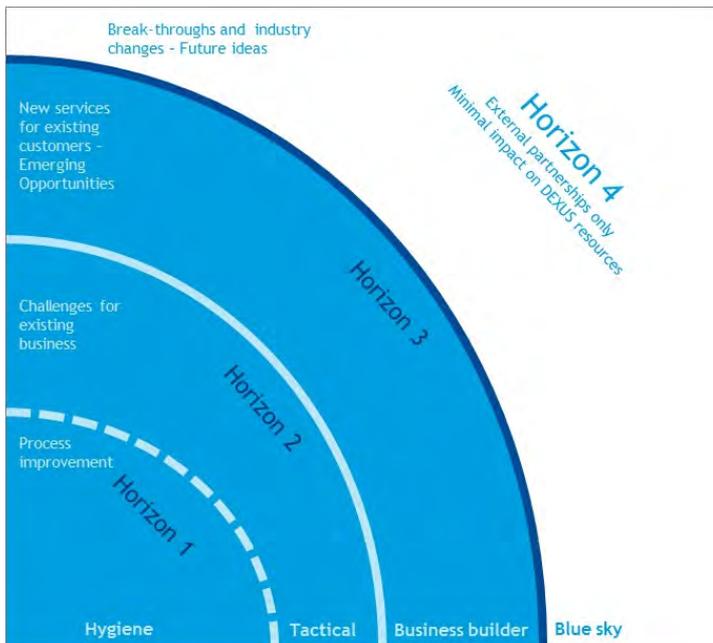
What it looks like today



INNOVATION – DEXUS's approach

FINANCIAL REVIEW 2016 most INNOVATIVE companies

INNOVATION HORIZONS FOR DEXUS



Horizon 1

THE FUNNEL

Horizon 2

LMS

Horizon 3

childspace

CUSTOMER FOCUS – Deborah Coakley



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CUSTOMER FOCUS – Why has DEXUS adopted a customer-centric approach?

VALUE ADD

- Attraction of new customers, portfolio retention, improved incentives and downtime

ALIGNING DELIVERY

- Knowing what matters to customers

DIFFERENTIATION

- Intelligent innovation
- Data driven product & services
- Quality partnerships

TOUCH POINTS

- Understanding decision making & customer journey



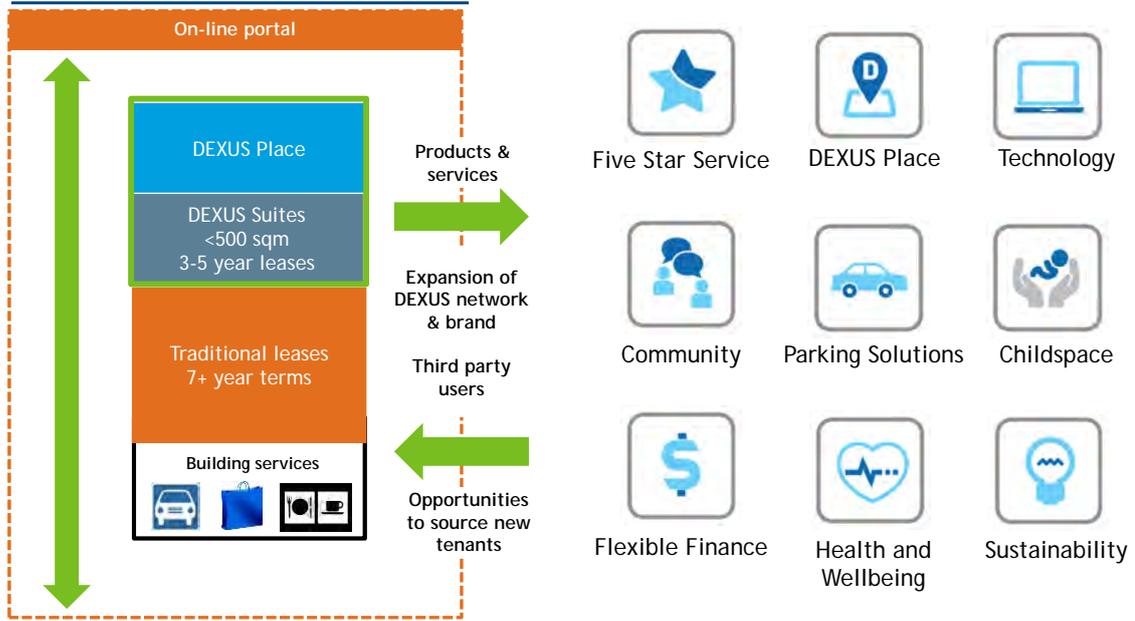
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CUSTOMER FOCUS – Customer initiatives

CREATING INTEGRATED COMMUNITIES



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CUSTOMER FOCUS – DEXUS Place

Level 5 1 Margaret Street Sydney	Level 15 1 Farrer Place Sydney	Level 14 385 Bourke Street Melbourne	Level 31 1 Eagle Street Melbourne	
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>\$8m of leasing transactions in conjunction with DEXUS Place membership

More than 150 customers

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CUSTOMER FOCUS – Launch of Childspace

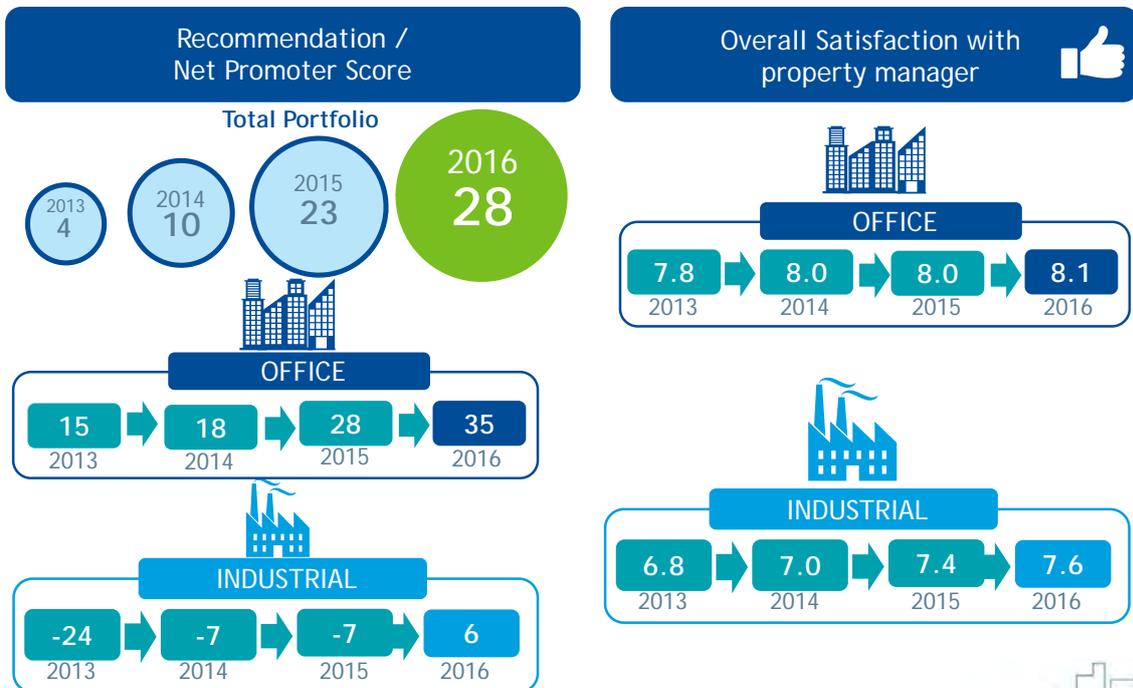


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CUSTOMER FOCUS – Measuring satisfaction and probability of recommendation



Source: IPSOS DEXUS tenant Engagement Survey 2016.

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CUSTOMER FOCUS – DEXUS ranks highly in NPS versus B2C groups

NPS LEADERS BY INDUSTRY IN AUSTRALIA



Source: IPSOS.

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LEASING – Kevin George



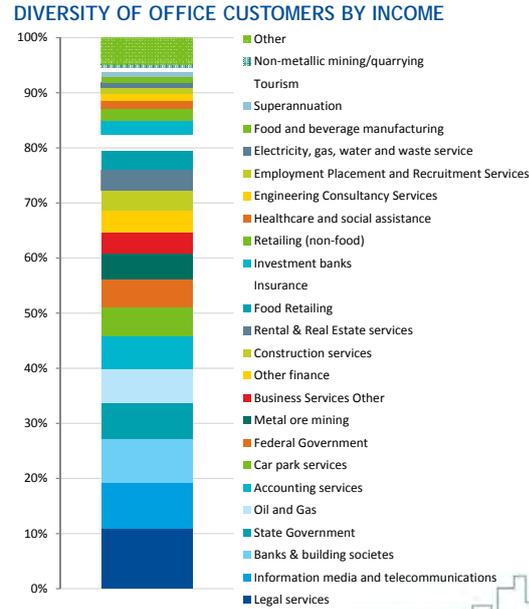
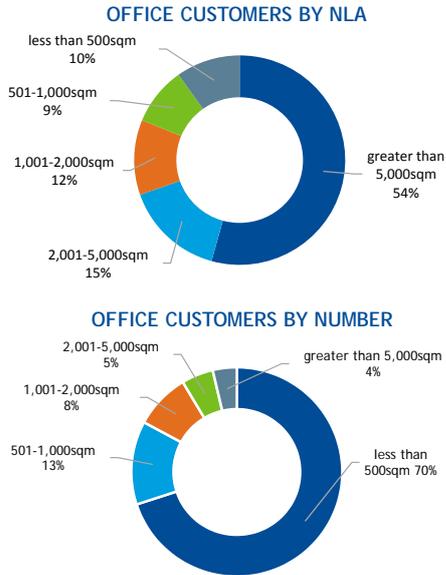
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CUSTOMER – Overview of office customer base

Majority of DEXUS's office portfolio is occupied by a relatively small number of large space occupiers
 Most customers are SMEs without specialist in-house real estate resources



Source: Office portfolio based on Argus Summary as at 30 September 2016.

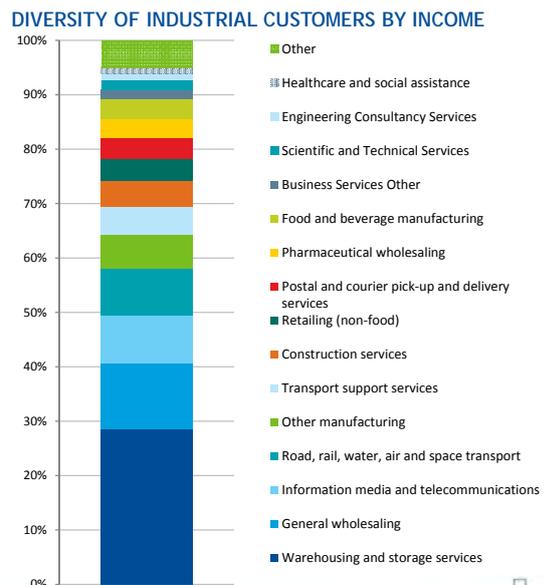
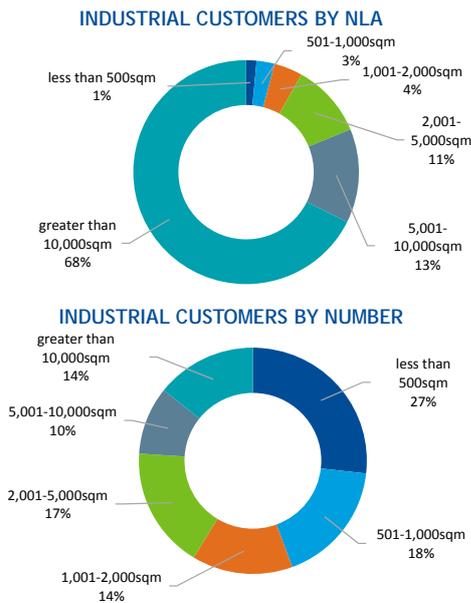
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CUSTOMER – Overview of industrial customer base

Majority of DEXUS's industrial portfolio is occupied by medium to large space occupiers
 SMEs tend to occupy business park properties in the CBD fringe and port precincts



Source: Industrial portfolio based on Argus Summary as at 30 September 2016.

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LEASING – Group asset management and leasing structure



LEASING APPROACH – Chris Hynes, Andy Collins, Richard Garing, Ellie Schwab



LEASING APPROACH

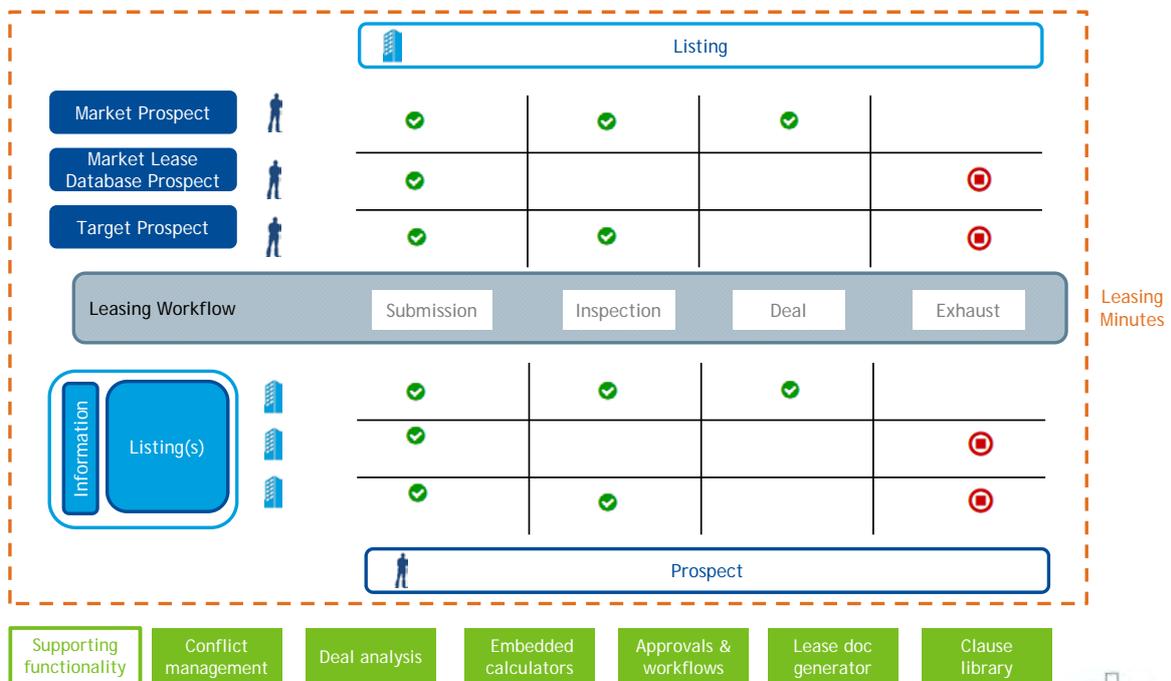
Forward leasing - solving for future leasing risks



Vacancies - Solving for available space



LEASING APPROACH – Leveraging future value of leasing management system

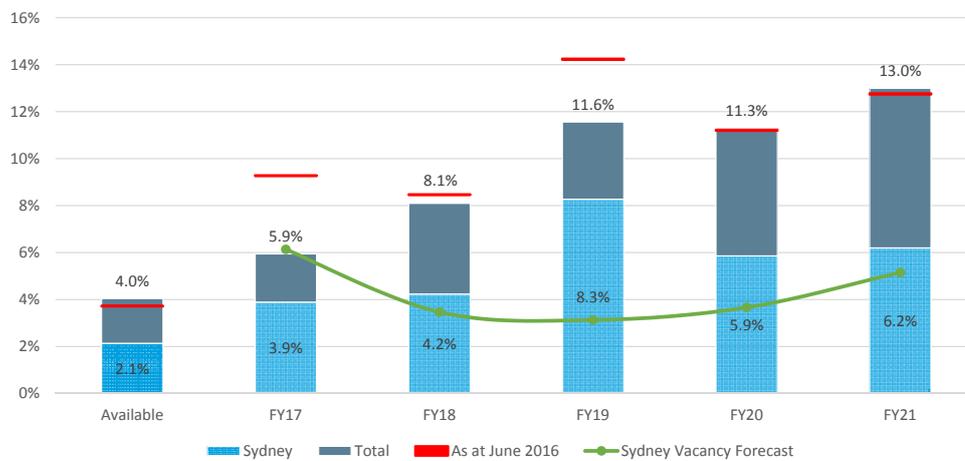




LEASING – OFFICE: Lease structures and lease expiry profile

- Standard annual fixed increases of 3.5-4% (Sydney pushing to 4%+)
- 8-15% of leases (by income) expire each year
- Average lease terms of 5 to 12 years, with smaller tenants and suites on average terms of 3 to 5 years

OFFICE LEASE EXPIRY PROFILE AS AT 30 SEPTEMBER 2016¹



1. Movement since 30 June 2016 & Sydney vacancy.

LEASING – OFFICE: Portfolio opportunities and challenges

SYDNEY (60% of DEXUS's office portfolio¹)

- **OPPORTUNITY:** 66% of FY17, 52% of FY18 and 72% of FY19 office expiries located in Sydney - where demand is strong, supply constrained and flight to quality is accelerating
 - **PROGRESS:** Forward leasing continues where prudent; Vacancies filling fast
- **CHALLENGE:** CBA FY18 expiry at 2 Dawn Fraser Avenue, Homebush (0.8% of total office income)
 - **PROGRESS:** In dialogue with a number of parties

MELBOURNE (13% of DEXUS's office portfolio¹)

- **OPPORTUNITY:** Pre-leasing 180 Flinders Street, Melbourne to enable commencement of 20,000sqm office development
 - **PROGRESS:** Pre-commitment discussions underway
- **CHALLENGE:** 222 Lonsdale Street, Melbourne FY19 expiry (2.6% of total office income)
 - **PROGRESS:** Significant interest already flagged

BRISBANE (17% of DEXUS's office portfolio¹)

- **OPPORTUNITY:** Capitalising on high NPS scores and market share with Brisbane tenants
 - **PROGRESS:** Uptick in demand, particularly at smaller end
- **CHALLENGE:** FY17 >4 full floors at Waterfront Place (0.6% of total office income)
 - **PROGRESS:** Staged implementation of fitted suites strategy and finalise HoAs

PERTH (8% of DEXUS's office portfolio¹)

- **OPPORTUNITY/CHALLENGE:** Woodside FY19 expiry at 240 St Georges Terrace (3.2% of total portfolio income)
 - **PROGRESS:** Agents appointed, refurbishment/repositioning planning underway dealing with FY17 & FY18 expiries

1. By value as at 30 June 2016.

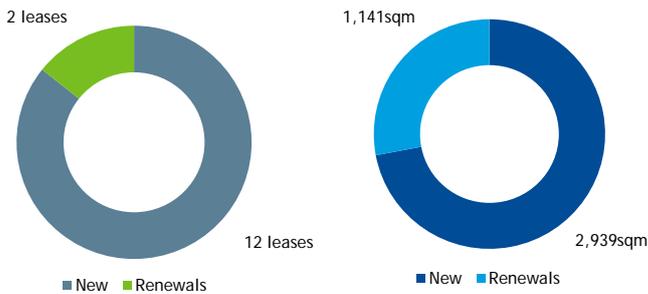
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LEASING – OFFICE: Sydney Premium grade office positive momentum

SEPTEMBER QUARTER - PREMIUM LEASING ACTIVITY



AVERAGE SYDNEY INCENTIVE LEVELS¹

Renewals	Premium	14.7%
	A Grade	3.7%
New Offers	Premium	15.3%
	A Grade	9.5%

GOVERNOR PHILLIP TOWER



Face Rents - Increased 8.8%

Effective Rents - Increased 20.4%

1. Statistics from DEXUS leasing management system for all offers currently out including effective deals.

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LEASING – OFFICE: 56 Pitt Street, Sydney - capitalising on demand



DEXUS APPROACH

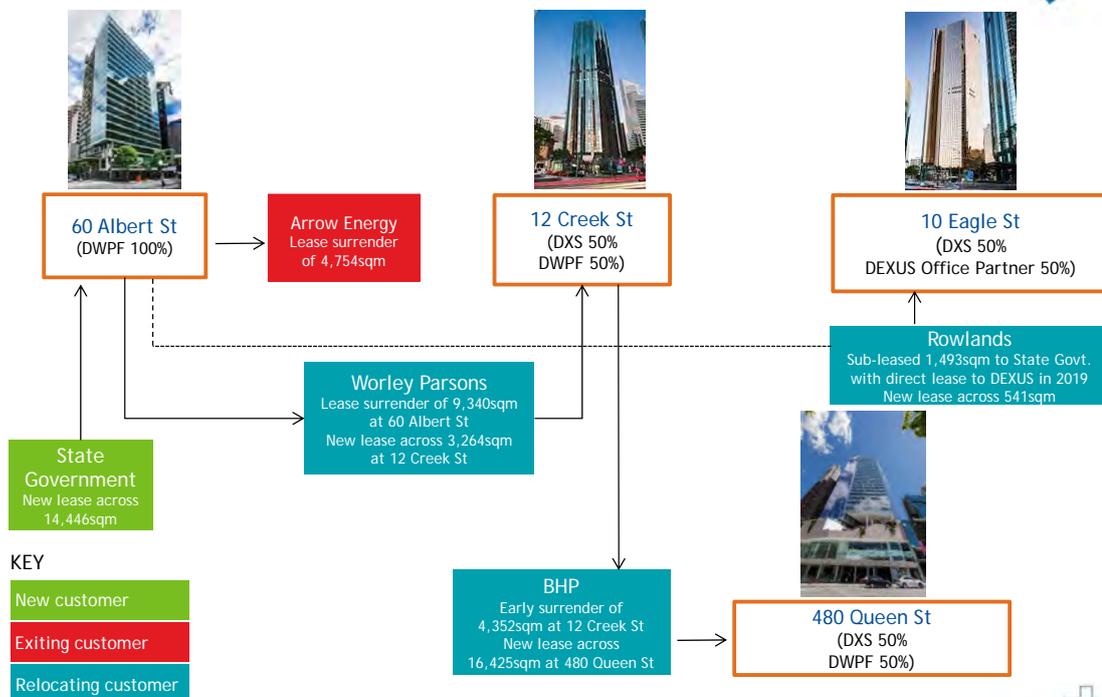
- Sydney A & B grade office demand has increased substantially over the past 12 months as a result of building withdrawal in the CBD, mainly being driven by the Sydney Metro as well as residential conversion opportunities
- Ability to adapt quickly to changing market conditions to drive both effective and face rental growth as well as reduce incentives
- Leveraged internal and external leasing resources to capitalise on under rented tenancies

OUTCOMES

- Leased over 7,100sqm (36% of the building) to achieve 100% occupancy since July 2015
- Achieved face rental growth of 10-12% and effective rental growth of 20-30%
- Decreased incentives from >20% (12 months ago) to <10%, with some recent deals at zero



LEASING – OFFICE: Scale benefits providing options for customers



LEASING – OFFICE: 30 The Bond leasing success



DEXUS APPROACH

- Expression of Interest Campaign to the market during lease surrender negotiations with Lend Lease ensured we had a list of tenants to attract to the asset, minimising downtime
- Transform into multi-tenanted asset rather than single tenant approach with maximum use of common spaces for all tenants
- Utilise in-house leasing resources to run pre-leasing campaign while asset team focused on finalising terms with Lend Lease



OUTCOMES

- 10,874sqm leasing secured in the September quarter
- New Effective rent is 14.5% higher than current passing
- Significant AFFO upside on 3 and 5 years
- Two floors remaining to lease (5,347sqm) with significant interest in the space
- Acquired 36 Hickson Road adjacent to 30 The Bond - leasing success to result in valuation upside



LEASING – OFFICE: 385 Bourke Street, Melbourne leasing strategy success



DEXUS APPROACH

- Repositioned asset through new best-in-class End-of-Trip facilities, lobby upgrade, DEXUS Place launch, retail revamp and refurbishment of on-floor lobbies
- Diversified our offer to meet market demand appeal to a wider cross section of occupiers across full/multi floors, part floors and fitted suites
- Leveraged DEXUS Place to solidly support leasing momentum through provision of increased workplace flexibility
- Introduced in-house leasing team - more customer touch points and personalised service to secure deals



OUTCOMES

- Reduced vacancy from 19,278sqm at acquisition in April 2014 to 852sqm to date - 97.9% occupied
- Achieved 4.4 year WALE (up from 2.9 years) with a diverse tenant expiry profile
- Achieved valuation uplift of \$119m since acquisition



LEASING – INDUSTRIAL - Mark Cuddy



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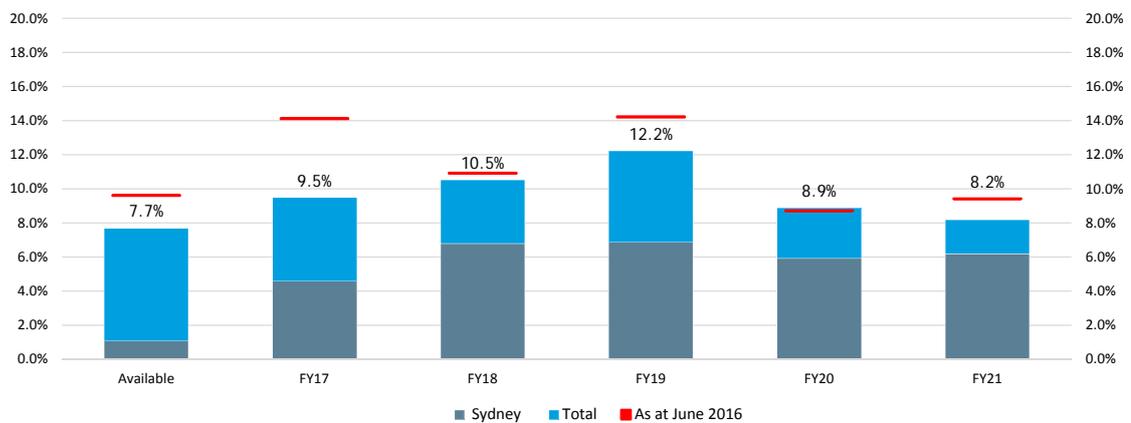
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LEASING – INDUSTRIAL: Lease structures and lease expiry profile

- Standard annual fixed increases of 3-3.5%
- 10-20% of leases (by income) expire each year
- Negative rent reversion common in Industrial as fixed increases exceed market rent growth

INDUSTRIAL PORTFOLIO LEASE EXPIRY PROFILE AT 30 SEPTEMBER 2016



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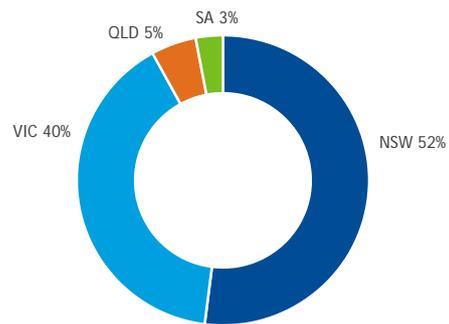
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LEASING – INDUSTRIAL: Driving performance and value-add opportunities

STRONG PERFORMANCE IN SEPTEMBER 2016 QUARTER

- 158,811 square metres leased across 47 deals during the quarter
- Occupancy from 90.4% at 30 June 2016 to **92.3%**
- Retention from 32% for FY16 to **54%**
- WALE from 4.1 years at 30 June 2016 to **4.5 years**

DEXUS INDUSTRIAL BY LOCATION



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LEASING – INDUSTRIAL: Lakes Business Park North, Botany



DEXUS APPROACH

- Acquired in January 2015 consistent with our strategy to invest in markets where we expect superior rental growth
- Leveraged scale and project efficiencies with the asset adjoining DWPF's Sir Joseph Banks Corporate Park (73,300sqm in total GLA on a combined site of 12.7ha)
- Targeted specific precinct industry groups to drive occupancy and rental growth

OUTCOMES

- Leased total of 12,200sqm (42% of total GLA)
- Increased occupancy (by area) from 93.9% at acquisition to 96.3%
- Continuing lease negotiations over further 3,800sqm
- Achieved rents 10.2% above underwrite assumptions



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LEASING – INDUSTRIAL: Securing FedEx at 2-4 Military Road, Matraville



DEXUS APPROACH

- Acquired in December 2009 in line with DEXUS's strategy
- Salmat vacated in March 2015, leaving 18,000sqm to lease
- Tailored leasing strategy to high volume/just in time express couriers that were highly dependant on both sea & airport precinct locations
- Formally engaged with FedEx to customise the premises into their flagship head office and express service for Asia Pacific
- Implemented a substantial D&C project, transforming the traditional warehouse into a fully automated facility
- Project completed within a limited timeframe, exceeding FedEx's expectations

OUTCOMES

- Established relationship with World's 4th largest logistics group
- Asset repositioned into a modern and highly specified domestic express service centre
- 51.8% increase in asset value as at 30 June 2016 from acquisition
- Rental uplift >10%



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Q&A PANEL SESSION

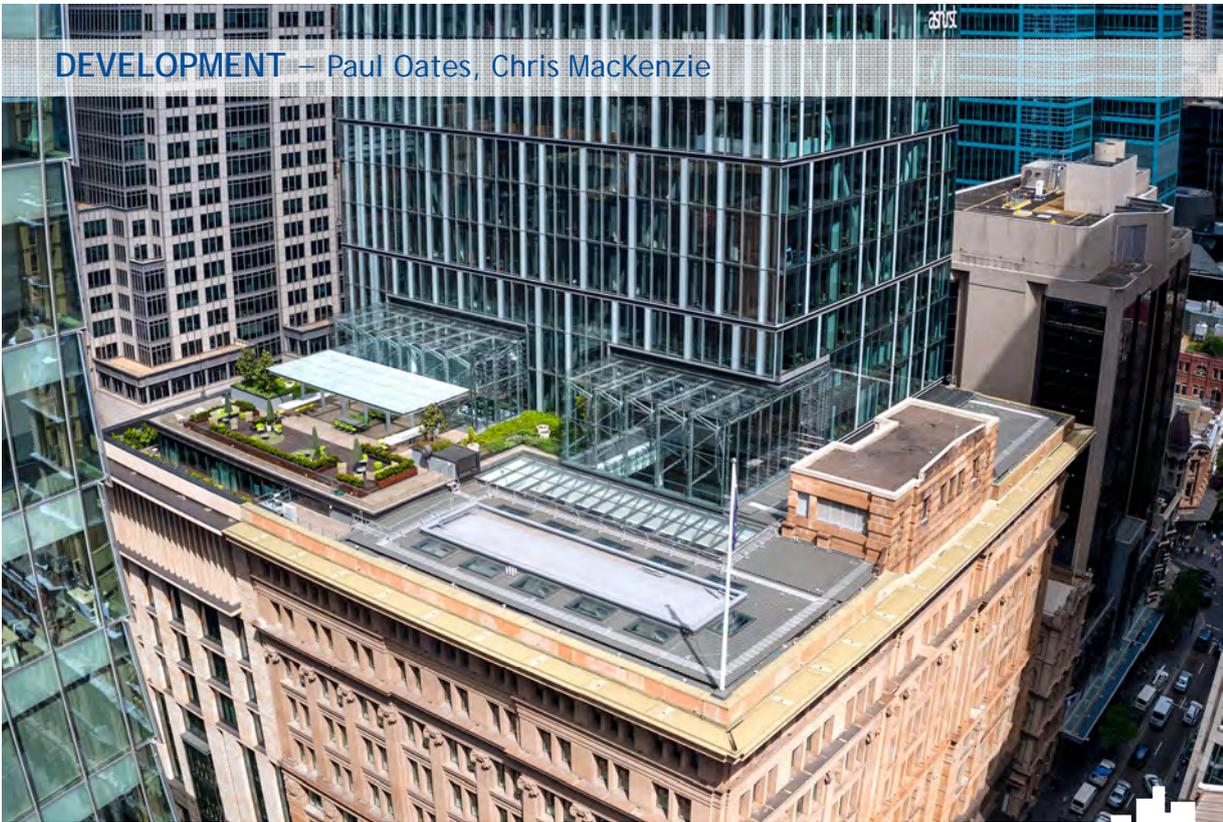


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DEVELOPMENT – Paul Oates, Chris MacKenzie

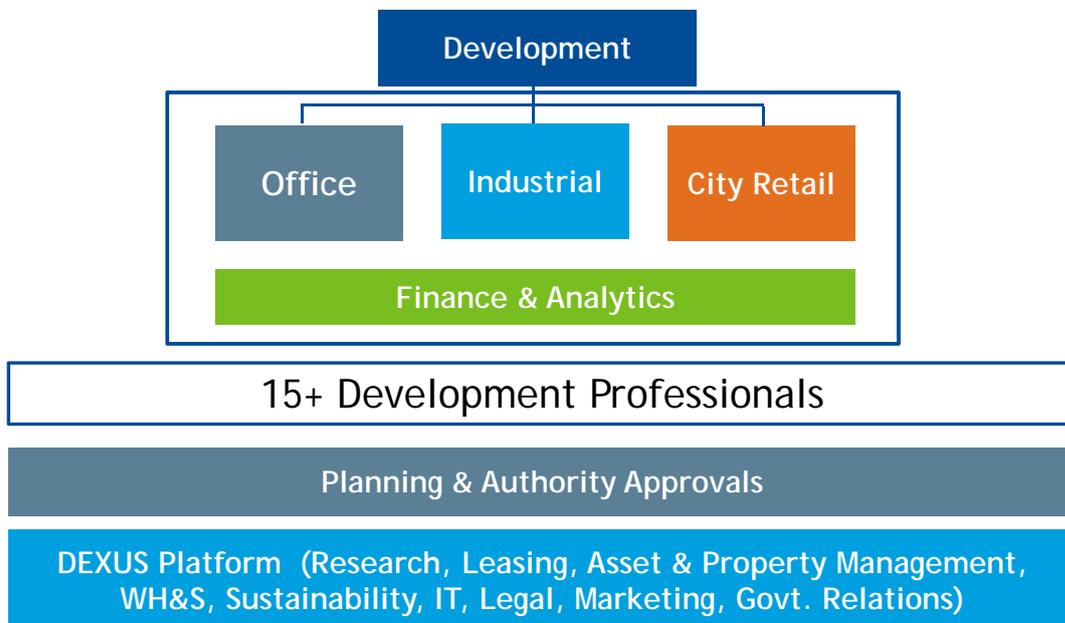


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DEVELOPMENT – O&I development team

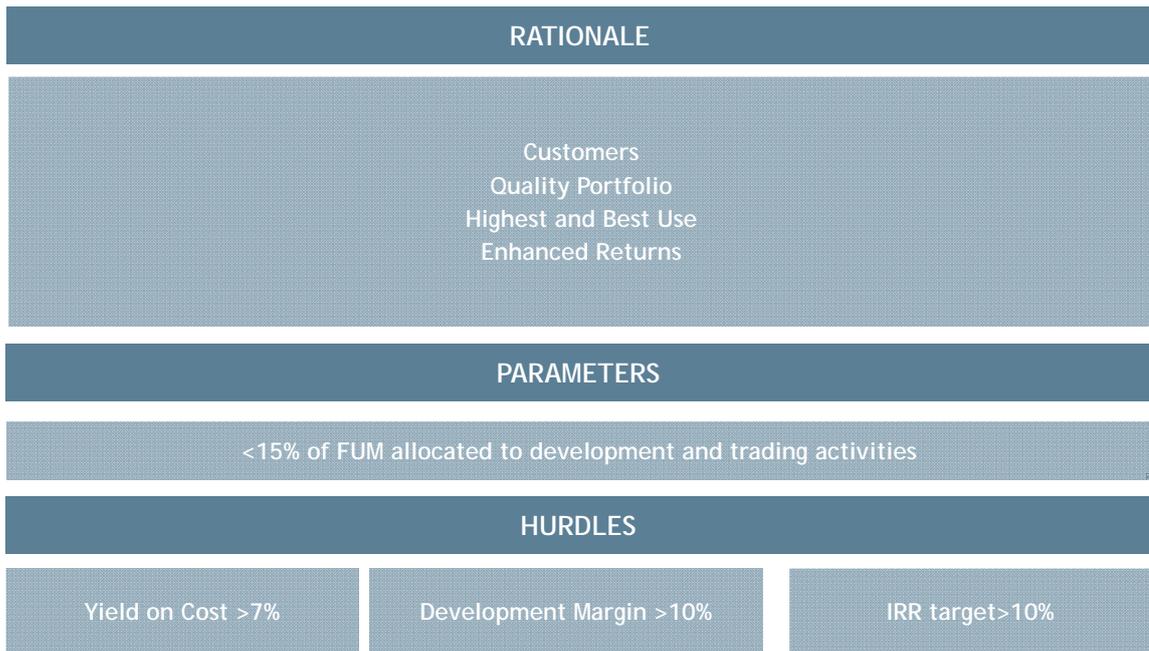


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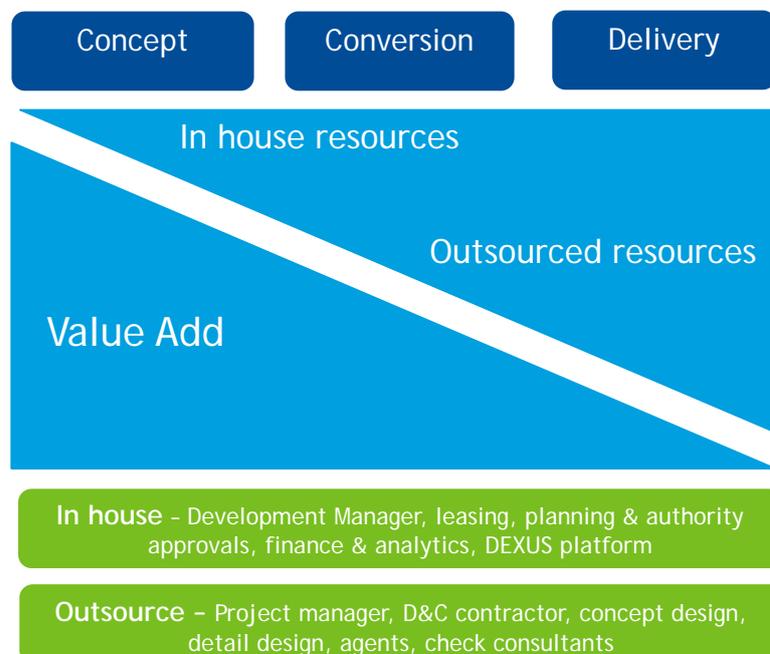
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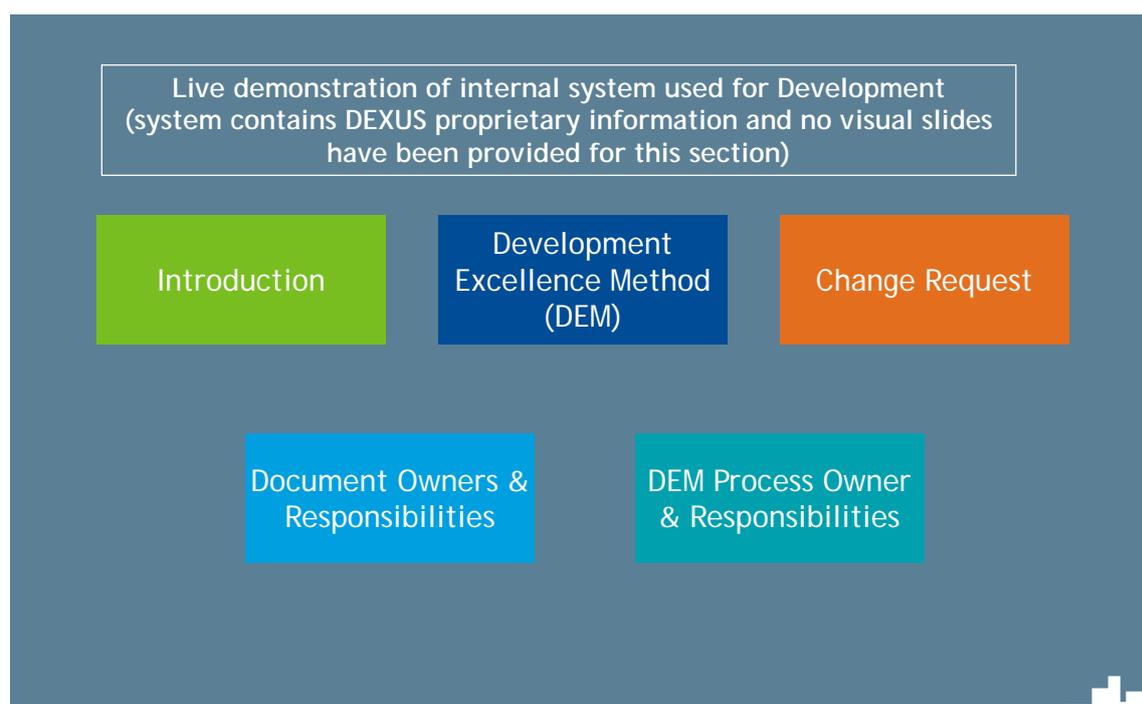
DEVELOPMENT – Rationale & Parameters



DEVELOPMENT – Capabilities and approach



DEVELOPMENT – Development excellence method



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DEVELOPMENT – Committed and uncommitted projects in detail

DEXUS development pipeline as at 30 June 2016	Building area sqm ¹	Project cost est. \$m ²	Est. cost to completion \$m	Yield on cost %	Leased %	Completion due
Office						
100 Mount Street, North Sydney, NSW	41,419	226	176	>7.3%	15%	Jan 2019
Industrial						
2A Basalt Rd & 1 Charley CI (Precinct E) Quarrywest, Greystanes, NSW	36,045	34	7	8.0%	74%	Sep 2016
13 Felstead Dr, Laverton North, VIC	10,194	12	8	7.2%	100%	Nov 2016
5 Dolerite Way (Precinct B), Quarrywest, Greystanes, NSW	10,100	9	5	7.5%	100%	Mar 2017
Quarrywest, Greystanes, NSW	80,480	58	34	8.1%	nil	Aug 2018
141 Anton Road, Hemmant, QLD	68,410	50	36	8.0%	nil	Jan 2019
Total committed developments	246,648	389	266			
Office/City Retail						
Waterfront Place Precinct, Brisbane, QLD	167,500	495	495			
Sydney CBD office opportunity	51,195	382	382			
180 Flinders St, Melbourne, VIC	22,765	154	154			
12 Creek St, Brisbane, QLD	6,730	31	31			
321 Kent St Retail Podium, Sydney, NSW ³	4,655	21	21			
175 Pitt St, Sydney, NSW ³	3,915	28	28			
44 Market St, Sydney, NSW ³	2,767	22	22			
Total Industrial	99,952	182	118			
Total uncommitted developments	359,479	1,315	1,251			

1. At 100%.
2. DEXUS interest in development cost (including land).
3. City retail developments.

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DEVELOPMENT – 100 Mount Street North Sydney - Perspective

41,419sqm premium tower

15-year low market vacancy expected at completion



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DEVELOPMENT – 100 Mount Street, North Sydney - Ground floor plane

Located next to North Sydney metro station



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DEVELOPMENT – 100 Mount Street, North Sydney - Elevation

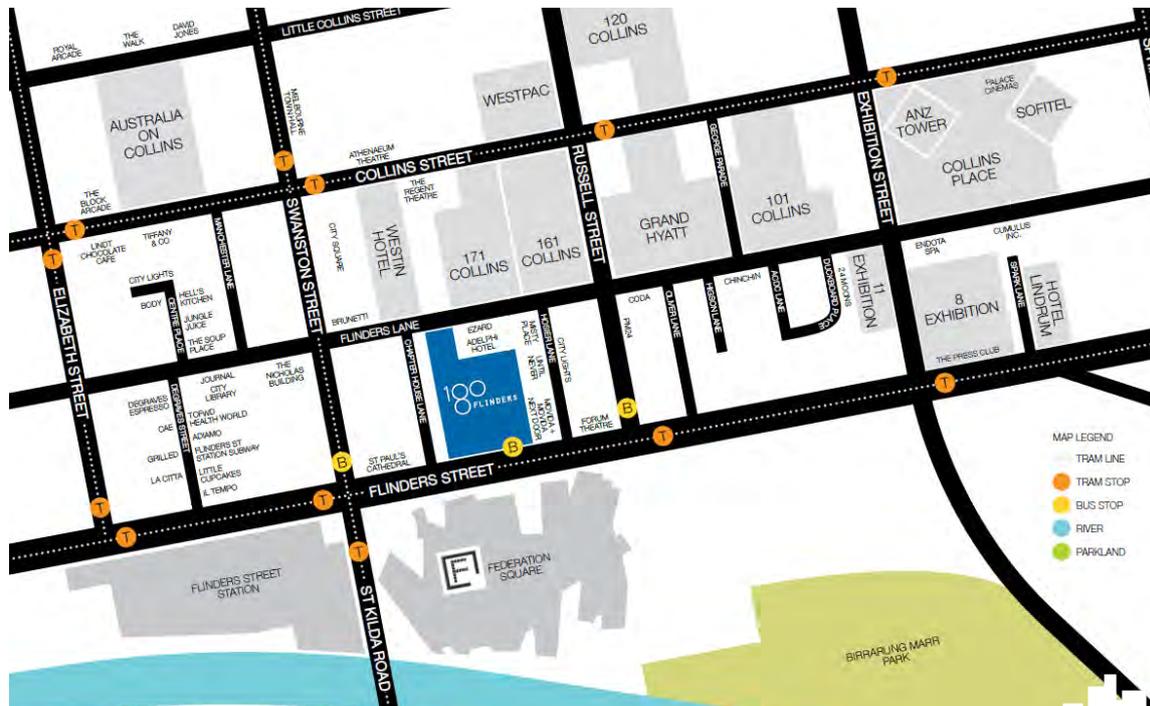


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DEVELOPMENT – 180 Flinders Street, Melbourne - Site location



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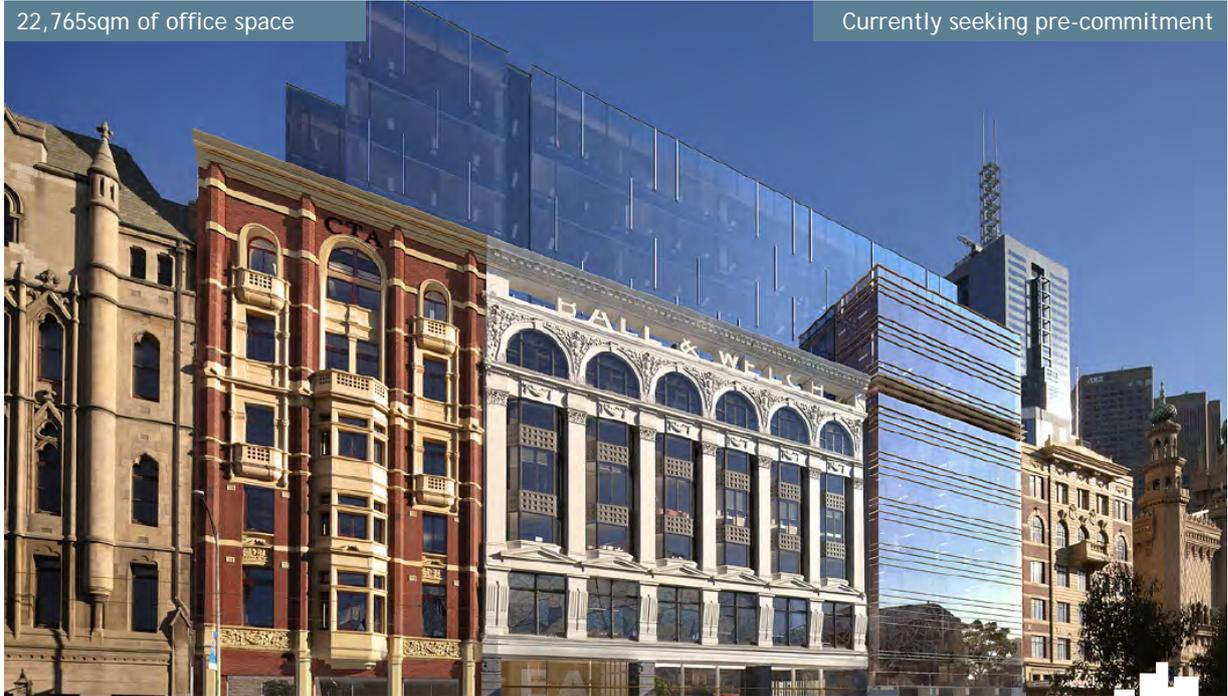
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DEVELOPMENT – 180 Flinders Street, Melbourne – Proposed building

22,765sqm of office space

Currently seeking pre-commitment



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DEVELOPMENT – 180 Flinders Street, Melbourne – Building components



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DEVELOPMENT – 180 Flinders Street, Melbourne - Proposed atrium

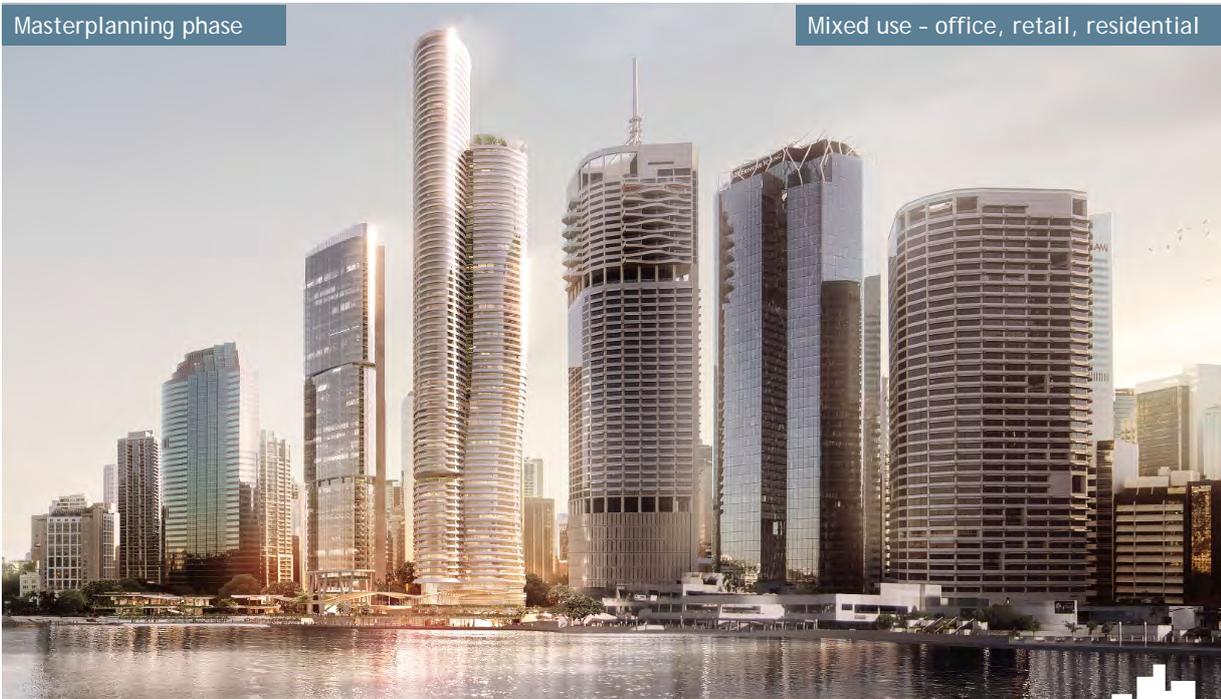


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DEVELOPMENT – Waterfront Precinct concept - Brisbane River



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DEVELOPMENT – Waterfront Precinct concept - Waterfront

Five assets covering 3.5ha

Existing three assets owned by DEXUS and two third party partners

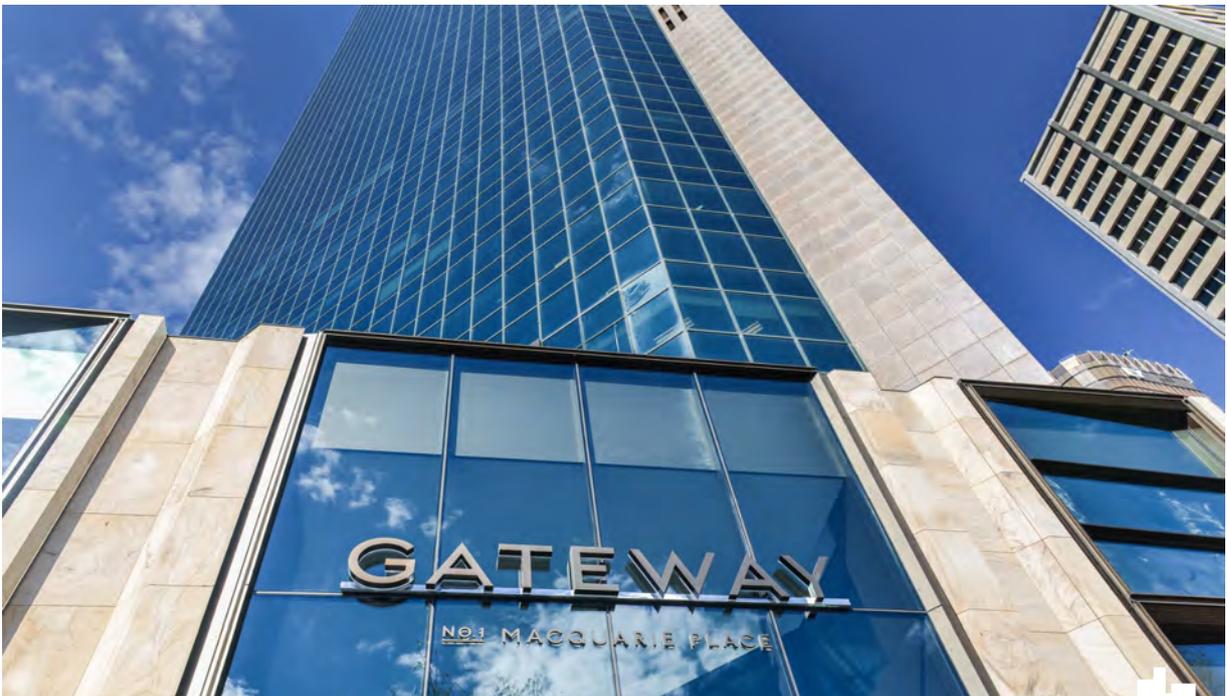


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DEVELOPMENT – Gateway - Elevation



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DEVELOPMENT – Gateway before development



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DEVELOPMENT – Gateway - Ground floor today



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DEVELOPMENT – Established Industrial track record



DEXUS APPROACH

- To develop modern, functional and high quality facilities that deliver superior long term property solutions to our customers
- **National approach** - founded upon partnership, tailored and flexibility solutions for current and future customers
- **DEXUS Standard** - design and quality points of difference - our experience and expertise - 4 star Green Star minimum
- **Integrated solutions** - office and warehouse fit outs

OUTCOMES

- Provided a variety of offerings in Sydney, Melbourne and Brisbane with flexibility to deal with customers with a national presence
- Developed more than 500,000sqm of prime industrial facilities across the eastern seaboard since 2010
- Delivered 49 high quality facilities with an average size of circa 10,300sqm and a WALE of circa 8.5 years
- Secured repeat business - Toll, Kathmandu, Reece, Target and Steinhoff

SOME OF OUR INDUSTRIAL CUSTOMERS



DEVELOPMENT – Quarry at Greystanes - The past decade



DEVELOPMENT – Hemmant - Perspective



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DEVELOPMENT – Larapinta - Success with speculative development



DEXUS APPROACH

- Acquisition strategy: 50% prelease & speculative development
- With subdued industrial tenant enquiry, low vacancy (under 2%) and significant tender savings (circa 8%) - 100% speculative basis was approved
- Target - lease whole facility by August 2016

OUTCOMES

Site Acquisition	Design Development 8 mths	DA Approvals	Spec Decision	Construction Commencement	Practical Completion	Let Up - 6 mths
Jul-14	Mar-15	Mar-15	Mar-15	Apr-15	Feb-16	Aug-16

- 100% leased in August 2016 to two tenants Greens Foods and MJ Logistics
- Achieved: Value \$30.5m, Margin >10%, target unlevered project IRR >20%



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TRANSACTIONS – Andrew Whiteside, Michael Kwok



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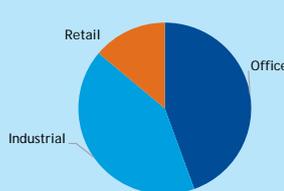
TRANSACTIONS & TRADING – Overview

+\$13bn of transactions across the Group and c\$150m of trading profits since the start of FY12

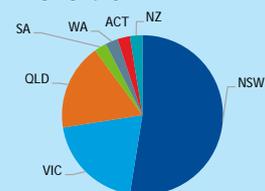
Expertise - opportunities reviewed since 2012 by strategy



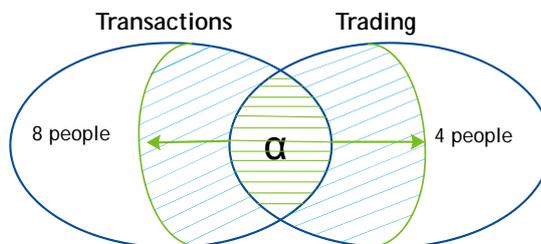
Product mix - acquisitions by sector since 2012



Market - divestments by geography since 2012



Combined expertise to execute for the investment strategy, package and deliver trading profits and replenish development pipeline



Capabilities

- Agility
- Scale
- Relationships
- Research
- Planning
- Negotiation (councils/tenants)

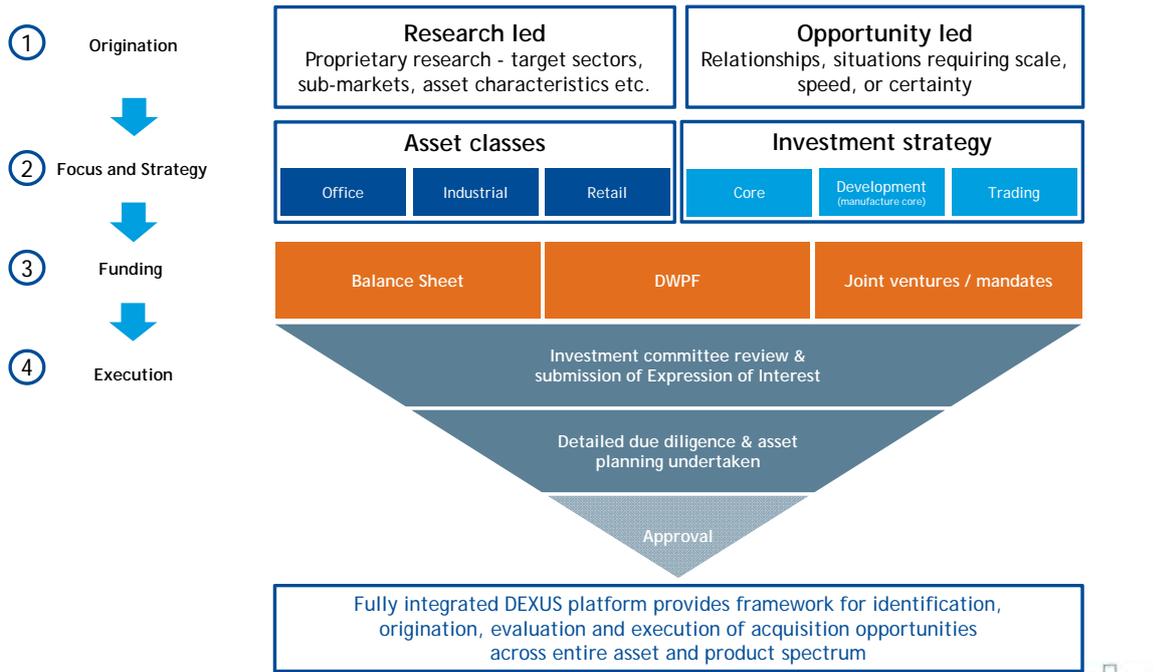
Leveraging from the fully integrated DEXUS platform and utilising the proven transactions methodology

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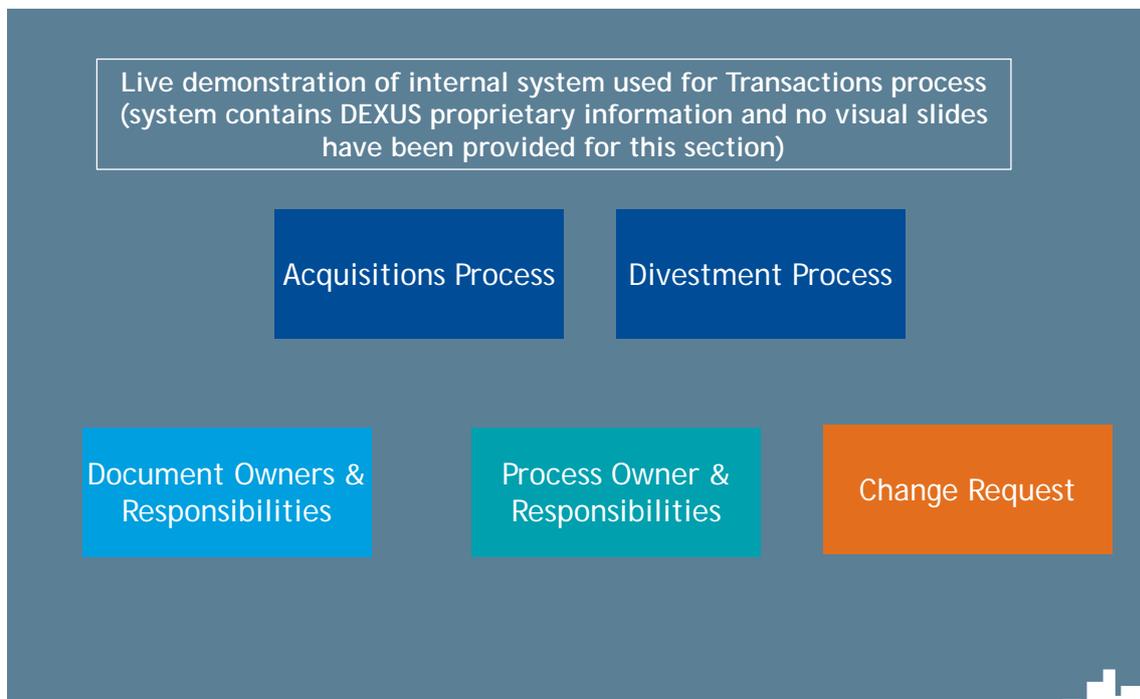
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TRANSACTIONS – Approach and process



TRANSACTIONS – Transactions process demonstration



TRANSACTIONS – Divestment of Southgate, Melbourne



DEXUS APPROACH

- Owned and added incremental value over the past 20 years
 - Received compelling unsolicited offers - two parties selected to enter a short competitive process
 - ARA managed fund was selected based on their flexibility to transact in two 50% tranches at a premium price of \$578m
- Divestment rationale
 - Despite being a quality building, it was expected to be more capex intensive due to asset age, expiry profile and proposed retail upgrade works
 - Reducing IBM and HWT leasing risk by securing lease renewals and locking away 28% of total income
 - Opportune timing as limited stock has seen investors move up risk curve

OUTCOMES

- Achieved 12% premium to book value at 30 June 2016
- Favourable transaction structure with flexibility to sell other 50% up to 16 months after Tranche A, which is expected to settle in December 2016
- Accretive to DEXUS office portfolio total returns



TRANSACTIONS – Acquisition of 36 Hickson Road, Sydney

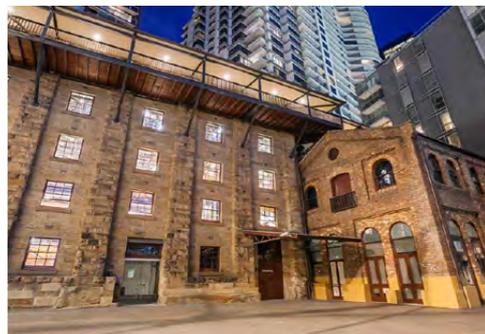


DEXUS APPROACH

- Strategic location benefits and attributes
 - Adjacent to 30 The Bond and provides control for future redesign of entrance and forecourt, as well as improved amenity
 - Unique boutique office space and F&B retail offering
 - Set to benefit from direct exposure to Barangaroo precinct and new Metro station
- Acquisition rationale
 - Consistent with strategy to acquire adjacent properties that add long term value to existing assets
 - 64% vacancy provides opportunity for strong reversions
 - Potentially ~9,700sqm of under utilised FSR or Heritage Floor Space, which may be able to transferred to other DEXUS properties

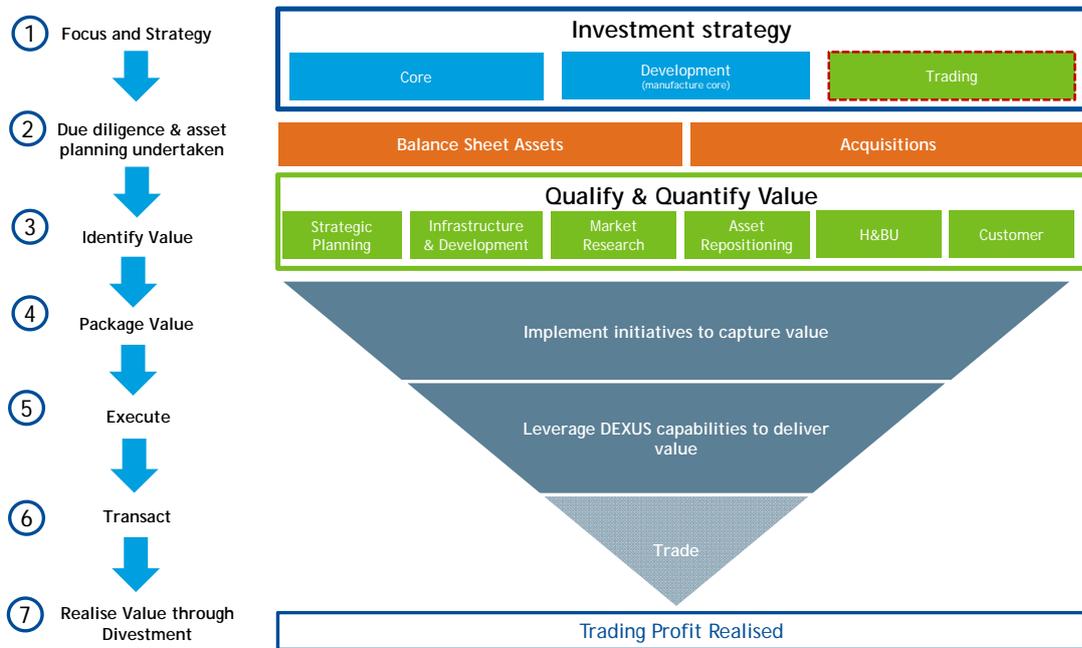
OUTCOMES

- Outperformed acquisition underwrite by
 - Leasing vacancies within several weeks of settlement
 - Achieving higher rents, and lower incentives
- Strategy was proved up as new office tenants and a renowned bar operator were attracted to the property





TRADING – Approach and Methodology



TRADING – Leveraging capabilities to deliver profits

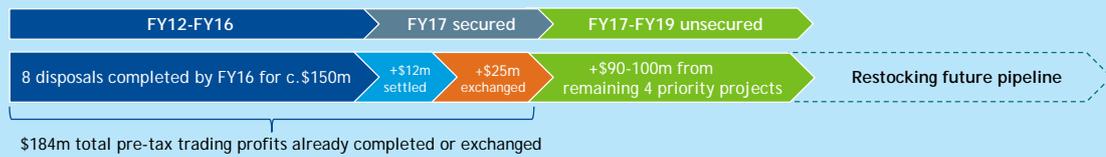
c. \$150m of trading profits delivered over four years at an average unlevered IRR of 23.5%



TRADING ACTIVITY

- >180,000sqm leased
- 160,000sqm development either complete, under construction or mooted
- 120,000sqm approx. of land rezoned
- 13 development applications and planning proposals

PRE-TAX TRADING PROFITS GENERATED



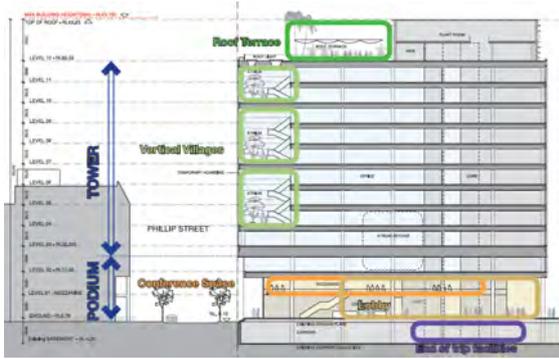
TRADING – 105 Phillip Street, Parramatta - NSW Department of Education



- 25,000sqm of net lettable area
- Under construction
- Due for completion in March 2018
- 5 star Green Star, 5 star NABERS Energy and 4 star NABERS Water ratings
- North facing atria with interconnecting stairs
- Double height lobby and sheltered external landscape connecting into mezzanine conference space
- Expansive roof terrace communal space with an outdoor dining area and sports court
- Landscaped through site link between Phillip Street and George Street
- Extensive end of trip facilities



TRADING – 105 Phillip Street, Parramatta



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TRADING – Lakes Business Park, Botany



DEXUS APPROACH

- Acquired in January 2015, comprising two adjoining sites located in southern Sydney
 - Northern site comprising 70% of net property income to be actively managed
 - Southern site comprising 30% of net property income acquired as part of inventory for future trading opportunity and held in trading trust (DXO)
- Value proposition
 - Superior rental growth in the medium term due to constrained supply and competing land use interests in the area
 - Unlocking value through strategic planning and negotiation with local and state authorities to obtain mixed use rezoning of Southern site

OUTCOMES SO FAR

- Obtained Council approval for a rezoning proposal for a mixed-use complex providing up to 54,900sqm of residential floor space
- Rezoning proposal with Dept. of Planning & Environment for determination



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FUNDS MANAGEMENT – Graham Pearson



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FUNDS MANAGEMENT – Overview

FUNDS MANAGEMENT HIGHLIGHTS

\$11.2bn Funds under management, up 99.5% since FY12

>\$7.0bn equity attracted to platform since 2010

69 Investors from 7 countries

BENEFITS TO DEXUS - ENHANCED RETURN ON EQUITY

Provides annuity style income stream

Increases capital sources, improving access to opportunities

Improves scale in markets, resources and operations

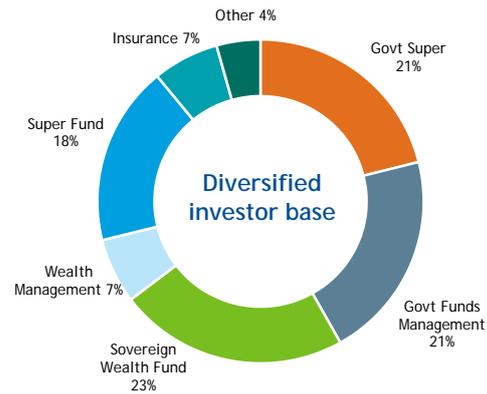
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FUNDS MANAGEMENT – Sustainable business model

- High quality diversified wholesale investor base
 - Long-term and like-minded partners
- Best practice corporate governance
- Demonstrated investor liquidity
- Focus on annuity-style fees
- Alignment of interest through co-investment
 - Strength of DEXUS balance sheet
- Historic outperformance against benchmarks



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FUNDS MANAGEMENT – Broad and respected client base

DEXUS Wholesale Property Fund (DWPf)	The Australian Mandate	Australian Industrial Partnership	DEXUS Office Partnership	DEXUS Industrial Partnership
65 unitholders	Australian superannuation fund	Major international pension fund	CPPIB	The Future Fund
				
\$7.3bn diversified wholesale fund	\$1.8bn diversified mandate	\$0.6bn industrial partnership ¹	\$3.8bn office partnership ¹	Industrial partnership with \$0.8bn¹ target
Established 1995	Managed since 1997	Established Oct 2012	Established Dec 2013	Established June 2014
40 assets	9 assets	21 assets	19 assets	4 assets

1. Including DEXUS's 50% ownership interest.

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FUNDS MANAGEMENT – Best practice corporate governance

Comprehensive suite of practical compliance policies and procedures, including

- Clear ‘rotation’ policy for allocation of property transactions across sectors
- Leasing conflict management by segregation of client interests

DEXUS PARTNERSHIPS

- Alignment of interest established with 50% co-investment from DEXUS balance sheet
- Management decisions by unanimous approval of both partners
- Transparent reporting of conflict of interest management
- Defined process pre-agreed with partners for approvals where the manager may be conflicted

DWPF GOVERNANCE FRAMEWORK

- Independent Board with four external directors
- Investor Advisory Committee with unitholder elected representatives
- Introduction of scaled base fees
- Timely investor reporting framework
- Ongoing redemption rights and effective management of unitholder liquidity needs

FUNDS MANAGEMENT – Implementing clear and focused investment strategies



INCREASING EXPOSURE TO NON-DISCRETIONARY RETAIL
Four retail centres acquired for \$319.2m for DWPF in line with strategy since December 2014



ESTABLISHED NEW OFFICE PARTNERSHIP
Off-market takeover and de-listing of CPA with partner CPPIB to acquire a portfolio of office properties for \$3.4bn



SEEDED NEW INDUSTRIAL PARTNERSHIP
Secured three industrial sites (43ha) with partner, The Future Fund, with c\$400m value on development completion



DIVESTING NON-CORE ASSETS
Strategic divestment of non-core assets in 2015 for the Australian Mandate including Capalaba Central Shopping Centre (\$148.5m)

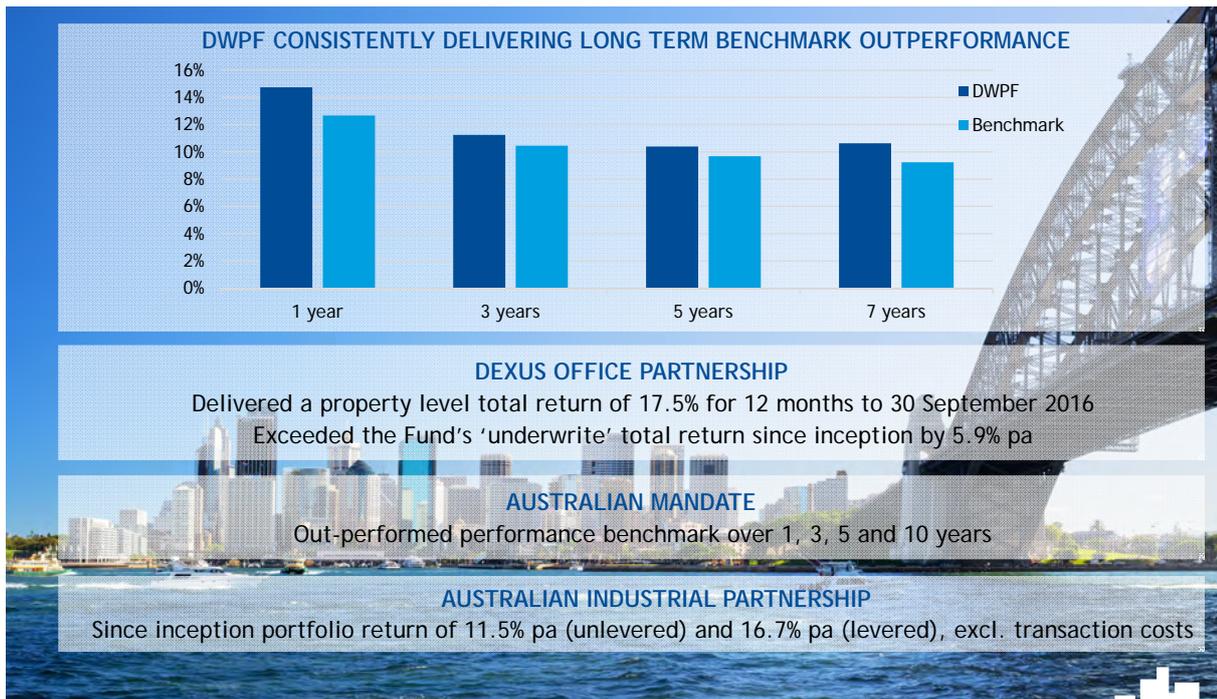


DIVESTING AT SUBSTANTIAL PREMIUM TO BOOK VALUE
Sale of 36 George Street, Burwood for DEXUS Office Partnership in Sept 2015 for \$95m, at a 44% premium to book value



IMPROVING OFFICE PORTFOLIO QUALITY AND DIVERSITY
Secured two fund-through prime developments in 2013 for DWPF at 480 Queen St, Brisbane and Kings Square, Perth for c\$490m (50%)

FUNDS MANAGEMENT – Driving outperformance



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FUNDS MANAGEMENT – Track record of investor support

- Equity attracted through performance, strategic focus and corporate governance
- Third party clients have invested over \$7.0bn of new equity since 2010
 - DWPF attracted \$3.5bn of equity since 2010 from domestic and offshore investors
 - New partnerships have invested \$2.4bn of capital since 2010
- Focus on investor liquidity evidenced by facilitation of redemptions and transfers in DWPF

THIRD PARTY FUNDS MANAGEMENT EQUITY MOVEMENTS



At 30 June 2016.

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FUNDS MANAGEMENT – What's next

- Organic growth of existing funds/partners through
 - \$3.0bn development pipeline¹
 - Value-driven acquisitions and
 - Value-add through active asset management
- Implement new business initiatives which
 - Complement the existing platform
 - Meet demand of existing clients or new investors
 - Leverage DEXUS's property expertise and capabilities



1. Third party funds' or partners' share of development spend and including DEXUS third party funds' or partners' share of Westfield redevelopments.

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CLOSING REMARKS – Darren Steinberg



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CLOSING REMARKS

- Demonstrated abilities to create value across the Group
- Differentiated offering and product through customer orientation
- Experienced capable and efficient team committed to driving performance
- Identified opportunities to add future value



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Q&A PANEL SESSION



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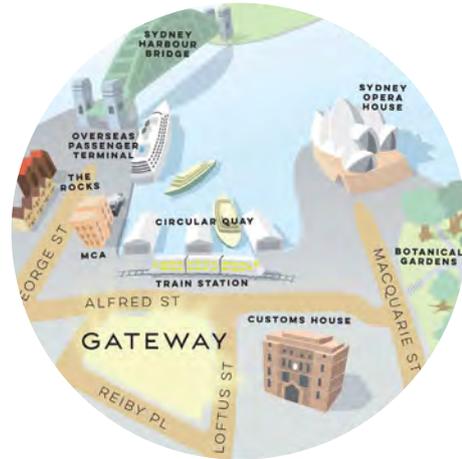
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2016 INVESTOR DAY PRESENTATION - 25 OCTOBER 2016

GATEWAY, 1 MACQUARIE PLACE, SYDNEY

Gateway forms part of Circular Quay's new retail and dining precinct and offers 4,600 square metres of premium food and beverage opportunities over three levels. Gateway is set to become an iconic harbourside destination, both day and night. As part of Sydney's iconic Gateway Tower, the retail complex will service the 3,000 office workers from the tower above as well as the 2.8 million visitors to the precinct per year.

Serving breakfast, lunch and dinner plus everything in between, Gateway offers an array of over 25 quality food outlets and restaurants.

Located at Alfred Street in the heart of Circular Quay, Gateway is within easy walking distance of trains, ferries, buses and landmark Sydney icons.



GATEWAY

ALFRED ST, CIRCULAR QUAY

STORE	LEVEL
Australia The Gift	Ground
Bekya	Ground
Bread & Fill	Ground
Din Tai Fung	Ground
Flight Centre	Ground
Four Frogs Crêperie	Ground
Gelato Messina	Ground
Hera Sushi Express	Ground
Tration Street Food by Bilu's	Ground
JPO's Barbers Inc.	Ground
Mad Mex	Ground
McDonald's	Ground
Oporto	Ground
Paragon Hotel	Ground
Quay & Co.	Ground
Rolld	Ground
Schnitz	Ground
Ship Inn	Ground
The Gozleme Co.	Ground
Top Juice	Ground
Urban Orchard	Ground
Workshop Espresso	Ground
Zumbo	Ground
Burger Project	Level 1
Chat Thai	Level 1
Espresso Room	Level 1
Hera Sushi Train	Level 1
Neptune Palace	Level 1
OPENING NOVEMBER 2016	
Hurricane's Grill	Level 2
Jimmy's Recipe	Level 2
Papina	Level 2 & 3
Tokyo Laundry	Level 1

KEY	
Lift	
Escalator	
Stairs	
Male Toilets	
Female Toilets	
Disabled Toilets	
Parents Room	
Shops	
Seating Area	
Void	

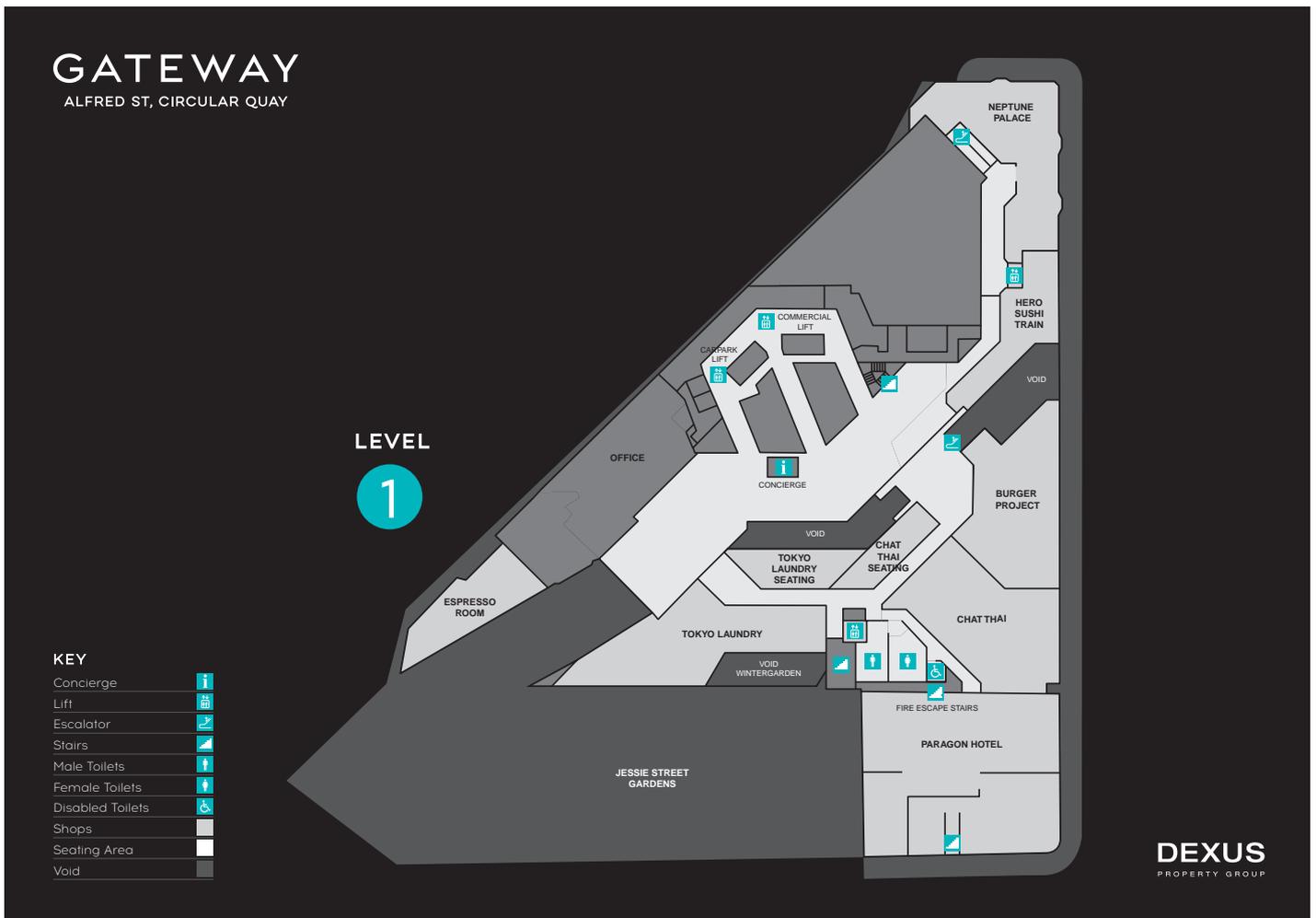
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ABOUT DEXUS

DEXUS Property Group is one of Australia's leading real estate groups, investing directly in high quality Australian office and industrial properties. With \$22.2 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 1.8 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 31,000 investors from 20 countries. With more than 30 years of expertise in property investment, development and asset management, the Group has a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for its investors. www.dexus.com

Download the DEXUS IR app to your preferred mobile device to gain instant access to the latest stock price, ASX Announcements, presentations, reports, webcasts and more.



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