



MACQUARIE  
ACN 002 574 923

Macquarie Private Wealth

Snapshot

# Dexus Property Group

## Business Description

Dexus Property Group (DXS, formerly DB RREEF Trust) is a major Australian property owner, developer and manager. It owns an internationally diversified portfolio of mostly office and industrial properties, with over three-quarters by value in Australia/NZ and the majority of the remainder in the US.

## Strategy Analysis

Dexus Property Group (DXS) develops, owns and manages property. It owns a high quality portfolio of domestic industrial and office properties and industrial properties in the US and Europe. Post the global financial crisis, focus is on selling non-core assets, managing its cost structure and leasing current developments to reduce overall risk. Non-core assets to be sold include the European portfolio and certain assets in the US. At the same time, new industrial properties will be bought on the US WestCoast to tap into growing trade with Asia. DXS' general strategy is to enhance value by acquiring new property related assets in mostly in Australia; redeveloping properties or undertaking new developments where value adding opportunities exist; expanding the direct property portfolio, especially in the industrial and commercial sectors; improving the profitability of its funds management business through the active management of its cost structure, retaining financial flexibility and capacity for active capital management. Dexus Property Group reported NPAT of \$553.01m for the year ended 30 June 2011. Key drivers of this result include: fair value adjustments to property assets during the period of \$182.0m, compared to a loss of \$235.6m in 2010; and unrealised net fair value gain on derivatives totalling \$44.2m (2010: loss of \$57.6m) primarily as a results of higher market interest rates. Revenues from ordinary activities were \$684.65m, down 4.4% from last year. Basic and Diluted EPS was 11.44 cents compared to 0.66 cents last year. Net operating cash flow was \$239.34m compared to \$340.17m last year. The final dividend declared was 2.59 cents, taking the full year dividend to 5.18 cents compared with 5.10 cents last year.

27 January 2012

## Recommendation

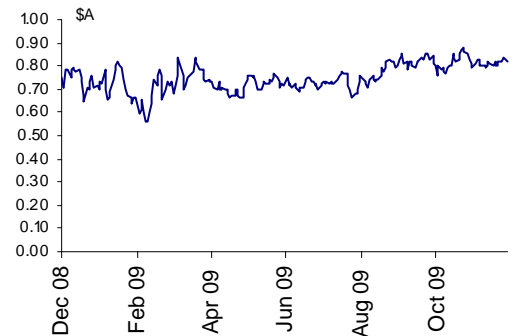
Recommendation: Outperform  
Relative to: All Ind (ex Fins)

## Investment Fundamentals

ASX code: DXS  
Stock price: \$0.88  
Market cap: \$4,258m

	Y/E 30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	350.7	352.3	369.6	385.3
Adjusted e	\$m	368.4	371.3	388.9	403.8
EPS adjusted	¢	7.6	7.7	8.0	8.3
EPS growth	%	2.8	0.8	4.7	3.8
PE	x	11.6	11.5	11.0	10.5
PE relative	x	0.9	1.0	1.0	1.0
DPS	¢	5.3	5.4	5.6	6.3
Yield	%	6.1	6.1	6.4	7.1
Franking	%	0.0	0.0	0.0	

## Share Price



Source: ASX and Company accounts

## Segment Performance

Property Portfolio	Annual Shareholders' Return (%)	Annual Shareholders' Return	
		1 year	12.0%
Governor Phillip & Macquarie Tower Complex, 1 Farr	9.9	3 year	14.0%
Woodside Plaza, 240 St Georges Terrace, Perth, WA	6.8	5 year	-5.0%
Southgate Complex, 3 Southgate Avenue, Southbank,	5.9	10 year	0.0%
Australia Square Complex, 264-278 George Street, S	4.2	Dividend Reinvestment Plan	Yes
45 Clarence Street, Sydney, NSW	3.8	Shareholder Discounts	No
44 Market Street, Sydney, NSW	3.2		
309-321 Kent Street, Sydney, NSW	2.8		
Axxess Corporate Park, Corner Ferntree Gully & Gil	2.8		
One Margaret Street, Sydney, NSW	2.6		
30 The Bond, 30-34 Hickson Road, Sydney, NSW	2.2		
Other	55.8		
<b>Total</b>	<b>100.0</b>		
<b>Property Types</b>			
Other	55.8		
Industrial	27.5		
Office	9.9		
Retail	6.8		
<b>Total</b>	<b>100.0</b>		

## Company contact details:

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