Dexus (ASX:DXS)

ASX release

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21 June 2017

Dexus announces acquisitions and equity raising

Dexus Funds Management Limited ("DXFM") as responsible entity of Dexus ("Dexus" or the "Group") today announced that it has entered into agreements to acquire two Sydney office buildings. It is also in exclusive due diligence to acquire a core industrial property in Melbourne (together with the acquisition of the two Sydney office buildings, the "Acquisitions"). The total consideration under the acquisition agreements together with the offer for the industrial property is $739.3 million[1].

The Acquisitions include a 25% interest in the MLC Centre, 19 Martin Place, Sydney for $361.3 million and a 100% interest in 100 Harris Street, Pyrmont for $327.5 million[2].

In relation to the MLC Centre acquisition, Dexus Wholesale Property Fund ("DWPF") is also acquiring a 25% interest alongside Dexus, consistent with DWPF's strategy of owning high quality assets in core markets.

The key benefits of the Acquisitions for Dexus include[3]:

- Enhances Dexus's exposure to the Sydney office market, Australia's largest office market
  - Increases the Dexus office portfolio's Sydney weighting from 65% to 67%
  - Expands Dexus's footprint in the core Martin Place precinct when combined with Dexus's existing owned and managed portfolio
  - Provides exposure to the Pyrmont office precinct, a location with strong appeal to technology orientated customers
- Leverages Dexus's platform and capabilities to capture significant growth opportunities through market rent reversion, leasing and further development
  - Opportunity to capture rental reversion in a strong Sydney office market from existing vacant net lettable area (NLA) and expiring leases
  - Introduces more than 65 new customers to the Dexus platform, with increased exposure to growing technology related businesses
  - Potential development and redevelopment opportunities at MLC Centre in the medium term

If all Acquisitions proceed in accordance with their terms, including the offer for the core industrial property in Melbourne, they will be funded via:

- Undertaking an equity raising, comprising
  - A fully underwritten $500 million institutional placement (Placement)[4]; and
  - A non-underwritten Security Purchase Plan (SPP) to eligible Dexus security holders in Australia and New Zealand to raise up to $50 million[5]
- Utilising debt facilities to be entered into by Dexus of up to $288.6 million

Darren Steinberg, Dexus CEO said: "These acquisitions continue our dominant positioning across Australia's major cities and reinforce our belief that Sydney will continue to benefit from the global trend of urbanisation and enhanced infrastructure links over the coming years.

"With these transactions we've broadened our customer base and identified a number of future opportunities to leverage our skills to unlock additional value and accelerate growth."

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[1] Excluding acquisition costs.
[2] The binding agreement for the sale of the interest in MLC is on usual commercial terms. A sale contract for 100 Harris Street has not yet been entered into. Rather, the vendor has entered into a binding option and the sale contract is attached to that option and is also on usual commercial terms. It is expected that the option will be exercised so that settlement of the acquisition of 100 Harris Street can occur in the period described in this announcement.
[3] Refer to the attached investor presentation for further detail
[4] DXFM has entered into an underwriting agreement on customary terms with the joint lead managers (including termination events).
[5] DXFM may (in its absolute discretion) in a situation where total demand exceeds $50 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scaleback.

Acquisitions

MLC Centre, 19 Martin Place, Sydney

- Dexus is acquiring a 25% ownership interest for $361.3 million[6]
- A further 25% interest is being acquired by DWPF at the same acquisition price[7]
- High quality A-grade property comprising 67,100 square metres of office space, 10,300 square metres of retail space and 308 car spaces
- Located in the heart of Sydney, the MLC Centre occupies one of the largest freehold sites in the Sydney CBD, and will directly benefit from significant capital investment in the Martin Place precinct, including the Martin Place Metro Station, due for completion in 2024
- 95% occupied (by income) with a weighted average lease expiry (WALE) of 4.1 years
- Provides opportunities to capture significant growth through market rent reversion, leasing and further development of the retail precinct
  - The property is currently under-rented[8], providing an opportunity to benefit from strong Sydney CBD market fundamentals
  - Major lifecycle capital expenditure nearing completion and approval for further development[9]
- Settlement of the acquisition is expected to occur in mid-July

100 Harris Street, Pyrmont

- Dexus is acquiring a 100% ownership interest for $327.5 million[6]
- 26,900 square metre A-grade, rejuvenated heritage office building
- Located on a 7,800 square metre site in Pyrmont, a growing office precinct on the fringe of the Sydney CBD, well located and serviced by public transport including buses and light rail
- 100% occupied (by income) with a WALE of 7.6 years including a 12 month rental guarantee over existing vacant space (16% of NLA).
- Increased exposure to, and opportunity to strengthen relationships with, customers in the rapidly growing technology sector
- Settlement of the acquisition is expected to occur in mid-July

Dexus is also undertaking exclusive due diligence on a modern, core industrial property in Melbourne valued at approximately $50 million[10].

Preliminary FY18 guidance and Transaction impact

Taking into account the Acquisitions and the Placement (together, the "Transaction"), we provide preliminary FY18 guidance of Underlying FFO[11] per security growth expected to be circa 2.0-2.5% and Adjusted FFO ("AFFO") per security growth of 4.0%-4.5%[12,13]. In addition, distribution per security in FY18 is expected to grow in line with AFFO per security. Dexus also expects to benefit from an enhanced growth profile in future periods by capitalising on leasing and development opportunities in relation to the Acquisitions.

Dexus will provide confirmation and additional details in relation to its FY18 guidance at its annual results to be released to the Australian Securities Exchange (ASX) on Wednesday, 16 August 2017.

The Transaction is expected to have the following financial impacts[13]:

- Neutral to FY17 guidance for underlying FFO and distribution per security growth[14]
- An increase in pro-forma NTA[15] of 9 cents per security
- Look through pro-forma gearing[16] of 26.9%

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[6] Excluding acquisition costs.
[7] The acquisition is being undertaken through a jointly held vehicle between Dexus and DWPF.
[8] Under-rented means current passing rent is below current market rent (Dexus's assessment).
[9] See slide 8 of the attached investor presentation.
[10] Dexus has been granted an exclusive due diligence period in relation to this property. There can be no guarantee that a binding agreement will be entered into for the price contemplated or at all. Dexus will advise the market when an agreement is reached.
[11] FFO in accordance with guidelines provided by the Property Council of Australia (PCA): comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark-to-market impacts, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, transaction costs, rental guarantees and coupon income. Underlying FFO excludes trading profits net of tax. Adjusted FFO deducts maintenance capital expenditure and lease incentives.
[12] Underpinned by Dexus office portfolio like for like income growth of 4-5% and industrial portfolio like for like income growth of 3-4%.
[13] Impacts are post the $500 million underwritten placement component. No adjustment is made for the up to $50 million SPP
[14] Distribution growth per security estimated to be 4.5% for FY17 per ASX announcement on 20 June 2017.
[15] NTA impact is pro forma for 31 December 2016 assuming the Acquisitions and includes the purchase of The Mill, Alexandria, the sale of 79-99 St Hilliers Road, Auburn which both completed in January 2017 and revaluations announced to ASX on 20 June 2017.
[16] Gearing is adjusted for cash and for debt in equity accounted investments. Pro forma gearing assumes the Acquisitions and is adjusted for the purchase of The Mill, Alexandria and the sale of 79-99 St Hilliers Road, Auburn which both completed in January 2017 and revaluations announced to ASX on 20 June 2017.

Equity raising

Institutional Placement

The key details of the Placement are as follows:

- Fully underwritten $500 million Placement to institutional and professional investors
- $10.20 per security issue price representing a:
  - 3.4% discount to the last traded price of $10.56 on Tuesday, 20 June 2017
  - 4.0% discount to the five day VWAP of $10.62 to Tuesday, 20 June 2017
- New securities issued under the Placement will rank equally with existing securities from the date of issue and will be entitled to the full distribution for the six months ending 30 June 2017 (2H FY17 Distribution) (currently estimated to be 23.76 cents per security)

Security Purchase Plan (SPP)

Following the completion of the Placement, Dexus will also undertake an SPP to provide eligible security holders in Australia and New Zealand with the opportunity to participate in the equity raising.

Eligible security holders (who were registered as Dexus security holders as at 7.00pm on 20 June 2017) will be invited to subscribe for up to a maximum of $15,000 of additional securities per security holder, free of brokerage and transaction costs. The SPP will not be underwritten and the total amount to be raised will be subject to a $50 million cap.

If demand exceeds $50 million, Dexus will need to scaleback the maximum amount per security holder. However, in a situation where total demand exceeds $50 million, Dexus may (in its absolute discretion) decide to increase the cap to reduce or eliminate the need for scaleback.

The SPP is subject to the terms set out in the SPP booklet, which will be lodged with ASX and sent to eligible security holders in due course.

As with the new securities issued under the Placement, the new securities issued under the SPP will rank equally with existing Dexus stapled securities; however, as they will be issued and allotted after the ex-distribution date of 29 June 2017, they will not be entitled to the 2H FY17 Distribution which is currently estimated to be 23.76 cents per security. Accordingly, the issue price under the SPP will be $9.96 per security, reflecting the Placement issue price less the estimated 2H FY17 Distribution of 23.76 cents per security.

Indicative timetable

Event	Date
Record Date for SPP	7.00pm on Tuesday 20 June 2017
Trading halt and announcement of Placement	Wednesday 21 June 2017
Trading halt lifted	Thursday 22 June 2017
Settlement of securities under the Placement	Monday 26 June 2017
Allotment and trading of securities under the Placement	Tuesday 27 June 2017
Distribution ex-date	Thursday, 29 June 2017
Distribution record date	Friday, 30 June 2017
Expected SPP offer opening date	9.00am on Tuesday 18 July 2017
Expected SPP offer closing date	5.00pm on Tuesday 8 August 2017
SPP Allotment Date	Friday 18 August 2017
Holding Statements dispatch date	Tuesday 22 August 2017

The above timetable is indicative only and subject to change. All times represent Sydney time. Dexus reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. The commencement of quotation and trading of new securities is subject to confirmation from ASX.

Important information

For more important information, see the attached investor presentation which includes further details about the Acquisitions and a description of key risks.

For further information please contact:

Investor Relations
Melanie Bourke
+61 2 9017 1168
+61 405 130 824
melanie.bourke@dexus.com

Media Relations
Louise Murray
+61 2 9017 1446
+61 403 260 754
louise.murray@dexus.com

About Dexus

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at more than $22 billion. As property innovators, we are deeply committed to working with our customers to provide spaces that engage and inspire, as well as delivering quality, sustainable returns for our investors. We invest only in Australia, and directly own $11 billion of office and industrial properties. We manage a further $11.7 billion of office, retail and industrial properties for third party clients. The group's $4.5 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With more than 1.7 million square metres of office workspace across 55 properties, we are Australia's preferred office partner. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 30,000 investors from 20 countries. With more than 30 years of expertise in property investment, development and asset management, we have a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for investors. www.dexus.com

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

Acquisitions and capital raising

21 June 2017

Transaction overview

Acquisitions	▪ Dexus has entered into agreements to acquire two Sydney office buildings. It is also undertaking exclusive due diligence to acquire a core industrial property in Melbourne (together with the acquisitions of the two Sydney office properties, the **Acquisitions**). Total consideration for the Acquisitions is $739.3 million[1] ▪ The two Sydney office buildings are: – 25% interest in MLC Centre, 19 Martin Place, Sydney for $361.3 million – 100% of 100 Harris Street, Pyrmont for $327.5 million ▪ In relation to the MLC Centre acquisition, Dexus Wholesale Property Fund (**DWPF**) is also acquiring a 25% interest alongside Dexus, consistent with DWPF's strategy of owning high quality assets in core markets
Funding	▪ The Acquisitions will be funded via: – Undertaking an equity raising, comprising: – A fully underwritten $500 million institutional placement (**Placement**) at a fixed price of $10.20 per security; and – A non-underwritten Security Purchase Plan (**SPP**) to eligible Dexus security holders in Australia and New Zealand to raise up to $50 million – Utilising debt facilities of up to $288.6 million
FY18 Guidance and Financial Impact	▪ Taking into account the Acquisitions and Placement (together, the **Transaction**), we provide preliminary FY18 guidance of Underlying FFO per security growth of 2.0%-2.5% and AFFO per security growth of 4.0%-4.5%[2]. In addition, distribution per security in FY18 is expected to grow in line with AFFO per security. Dexus also expects to benefit from an enhanced growth profile in future periods from capitalising on leasing and development opportunities in relation to the Acquisitions ▪ The Transaction on a standalone basis is expected to have the following impact: – Neutral to FY17 guidance for Underlying FFO and distribution per security growth – An increase in pro forma net tangible assets[3] (**NTA**) of 9 cents per security – Look through pro forma gearing[3] of 26.9%

1. Excluding acquisition costs.
2. Underpinned by Dexus office portfolio like for like growth of 4-5% and Dexus industrial portfolio like for like growth of 3-4%. Dexus will provide confirmation and additional details in relation to its FY18 guidance at its annual results to be released to the Australian Securities Exchange (**ASX**) on Wednesday, 16 August 2017.
3. Pro forma 31 December 2016 look through gearing and NTA adjusted for the purchase of The Mill, Alexandria, sale of 79-99 St Hilliers Road, Auburn, portfolio revaluations announced to the ASX on 20 June 2017 and $500 million Placement. No adjustment is made for the up to $50 million SPP.

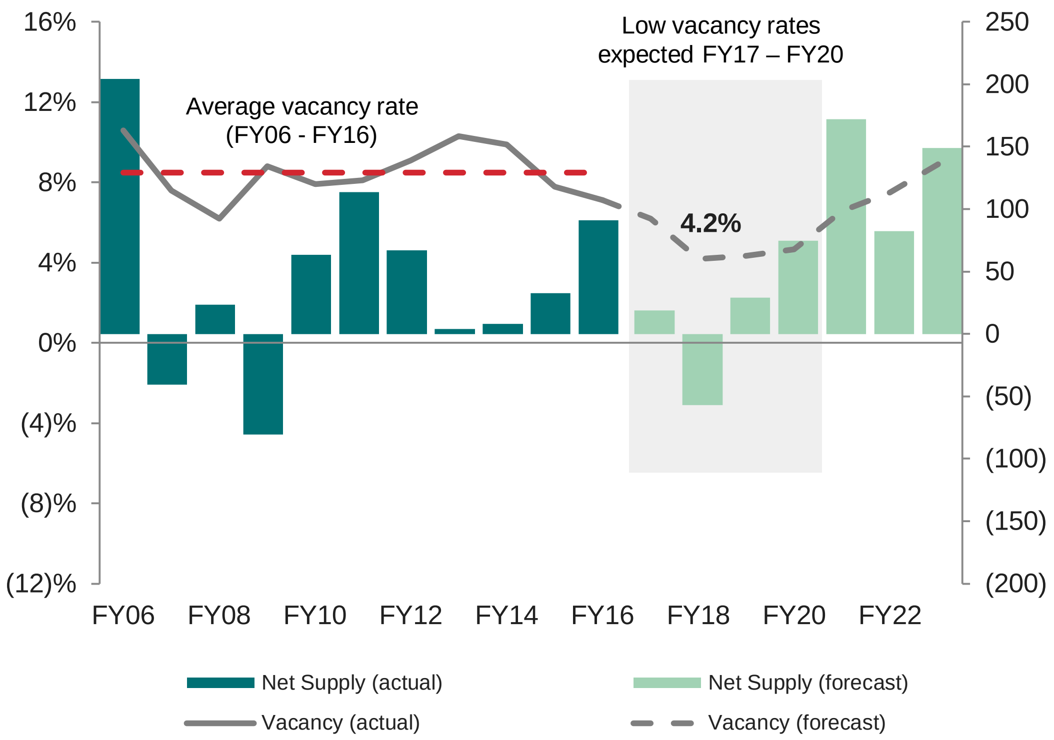
Transaction overview

Acquisitions increase exposure to strong Sydney office market

- Sydney CBD market currently recording below average vacancy of 7.3%, with limited near term supply
  - Sydney CBD vacancy expected to reduce to 4.2% in FY18
  - Planned new supply is still a long way off – scheduled for FY20 to FY22
- Sydney CBD fringe market has the lowest vacancy rate in Australia at 3.3%, forecast to continue through FY19
- Positive supply / demand dynamics are supporting significant increases in rental levels
  - Sydney CBD and Sydney CBD fringe markets delivered circa 29% net effective rental growth in the year to Q1 2017
- Dexus believes that central Sydney locations will benefit from significant infrastructure project spend and on-going population growth, supporting returns over the long-term
- Further details of the MLC Centre and 100 Harris Street are set out in the following slides. Key risks of the Acquisitions and general risks are set out in Appendix B

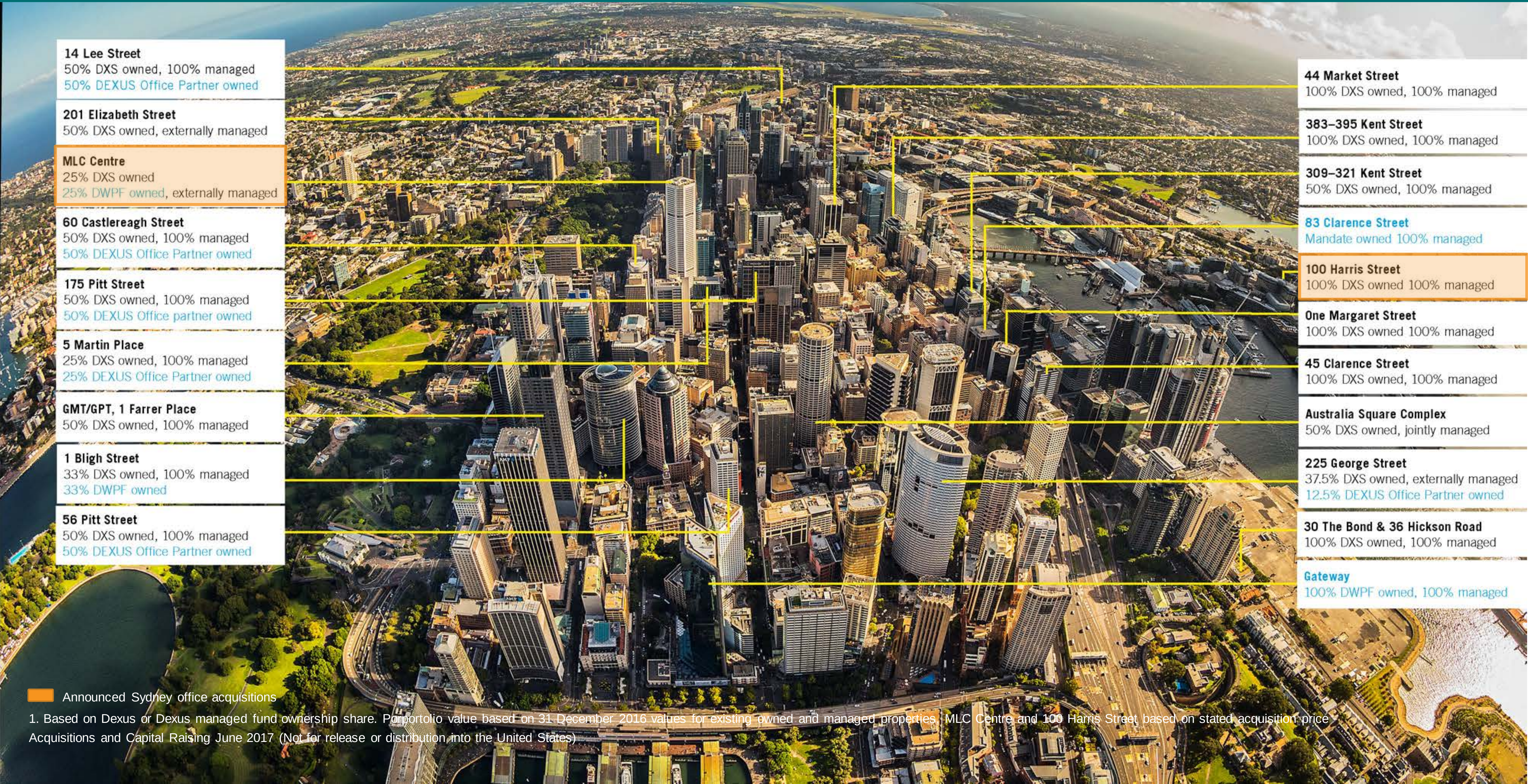
Sydney CBD office market balance

Vacancy rate % (LHS), Net supply 000's sqm (RHS)



Source: JLL, Dexus Research.

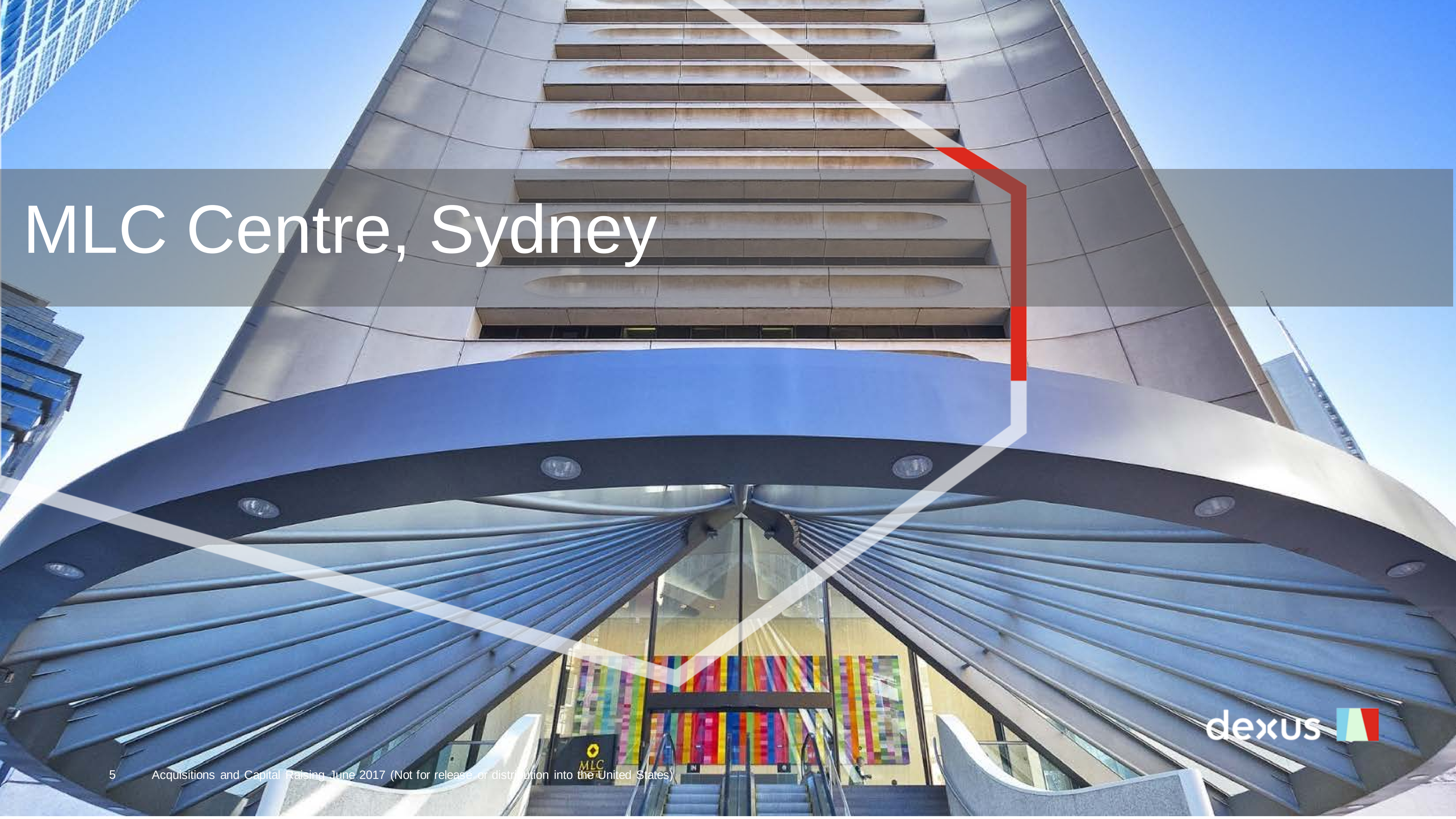
Dexus has ownership or management of 20 Sydney CBD and CBD Fringe assets valued at $8.4 billion[1]



Announced Sydney office acquisitions

1. Based on Dexus or Dexus managed fund ownership share. Porportolio value based on 31 December 2016 values for existing owned and managed properties. MLC Centre and 100 Harris Street based on stated acquisition price

MLC Centre, Sydney



MLC Centre
Overview

Investment rationale

- Favourable office lease expiry profile – aligned to capture strength in Sydney office market over next 3 years
- Opportunity to enhance asset positioning and capture value through development
- Significant capital expenditure program nearing completion (lifts, façade, switchboards) – vendor assuming remaining costs
- Prime location will improve further with the adjoining metro station (targeted completion 2024) and additional developments in Martin Place
- Pricing and metrics favourable compared to observed transactions

Description

The MLC Centre is one of Sydney's most prominent towers, located in the heart of Martin Place. The building spans 67 levels providing quality office and prime retail.

Key Metrics	
Interest	Dexus (25%), DWPF (25%)[1], GPT (50%)
Levels	67
Site area	8,400 sqm
NLA	77,400 sqm
Purchase price	$361.3 million
Implied cap rate	5.6%
Initial passing yield	4.5%
WALE[2]	4.1 years
Occupancy[2]	95%
Major tenants	Spark Helmore (7.7%), Servcorp (5.6%), GPT (5.5%)

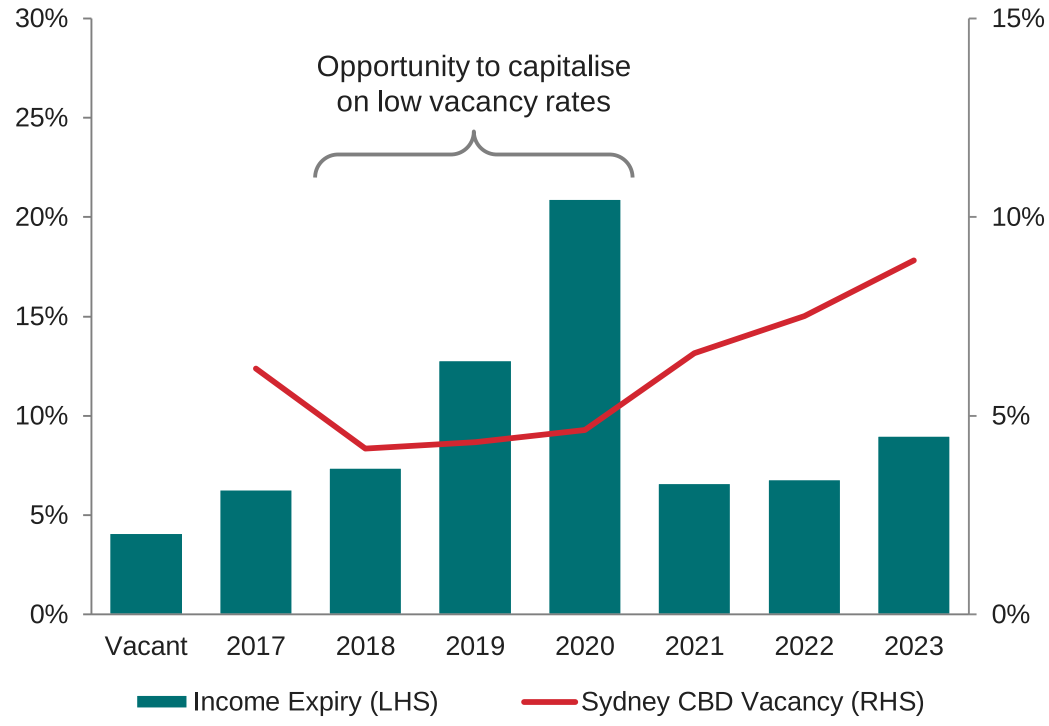
1. DWPF's interest owned with Dexus through a 50% owned trust holding a 50% interest in MLC Centre.
2. Based on income (includes office and retail).

MLC Centre
Favourable office lease expiry profile

- The MLC Centre office tower is circa 25% under-rented based on Dexus's assessment of current market rents relative to in-place passing rents
  - over the period FY18 – FY20, the lease expiry profile provides opportunity to benefit from strong Sydney CBD market fundamentals
- Further opportunity to capitalise on rental reversion within the MLC Centre retail precinct
- Dexus platform well positioned to capitalise on opportunity with demonstrated track record of investment outperformance
  - the Dexus owned and managed office portfolio has outperformed its IPD benchmark over 1, 3 and 5 years[1]

MLC Centre market leasing exposure

Lease expiry profile, % of NLA (LHS) / Sydney CBD vacancy rate, % (RHS)[2]



1. IPD Property Indices are calculated at the property level to enable benchmarking of asset level performance.
2. MLC Centre lease expiry profile based on calendar year, Sydney CBD vacancy rate based on financial year.

Source: Jones Lang LaSalle, IPD/MSCI, Dexus Research.

MLC Centre

Capital expenditure and development

- Additional floor space (circa 12,000sqm) is permitted under current planning controls
- Existing approval for an enhancement to ground plane and retail (adds circa 2,000sqm of retail NLA)
- Opportunity to explore changing uses and adding new uses as part of future development schemes
- Circa $150 million[1] major capital expenditure program nearing completion (façade, lifts, electrical)
  - remaining spend on the 50% interest being acquired in partnership by Dexus and DWPF to be funded by the vendor[2]

Artist impression of Martin Place entrance to Retail Plaza

Impression of Castlereagh St and King St Corner

Impression of Martin Place Entrance

1. 100% ownership basis.
2. Funds for remaining spend held via retention account ($23m), funds held in retention account are based on the 50% interest being sold by the vendor. Façade remediation expected to be completed in March 2018.

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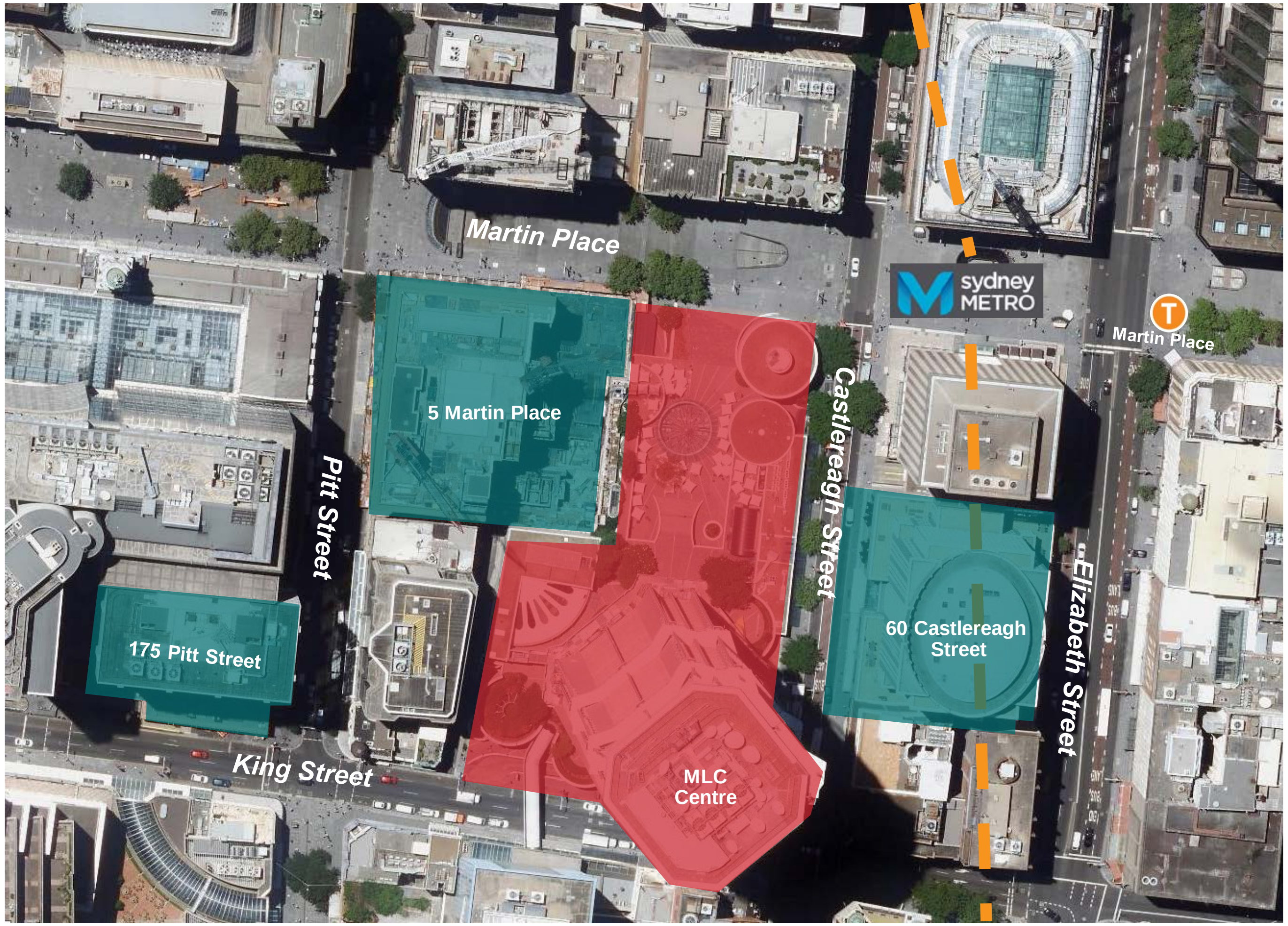
MLC Centre

Establishes investment precinct in the core of the Sydney CBD

- MLC Centre is situated on one of the largest freehold land holdings in the Sydney CBD
  - Total site area of 8,400 sqm
  - Over 250 metres of prime street frontage. Including 128 metres frontage to Castlereagh Street
  - Directly adjacent to planned metro station (targeted completion 2024)
- Combined with existing Dexus owned and managed portfolio, the acquisition of MLC Centre establishes an attractive investment precinct for Dexus in the core of the Sydney CBD
  - Opportunity to leverage asset management and development platform to unlock value through operational and site synergies over time



MLC Centre   Existing Dexus asset (owned and/or managed)

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100 Harris Street, Pyrmont

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100 Harris Street
Overview

Investment rationale

- High quality unique work spaces appealing to a growing tech orientated customer base where Dexus is under represented
- Long leases with strong cashflow
- Attractive price point in a location with improving infrastructure and amenity
  - Pyrmont rents on average are 41% below core Sydney CBD rents and 18% below the Western Corridor
- Opportunity to add value in short term through leasing of vacancy (16% of NLA)[1]
  - 12 month rental guarantee in place over vacant space

Description

100 Harris Street is a A-grade, rejuvenated heritage landmark office building, located in Pyrmont, one of Sydney's growing tech precincts

Key Metrics	
Interest	100%
Levels	6
Site area	7,800 sqm
NLA	26,900 sqm
Purchase price	$327.5 million
Implied cap rate	5.4%
Initial passing yield	5.3%
WALE[1]	7.6 years
Occupancy[1,2]	100%
Major tenants	Domain (39%), WeWork (29%), Enero (13%)

1. Based on income.
2. Includes impact of 12 month rent guarantee from the vendor over existing vacant space (16% of NLA).

Source: Jones Lang LaSalle.

100 Harris Street

Dynamic and growing Sydney CBD Fringe location

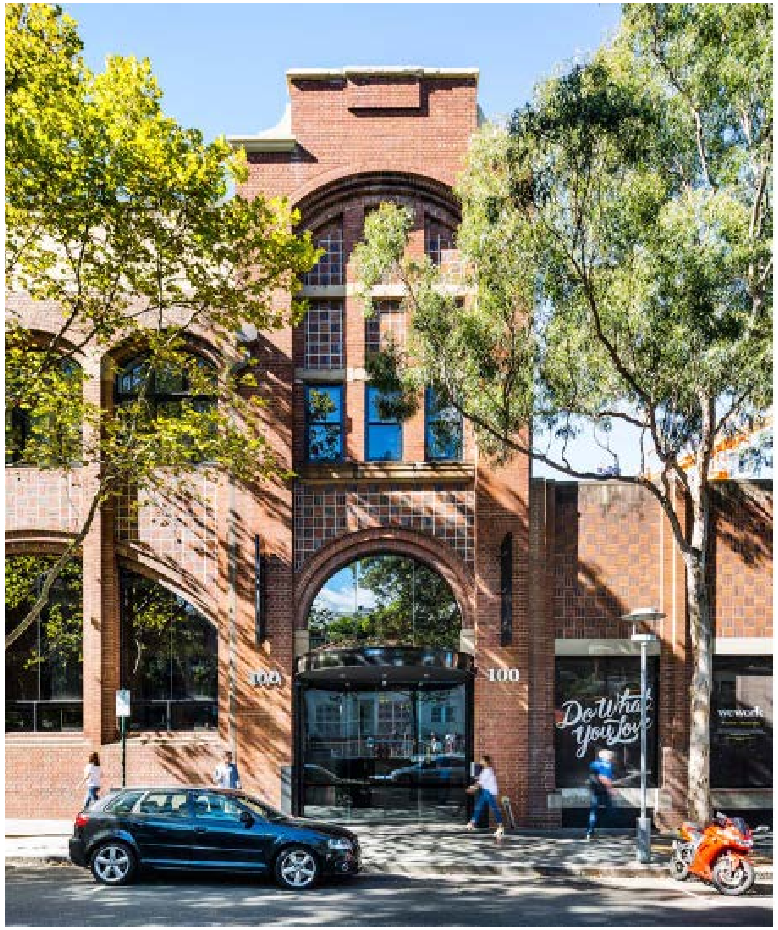
- 100 Harris Street, is located in the heart of Pyrmont, a fast growing CBD fringe precinct popular with reputable technology orientated companies (Google, Accenture, Nokia)
- Amenity of the precinct to improve significantly in the medium term as a result of developments in nearby Bays District, The Star Casino, Harbourside Shopping Centre and University of Technology Sydney
- 3 light rail stops within 300m – connectivity to improve with CBD light rail project completing in 2019

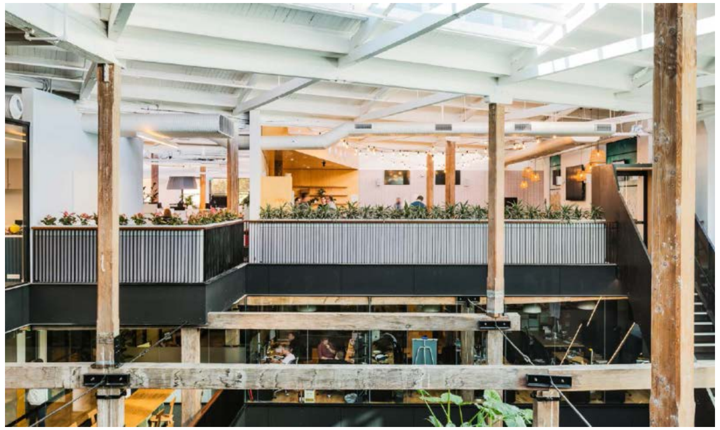
(1) Sydney Harbour Bridge **(2)** Sydney Opera House **(3)** Jones Bay Wharf **(4)** Barangaroo **(5)** Barangaroo Ferry Wharf **(6)** John Street Square Light Rail Station **(7)** Proposed Ritz-Carlton Hotel **(8)** Pyrmont Ferry Wharf **(9)** The Star Sydney Casino **(10)** The Star Light Rail Station **(11)** Pyrmont Bridge
(12) Fairfax **(13)** Seven Group **(14)** Google **(15)** Accenture **(16)** Nokia **(17)** American Express

Source: Jones Lang LaSalle.

Key landmarks   Major corporate occupiers

100 Harris Street






Source: Jones Lang LaSalle.

Transaction Funding

Funding

Sources and Uses of Funds	
Sources of Funds	**$m**
Placement proceeds	500.0
Drawdown of debt facilities[1]	288.6
Total sources	**788.6**

Uses of Funds	**$m**
Acquisitions	739.3
Transaction costs	49.3
Total uses	**788.6**

- Any proceeds raised under the non-underwritten SPP, which is capped at $50 million, will be utilised to reduce debt

1. As a result of the Transaction, Dexus will establish new debt facilities to fund the acquisition, and ensure sufficient debt funding headroom is retained within its capital management policies. Dexus expects that it will be able to enter into facilities on terms consistent with existing facilities having regard to current gearing levels and market conditions.

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Placement and SPP Overview

Structure, size and pricing	▪ Fully underwritten Placement to raise \$500 million ▪ Placement issue price of \$10.20 per Security represents: – 3.4% discount to the last traded price of \$10.56 on Tuesday, 20 June 2017 – 4.0% discount to the five day VWAP of \$10.62 on Tuesday, 20 June 2017
Ranking	▪ New Securities issued via the Placement will rank equally with existing securities from the date of issue ▪ New Securities issued via the Placement will be entitled to the distribution for the six months ending 30 June 2017 (**2H FY17 Distribution**) of 23.76 cents per security
SPP	▪ Following completion of the Placement, Dexus will offer eligible Securityholders in Australia and New Zealand the right to participate in a Security Purchase Plan ▪ Eligible Securityholders will be invited to subscribe for up to a maximum of \$15,000 additional Securities, free of transaction and brokerage costs ▪ The SPP will not be underwritten and will be subject to a \$50 million cap[1] ▪ New Securities issued under the SPP will rank equally with existing securities, including those issued under the Placement; however, as they will be issued and allotted after the ex-distribution date of 29 June 2017, they will not be entitled to the 2H FY17 Distribution of 23.76 cents per Security ▪ SPP issue price of \$9.96 per security, reflecting the Placement issue price less the 2H FY17 Distribution of 23.76 cents per Security

1. Dexus may (in its absolute discretion) in a situation where total demand exceeds \$50 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scaleback.

Indicative timetable[1]

Event	Date
Record Date for SPP	7.00pm Tuesday, 20 June 2017
Trading halt and announcement of equity raising	Before market on Wednesday, 21 June 2017
Trading halt lifted	Before market on Thursday, 22 June 2017
Settlement of Securities under the Placement	Monday, 26 June 2017
Allotment and trading of Placement Securities	Tuesday, 27 June 2017
Distribution ex-date	Thursday, 29 June 2017
Distribution record date	Friday, 30 June 2017
Expected SPP offer opening date	9.00am Tuesday, 18 July 2017
Expected SPP offer closing date	5.00pm Tuesday, 8 August 2017
SPP allotment date	Friday, 18 August 2017
Holding Statements dispatch date	Tuesday, 22 August 2017

1. The above timetable is indicative only and subject to change. All times represent Sydney time. Dexus reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. The commencement of quotation and trading of new securities is subject to confirmation from ASX.

Appendix A: Disclaimer

Disclaimer

Important information
This presentation and the announcement to which it is attached is issued by Dexus Funds Management Limited (**DXFM**) in its capacity as responsible entity of Dexus (ASX:DXS) (**Dexus**) comprising Dexus Diversified Trust, Dexus Industrial Trust, Dexus Office Trust and Dexus Operations Trust.

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No action has been (or will be) taken to register stapled securities of Dexus or otherwise permit a public offering of the stapled securities in any jurisdiction outside of Australia and New Zealand. This presentation and the announcement to which it is attached does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States and may not be distributed or released in the United States. The stapled securities to be offered and sold under the Placement and SPP (**New Securities**) set out in this presentation and the announcement to which it is attached (**Offer**) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (**Securities Act**), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in compliance with the registration requirements of the Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States (which Dexus has no obligation to do or procure) or pursuant to an exemption from, or in a transaction exempt from or not subject to, such registration requirements and any other applicable securities laws. In addition, the New Securities to be offered and sold under the SPP will only be offered and sold to eligible securityholders in Australia and New Zealand in “offshore transactions” (as defined in Regulation S under the Securities Act) in reliance on Regulation S under the Securities Act.

Summary information
The information contained in this presentation and the announcement to which it is attached should not be considered to be comprehensive or to comprise all the information which a securityholder or potential investor in Dexus may require in order to determine whether to deal in Dexus stapled securities, nor does it contain all the information which would be required in a product disclosure statement prepared in accordance with the *Corporations Act 2001* (Cth). This presentation and the announcement to which it is attached does not take into account the financial situation, investment objectives or particular needs of any person and nothing contained in the information in this presentation and the announcement to which it is attached constitutes investment, legal, tax or other advice. Readers or recipients of this presentation and the announcement to which it is attached should, before making any decisions in relation to their investment or potential investment in Dexus, consider the appropriateness of the information having regard to their own objectives and financial situation and seek their own professional advice. DXFM is not licensed to provide financial product advice in respect of Dexus stapled securities.

This presentation should be read in conjunction with the announcement to which it is attached. This presentation and the announcement to which it is attached should also be read in conjunction with Dexus’ other periodic and continuous disclosure announcements lodged with ASX which are available at www.asx.com.au.

Investment risk
An investment in Dexus is subject to known and unknown risks (including possible loss of income and principal invested), some of which are beyond the control of DXFM and Dexus. DXFM (and any of its related bodies corporate or any other person or organisation) does not guarantee any particular rate of return, repayment or the performance of an investment in Dexus nor does it guarantee any particular tax treatment. Investors should have regard to the risk factors outlined in this presentation when making their investment decision. Cooling off rights do not apply to the acquisition of Dexus stapled securities.

Financial data
All dollar values are in Australian dollars (A$) and financial data is presented as at 31 December 2016 unless otherwise stated. Investors should note that this presentation contains pro forma financial information. The pro forma financial information and past information provided in this presentation is for illustrative purposes only and is not represented as being indicative of DXFM’s views on Dexus’s, nor anyone else’s, future financial condition and/or performance.

The pro-forma historical financial information included in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Disclaimer

Financial data (continued)
Investors should be aware that certain financial data included in this presentation and the announcement to which it is attached are 'non-GAAP financial measures' under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include NTA, FFO and AFFO. The disclosure of such non-GAAP financial measures in the manner included in this presentation and the announcement to which it is attached may not be permissible in a registration statement under the Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by the Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with the Australian Accounting Standards. Although DXFM believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this presentation and the announcement to which it is attached.

Future performance
This presentation and the announcement to which it is attached contains certain "forward-looking statements" with respect to the financial condition, results of operations and business of Dexus and certain plans, strategies and objectives of the management of Dexus, within the meaning of securities laws of applicable jurisdictions. The words "expect", "should", "could", "may", "predict", "outlook", "foresee", "guidance", "plan", "estimate", "anticipate", "aim", "intend", "believe", "projection", "forecast", "target", "consider" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements, as well as statements about market and industry trends, which are based on interpretations of current market conditions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors (including those described in this presentation), many of which are beyond the control of DXFM, Dexus and their respective unitholders, shareholders, related bodies corporate, affiliates, directors, officers, employees, partners, agents and advisers (**Beneficiaries**), that may cause actual results or performance of Dexus to differ materially from those predicted or implied by any forward-looking statements. Such forward-looking statements speak only as of the date of this presentation. There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. You are cautioned not to place undue reliance on forward-looking statements and DXFM and Dexus assume no obligation to update such information.

Past performance
The historical information in this presentation and the announcement to which it is attached is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX including the 2017 Half Year Results Release and the 2017 Half Year Results Presentation which were both announced to the market on 15 February 2017. Any past performance information given in this presentation and the announcement to which it is attached is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Disclaimer
Information in this presentation and the announcement to which it is attached including, without limitation, any forward looking statements or opinions (the **Information**) may be subject to change without notice, does not purport to be complete or comprehensive and has been obtained from or based on sources believed by Dexus to be reliable. This presentation and the announcement to which it is attached does not purport to summarise all information that an investor should consider when making an investment decision. To the maximum extent permitted by law, DXFM, Dexus, the underwriters and each of their respective Beneficiaries do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of the Information or the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in, or implied by, the Information or any part of it and disclaim all responsibility and liability for the Information (including, without limitation, liability for negligence). The Information includes information derived from third party sources that has not been independently verified. Subject to any obligations under applicable laws, regulations or securities exchange listing rules, DXFM and Dexus disclaim any obligation or undertaking to release any updates or revisions to the Information to reflect any change in expectations or assumptions. Nothing contained in this presentation or the announcement to which it is attached is or may be relied upon as a promise or representation whether as to the past or the future.

Neither the underwriters, nor any of their or DXFM's or Dexus's respective advisers or any of their respective Beneficiaries have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this presentation and the announcement to which it is attached and do not make or purport to make any statement in this presentation and the announcement to which it is attached and there is no statement in this presentation or the announcement to which it is attached which is based on any statement by any of them. To the maximum extent permitted by law, DXFM, Dexus, the underwriters and each of their respective Beneficiaries exclude and disclaim all liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this presentation and the announcement to which it is attached being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. To the maximum extent permitted by law, the underwriters and each of their respective Beneficiaries take no responsibility for any part of this presentation and the announcement to which it is attached or the Offer. The underwriters and each of their respective Beneficiaries make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by the underwriters or any of their Beneficiaries in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Statements made in this presentation and the announcement to which it is attached are made only as at the date of this presentation.
DXFM reserves the right to withdraw the Offer or vary the timetable for the Offer without notice.

Appendix B: Key Risks

Key Risks

A number of risks and uncertainties, which are both specific to Dexus and of a more general nature, may affect the future operating and financial performance of Dexus and the value of its stapled securities. This section identifies the key risks associated with an investment in Dexus stapled securities. These risks are not exhaustive of the risks faced by potential investors in Dexus. You should consider carefully the risks described in this section, as well as other information in this presentation and the announcement to which it is attached, and consult your financial or other professional adviser before making an investment decision. If any of the following risks materialise, Dexus's business, financial condition and operational results are likely to suffer. In this case, the trading price of Dexus stapled securities may fall and you may lose all or part of your investment, and/or the distributable income of Dexus may be lower than expected or zero, with distributions being reduced or being cut to zero.

Dexus specific risks

Acquisition and business opportunities

At any one time, Dexus may be undertaking due diligence on a number of potential acquisition opportunities both on its own account and with joint venture parties. Further, as described in this presentation, the Placement is being undertaken to fund the Acquisitions. When Dexus proceeds with any opportunity, it is possible that Dexus may not uncover issues that may later have an adverse impact on Dexus. Risks which may arise in pursuing new opportunities or acquisitions which may adversely affect Dexus's future value or profitability, include:

- any of the acquisition or business opportunities performing below expectations;
- capital expenditure required in any of the acquisition or business opportunities being greater than expected;
- breakdown in relationship with a joint venture partner; or
- a downturn in the relevant local market conditions.

Development activities

Dexus has a key office property development project underway at 100 Mount Street, North Sydney (50% Dexus ownership interest). The anticipated practical completion date is January 2019 for that project.

Dexus has entered into fixed price construction contracts. Under the contracts, the contractors assume the financial risks relating to completion delays and cost overruns except for tenant and owner requested contract variations. Dexus has also obtained performance guarantees from its contractors. However, there can be no assurance that Dexus will not be adversely impacted by the failure of a contractor to deliver the project as agreed. The office space at 100 Mount Street is currently 15% leased. There is no income guarantee on any remaining vacancies at practical completion.

Dexus also has an office property development underway at 105 Phillip Street, Parramatta which has been contracted for sale. Dexus has entered into fixed price design and construction contracts and the contractors assume the financial risks relating to completion delays and cost overruns except for tenant and owner requested contract variations.

Dexus has entered into several tenancy agreements for its key office property development projects underway. While Dexus believes that it will be able to secure tenants for the remaining vacancies, there can be no guarantee that Dexus will be able to secure tenants for the remaining vacancies.

Dexus also has a pipeline of industrial developments of which Dexus owns a 50% interest jointly with its capital partners. These include: Quarrywest at Greystanes, NSW; 141 Anton Road, Hemmant, QLD; and Dexus Industrial Estate, Laverton North.

The earnings, cash flows and valuations of these developments are impacted by a number of factors including construction costs, scheduled completion dates, assumed post completion occupancy, assumed rentals achieved and the ability of tenants to meet rental obligations. Dexus has a pipeline of future and prospective development projects which have not yet commenced and in some instances, which have not yet secured necessary authority approvals and consents. There is no certainty that these approvals will be secured or that the projects will be activated.

Key Risks

Refinancing requirements

Dexus is exposed to risks relating to the refinancing of existing debt instruments and facilities.

Dexus has $150[1] million of debt maturing between the date of this presentation and June 2018. It may be difficult for Dexus to refinance all or some of these and other debt maturities.

Further, if some or all of these debt maturities can be refinanced, they may be on less favourable terms than is currently the case.

Availability of capital (including debt finance)

Real estate investment and development is highly capital intensive.

Dexus's ability to raise funds in the future including obtaining additional debt finance to fund the Acquisitions, and ensure sufficient debt funding headroom is retained within its capital management policies as described on slide 15 of this presentation on favourable terms depends on a number of factors including general economic conditions, political, capital and credit market conditions and the reputation, performance and financial strength of Dexus's business. Many of these factors are outside Dexus's control and may increase the cost and availability of capital.

Dexus holds an investment grade credit rating from Standard & Poor's of A- (Stable) and holds an investment grade credit rating of A3 from Moody's. Any downgrade to Dexus's credit rating may impact access to capital.

Impact of financing covenants

Dexus's financiers require it to maintain certain gearing and other ratios under various debt covenants. As of the date of this presentation, Dexus was in compliance with all covenants under its debt facilities. In the event that these covenants are breached, financiers may seek to exercise enforcement rights under debt documentation.

No financiers' rights under Dexus's current debt facilities are triggered as a result of adverse market capitalisation movements.

Impact of interest rates

Dexus's interest cost on floating rate debt will increase if benchmark interest rates increase. This would reduce earnings and cashflow available for distribution to Dexus security holders.

Dexus manages its exposure to adverse fluctuations in floating interest rates by entering into interest rate hedging instruments, however the impact of interest rate hedging may be negative, depending on the extent, timing or direction of movements in underlying rates.

Financial forecasts and forward looking statements

There is no guarantee that the assumptions contained within forward-looking statements or estimates (including as to Dexus's future earnings and earnings guidance) in this presentation will ultimately prove to be accurate. The forward-looking statements and forecasts depend on a variety of factors, many of which are beyond Dexus's control, including those described in this Appendix B.

1. As announced previously, when Dexus acquired the Commonwealth Property Office Fund in 2014, holders of certain medium term notes (MTNs) expiring in 2019 acquired the right to request repayment (at par) at any time. MTNs with a current par value of approximately $150 million are outstanding, (with Dexus's share of any repayment obligations, on a look-through basis, being 50%). Should this repayment requirement arise, in whole or in part, Dexus has adequate funds to meet its share of any requirement to pay MTN holders.

Key Risks (continued)

A-REIT sector risks

Illiquid assets

Property assets are by their nature illiquid investments. If property assets are required to be disposed in order to raise liquidity, it may not be possible to dispose of assets in a timely manner or at an optimal price. This may affect NTA or the market price of Dexus stapled securities.

Returns from investments

The value, expectations of capital growth, and returns from Dexus's property assets will fluctuate depending on property market conditions. Rental and occupancy levels may change as a result of changes in the property market and general economic conditions (including conditions relating to retail, office, logistics & business park and development assets), and this may affect the distributions paid by Dexus and the market price of Dexus stapled securities.

The ability to procure tenants (including timing and rental paid), demand for property from investors and the expenses in operating, refurbishing and maintaining properties, may influence the value of Dexus's assets. The supply of competing buildings, both existing and new, may also affect the ability to secure lease renewals, retain existing tenants or obtain new tenants. If Dexus cannot negotiate lease renewals or maintain existing lease terms, income and book values may be adversely impacted.

Changing investor demand for property investments

The demand for property and listed property securities may change as investor preferences for particular sectors and asset classes change.

The demand for property as an asset class changes over time and can be influenced by general economic factors such as interest rates, stock market cycles and exchange rates.

Asset and land values

Asset values are affected by many factors including prevailing market conditions, risk appetite, volume of sales, the ability to procure tenants, contracted rental returns, operating, maintenance and refurbishment expenses and the funding environment.

From time to time unanticipated events occur that affect the value of land or development costs which may in turn affect the financial returns from property investment, projects and property related business.

Time delays

Development approvals, slow decision-making by counterparties, complex construction specifications and changes to design briefs, legal issues and other documentation changes may give rise to delays in completion of projects, loss of revenue and cost overruns. Additionally, delays in completion of projects may, in turn, result in liquidated damages and termination of lease agreements and pre-sale agreements.

Other time delays may arise in relation to construction and development projects include supply of labour, scarcity of construction materials, lower than expected productivity levels, inclement weather conditions, land contamination, difficult site access or industrial relations issues.

Objections raised by community interest groups, environmental groups and neighbours may also delay the granting of planning approvals or the overall progress of a project motion. Major infrastructure requirements or unanticipated environmental issues may affect financial returns.

Key Risks (continued)

Property leasing

There is a risk that tenants default on their rent or other obligations under leases, leading to capital losses or a reduction in income from those assets. This risk can be greater where there is high tenant concentration.

There is also a risk that it may not be possible to negotiate lease renewals or maintain existing lease terms. If this occurs, income and book values may be adversely impacted.

Counterparty / credit risk

A-REITs are exposed to the risk that third parties, such as tenants, developers, service providers and financial counterparties (including in relation to debt and foreign exchange and interest rate hedging instruments) and other contracts may not be willing or able to perform their obligations.

Fixed nature of costs

Many costs associated with the ownership and management of property assets are fixed in nature. The value of assets may be adversely affected if the income from the asset declines and these fixed costs remain unchanged.

Capital expenditure

A-REITs are exposed to the risk of unforeseen capital expenditure requirements in order to maintain the quality of the buildings and tenants.

Environmental matters

A-REITs are exposed to a range of environmental risks which may result in project delays or additional expenditure. In such situations, they may be required to undertake remedial works and potentially be exposed to third party liability claims and/or environmental liabilities such as penalties or fines.

Insurance

A-REITs purchase insurance, customarily carried by property owners, managers, developers and construction entities that provides a degree of protection for its assets, liabilities and people. Such policies include material damage of assets, contract works, business interruption, general and professional liability and workers compensation. There are however certain risks that are uninsurable (e.g. nuclear, chemical or biological incidents) or risks where the insurance coverage is reduced (e.g. cyclone, earthquake).

A-REITs also face risk associated with the financial strength of their insurers to meet indemnity obligations when called upon which could have an adverse effect on earnings.

Further, insurance may be materially detrimentally affected by economic conditions so that insurance becomes more expensive or in some cases, unavailable.

Regulatory issues and changes in law (including taxation)

Changes in relevant laws, accounting standards, other legal, legislative and administrative regimes, and government policies (including Government fiscal, monetary and regulatory policies), may have an adverse effect on the assets, operations and, ultimately, the financial performance of Dexus. These factors may ultimately affect Dexus's financial position and performance and the market price of Dexus stapled securities.

Key Risks (continued)

Taxation

Changes in tax law (including goods and services taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the future tax liabilities of Dexus and/or unitholders of Dexus stapled securities. Under current income tax legislation, the 'Flow-Through' trusts are generally not liable for Australian income tax, including CGT. Should the actions or activities of one of the 'Flow-Through' trusts (or their controlled entities) cause the relevant trust to fall within the operative provisions of Division 6C of Part III of the *Income Tax Assessment Act 1936* (Cth), the relevant trust may be taxed on its (taxable) income at a rate which is currently equivalent to the corporate income tax rate of 30%.

The Dexus 'Flow-Through' trusts currently qualify as withholding managed investment trusts such that the taxable part of distributions to non-residents in certain jurisdictions are subject to withholding tax at the rate of 15%. Some requirements to qualify as a withholding managed investment trusts are outside of Dexus's control, including the requirement that no non-resident individual has a 10% or greater stake in the group. Although Dexus does not expect this to occur, if the Dexus 'Flow-Through' trusts cease to qualify as withholding managed investment trusts then the rate of tax imposed on non-resident unitholders would increase.

The *Income Tax Assessment Act 1997* (Cth) has recently been amended to provide for a new tax regime for attribution managed investment trusts (**AMITs**). The AMIT regime is intended to improve the operation of the taxation law for AMITs by increasing certainty, allowing greater flexibility and reducing compliance costs. The Dexus 'Flow-Through' trusts are intending to elect to be AMITs with effect from 1 July 2017.

Under the AMIT regime it is no longer a requirement that security holders be presently entitled to all of the income of a trust in order to prevent the trustee of the AMIT being subject to tax. Rather, the AMIT regime imposes the liability for income tax upon unit holders by reference to fair and reasonable allocations made by the trustee of the AMIT and continues to treat such trusts as 'Flow-Through' trusts. The AMIT regime also includes provisions which can impose tax on the trustee of an AMIT, including in respect of certain non-arm's length income or where the trustee fails to fully attributed the determined trust components of the AMIT to members. It is not anticipated that the AMIT regime will materially affect the taxation of unitholders in respect of the Dexus 'Flow Through' trusts. However, the provisions of the AMIT regime have yet to be interpreted by a court and as such the operation of the regime in practice will need to be monitored to determine whether there are any unforeseen outcomes could adversely affect the Dexus 'Flow-Through' trusts and/or unitholders of those trusts.

On 24 March 2017, the Commonwealth Treasury released a consultation paper in respect of the application of the income tax laws to stapled structures. This consultation paper followed the release of a taxpayer alert by the ATO TA2017/1 which sets out the Australian Taxation Office's (**ATO**) concerns on a number of types of stapled structures. In the consultation paper Treasury raised concerns that stapled structures can give rise to inappropriate tax outcomes and that the tax laws may need to be amended to prevent or mitigate these outcomes. Although the Dexus stapled structure is not considered to be within the class of stapled structures with which Treasury is concerned (nor were property staples such as the Dexus stapled structure the subject of the ATO Alert), it is possible that future actions by the ATO or changes to the tax law resulting from the consultation paper will have an adverse effect on all stapled groups.

Investors must conduct and rely upon their own investigation and assessment of, and acknowledge they have sought any advice they deem necessary from their own advisors regarding, the offer of New Securities, the New Securities and Dexus, including, without limitation, the particular U.S. federal income tax consequences of the offer of New Securities and the purchase, ownership, and disposition of securities of Dexus and the New Securities in light of their particular situation as well as any consequences arising under the laws of any other taxing jurisdiction. In particular, the U.S. federal income tax rates apply to U.S. Persons who directly or indirectly own securities of a passive foreign investment company (**PFIC**) as defined in Section 1297 of the U.S. Internal Revenue Code of 1986. Dexus currently expects that each of Dexus Diversified Trust, Dexus Industrial Trust, Dexus Office Trust and Dexus Operations Trust (together, the **Trusts**), one unit of each of which is stapled together to comprise the New Securities, may be classified as a PFIC for its current taxable year and in future taxable years. Dexus also expects that if the Trusts were treated as a single corporation and not separate trusts, then the single corporation may also be classified as a PFIC on the same basis as the Trusts. Investors acknowledge they have made and relied entirely upon their own assessment as to whether, and the consequences to them if, Dexus has been, is, continues to be, or becomes a PFIC for U.S. federal income tax purposes, and investors acknowledge that they have not relied and will not rely to any degree upon, Dexus, the joint lead managers or any of their respective representatives or affiliates for advice as to any tax consequences related to such investment, or the offer of New Securities, or the purchase, ownership or disposition of Dexus securities, including the New Securities, or for the preparation and filing of any tax returns and elections required or permitted to be filed by an investor in connection therewith.

Key Risks (continued)

Other general risks

Inflation – Higher than expected inflation rates generally or specific to the property sector could be expected to increase operating costs and development costs.

Litigation and disputes – Disputes or litigation may arise from time to time in the course of business activities. There is a risk that material or costly disputes or litigation could adversely affect financial performance and security value.

Competition – Dexus faces competition from other property groups active in Australia. Such competition could lead to the following adverse outcomes:
- loss of tenants to competitors;
- a reduction in rents; and
- an inability to secure new tenants resulting from oversupply of space.

Reliance on key personnel – Dexus is reliant on a number of key personnel. Loss of such personnel, or inability to attract suitably qualified personnel, may have a material adverse impact on Dexus's performance.

Work safety – Poor work safety practices by Dexus or a failure to comply with the necessary work safety regulatory requirements across the jurisdictions in which Dexus operates could result in fines, penalties and compensation for damages as well as reputational damage and poor staff morale and industrial action.

Market risks – Investors should be aware that the market price of Dexus stapled securities and future distributions made to security holders will be influenced by a number of factors that are common to most listed investments. At any point in time, these may include:
- the Australian and international economic outlook;
- movements in the general level of prices on international and local equity and credit markets;
- changes in economic conditions including inflation, recessions and interest rates;
- changes in market regulators' policies and practice in relation to regulatory legislation;
- changes in Government fiscal, monetary and regulatory policies; and
- the demand for Dexus stapled securities.

General economic and business conditions – Dexus's operating and financial performance is influenced by a variety of general economic and business conditions, including the level of inflation, interest rates, commodity prices, ability to access funding, supply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a material adverse impact on Dexus's operating and financial performance.

Equity market conditions – The market price of Dexus stapled securities will be affected by the financial performance of Dexus and also varied and often unpredictable factors influencing equity and credit markets generally. These factors include international stock markets, interest rates, domestic and international economic conditions, domestic and international political stability, investor sentiment, and the demand for equities generally.

Other factors – Other factors may impact on an entity's performance including changes or disruptions to political, regulatory, legal or economic conditions or to the national or international financial markets including as a result of terrorist attacks or war.

Appendix C:
Selling Restrictions

International Offer Restrictions

New Securities of Dexus will not be offered in any jurisdiction in which it would be unlawful. In particular, this document is not directed at any person domiciled or with a registered office in, and the New Securities may not be marketed in, any member state of the European Economic Area. In addition, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (Ontario and Quebec provinces)
New Securities will only be offered in the Provinces of Ontario and Quebec (the **Provinces**) and only to those persons to whom they may be lawfully offered in the Provinces, and only by persons permitted to sell such New Securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Securities or the offering of New Securities and any representation to the contrary is an offence. No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Securities outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Securities.

Dexus and its directors and officers may be located outside Canada. As a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon Dexus or its directors or officers. All or a substantial portion of the assets of Dexus and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against Dexus or such persons in Canada or to enforce a judgment obtained in Canadian courts against Dexus or such persons outside Canada. Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages or rescission
Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum (or other document) that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

<u>The following is a summary of the statutory rights available to purchasers in Ontario.</u>
In Ontario, every purchaser of the New Securities purchased pursuant to this document or any offering document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Dexus if this document or any offering document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Dexus. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document or any offering document contains a misrepresentation, a purchaser who purchases the New Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Dexus, provided that:

a) Dexus will not be liable if it proves that the purchaser purchased the New Securities with knowledge of the misrepresentation;
b) in an action for damages, Dexus is not liable for all or any portion of the damages that Dexus proves does not represent the depreciation in value of the New Securities as a result of the misrepresentation relied upon; and
c) in no case shall the amount recoverable exceed the price at which the New Securities were offered.

International Offer Restrictions (continued)

Canada (Ontario and Quebec provinces) (continued)

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

Certain Canadian income tax considerations. Prospective purchasers of the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of these securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Hong Kong

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International Offer Restrictions (continued)

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International Offer Restrictions (continued)

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Appendix D: Glossary

Glossary

Term	Definition
2H FY17	6 months ending 30 June 2017
2H FY17 Distribution	Distribution for the 6 months ending 30 June 2017
Acquisitions	The acquisition of two assets that Dexus has entered into agreements to acquire, and the acquisition of the asset on which Dexus is undertaking exclusive due diligence, as outlined on slide 2 of this presentation
Adjusted FFO (AFFO)	AFFO is calculated in line with the Property Council of Australia definition and comprises PCA FFO and adjusted for: maintenance capital expenditure, incentives (including rent free incentives) given to tenants during the period and other items which have not been adjusted in determining FFO
ASX	Australian Securities Exchange
Cap rate	The rate at which you capitalise the market rent to generate value. Also known as equivalent yield
Funds From Operations (FFO)	FFO is in line with Property Council of Australia definition and comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark to market impacts, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, transaction costs, amortisation of intangible assets, rental guarantees and coupon income
FY17	12 months ending 30 June 2017
FY18	12 months ending 30 June 2018
Gearing	Gearing is represented by Interest Bearing Liabilities (excluding deferred borrowing costs and including the currency gains and losses of cross currency swaps) less cash divided by Total Tangible Assets (excluding derivatives and deferred tax assets) less cash
Look through gearing	Represents Gearing defined above adjusted to include debt in equity accounted investments
Net effective rents	Net face rent adjusted for incentives the tenant is entitled to under its lease

Glossary (continued)

Term	Definition
NLA	Net lettable area
NTA	Net tangible assets
Passing yield	The yield of the asset by dividing the current passing net income by the purchase price
Placement	Fully underwritten institutional placement to raise $500 million at a fixed issue price of $10.20 per Security
Rental reversion	Increase in rent due to under rented space being marked to market on entering into a new or renewed lease
Security	Stapled security in Dexus
Sqm	Square metres
Transaction	The Acquisitions and Placement
Underlying FFO	Represents FFO as described above excluding trading profits (net of tax)
Under renting	When the passing rent is less than the currently assessed market rent
VWAP	Volume weighted average price
WALE	Weighted average lease expiry

dexus