Dexus (ASX:DXS)

ASX release

14 August 2019

2019 Annual results presentation

Dexus provides its 2019 Annual Results Presentation.

An investor conference call will be webcast at 9.30am today on www.dexus.com/investor-centre

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About Dexus

Dexus is one of Australia's leading real estate groups, proudly managing a high quality Australian property portfolio valued at $31.8 billion. We believe that the strength and quality of our relationships is central to our success, and are deeply committed to working with our customers to provide spaces that engage and inspire. We invest only in Australia, and directly own $15.6 billion of office and industrial properties. We manage a further $16.2 billion of office, retail, industrial and healthcare properties for third party clients. The group's circa $9.3 billion development and concept pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.7 million square metres of office workspace across 53 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 26,000 investors from 19 countries. With 35 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

Download the Dexus IR app

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 (ASX: DXS)

Annual Results Presentation

2019

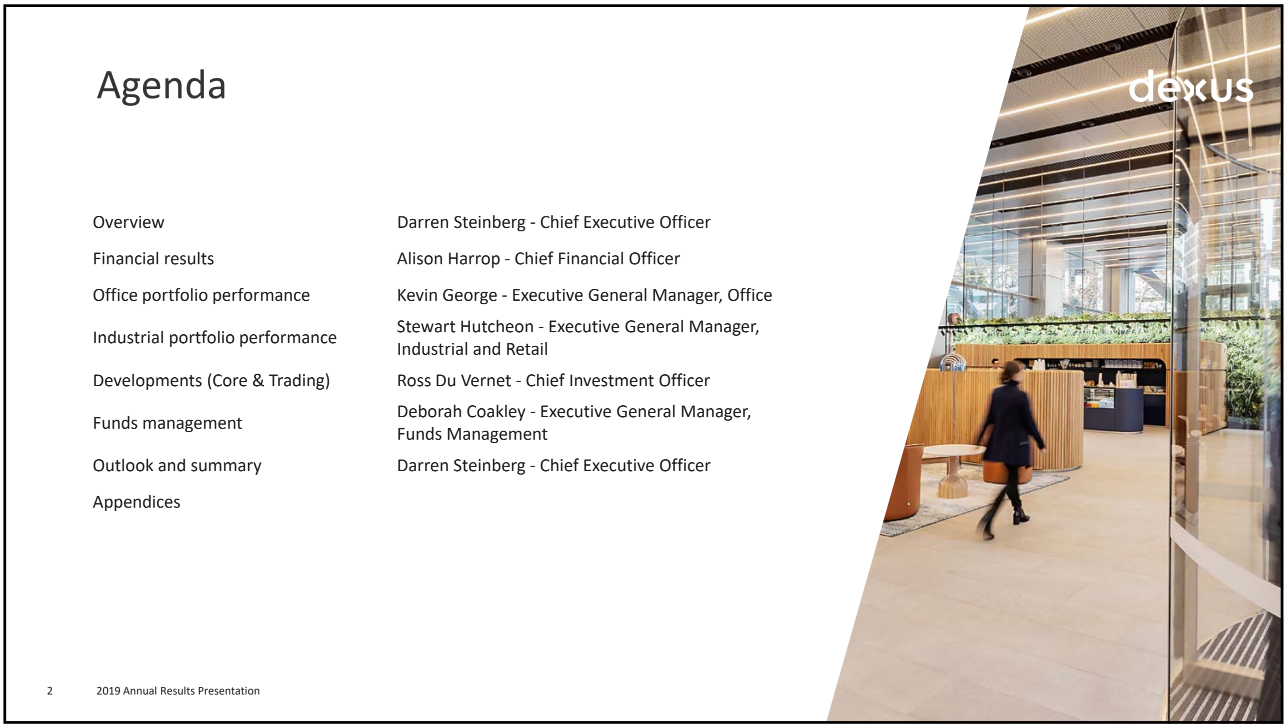
dexus

A summary of Dexus's
operational and
financial performance

2019 Annual Results

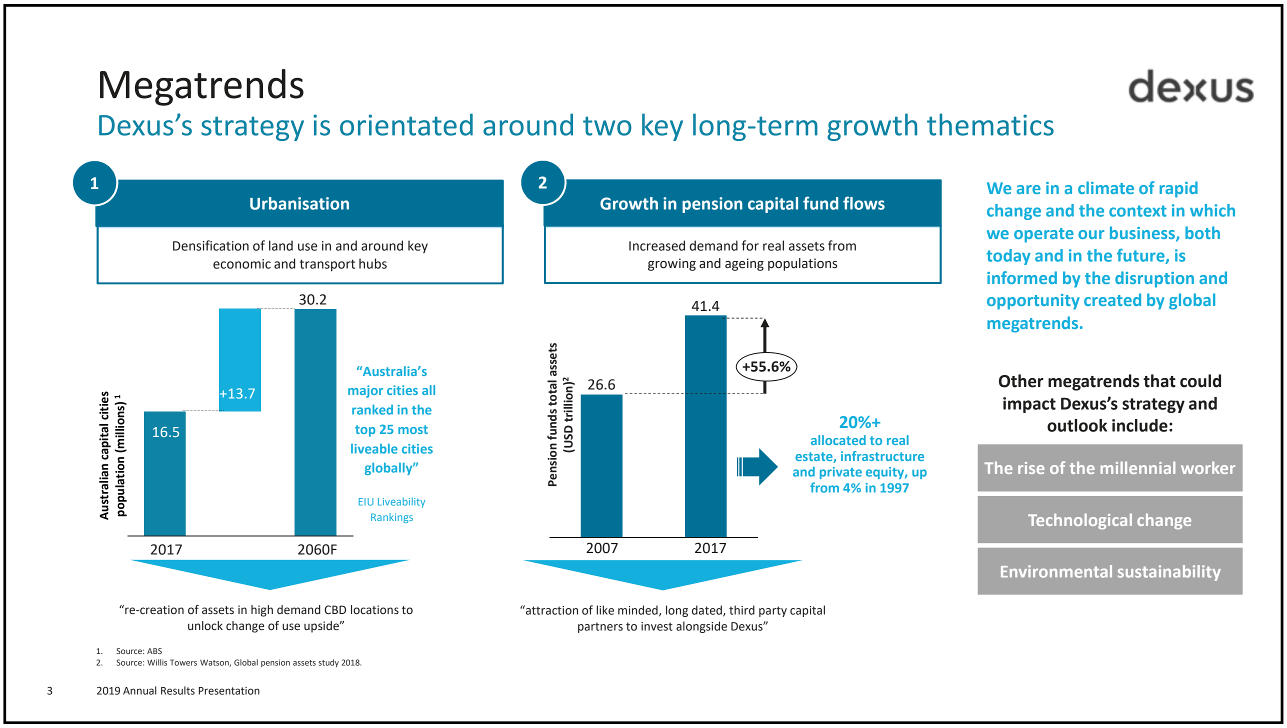
14 August 2019

Dexus Funds Management Limited
ABN 24 060 920 783
AFSL 238163 as responsible entity for Dexus



Agenda

Overview	Darren Steinberg - Chief Executive Officer
Financial results	Alison Harrop - Chief Financial Officer
Office portfolio performance	Kevin George - Executive General Manager, Office
Industrial portfolio performance	Stewart Hutcheon - Executive General Manager, Industrial and Retail
Developments (Core & Trading)	Ross Du Vernet - Chief Investment Officer
Funds management	Deborah Coakley - Executive General Manager, Funds Management
Outlook and summary	Darren Steinberg - Chief Executive Officer
Appendices	



Megatrends

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Dexus's strategy is orientated around two key long-term growth thematics

Urbanisation

Densification of land use in and around key economic and transport hubs

"Australia's major cities all ranked in the top 25 most liveable cities globally"

EIU Liveability Rankings

"re-creation of assets in high demand CBD locations to unlock change of use upside"

Growth in pension capital fund flows

Increased demand for real assets from growing and ageing populations

20%+
allocated to real estate, infrastructure and private equity, up from 4% in 1997

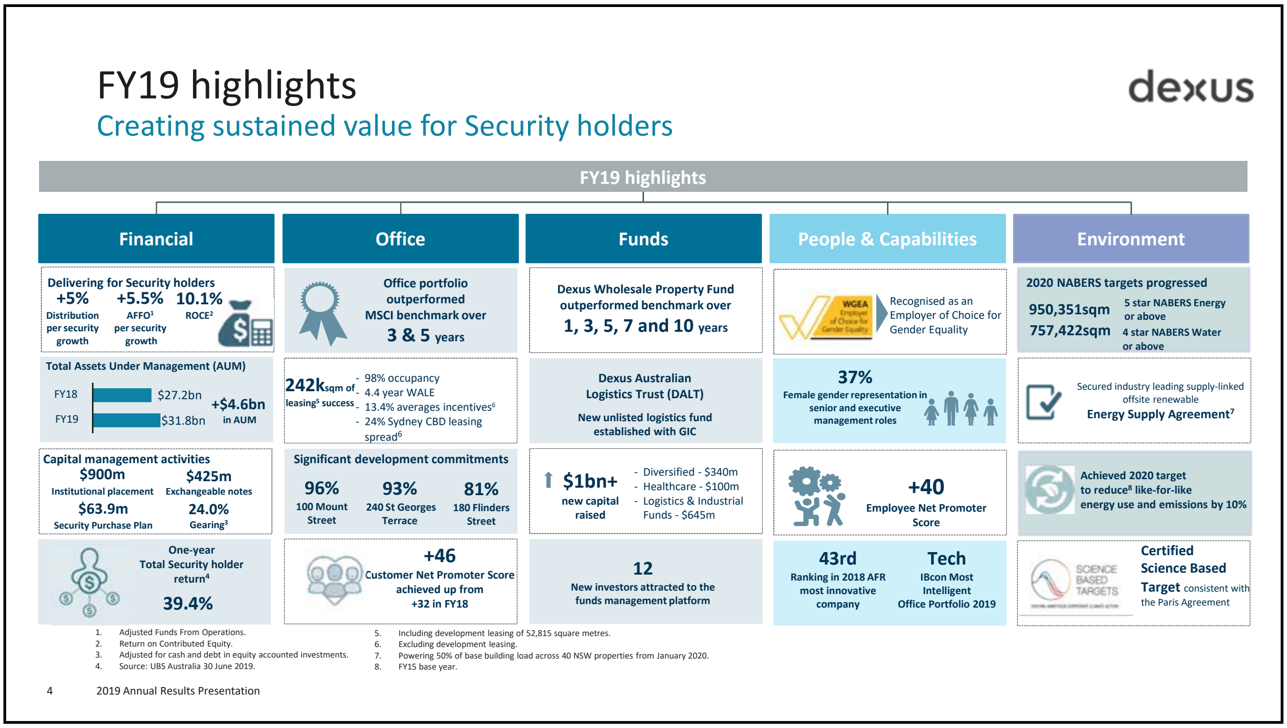
"attraction of like minded, long dated, third party capital partners to invest alongside Dexus"

We are in a climate of rapid change and the context in which we operate our business, both today and in the future, is informed by the disruption and opportunity created by global megatrends.

Other megatrends that could impact Dexus's strategy and outlook include:

- The rise of the millennial worker
- Technological change
- Environmental sustainability

1. Source: ABS
2. Source: Willis Towers Watson, Global pension assets study 2018.



FY19 highlights

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Creating sustained value for Security holders

FY19 highlights

Financial

Delivering for Security holders

+5%	+5.5%	10.1%
Distribution per security growth	AFFO[1] per security growth	ROCE[2]

Total Assets Under Management (AUM)

FY18	$27.2bn
FY19	$31.8bn

+$4.6bn in AUM

Capital management activities

$900m Institutional placement
$425m Exchangeable notes
$63.9m Security Purchase Plan
24.0% Gearing[3]

One-year Total Security holder return[4]
39.4%

Office

Office portfolio outperformed MSCI benchmark over 3 & 5 years

242ksqm of leasing[5] success
- 98% occupancy
- 4.4 year WALE
- 13.4% averages incentives[6]
- 24% Sydney CBD leasing spread[6]

Significant development commitments

96%	93%	81%
100 Mount Street	240 St Georges Terrace	180 Flinders Street

+46
Customer Net Promoter Score achieved up from +32 in FY18

Funds

Dexus Wholesale Property Fund outperformed benchmark over 1, 3, 5, 7 and 10 years

Dexus Australian Logistics Trust (DALT)

New unlisted logistics fund established with GIC

$1bn+ new capital raised
- Diversified - $340m
- Healthcare - $100m
- Logistics & Industrial Funds - $645m

12
New investors attracted to the funds management platform

People & Capabilities

Recognised as an Employer of Choice for Gender Equality

37%
Female gender representation in senior and executive management roles

+40
Employee Net Promoter Score

43rd
Ranking in 2018 AFR most innovative company

Tech
IBcon Most Intelligent Office Portfolio 2019

Environment

2020 NABERS targets progressed

950,351sqm	5 star NABERS Energy or above
757,422sqm	4 star NABERS Water or above

Secured industry leading supply-linked offsite renewable **Energy Supply Agreement[7]**

Achieved 2020 target to reduce[8] like-for-like energy use and emissions by 10%

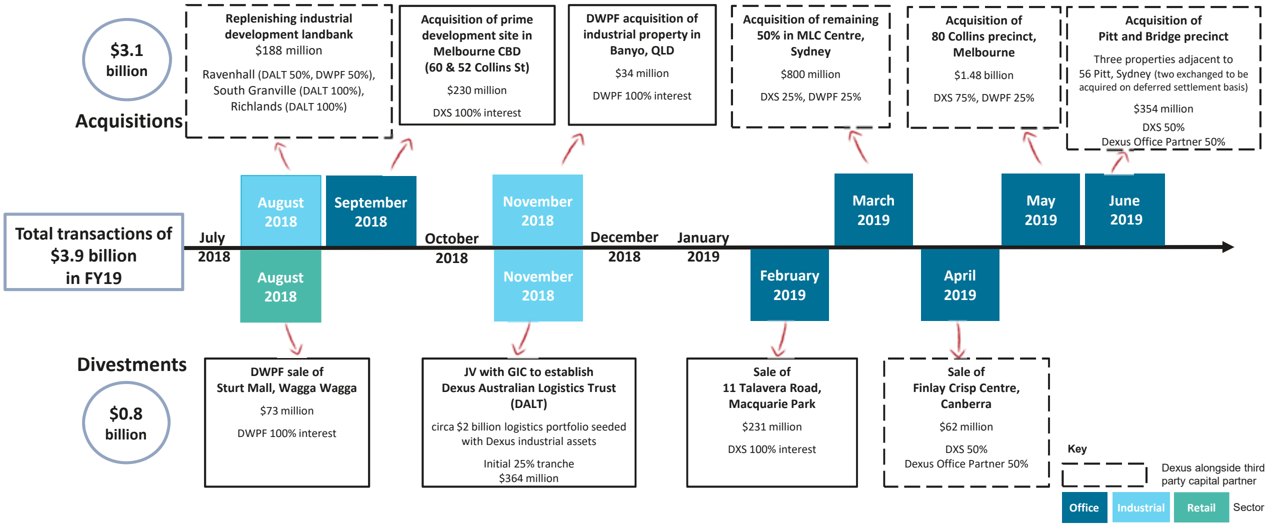
Certified Science Based Target consistent with the Paris Agreement

1. Adjusted Funds From Operations.
2. Return on Contributed Equity.
3. Adjusted for cash and debt in equity accounted investments.
4. Source: UBS Australia 30 June 2019.
5. Including development leasing of 52,815 square metres.
6. Excluding development leasing.
7. Powering 50% of base building load across 40 NSW properties from January 2020.
8. FY15 base year.

Active year of transaction activity

dexus

Securing opportunities and recycling capital, alongside third party capital partners



$3.1 billion

Acquisitions

Replenishing industrial development landbank
$188 million
Ravenhall (DALT 50%, DWPF 50%), South Granville (DALT 100%), Richlands (DALT 100%)

Acquisition of prime development site in Melbourne CBD (60 & 52 Collins St)
$230 million
DXS 100% interest

DWPF acquisition of industrial property in Banyo, QLD
$34 million
DWPF 100% interest

Acquisition of remaining 50% in MLC Centre, Sydney
$800 million
DXS 25%, DWPF 25%

Acquisition of 80 Collins precinct, Melbourne
$1.48 billion
DXS 75%, DWPF 25%

Acquisition of Pitt and Bridge precinct
Three properties adjacent to 56 Pitt, Sydney (two exchanged to be acquired on deferred settlement basis)
$354 million
DXS 50%
Dexus Office Partner 50%

Total transactions of $3.9 billion in FY19

Divestments

$0.8 billion

DWPF sale of Sturt Mall, Wagga Wagga
$73 million
DWPF 100% interest

JV with GIC to establish Dexus Australian Logistics Trust (DALT)
circa $2 billion logistics portfolio seeded with Dexus industrial assets
Initial 25% tranche
$364 million

Sale of 11 Talavera Road, Macquarie Park
$231 million
DXS 100% interest

Sale of Finlay Crisp Centre, Canberra
$62 million
DXS 50%
Dexus Office Partner 50%

Key
Dexus alongside third party capital partner
Office | Industrial | Retail | Sector

Financial Results

Key earnings drivers and valuations

All drivers delivering and valuations up in FY19

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Creating value from key earnings drivers

Earnings driver	FY19 achievements
PROPERTY PORTFOLIO	Property AFFO [1] of **$583.5 million** **+3.4%** office LFL income growth **+8.0%** industrial LFL income growth[2]
FUNDS MANAGEMENT	FFO of **$54.6 million**
TRADING	Trading profits of **$34.7 million**[3] from **sale of 32 Flinders Street, Melbourne**

Valuations

Total Dexus portfolio uplift

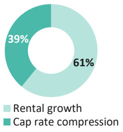
$773.1m
Total portfolio valuation uplift[4]

5.26% ↓ 26 bps
Total portfolio cap rate[5] **(FY18: 5.52%)**

Dexus office portfolio uplift

Office portfolio valuation uplift
$594.6m
FY18: $1,054.0m

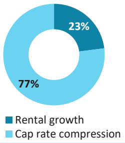
Office portfolio cap rate[5]
5.15% ↓ 22 bps
FY18: 5.37%

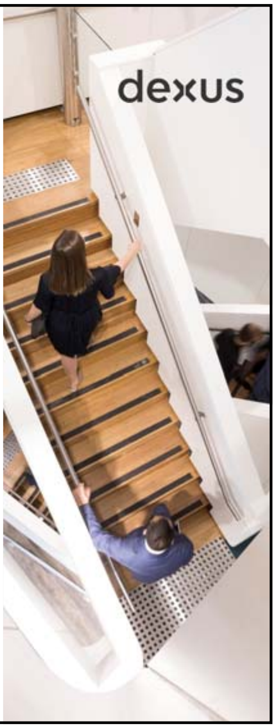


Dexus industrial portfolio uplift

Industrial portfolio valuation uplift
$170.3m
FY18: $141.9m

Industrial portfolio cap rate[5]
5.92% ↓ 48 bps
FY18: 6.40%





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1. AFFO contribution is calculated before finance costs, group corporate costs and tax. Property AFFO is equal to Property FFO of $747.8 million less total portfolio AFFO capex of $164.3 million.
2. Excluding one-off income across the portfolio, LFL income growth is +2.5%.
3. Net of tax.
4. Includes healthcare property revaluation gain of $8.2 million in 12 months to 30 June 2019.
5. Stabilised portfolio weighted average capitalisation rate.

Delivered a strong financial result

dexus

	FY19 $m	FY18 $m	Change %
Office property FFO	610.5	603.8	⬆ 1.1%
Industrial property FFO	137.3	132.7	⬆ 3.5%
Total property FFO	**747.8**	**736.5**	⬆ **1.5%**
Management operations[1]	54.6	52.5	⬆ 4.0%
Group corporate	(30.2)	(27.4)	⬆ 10.2%
Net finance costs	(117.1)	(134.4)	⬇ 12.9%
Other[2]	(8.3)	(10.5)	⬇ 21.0%
Underlying FFO[3]	**646.8**	**616.7**	⬆ **4.9%**
Trading profits (net of tax)	**34.7**	**36.6**	⬇ **5.2%**
FFO	**681.5**	**653.3**	⬆ **4.3%**
Adjusted Funds from Operations (AFFO)	**517.2**	**485.5**	⬆ **6.5%**
Distribution payout (% AFFO)	98.7%[4]	100.2%	
Distribution	**529.0**	**486.4**	⬆ **8.8%**

- **Office property FFO** growth driven by lease commencements across the portfolio and acquisitions, offset by divestments (Southgate tranche 2, 11 Waymouth Street and 32 Flinders Street), vacancy at 240 St Georges Terrace and a delayed tenant payment
- **Industrial property FFO** growth driven by lease commencements, development completions and one-off income, offset by divestments
- **Management operations** increased as a result of a new fund, acquisitions and revaluation growth, offset by $3.5m of bidding costs for development opportunity
- **Finance costs** reduced primarily due to capitalised interest on development impacted property and a lower cost of debt
- **Management Expense Ratio (MER)** benefited from acquisitions and revaluations, reducing to 30 basis points

	FY19	FY18	Change
Underlying FFO per security[3]	62.9 cents	60.6 cents	⬆ 3.8%
FFO per security	66.3 cents	64.2 cents	⬆ 3.3%
AFFO per security	50.3 cents	47.7 cents	⬆ 5.5%
Distribution per security	50.2 cents	47.8 cents	⬆ 5.0%
NTA per security	$10.48	$9.64	⬆ 8.7%

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1. Management operations income includes development management fees and in FY19 includes bidding costs for above station opportunities.
2. Other FFO includes non-trading related tax expense and other miscellaneous items.
3. Underlying FFO excludes trading profits net of tax.
4. FY19 distribution payout ratio has been adjusted to exclude the $18.3 million of distributions paid on new securities issued through the Institutional Placement and Security Purchase Plan announced on 2 May 2019, which were fully entitled to the distribution for the six months ending 30 June 2019. The distribution payout ratio was 102.3% including this amount.

Balance sheet strength maintained

Well positioned on cost, duration and diversification

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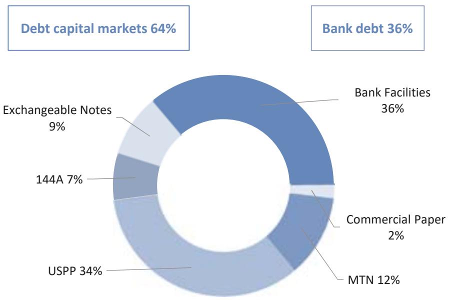
- Further diversified funding sources and maintained low gearing
  - Issued A$425 million Exchangeable Notes to fund Dexus's acquisition of an additional 25% interest in the MLC Centre, Sydney
  - Completed an Institutional Placement and Security Purchase Plan raising $964 million to fund Dexus's 75% interest in 80 Collins Street, Melbourne

FY20 focus

- Maintain a strong balance sheet
- Further strengthen debt diversification

Key metrics	30 June 2019	30 June 2018
Gearing (look-through)[1]	24.0%	24.1%
Cost of debt[2]	4.0%	4.2%
Duration of debt	6.7 years	7.0 years
Hedged debt (incl caps)[3]	74%	71%
S&P/Moody's credit rating	A-/A3	A-/A3

Diversified sources of debt



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1. Adjusted for cash and debt in equity accounted investments.
2. Weighted average for the year, inclusive of fees and margins on a drawn basis.
3. Average for the year. Hedged debt (excluding caps) was 58% for the 12 months to 30 June 2018 and 55% for the 12 months to 30 June 2019.

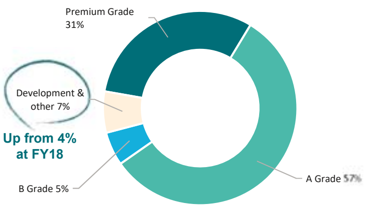
Office portfolio performance

Office portfolio overview

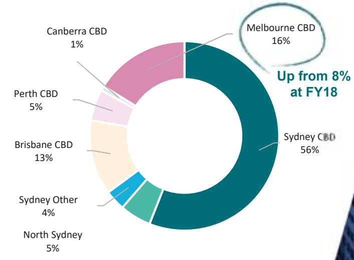
Improved portfolio quality and geographic diversification

- Capitalising on buoyant Sydney and Melbourne office markets
- Increased exposure in Melbourne CBD
- Improving conditions in Perth and Brisbane
- Positioning to capture long-term value creation through development opportunities
- Divested non-core assets

Asset diversification



Geographic diversification



Office portfolio metrics

Leasing activity drives increased occupancy

Portfolio snapshot

$13.2 billion
Dexus portfolio value

46 properties

1.5 million
square metres

$21.8 billion
Group portfolio value

Leasing by area[1]

189,459sqm

Average incentives[1]

13.4%

FY18: 13.9%

Effective LFL income

+3.4%

Face: +3.5%

Occupancy

98.0%

FY18: 96.0%

WALE[2]

4.4 years

FY18: 4.6 years

Sydney CBD leasing spread[1]

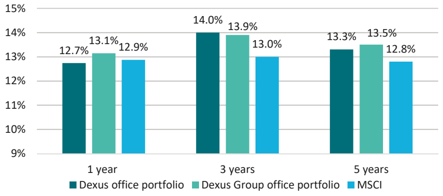
+24%

Portfolio one-year total return[3]

10.6%

at 30 June 2019

Dexus office portfolio vs MSCI at 31 March 2019[4]



- Dexus office portfolio outperforming over 3 and 5 years

FY20 focus Extending WALE and maximising AFFO

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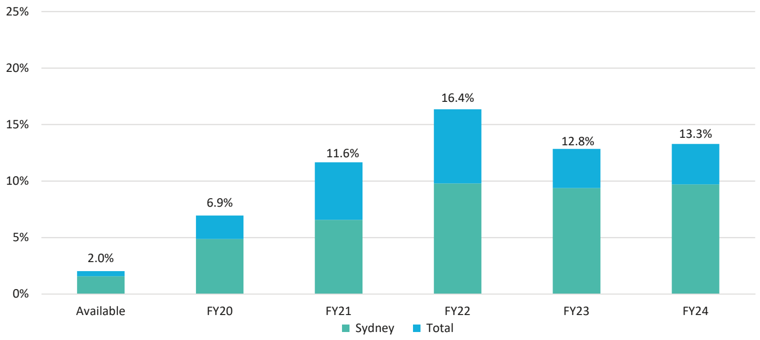
1. Excluding development leasing of 52,815 square metres.
2. Weighted average lease expiry.
3. Portfolio unlevered total return for 12 months to 30 June 2019.
4. Period to 31 March 2019 which reflects the latest available MSCI Australian Quarterly Digest for Office Property benchmark (formerly IPD) data.

Office portfolio expiry profile

Upside from diversified expiry profile

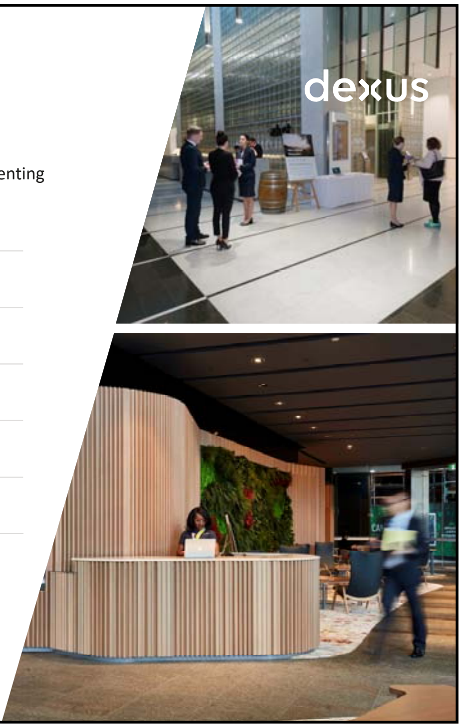
- Sydney accounts for **163,992 square metres** of office expiries up to and including FY22, representing **23% of office portfolio** income



FY20 Key expiries
Grosvenor Place (0.8%)
Australia Square (0.7%)
30 The Bond (0.5%)

FY21 Key expiries
80 Collins Street North (1.7%)
45 Clarence Street (0.9%)
Grosvenor Place (0.9%)

FY22 Key expiries
123 Albert Street (3.9%)
383-395 Kent St (1.3%)
44 Market St (1.0%)



Customer focus

Enhancing capabilities to meet customer needs

- Introducing products and services focused on making our customers' experience '*simple & easy*'
  - Project Delivery Group focused on delivering customer workplace fit-outs
  - In August 2019, introduced workspace consulting services – Six Ideas by Dexus
  - Fifth Dexus Place set to open at 240 St Georges Terrace, Perth

FY19 customer survey results

Customer surveys undertaken

1,043

FY18: 965

Response rate

48%

FY18: 46%

Customer NPS[1]

+46

FY18: +32
FY13: +4

Customer satisfaction score[2]

8.6/10

FY18: 8.3/10

[1] The Net Promoter Score (NPS) is calculated as the difference between the percentage of Promoters and Detractors. The NPS is not expressed as a percentage but as an absolute number between -100 and +100.

[2] The Customer Satisfaction Score is out of 10 points.

Office market outlook

Dexus portfolio well positioned across core markets

Sydney

- Market well-placed amid global uncertainty
- Vacancy low at 4.1%

Melbourne

- Vacancy low at 3.8%
- Market well-positioned to absorb supply given strong employment growth

Brisbane

- Prime vacancy has almost halved to 7.7% in the past three years
- Net absorption well above average in FY19

Perth

- Demand improving with almost 50,000sqm net absorption in FY19
- Rents growing and prime vacancy has reduced to 14.8%

Implications to Dexus

In Sydney CBD, upcoming leasing will enable the portfolio to catch up on strong market rent growth over the past few years, with +24% leasing spread achieved in FY19 and the portfolio remaining under-rented

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Industrial portfolio performance

Industrial portfolio metrics

E-commence demand drives leasing success

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Portfolio snapshot

$2.3 billion
Dexus portfolio value

67 properties

1.4 million
square metres

$4.6 billion
Group portfolio value

Leasing by area

324,765sqm

Occupancy

97.0%

FY18: 98.3%

Average incentives

11.7%

FY18: 12.6%

WALE[1]

4.7 years

FY18: 4.8 years

Effective LFL income

+8.0%

Face: 5.5%

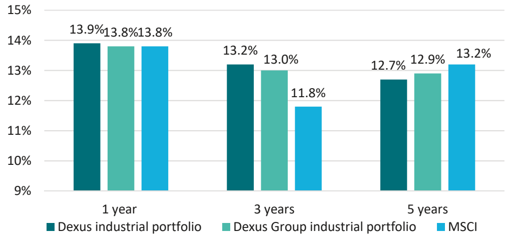
Excluding one off income across the portfolio effective LFL growth is +2.5%

Portfolio one-year total return[2]

12.9%

at 30 June 2019

Dexus industrial portfolio vs MSCI at 31 March 2019[3]



- Dexus industrial portfolio outperforming over 1 and 3 years

FY20 focus Maximising synergies across our customer base

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1. Weighted average lease expiry.
2. Portfolio unlevered total return for 12 months to 30 June 2019.
3. Period to 31 March 2019 which reflects the latest available MSCI Australian Quarterly Digest for Industrial Property benchmark (formerly IPD) data.

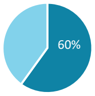
Developments (Core & Trading)

c.$9.3 billion[1] group development and concept pipeline

Diversified across sectors and locations

$9.3 billion[1] group development and concept pipeline

Office

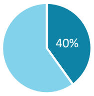


$5.1bn

($0.6bn committed)

including:
180 Flinders Street, Melbourne
80 Collins Street, Melbourne[2]
12 Creek Street, Brisbane
240 St Georges Terrace, Perth
60 & 52 Collins Street, Melbourne
Pitt & Bridge precinct, Sydney
Waterfront precinct, Brisbane

Industrial

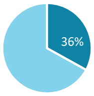


$0.8bn

($0.2bn committed)

including:
2-8 South Street, Rydalmere
Dexus Industrial Estate, Truganina
11-167 Palm Springs, Ravenhall

City Retail/Retail/Other



$0.6bn

($0.4bn committed)

including:
MLC Centre, Sydney
175 Pitt Street, Sydney
44 Market Street, Sydney
321 Kent Street, Sydney
80 Collins Street, Melbourne[2]

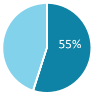
Healthcare

$0.6bn

(committed)[3]

including:
Calvary Adelaide Hospital
North Shore Health Hub[4]

Concept pipeline



circa $2.2bn

(Concept)

including:
Henry Deane Pl, Central, Sydney
Ward Street Precinct,
North Sydney
Axxess Corporate Park,
Mount Waverley

Committed $1.8bn Uncommitted $5.3bn Concept circa $2.2bn

Circa **5.9%** of balance sheet FUM is allocated to development[5] at 30 June 2019

🟦 Dexus Direct
🟦 Dexus Third Party Funds

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1. Group interest in development cost (including cost of land where purchased for development and excludes downtime and income earned through development).
2. 80 Collins Street, Melbourne was acquired as a fund-through development.
3. Calvary Adelaide Hospital and North Shore Health Hub estimated on-completion value.
4. Dexus has progressed the sale of the North Shore Health Hub to HWPF, which is subject to Responsible Entity and Advisory Committee approvals and securing debt financing.
5. Includes committed developments, trading and value-add opportunities.

Completion of 100 Mount Street, North Sydney

96% Occupancy	**39.6%** IRR	**4.88%** Cap rate	**7.8%** Yield on cost

- Acquired by Dexus and DWPF in April 2016 at a time when there was a lack of quality space available in the North Sydney office market
- Iconic 35-level premium office tower across 41,900 square metres
- A new benchmark for workplace design, sustainability features and public amenity
- Diversified customer base including NBN Co, Chanel, Laing O'Rourke and Victory Offices
- Implemented 20 smart technology initiatives and targeting a 5 star NABERS Energy rating

Core office development pipeline

Progressing committed, uncommitted and concept projects across east coast CBDs

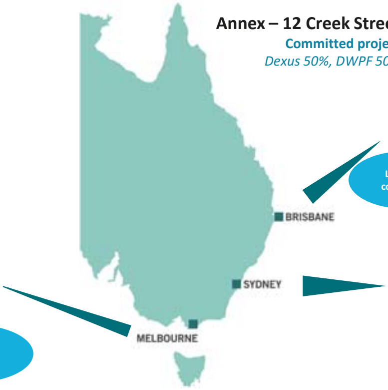
60 & 52 Collins Street

Uncommitted project
Dexus 100% interest

180 Flinders Street Melbourne

Committed project
Dexus 100% interest

81% committed



Annex – 12 Creek Street

Committed project
Dexus 50%, DWPF 50%

Waterfront Precinct

Uncommitted project *Dexus 50%, DWPF 50%*

Pitt & Bridge Street

Uncommitted project
Dexus 50%,
Dexus Office Partner 50%

Henry Deane Place – Central precinct

Concept project
Dexus 25%, Dexus Office Partner 25%

Core industrial development pipeline

Progressing committed projects for Dexus and third party capital partners

Foundation at Truganina

Dexus 100%

- Secured Coles Supermarkets Australia for a 7,300sqm warehouse facility
- Development for Dunlop Flooring for a 9,100sqm distribution and office facility due for completion in September 2019
- Secured Secon Freight Logistics for a 33,400sqm Build to Lease development, prior to completion in June 2019
- Secured HoA across 34,800sqm of industrial facilities with an e-commerce occupier and existing customer

11-167 Palm Springs Road, Ravenhall

Dexus 25.5%,
Dexus Australian Logistics Partner 24.5%,
DWPF 50%

- Stage 1 civil and infrastructure works underway delivering a circa 37 hectare industrial site
- Secured Scalzo for a purpose-built facility across 35,300sqm including manufacturing, warehousing and corporate offices
- circa 34,300sqm Build to Lease development commencing August 2019

54 Ferndell Street, South Granville

Dexus 51%, Dexus Australian Logistics Partner 49%

- Achieved planning approval for a circa 54,800sqm multi-unit development
- Strong pre-commitment interest

425-479 Freeman Road, Richlands

Dexus 51%, Dexus Australian Logistics Partner 49%

- Planning approval received for a circa 53,500sqm multi-unit development

Quarry, Greystanes

Dexus, Dexus Australian Logistics Partner, Dexus Industrial Partner and Australian Industrial Partner

- Estate completed early 2019, delivering >310,000sqm of premium warehouse space and 30,000sqm of office space
- 100% leased
- Dexus achieved an annualised unlevered total property return of 12.3% from inception to 30 June 2019

Trading business

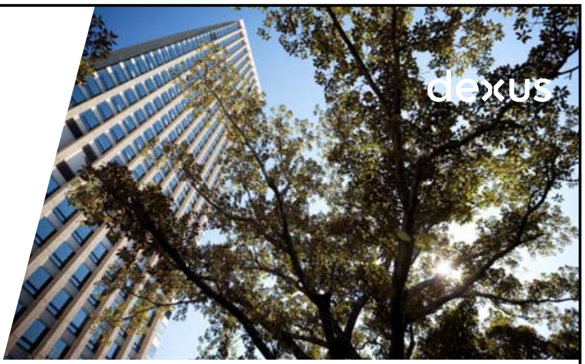
FY20 and FY21 profits significantly de-risked

201 Elizabeth Street, Sydney

Expected sale price:	$315 million (Dexus 50% interest)[1]
Trading profit[2]:	circa $34 million in FY20 circa $34 million in FY21

North Shore Health Hub, Stage 1, 12 Frederick Street, St Leonards[3]

Strategy:	To be sold on a fund-through development basis to Healthcare Wholesale Property Fund (HWPF), with Dexus retaining ownership via an interest in fund
Description:	Stage 1 comprises a state of the art healthcare facility across 16,000 square metres with 50% of the space committed
Trading profit[3]:	Expected to contribute to trading profits in FY20 and FY21



1. Post 30 June 2019, Dexus exchanged contracts to sell a 25% interest in 201 Elizabeth Street, Sydney for $157.5 million and entered into a put and call option to sell the remaining 25% interest in late 2020 for a further $157.5 million. Trading profits in FY21 are subject to the exercise of either option.
2. Pre-tax.
3. The sale of the North Shore Health Hub is subject to Responsible Entity and Advisory Committee approvals and securing debt financing.

Trading business

Strong track record and progressed pipeline

Trading profit track record since FY12

14	**Trading properties sold and settled**
$319m	**Trading profits realised (pre-tax)**
30%	**Average unlevered project IRR**

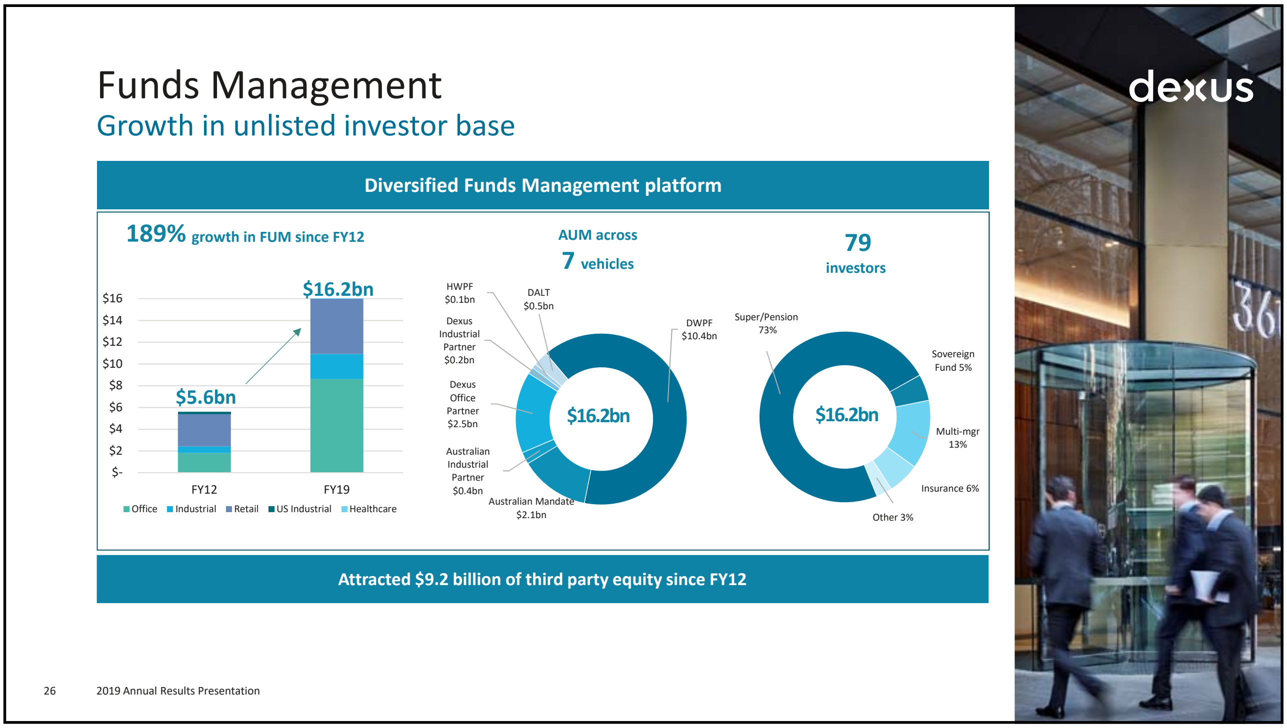
- Delivered $34.7 million (net of tax) from the settlement of 32 Flinders Street, Melbourne in FY19
- Target $35-40 million trading profits[1] (net of tax) in FY20
- Total of five projects[1], diversified across sectors, have been earmarked to deliver trading profits of $210-300 million (pre-tax)

🟩 Contracted trading profits 🟦 Trading profits progressed ■ Trading profits yet to be secured

Trading projects	Current use	Trading strategy	FY20	FY21	FY22	FY23+
201 Elizabeth Street, Sydney[2]	Office	Rezoning and development	🟩	🟩		
North Shore Health Hub, 12 Frederick Street, St Leonards – Stage 1[3]	Industrial	Healthcare development	🟦	🟦		
Lakes Business Park South, Botany	Industrial	Development		■	■	
436-484 Victoria Road, Gladesville	Industrial	Rezoning			■	■
12 Frederick Street, St Leonards – Stage 2	Industrial	Healthcare development			■	■

1. Including contribution from 201 Elizabeth Street, Sydney and North Shore Health Hub, 12 Frederick Street, St Leonards – Stage 1.
2. 201 Elizabeth Street, Sydney transferred to trading book in May 2018. Post 30 June 2019, Dexus exchanged contracts to sell a 25% interest in 201 Elizabeth Street, Sydney for $157.5 million and entered into a put and call option to sell the remaining 25% interest in late 2020 for a further $157.5 million. Trading profits in FY21 are subject to the exercise of either option.
3. The sale of the North Shore Health Hub is subject to Responsible Entity and Advisory Committee approvals and securing debt financing.

Funds Management



Funds Management

Growth in unlisted investor base

Diversified Funds Management platform

189% growth in FUM since FY12

AUM across 7 vehicles

79 investors

Attracted $9.2 billion of third party equity since FY12

Attracted new investors

Enabling launch of new fund and acquisitions

Dexus Australian Logistics Trust (DALT)

- Circa $2 billion[1] trust seeded with assets from Dexus's existing portfolio
- Attracted GIC to take an initial 25% stake in $1.4 billion core portfolio, with put and call rights over an additional 24% by June 2020
- GIC 49% interest in $138 million development landbank (c.$0.5 billion on completion)
- Active acquisition and development mandate

Dexus Wholesale Property Fund (DWPF)

- DWPF undertook an equity raising to fund the acquisition of an additional 25% interest in the MLC Centre, Sydney
- Offer attracted six new investors and raised approximately $340 million of equity
- A further three new investors entered the fund during the year

Healthcare Wholesale Property Fund (HWPF)

- Attracted a major equity commitment of $100 million from Employees Provident Fund (EPF) Malaysia
- Enabled HWPF to progress the acquisition of the North Shore Health Hub for the Fund's portfolio[2]

Dexus Industrial Partnership

- Attracted global investment manager M&G Real Estate as a new investor, purchasing Future Fund's 50% interest
- Extended the Partnership's investment period
- Active management and core yield growth strategy

---

1. Seeded with assets from Dexus's existing industrial portfolio comprising $1.4 billion of core logistics properties and a $138 million development landbank (circa $0.5 billion on completion).
2. Subject to Responsible Entity and Advisory Committee approvals and securing debt financing.

Summary

Embedded value

Across key earnings drivers and key areas of focus

PROPERTY PORTFOLIO
$15.6 billion
$10.48 NTA[1] per security

Short term
- Higher rents and lower incentives continuing to support asset values, particularly in Sydney and Melbourne

Medium to long term
- Future portfolio value supported by ownership in CBDs and benefiting from the urban density and cities megatrend

+

FUNDS MANAGEMENT
FY19 FFO
$54.6 million

Short term
- Built in organic growth in existing and new funds
- Demonstrated ability to attract new third party capital partners to invest alongside

Medium to long term
- Future growth supported by the growth in pension capital fund flows megatrend, populations in developed countries continue to age

+

TRADING
5 key projects to deliver $210-300 million[2] of trading profits

Short term
- FY20 and FY21 trading profits significantly de-risked[3]

Medium to long term
- Future projects are diversified across sectors

+

CAPITAL MANAGEMENT
- Maintaining diverse debt sources and a strong balance sheet

+

DEVELOPMENT (CORE)

Organic growth and embedded value in **circa $9.3 billion** group development and concept pipeline

---

1. Net tangible asset backing.
2. Pre-tax.
3. Post 30 June 2019, Dexus exchanged contracts to sell a 25% interest in 201 Elizabeth Street, Sydney for $157.5 million and entered into a put and call option to sell the remaining 25% interest in late 2020 for a further $157.5 million. Trading profits in FY21 are subject to the exercise of either option. The sale of the North Shore Health Hub is subject to Responsible Entity and Advisory Committee approvals and securing debt financing.

Summary

Securing opportunities. Adding value

- Successful year of securing new opportunities
- Well positioned for continued success despite increased economic uncertainty
- Embedded value within group development and concept pipeline
- Market guidance[1] for the 12 months ending 30 June 2020 for distribution per security growth of circa 5%

---

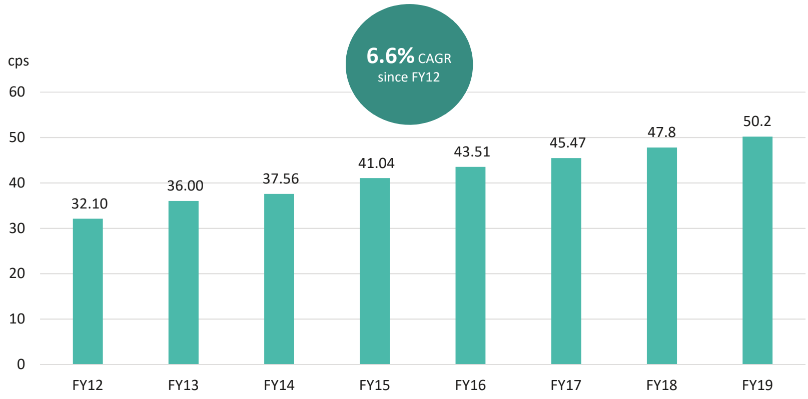
1. Barring unforeseen circumstances, guidance is supported by the following assumptions: Impacts of announced divestments and acquisitions; FFO per security growth of circa 3%, underlying FFO per security growth of circa 3%, underpinned by Dexus office portfolio like-for-like income growth of 4.5-5.5%, Dexus industrial portfolio like-for-like income growth (excluding one-offs) of 3-4%, management operations FFO of $55-60 million, cost of debt of mid-3%; trading profits of $35-40 million net of tax; maintenance capex, cash incentives, leasing costs and rent free incentives of $170-185 million; and excluding any further transactions.

Appendices

Delivering sustained value

Track record of delivering superior risk-adjusted returns

Dexus distribution per security (cents)[1]



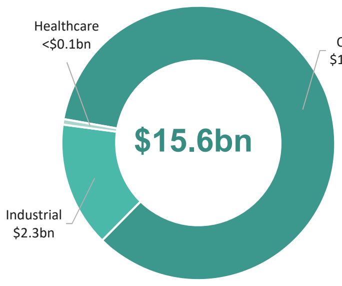
6.6% CAGR since FY12

[1] Adjusted for the one-for-six security consolidation completed in FY15. Compound annual growth rate (CAGR) is calculated over seven years.

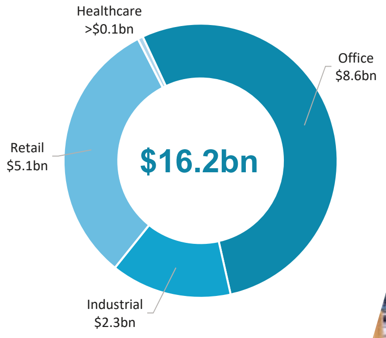
Dexus today

$31.8 billion total funds under management

Dexus portfolio



Funds Management portfolio



Financial results

Reconciliation to statutory profit

Reference	Item	30 June 2019 $m	30 June 2018 $m
Statutory AIFRS net profit after tax		1,281.0	1,728.9
Investment property and inventory	(Gains)/losses from sales of investment property	(1.8)	0.9
	Fair value gain on investment properties	(773.1)	(1,201.8)
Financial instruments	Fair value (gain)/loss on the mark-to-market of derivatives	(109.4)	77.5
Incentives and rent straight-lining	Amortisation of cash and fit out incentives	45.2	51.2
	Amortisation of lease fees	14.9	12.9
	Amortisation of rent-free incentives	68.5	61.8
	Rent straight-lining	(11.8)	(24.5)
Tax	Non-FFO tax expense	15.7	7.3
Other unrealised or one-off items[1]	Other unrealised or one-off items	152.3	(60.9)
Funds From Operations (FFO)		**681.5**	**653.3**
Maintenance and leasing capex	Maintenance capital expenditure	(63.2)	(72.9)
	Cash incentives and leasing costs paid	(37.6)	(33.2)
	Rent free incentives	(63.5)	(61.7)
Adjusted Funds From Operations (AFFO)		**517.2**	**485.5**
Distribution		**529.0**	**486.4**
AFFO Payout ratio		**98.7%[2]**	**100.2%**

1. FY19 other unrealised or one-off items includes $127.8 million of unrealised fair value losses on interest bearing liabilities, $6.1 million amortisation of intangible assets, $15.3 million coupon income, rental guarantees received and other, and $3.1 million of transaction costs.
2. FY19 distribution payout ratio has been adjusted to exclude the $18.3 million of distributions paid on new securities issued through the Institutional Placement and Security Purchase Plan announced on 2 May 2019, which were fully entitled to the distribution for the six months ending 30 June 2019. The distribution payout ratio was 102.3% including this amount.

Financial results

Management operations profit

FY19 ($m)	Property Management	Funds Management	Development Management	Management Operations
Revenue	68.6	64.1	9.1	**141.8**
Operating expenses	(51.2)	(24.3)	(11.7)[1]	**87.2**
FY19 net profit	**17.4**	**39.8**	**(2.6)**	**54.6**
FY19 margin	25%	62%	(29)%	**39%**
FY18 margin	24%	62%	10%	**40%**

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[1] Includes $3.5m of bidding costs for development opportunity.

Financial results

Cash flow reconciliation

		30 June 2019 $m	30 June 2018 $m
Cash flow from operating activities		**493.1**	**609.7**
add back:	payment for inventory acquisition and capex	54.4	138.3
less:	cost of sale of inventory	(47.4)	(80.8)
less:	adjustment on sale to joint venture	-	(12.5)
less:	tax on trading profits not yet paid	(14.8)	(15.7)
add back:	capitalised interest	24.4	13.1
less:	adjustments for equity accounted distributions	74.3	(82.2)
add back:	other working capital movements	45.1	34.8
add back:	transaction costs	3.1	-
Adjusted cash flow from operating activities		**632.2**	**604.7**
Rent free income		63.5	61.7
Depreciation and amortisation (including deferred borrowing costs)		(14.2)	(13.1)
FFO		**681.5**	**653.3**
Less: payments from maintenance capex and incentives[1]		(164.3)	(167.8)
AFFO		**517.2**	**485.5**
Less: gross distribution		(529.0)	(486.4)
Cash surplus/(deficit)		(11.8)	(0.9)
Add: distributions paid on new securities[2]		**18.3**	**-**
Cash surplus/(deficit) adjusted for distributions paid on new securities		**6.5**	(0.9)

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[1] Includes cash and fitout incentives, lease fees and rent free incentives.

[2] Distributions paid on new securities issued through the institutional placement announced on 2 May 2019, which were fully entitled to the distribution for the six months ending 30 June 2019.

Financial results

Interest reconciliation

	30 June 2019 $m	30 June 2018 $m
Total statutory finance costs[1]	**151.9**	**128.5**
Add: unrealised interest rate swap MTM gain/(loss)[2]	(34.9)	2.4
Add: finance costs attributable to investments accounted for using the equity method[3]	2.4	4.9
Net finance costs for FFO[1]	**119.4**	**135.8**
Add: interest capitalised[3]	29.2	13.1
Gross finance costs for cost of debt purpose	**148.6**	**148.9**

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1. FY19 excludes interest income of $2.3 million (FY18: $1.4 million).
2. Net fair value loss of interest rate swap of $46.4 million (FY18: $12.9 million) per note 4 of the Financial Statements includes realised interest rate swap expense of $11.5 million (FY18: $42.7 million) and unrealised interest rate swap MTM loss of $34.9 million (FY18: $2.4 million).
3. Includes finance costs associated with development properties held in investments accounted for using the equity method.

Financial results

Change in net tangible assets and revaluations

	$m	$ps
Opening net tangible assets[1] (1 Jul 18)	9,806.0	$9.64
Revaluation of real estate	773.1	$0.76
Retained earnings[2]	152.5	$0.15
Amortisation of tenant incentives[3]	(116.8)	$(0.12)
Fair value and other movements[4]	880.1	$0.05
Closing net tangible assets[1] (30 Jun 19)	**11,494.9**	**$10.48**

Investment portfolio	Valuation change $m	Weighted average cap rate	% of portfolio
Dexus Office portfolio	594.6	5.15%	85%
Dexus Industrial portfolio	170.3	5.92%	15%
Total Dexus portfolio[5]	**773.1**	**5.26%**	

---

1. Net tangible assets exclude $73.2 million deferred tax liability relating to management rights.
2. Represents FY19 FFO less distributions.
3. Includes rent straight-lining.
4. Primarily includes fair value movements of derivatives and interest bearing liabilities, deferred tax, gain from sale of investment properties, movement in reserves and other.
5. Includes healthcare property revaluation gain of $8.2 million.

Financial results

Direct property portfolio book value movements

dexus

	Office[1] $m	Industrial[1] $m	Dexus total[1] $m	Trading assets[2] (inventory) $m
Opening direct property	11,038.4	2245.1	13,283.5	544.7
Lease incentives[3]	82.9	18.2	101.1	3.7
Maintenance capex	54.4	8.8	63.2	0.5
Acquisitions	1,494.1	232.0	1,726.1	-
Developments[4]	299.7	90.1	389.8	57.6
Disposals[5]	(265.2)	(416.9)	(682.1)	(144.6)
Revaluations[6]	594.6	170.3	764.9	-
Amortisation	(113.3)	(15.3)	(128.6)	(4.5)
Rent straightlining	6.9	4.9	11.8	0.2
Closing balance at the end of the period	**13,192.5**	**2,337.2**	**15,529.7**	**457.6**

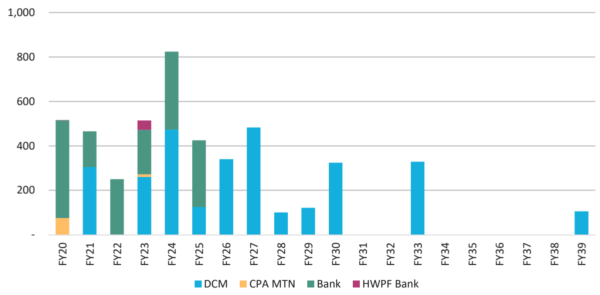
1. Includes Dexus's share of equity accounted investments and excludes healthcare.
2. Trading assets are included in Office, Industrial and Dexus total amounts.
3. Includes rent free incentives.
4. Includes capitalised interest.
5. At book value and includes internal transfers from investment property.
6. Excludes healthcare.

Capital management

FY19 position

dexus

Debt maturity profile[1]
$m



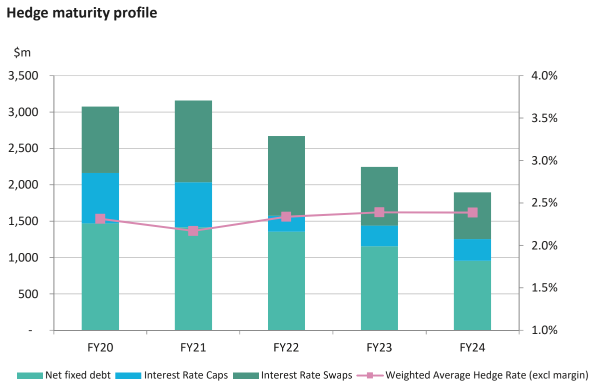
Key metrics	30 June 2019	30 June 2018
Total debt[2]	$4,067m	$3,360m
Headroom (approximately)[3]	$1.0bn	$0.9bn
Gearing (look-through)[4]	24.0%	24.1%
Covenant gearing (covenant[5] <55%)	23.3%	23.7%
Interest cover (covenant[5] >2.0x)	5.4x[6]	4.9x
Priority debt (covenant[5] <30%)	0%	0%

1. Includes $425 million Exchangeable Notes based on investor put date in FY24.
2. Total debt does not include debt in equity accounted investments.
3. Undrawn facilities plus cash.
4. Adjusted for cash and debt in equity accounted investments.
5. As per public bond covenants.
6. Look-through interest cover is 5.1x.

Capital management

Interest rate hedging profile

Hedge maturity profile



Hedging profile	30 June 2019	30 June 2018
Average amount of debt hedged[1]	74%	71%
Average amount of debt hedged excluding caps	55%	58%
Weighted average interest rate on hedged debt[2]	2.7%	2.9%
Cost of debt[3]	4.0%	4.2%
Weighted average maturity of hedges	5.6 years	4.8 years

[1] Average amount hedged for the period (including caps).
[2] Including fixed rate debt (without credit margin).
[3] Weighted average for the period, inclusive of fees and margins on a drawn basis.

Capital management

Debt facilities[1]

	Facility limit A$m	Drawn A$m	Maturity	Currency
Bilateral bank debt	440	70	FY20	A$
	160	140	FY21	A$
	250	78	FY22	A$
	200	157	FY23	A$
	350	115	FY24	A$
	300	150	FY25	A$
Commercial paper[2]	100	100	FY23	A$
Medium term notes	160	160	FY23	A$
	185	185	FY26	A$
	130	130	FY27	A$
	30	30	FY39	A$
US senior notes (144A)[3]	305	305	FY21	US$
US senior notes (USPP)[3]				
Series 1	291	291	Jul-23 - Jul-28	US$
Series 2	225	225	Feb-24 - Feb-27	US$
Series 3	286	286	Dec-24 - Dec-26	US$
Series 4 (A$)	100	100	Jun-28	A$
Series 5	503	503	Nov-29 - Nov-32	US$
Series 5 (A$)	150	150	Nov-29 - Nov-32	A$
Series 6 (A$)	75	75	Oct-38	A$
Exchangeable notes	425	425	FY24[4]	A$
Sub total	4,665	3,675		

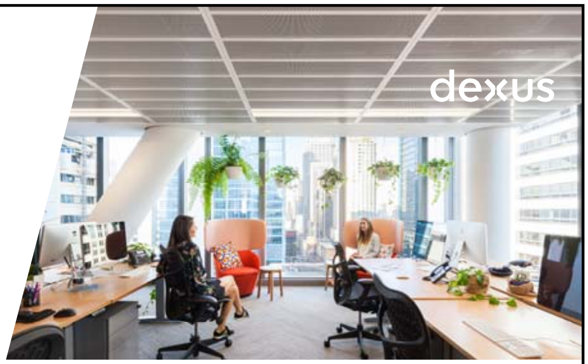
	Facility limit A$m	Drawn A$m
Sub total	**4,665**	**3,675**
Currency translation and fair value adjustments	440	440
Deferred borrowing costs	(18)	(18)
Exchangeable Notes adjustments	(30)	(30)
Total interest bearing liabilities	**5,057**	**4,067**
Bank guarantee utilised		(69)
Cash		30
Headroom including cash		**951**

[1] Does not include debt facilities in equity accounted investments: $74.8 million (December 2019), $1.2 million (January 2020), $201.6 million (August 2020), $42.8 million (August 2022) and $11.5 million (December 2022).
[2] Maturity date of commercial paper standby facility.
[3] 144A and USPP amount shown at the cross-currency swap contract rate.
[4] Based on investor put date in FY24.

Property portfolio

Office and Industrial key metrics

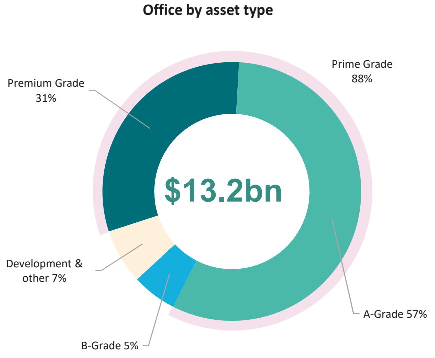
Key metrics	Office	Industrial
Amount of space leased[1]	189,459sqm[2]	324,765sqm
No. of leasing transactions	267[2]	87
Occupancy by income	98.0%	97.0%
Occupancy by area	97.8%	98.8%
Average incentives	13.4%[3]	11.7%[4]
No. of effective deals	93	38
Weighted Average Lease Expiry (WALE)	4.4 years	4.7 years
Retention	59%	76%
Like-for-like income growth	Face 3.5%	Face 5.5%
	Effective 3.4%	Effective 8.0%[5]

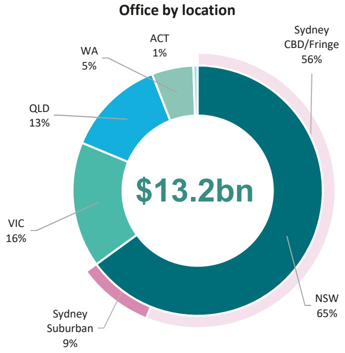


1. Including Heads of Agreement.
2. Excluding development leasing of 52,815sqm across 40 leasing transactions.
3. Gross basis excluding development leasing.
4. Net basis.
5. Excluding one-off income is +2.5%.

Property portfolio

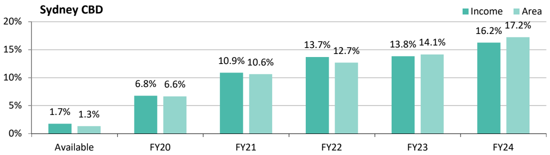
Office portfolio diversification

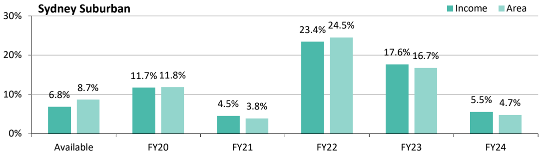

Office by asset type


Office by location

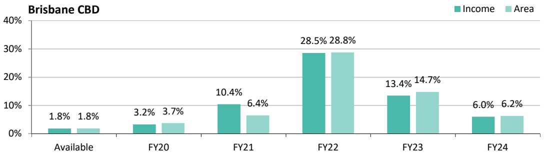
Property portfolio

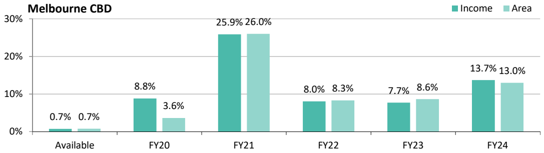
Office lease expiry profiles by region

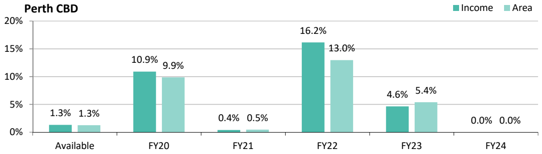




Dexus Office[1]	Value ($m)	Cap rate (%)	Yield[2] (%)
Sydney CBD	7,227	5.0%	4.8%
Sydney Suburban	787	5.9%	5.2%
Melbourne CBD	1,424	5.3%	4.9%
Brisbane CBD	1,470	5.4%	6.2%
Perth CBD	278	6.4%	7.1%







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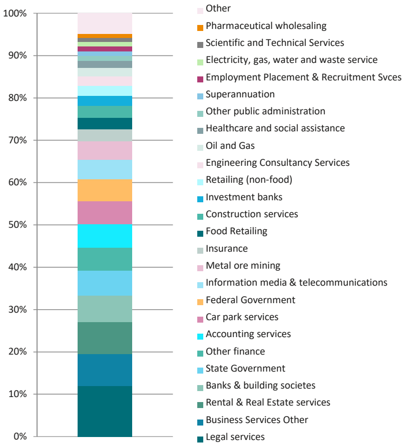
1. Includes stabilised properties only. Excludes Canberra office properties.
2. Passing FFO yield based on annualised Property Funds From Operations for the month of July 2019.

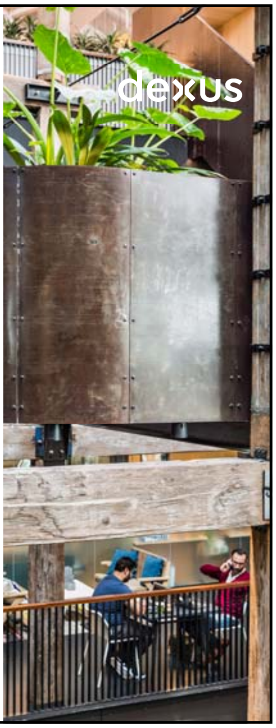
Property portfolio

Office top 10 customers

Office customers[1]	S&P rating	% of income[2]
Wilson Parking	Not rated	3.4%
Commonwealth of Australia	AAA	3.1%
Rio Tinto	A	2.7%
State of Victoria	AAA	2.4%
Deloitte Services	Not rated	1.5%
Commonwealth Bank of Australia	AA-	1.3%
John Holland	Not rated	1.0%
BDO Services	Not rated	0.9%
Worley	Not rated	0.9%
Shell	AA-	0.9%

Diversity of office customers (by income)





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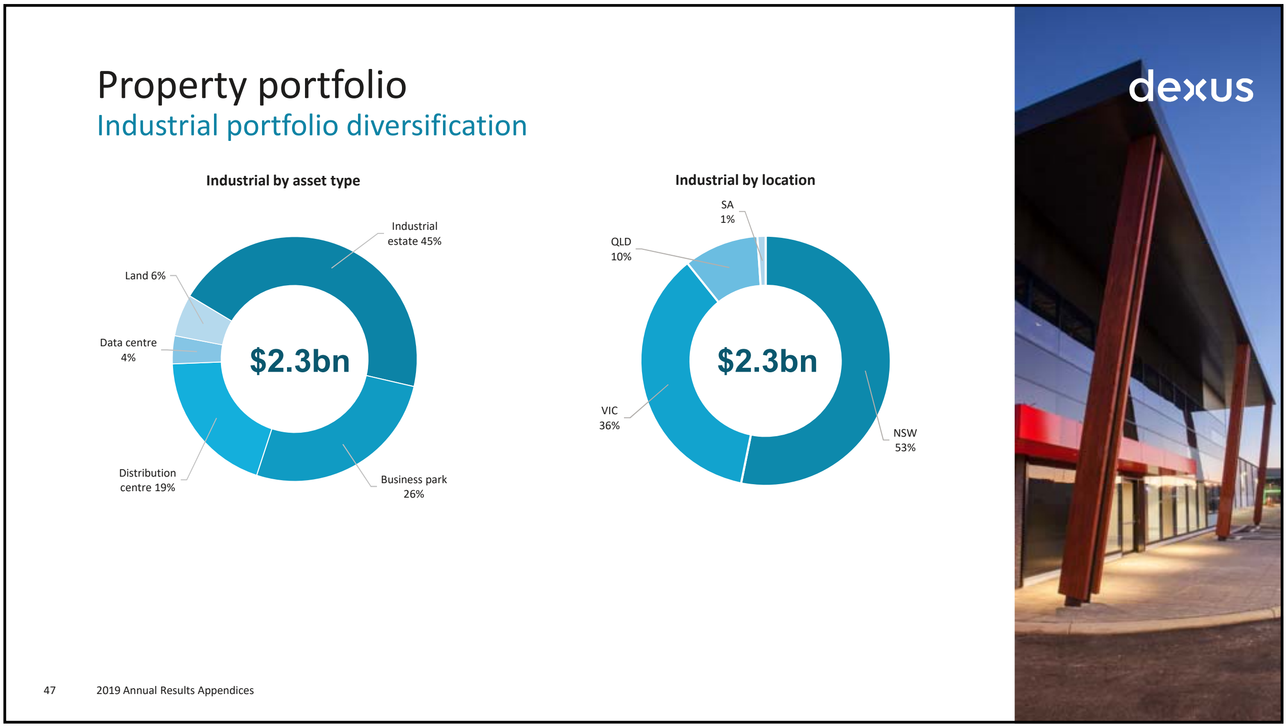
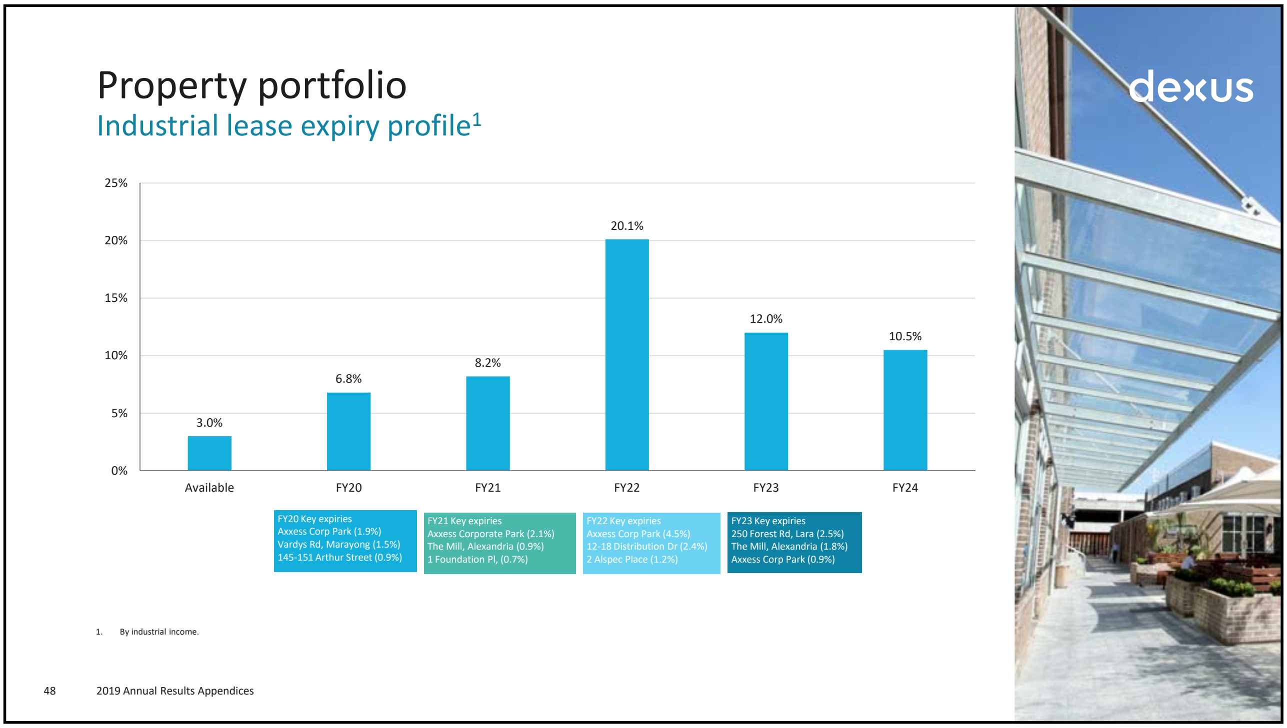
1. Total Dexus portfolio includes executed Heads of Agreement at 30 June 2019.
2. Annualised income is based on 30 June 2019 (for leases which have already commenced) or first month post lease commencement (for leases which have not yet commenced).



Property portfolio

Industrial portfolio diversification



Property portfolio

Industrial lease expiry profile[1]

FY20 Key expiries
Axxess Corp Park (1.9%)
Vardys Rd, Marayong (1.5%)
145-151 Arthur Street (0.9%)

FY21 Key expiries
Axxess Corporate Park (2.1%)
The Mill, Alexandria (0.9%)
1 Foundation Pl, (0.7%)

FY22 Key expiries
Axxess Corp Park (4.5%)
12-18 Distribution Dr (2.4%)
2 Alspec Place (1.2%)

FY23 Key expiries
250 Forest Rd, Lara (2.5%)
The Mill, Alexandria (1.8%)
Axxess Corp Park (0.9%)

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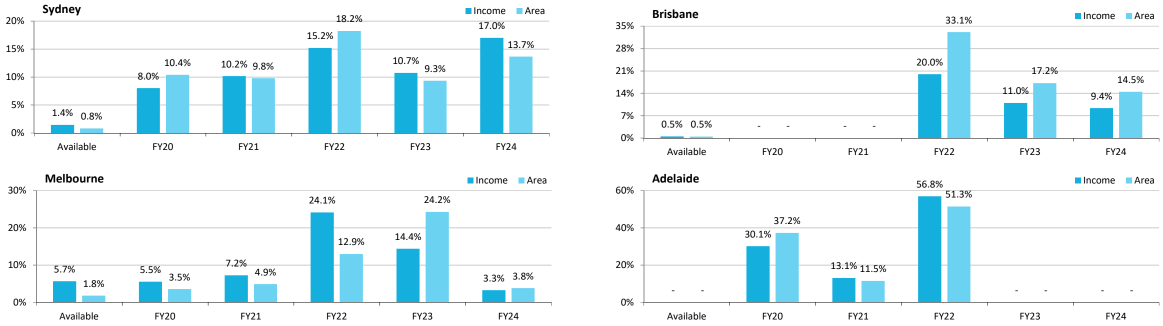
[1] By industrial income.

Property portfolio

Industrial lease expiry profiles by region



Dexus Industrial[1]	Value ($m)	Cap rate (%)	Yield[2] (%)
Sydney	1,095	5.4%	5.7%
Melbourne	711	6.3%	6.4%
Brisbane	175	6.2%	5.3%
Adelaide	22	10.8%	11.8%

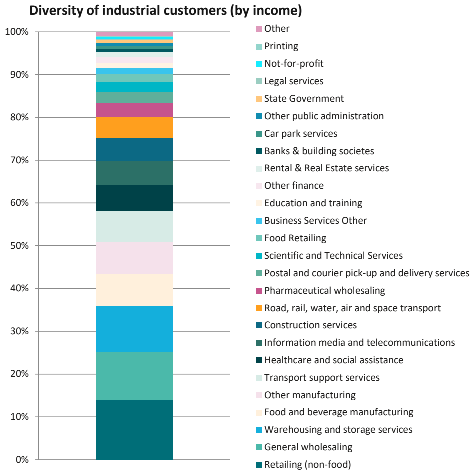
---

1. Includes stabilised properties only.
2. Passing FFO yield based on annualised property Funds From Operations for the month of July 2019.

Property portfolio

Industrial top 10 customers

Industrial customers[1]	% of income[2]
Coles	0.6%
Autosports Group	0.6%
Reece	0.5%
IBM Australia	0.5%
AWH Pty Ltd	0.4%
Symbion Health	0.3%
Visy	0.3%
Simon National Carriers	0.3%
Fedex	0.3%
Wesfarmers	0.3%


Diversity of industrial customers (by income)

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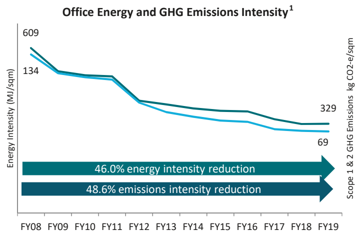
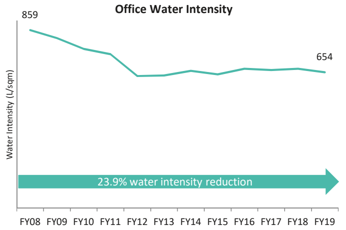
1. Total Dexus portfolio includes executed Heads of Agreement at 30 June 2019.
2. Annualised income is based on 30 June 2019 (for leases which have already commenced) or first month post lease commencement (for leases which have not yet commenced).

Property portfolio

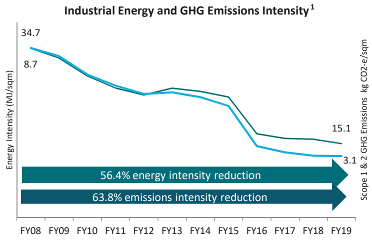
Office and industrial sustainability metrics

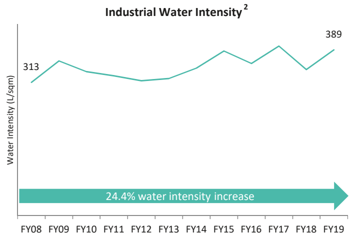
dexus

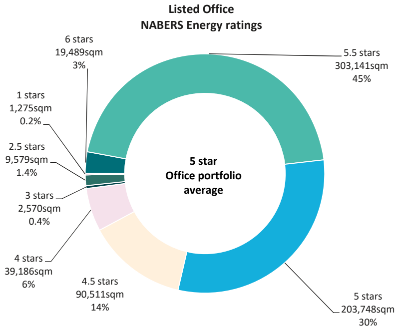




Dexus office portfolio	NABERS Energy average rating	NABERS Water average rating
Jun 15	4.7	3.8
Jun 16	4.8	3.7
Jun 17	4.8	3.6
Jun 18	4.9	3.6
Jun 19	**5.0**	**3.6**







1. GHG = greenhouse gas.
2. Water consumption for industrial properties is primarily under the control of tenants.

Property portfolio

Dexus completed developments – core hold

dexus

Pipeline		Building area[1] sqm	Project cost[2] \$m	Yield on cost[3] %	Leased %	Final completion	Third Party partner interest %
Office	100 Mount Street, North Sydney, NSW	41,900	233	7.8%	96%	May 2019	50%
Industrial	2-6 Dolerite Way, Greystanes, NSW	33,900	31	7.5%	100%	Mar 2019	50%
	47 & 53 Foundation Road, Truganina, NSW	33,400	32	7.8%	100%	Jun 2019	
City retail	1 Farrer Place, Sydney, NSW	400	5	3.2%	92%	Mar 2019	
Total developments completed		**109,600**	**301**				

1. At 100%.
2. Dexus interest in development cost (including cost of land where purchased for development).
3. Yield on cost calculation includes cost of land.

Property portfolio

Dexus committed developments, fund-throughs & portfolio capex – core hold

Pipeline		Building area[1] sqm	Project cost est.[2] $m	Est. cost to completion $m	Yield on cost[3] %	Leased %	Completion due	Third Party partner interest %
Office	240 St Georges Terrace, Perth, WA	46,900	193	68	6-7%	93%	Late 2019	
	180 Flinders Street, Melbourne, VIC	20,200	146	93	6-7%	81%	Mid 2020	
	Annex, 12 Creek Street, Brisbane, QLD	7,300	31	19	7-8%	0%	Late 2019	50%
	80 Collins Street, Melbourne, VIC (office) [4]	43,000	174	156			Mid 2020	25%
Total office		**117,400**	**544**	**336**				
Industrial	3 Clearwater Place, Truganina, VIC	7,300	32	27	c.6%	100%	Mid 2020	
	380 Dohertys Road, Truganina, VIC	9,100	12	3	6-7%	100%	Late 2019	
	12 Felstead Drive, Truganina, VIC	45,400	52	41	6-7%	59%	Mid 2020	
	58 Foundation Road, Truganina, VIC	8,200	11	8	c.6%	100%	Mid 2020	
	Lot 15, 11-167 Palm Springs, Ravenhall, VIC	69,700	21	20	6-7%	51%	Late 2020	75%
Total industrial		**139,700**	**128**	**99**				
City retail / other	175 Pitt Street, Sydney, NSW	5,300	33	6	6-7%	86%	Mid 2019	50%
	44 Market Street, Sydney, NSW	1,400	23	4	c.6%	100%	Mid 2019	
	MLC Centre, 19 Martin Place, Sydney, NSW	12,800	85	101	5-6%	42%	Late 2021	50%
	321 Kent Street, Sydney, NSW	4,800	21	4	c.6%	100%	Mid 2019	
	80 Collins Street, Melbourne, VIC (retail & hotel)[4]	12,400	59	46			Mid 2020	25%
Total city retail / other		**36,700**	**221**	**161**				
Total developments committed		**293,800**	**893**	**596**				

Dexus portfolio capital expenditure[5]	FY19	FY20E
Total capital expenditure	$164.3m	$170-185m

1. At 100%.
2. Dexus interest in development cost (including cost of land where purchased for development and excludes downtime and income earned through development).
3. Target yield on cost calculation includes cost of land, downtime and income earned through development.
4. The vendor will manage the development of the South Tower, Retail Podium and Hotel. Development costs, including certain third-party claims associated with the development, will be funded by the vendor with Dexus's contribution effectively limited to the agreed purchase price, subject to certain limitations on claims. Dexus is responsible for leasing from settlement of the Acquisition on 2 May 2019. Refer to the 80 Collins Street acquisition announcement dated 2 May 2019 for further detail.
5. Includes maintenance capex, cash incentives, leasing costs and rent free incentives.

Property portfolio

Dexus uncommitted developments – core hold

Pipeline		Building area[1] sqm	Project cost est.[2] $m	Est. yield on est. project cost[3] %	Third Party partner interest %
Office	Waterfront Precinct Masterplan, Brisbane, QLD (Office)	66,900	c. 450		50%
	140 George Street, Parramatta, NSW	43,600	c. 200		50%
	60 & 52 Collins Street, Melbourne, VIC	27,400	c. 550		
	Pitt & Bridge precinct, Sydney, NSW	121,100	c. 1,300		50%
Total office		**259,000**	**c. 2,500**	**5-6%**	
Industrial	11-167 Palm Springs, Ravenhall, VIC	325,900	c. 100		75%
	425-479 Freeman Road, Richlands, QLD	53,500	c. 50		49%
	54 Ferndell Street, South Granville, NSW	54,800	c. 50		49%
Total industrial		**434,200**	**c. 200**	**6-8%**	
Total uncommitted		**693,200**	**c. 2,700**		

1. At 100%.
2. Dexus interest in development cost (including cost of land where purchased for development and excludes downtime and income earned through development).
3. Target yield on cost calculation includes cost of land, downtime and income earned through development.

Transactions[1]

A year of significant activity

Dexus acquisitions	**Purchase price $m**	**Interest**	**Settlement**
54 Ferndell Street, South Granville, NSW[3]	$31.4	51%	13-Sep-18
11-167 Palm Springs Road, Ravenhall, VIC[2]	$25.5	25.50%	10-Dec-18
60 Collins Street, Melbourne, VIC	$160.0	100%	31-Oct-18
Dexus Australian Logistics portfolio (DALT)[4] (T:1)	$1,092.0	75%	10-Dec-18
MLC Centre, 19 Martin Place, Sydney, NSW	$400.0	50%	1-Apr-19
425-479 Freeman Road, Richlands, QLD[3]	$13.5	51%	15-Apr-19
80 Collins Street, Melbourne, VIC	$1,107.1	75%	9-May-19
52 Collins Street, Melbourne, VIC	$70.0	100%	Jul-19
3 Spring, 58 Pitt and 60 Pitt Streets, Sydney, NSW[5]	$177.0	50%	Aug 18-Jul 22
10 Light Street, Fortitude Valley, QLD	$2.8	100%	23-Aug-19
Total acquisitions	**$3,079.3**		

Dexus divestments	**Sale price $m**	**Interest**	**Settlement**
Land parcels, Truganina, VIC	$6.2	100%	Jul/Aug 2018
32 Flinders Street, Melbourne	$87.1	100%	Aug 2018
Land parcels, Truganina, VIC	$3.6	100%	Nov 2018 & Jan 2019
Dexus Australian Logistics portfolio (DALT)[4] (T:1)	$1,456.0	100%	10 Dec 2018
11 Talavera Road, Macquarie Park, NSW	$231.2	100%	21 Jun 2019
Finlay Crisp Centre, Canberra, ACT	$31.0	50%	Jul 2020
201 Elizabeth Street, Sydney, NSW[6]	$315.0	50%	by Nov 19 & by Oct 20
Total divestments	**$2,130.1**		

Funds Management acquisitions	**Purchase price $m**	**Interest**	**Settlement**
11-167 Palm Springs Road, Ravenhall, VIC[2]	$74.5	74.50%	10-Dec-18
54 Ferndell Street, South Granville, NSW[3]	$30.1	49%	13-Sep-18
1035-1051 Nudgee Road & 10 Buchanan Road Banyo, QLD	$34.3	100%	20-Nov-18
Dexus Australian Logistics portfolio (DALT)[4] (T:1)	$364.0	25%	10-Dec-18
MLC Centre, 19 Martin Place, Sydney, NSW	$400.0	50%	1-Apr-19
80 Collins Street, Melbourne, VIC	$369.0	25%	9-May-19
425-479 Freeman Road, Richlands, QLD[3]	$13.0	49%	15-Apr-19
3 Spring, 58 Pitt and 60 Pitt Streets, Sydney, NSW[5]	$177.0	50%	Aug 18-Jul 22
Total acquisitions	**$1,461.9**		

Funds Management divestments	**Sale price $m**	**Interest**	**Settlement**
Sturt Mall, Wagga Wagga, NSW	$73.0	100%	2 Aug 2018
Finlay Crisp Centre, Canberra, ACT	$31.0	50%	Jul 2020
Total divestments	**$104.0**		

[1] Transactions include properties in property synopsis and exclude sundry properties.
[2] Forms part of the DALT transaction, DXS interest 25.5%, DWPF interest 50% and Dexus Australian Logistics Partner interest 24.5%. Ravenhall Tranche 2 settlement is expected August 2019.
[3] Forms part of the DALT transaction with Dexus Australian Logistics Partner taking a 49% interest.
[4] Tranche 1 now includes 131 Mica Street, Carole Park, QLD and 14 Felstead Drive, Truganina, VIC. Dexus Australian Logistics Partner is expected to increase its interest in the seed portfolio to 49% by June 2020, through Tranche 2 of the DALT transaction. Dexus's interest in the seed core portfolio would reduce to 51%.
[5] 3 Spring and 58 Pitt Street properties acquired on a deferred settlement basis.
[6] Post 30 June 2019, Dexus exchanged contracts to sell a 25% interest in 201 Elizabeth Street, Sydney for $157.5 million and entered into a put and call option to sell the remaining 25% interest in late 2020. Sale price of $315 million is subject to the exercise of either option for the remaining 25% interest for $157.5 million.

Funds management

Development pipeline

$3.5 billion
Funds management development[1] pipeline

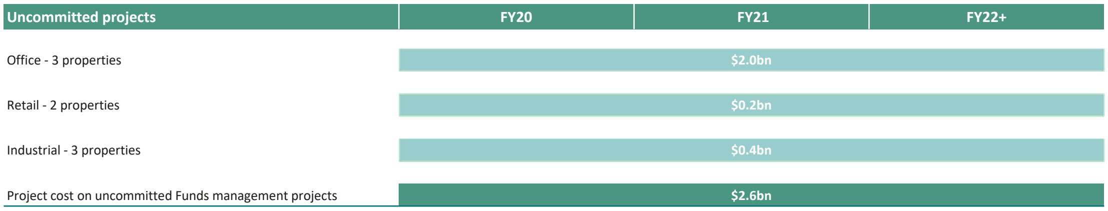
$879 million
Total committed projects

$283 million
Remaining spend on committed projects

$2.6 billion
Total uncommitted projects

Uncommitted projects focused primarily on office and industrial properties

Project cost on uncommitted projects in Funds Management business



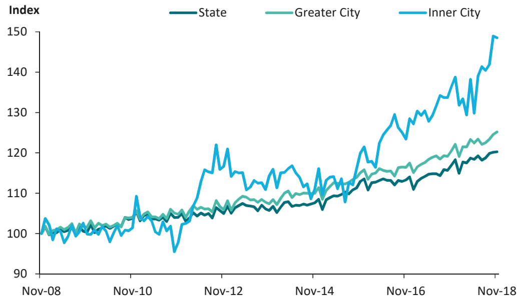
[1] Third party funds' or partners' share of development spend and including Dexus third party funds' or partners' share of Westfield redevelopments and estimated on-completion value for Calvary Adelaide Hospital.

Market outlook

Dexus's CBD office strategy leverages powerful urban growth trend

- Inner city areas and CBDs benefit from faster employment growth than other regions
- CBDs benefit from a virtuous cycle of employment and new infrastructure investment (e.g. light rail, metro rail)
- Trend to inner-city living and a 'live/work/play' ethos
- Businesses value CBD locations for attracting and retaining talented staff
- CBDs foster ideas, collaboration and productivity

NSW Employment growth by region

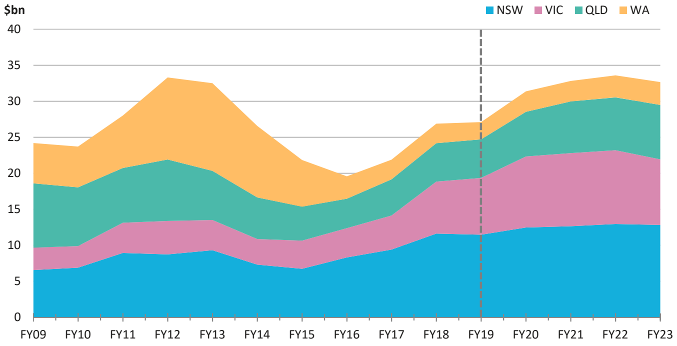


Source: ABS, Dexus Research.

Market outlook

Australia's growing infrastructure pipeline to support growth

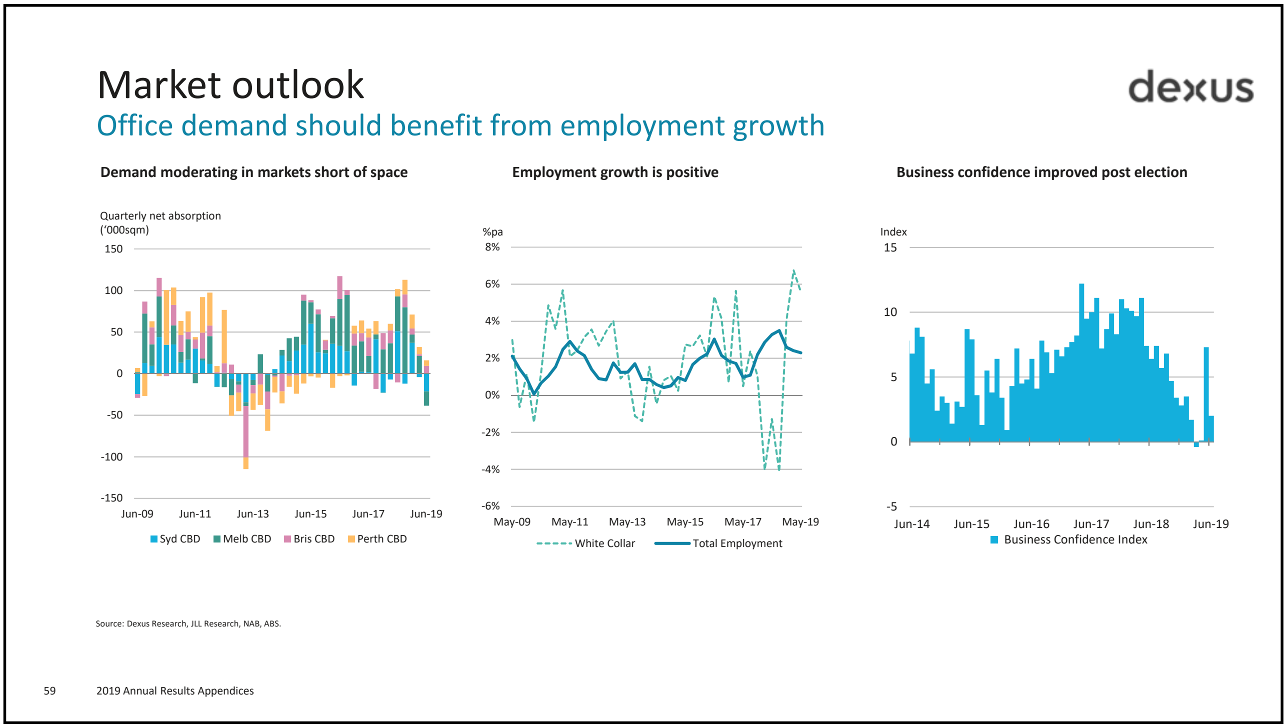
Transport infrastructure investment – work done[1]



Transport infrastructure planned[2]

	$bn
NSW	91
VIC	72
QLD	47
WA	23

1. Source ACIF, includes road, railways, bridges, harbours.
2. Source DAE Investment Monitor, includes transport projects under construction, under consideration or possible.



Market outlook

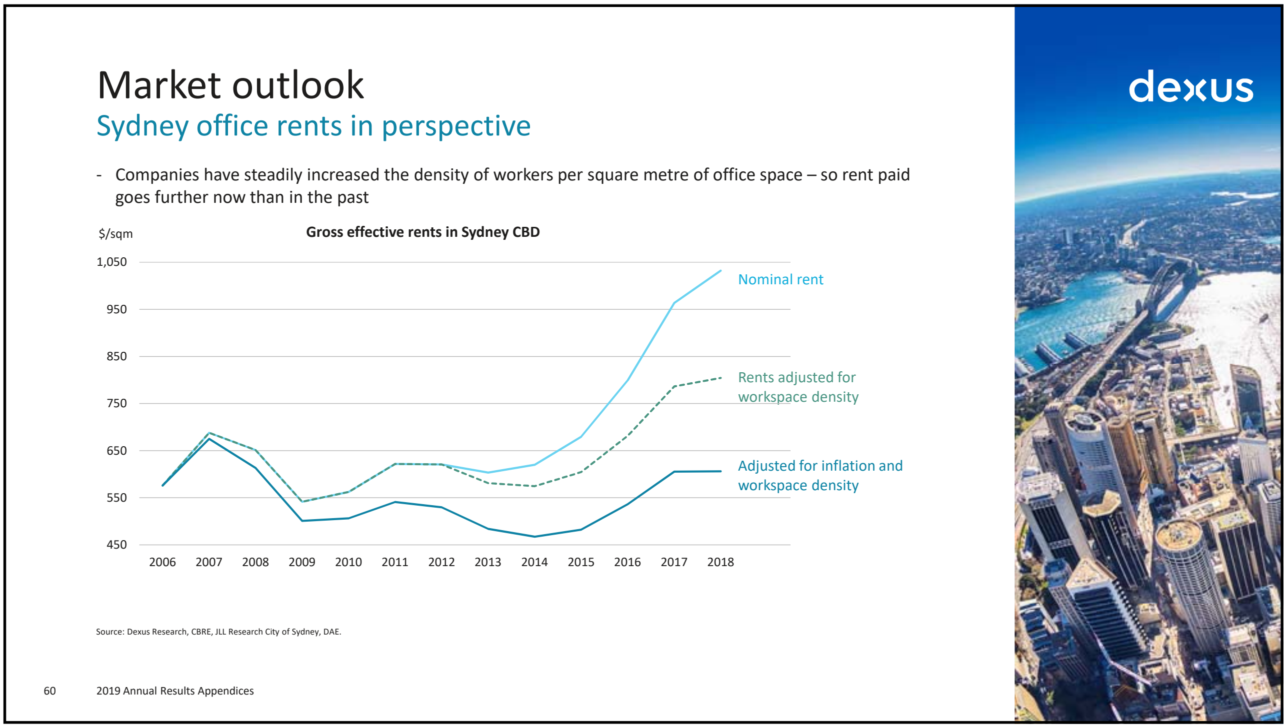
Office demand should benefit from employment growth

Demand moderating in markets short of space

Employment growth is positive

Business confidence improved post election

Source: Dexus Research, JLL Research, NAB, ABS.



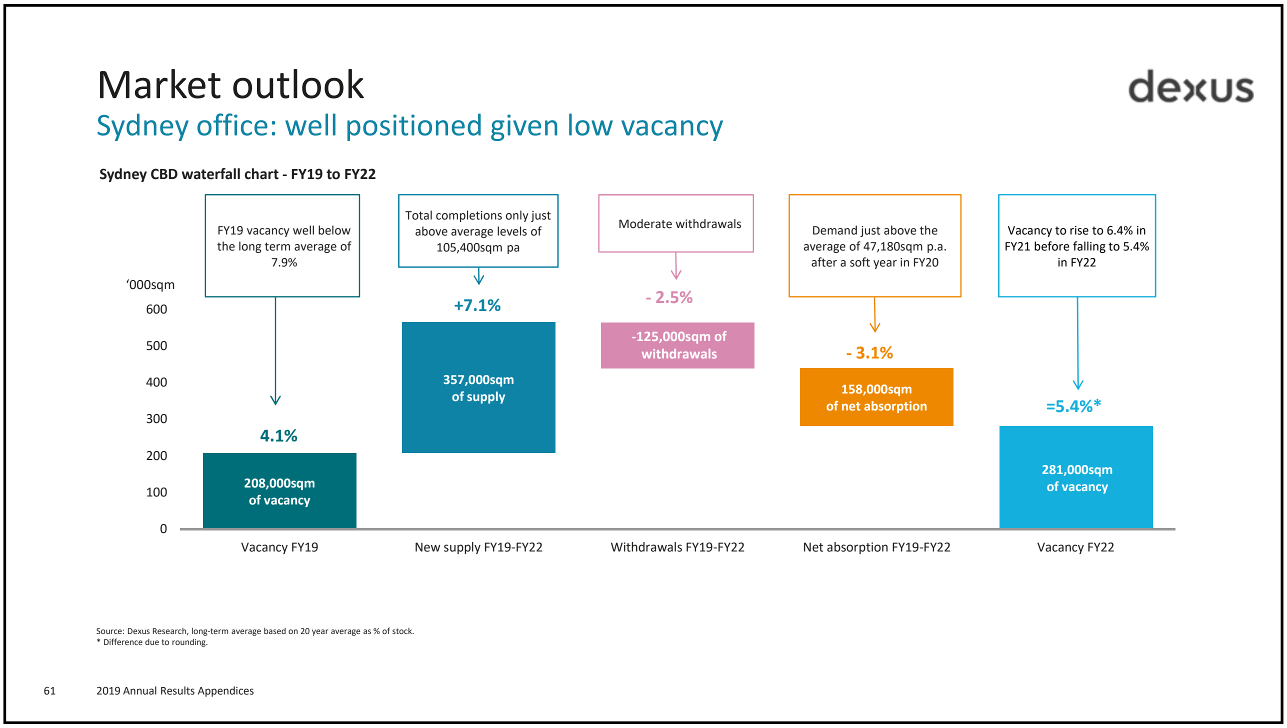
Market outlook

Sydney office rents in perspective

- Companies have steadily increased the density of workers per square metre of office space – so rent paid goes further now than in the past

Gross effective rents in Sydney CBD

Source: Dexus Research, CBRE, JLL Research City of Sydney, DAE.



Market outlook

Sydney office: well positioned given low vacancy

Sydney CBD waterfall chart - FY19 to FY22

FY19 vacancy well below the long term average of 7.9%

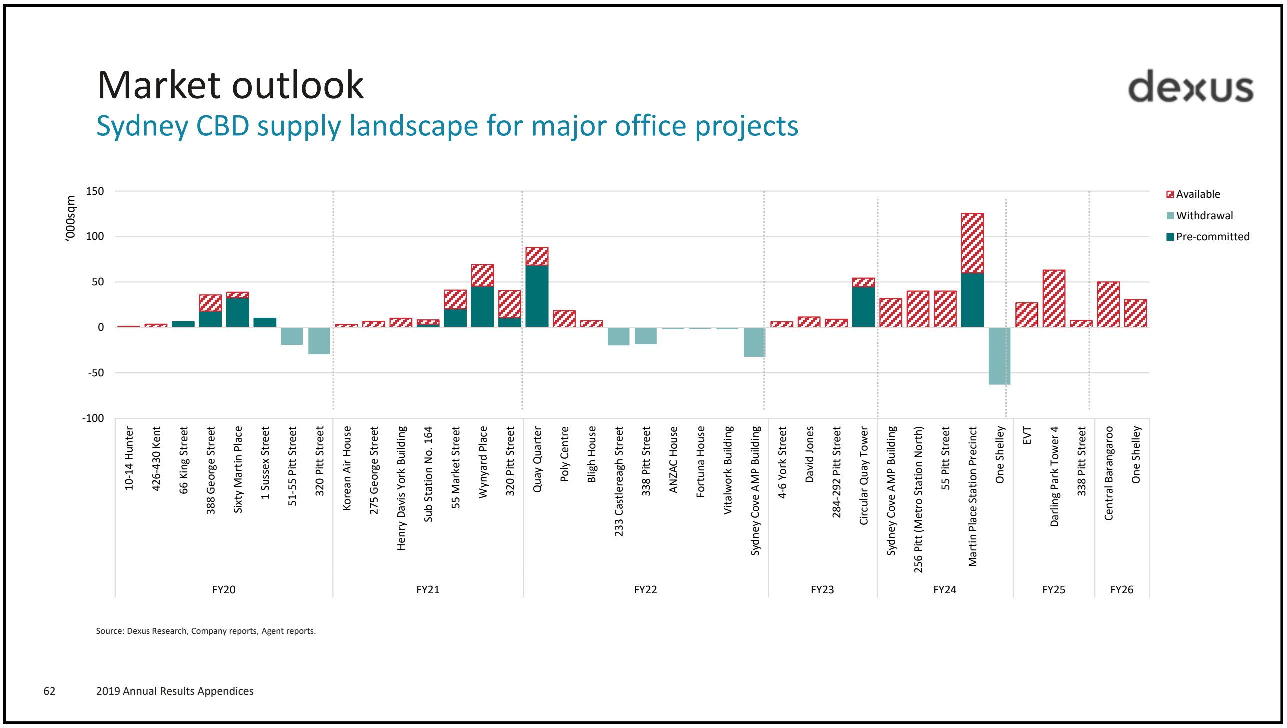
Total completions only just above average levels of 105,400sqm pa

Moderate withdrawals

Demand just above the average of 47,180sqm p.a. after a soft year in FY20

Vacancy to rise to 6.4% in FY21 before falling to 5.4% in FY22

Source: Dexus Research, long-term average based on 20 year average as % of stock.
* Difference due to rounding.



Market outlook

Sydney CBD supply landscape for major office projects

Source: Dexus Research, Company reports, Agent reports.

Market outlook

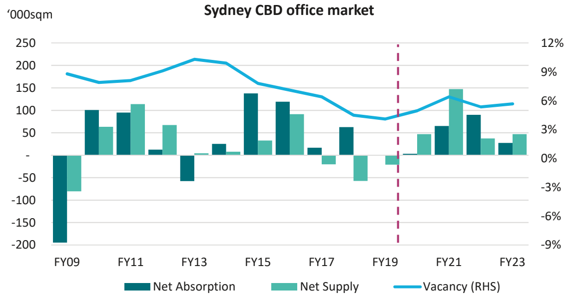
Melbourne CBD supply landscape for major office projects

Source: Dexus Research, Company reports, Agent reports.

Market outlook

Sydney CBD office

- Vacancy below average at 4.1%
- Market well placed to handle a period of economic uncertainty



Sydney CBD office market	At 30 June 2019
Total net lettable area	5.02 million sqm
Prime vacancy average	4.1%
Dexus Sydney CBD exposure[1]	
Net lettable area	672,618sqm
Number of properties	19
% of portfolio by value	56%
Occupancy by area	97.6%
Occupancy by income	96.1%
Weighted average lease expiry	4.3 years

Source: JLL Research actual and Dexus Research forecast.

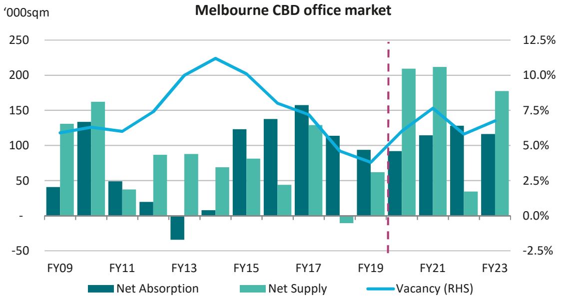
1. Includes stabilised properties only.

Market outlook

Melbourne CBD office

dexus

- Vacancy low at 3.8%, with prime vacancy just 2.5%
- Market well-positioned to absorb supply given strong employment growth



Melbourne CBD office market	At 30 June 2019
Total net lettable area	4.79 million sqm
Prime vacancy average	2.5%
Dexus Melbourne CBD exposure[1]	
Net lettable area	248,779sqm
Number of properties	6
% of portfolio by value	16.0%
Occupancy by area	99.2%
Occupancy by income	99.3%
Weighted average lease expiry	4.5 years

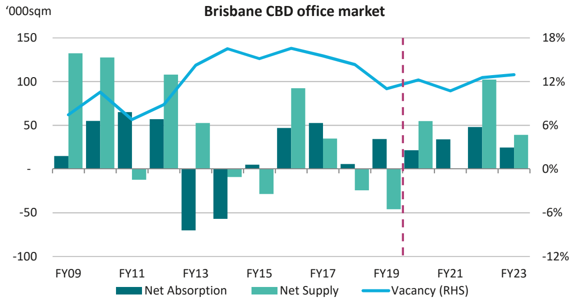
Source: JLL Research actual and Dexus Research forecast.
1. Includes stabilised properties only.

Market outlook

Brisbane CBD office

dexus

- Prime vacancy has almost halved to 7.7% in the past three years
- Net absorption well above average in FY19



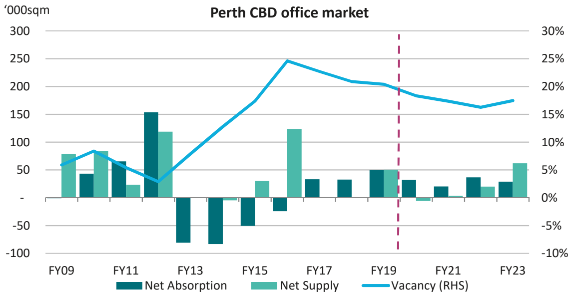
Brisbane CBD office market	At 30 June 2019
Total net lettable area	2.20 million sqm
Prime vacancy average	7.7%
Dexus Brisbane CBD exposure[1]	
Net lettable area	245,208sqm
Number of properties	6
% of portfolio by value	12.8%
Occupancy by area	98.1%
Occupancy by income	98.1%
Weighted average lease expiry	3.9 years

Source: JLL Research actual and Dexus Research forecast.
1. Includes stabilised properties only.

Market outlook

Perth CBD office

- Demand improving with almost 50,000 sqm net absorption in FY19
- Rents and values growing



Perth CBD office market	At 30 June 2019
Total net lettable area	1.82 million sqm
Prime vacancy average	14.8%
Dexus Perth CBD exposure[1]	
Net lettable area	73,631sqm
Number of properties	2
% of portfolio by value	5.4%
Occupancy by area	98.7%
Occupancy by income	98.7%
Weighted average lease expiry	5.8 years

Source: JLL Research actual and Dexus Research forecast.

1. Includes stabilised properties only.

Exchange rate and securities used in statutory accounts

		30 June 2018	31 Dec 2018	30 June 2019
Closing rates for Statement of Financial Position	USD	0.7391	0.7058	0.7013
Average rates for Statement of Comprehensive Income	USD	0.7753	0.7247	0.7156

Post consolidation equivalent amounts	12 mths to 30 June 2018	6 mths to 31 Dec 2018	12 mths to 30 June 2019
Average weighted number of securities[1]	1,017,299,246	1,017,196,877	1,028,577,220
Closing number of securities	1,017,196,877	1,017,196,877	1,096,857,665

1. Used to calculate underlying FFO, FFO and AFFO per security.

Glossary

Distribution payout policy:	Policy is to distribute in line with free cash flow.
Funds From Operations (FFO):	FFO is in line with Property Council of Australia definition and comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments, derivative and FX mark to market impacts, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, deferred tax expense/benefit, transaction costs, amortisation of intangible assets, rental guarantees and coupon income
Adjusted FFO (AFFO):	AFFO is calculated in line with the Property Council of Australia definition and comprises PCA FFO and adjusted for: maintenance capex, incentives (including rent free incentives) given to tenants during the period and other items which have not been adjusted in determining FFO.
Gearing:	Gearing is represented by Interest Bearing Liabilities (excluding deferred borrowing costs and including the currency gains and losses of cross currency swaps) less cash divided by Total Tangible Assets (excluding derivatives and deferred tax assets) less cash. Covenant gearing is the same definition but not adjusted for cash.
Gearing (look through):	Represents Gearing defined above adjusted to include debt in equity accounted investments.
Portfolio value:	Unless otherwise stated, portfolio value is represented by investment properties, inventories and investments accounted for using the equity method, and excludes cash and other assets.
Weighted Average Lease Expiry (WALE):	A measure in years of the average term to expiry of in-place rent. Includes vacancies.

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