

Dexus (ASX: DXS)

ASX release



6 February 2020

2020 Half Year results presentation

Dexus provides its 2020 Half Year Results presentation.

The property synopsis spreadsheet is also available at www.dexus.com/financialresults

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

Authorised by Brett Cameron, General Counsel and Company Secretary of Dexus Funds Management Limited

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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 \$33.8 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 \$16.8 billion of office and industrial properties. We manage a further \$17.0 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$11.2 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.8 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 27,000 investors from 20 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)
Level 25, 264 George Street, Sydney NSW 2000

2020 Half Year Results

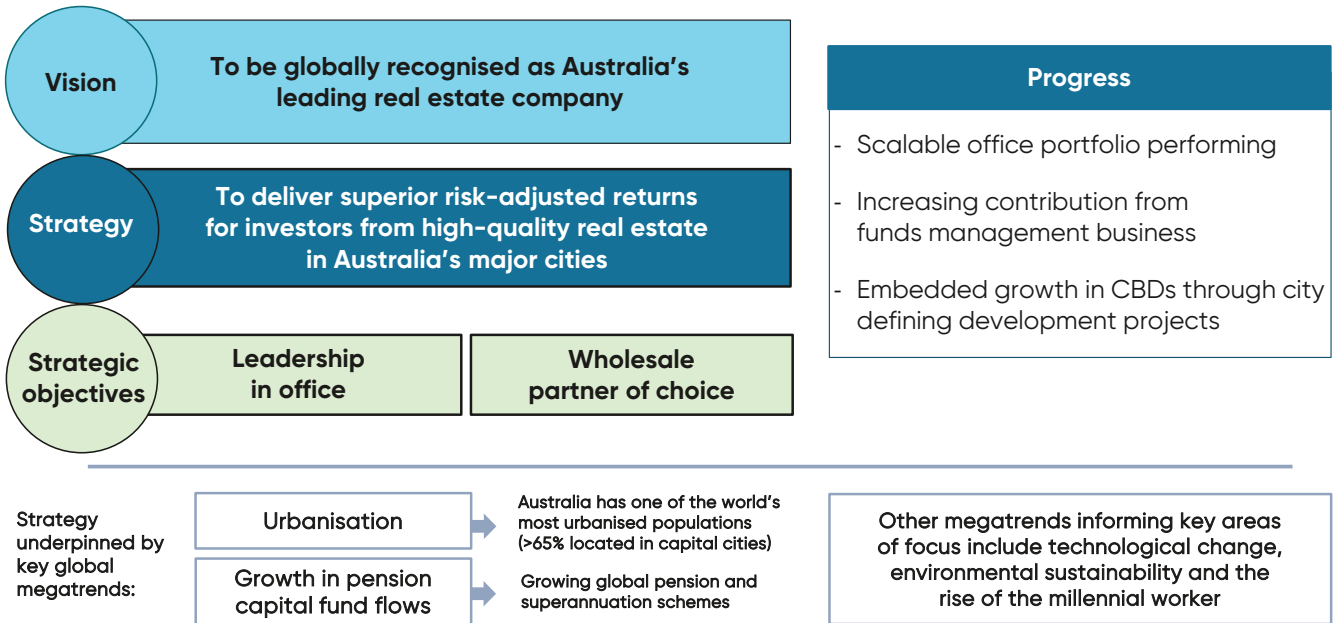
6 February 2020

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, Retail and Healthcare
Developments (Core & Trading)	Ross Du Vernet - Chief Investment Officer
Funds management	Deborah Cookley - Executive General Manager, Funds Management
Summary	Darren Steinberg - Chief Executive Officer
Appendices	

Committed to strategy



HY20 highlights

Upgraded FY20 guidance

HY20 highlights			
FINANCIAL			
FY20 guidance ¹ upgraded to circa 5.5% growth for distribution per security			
PROPERTY PORTFOLIO	- Achieved record Melbourne rents and maintained high portfolio occupancy	DEVELOPMENT	- Completed development of 240 St Georges Terrace, Perth
FUNDS MANAGEMENT	- DWPF ² raised c.\$180 million of new equity and has elevated investor interest	TRADING	- Realised \$27.8 million trading profits ³
CAPITAL MANAGEMENT			
Issued \$700 million of Medium Term Notes ⁴ achieving attractive tenor and all-in rates			Gearing ⁵ at 25.5%

1. Barring unforeseen circumstances, guidance is supported by the following assumptions: Impacts of announced divestments and acquisitions; FFO per security growth of circa 4%, underlying FFO per security growth of circa 4%, 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 circa \$60 million, cost of debt of mid-3%; trading profits of \$35-45 million net of tax; maintenance capex, cash incentives, leasing costs and rent free incentives of \$170-180 million and excluding any further transactions.

2. Dexus Wholesale Property Fund.

3. Net of tax.

4. Including those issued post 31 December 2019.

5. Adjusted for cash and debt in equity accounted investments.

Environmental, Social and Governance update

Reducing our impact and enhancing resilience



Highlights

- Commenced Renewable Energy Supply Agreement for NSW properties, from 1 January 2020, enhancing group's transition to net zero emissions by 2030
 - Joined RE100, collaborating with other leading businesses committed to 100% renewable energy
 - Conducted building indoor air quality tests across sample of properties in Sydney and Melbourne during days of bushfire smoke haze to support portfolio resilience
 - Supported our people and communities during bushfire crisis
- Continued focus on progressing pathway to net zero emissions by 2030, and enhancing resilience to climate change

ESG benchmarks

Global Industry Leader for the Real Estate Sector



Global Sector Leader for listed office entities (Dexus Office Trust)



CDP Climate A list



A+ rating for Strategy and Governance
A+ rating for Direct Property



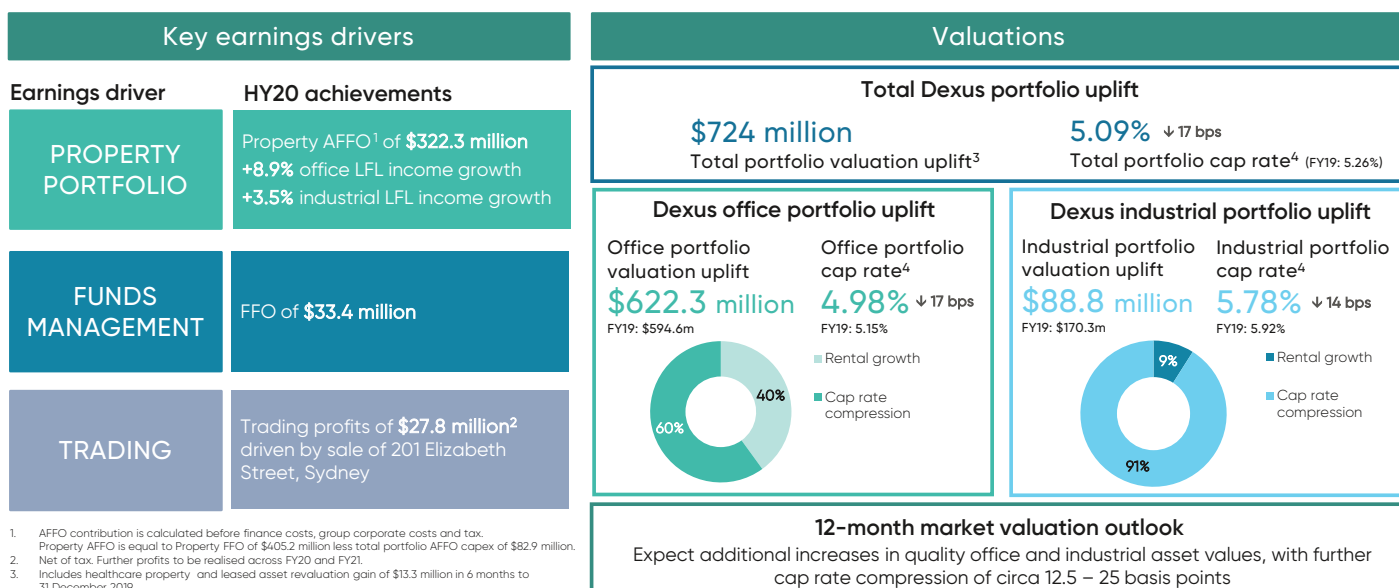
Financial Results

A SMARTER WAY TO MEET

Key earnings drivers and valuations

All drivers delivering and valuations up in HY20

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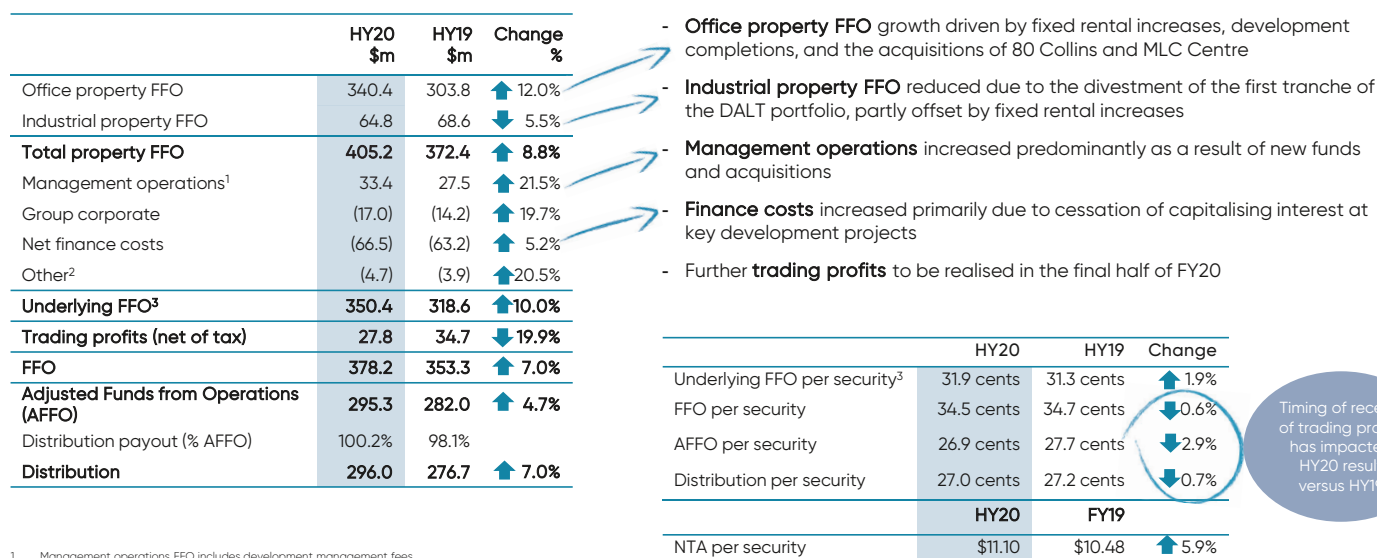


- AFFO contribution is calculated before finance costs, group corporate costs and tax. Property AFFO is equal to Property FFO of \$405.2 million less total portfolio AFFO capex of \$82.9 million.
- Net of tax. Further profits to be realised across FY20 and FY21.
- Includes healthcare property and leased asset revaluation gain of \$13.3 million in 6 months to 31 December 2019.
- Stabilised portfolio weighted average capitalisation rate.

Delivered a solid financial result

All parts of diversified business performing and on track for strong FY20

dexus



- Management operations FFO includes development management fees.
- Other FFO includes non-trading related tax expense and other miscellaneous items.
- Underlying FFO excludes trading profits net of tax.

Balance sheet strength maintained

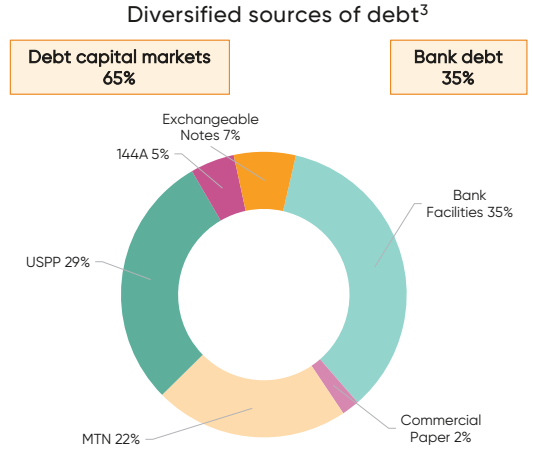
Enhanced debt cost, duration and diversification

- Further diversified funding sources and maintained low gearing
 - Successfully completed the issue of \$200 million of Medium-Term Notes with a 10-year tenor and post 31 December 2019, successfully completed the issue of \$500 million of Medium-Term Notes with a 12-year tenor at an attractive all-in rate
 - Activated a new on-market securities buy-back of up to 5% of DXS securities as part of our active approach to capital management

FY20 focus

- Maintain a strong balance sheet
- Further strengthen debt diversification

Key metrics	31 December 2019	30 June 2019
Gearing (look-through) ¹	25.5%	24.0%
Cost of debt ²	3.5%	4.0%
Duration of debt	7.4 years ³	6.7 years
Hedged debt (incl caps) ⁴	74%	74%
S&P/Moody's credit rating	A-/A3	A-/A3



1. Adjusted for cash and debt in equity accounted investments.
 2. Weighted average for the period, inclusive of fees and margins on a drawn basis.
 3. Includes \$500 million Medium Term Notes issued post 31 December 2019.
 4. Average for the period. Hedged debt (excluding caps) was 57% for the 6 months to 31 December 2019 and 55% for the 12 months to 30 June 2019.

Office portfolio performance

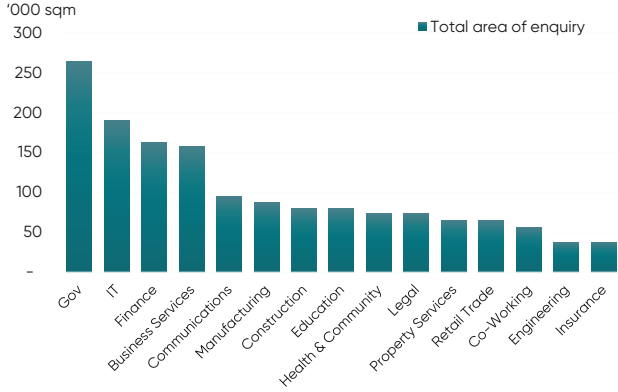


Office portfolio demand

Demand outlook supported by strong jobs growth

- The highest level of enquiry nationally, by area, has been from the government, IT, finance and business services sectors

Office enquiry by sector (National)

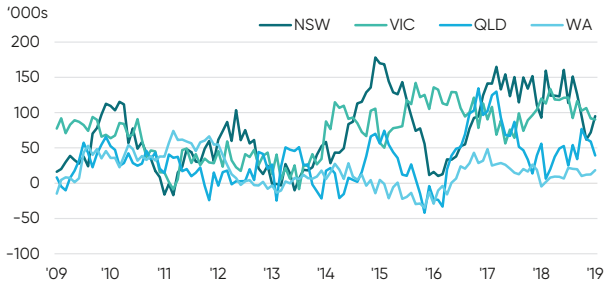


Source: Office Demand Index Q3 2019, ABS, Colliers International, Data is year to Q3 2019, Dexus Research.

Active ongoing demand – sample of major tenant briefs in market



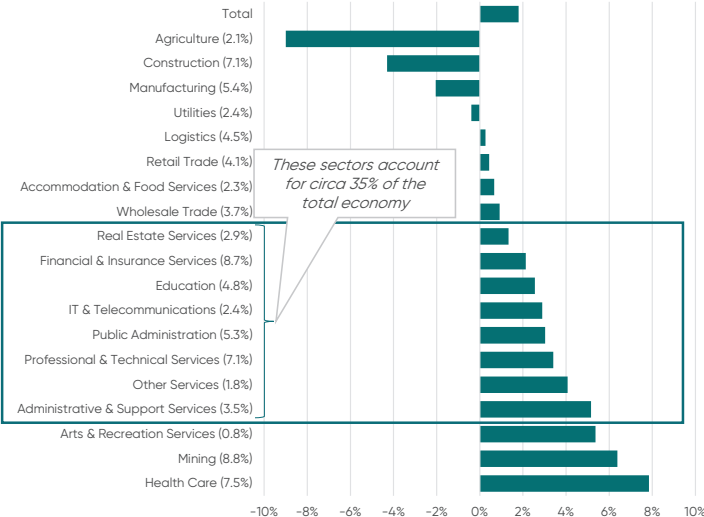
National employment growth by state



Office-using sector outperformance

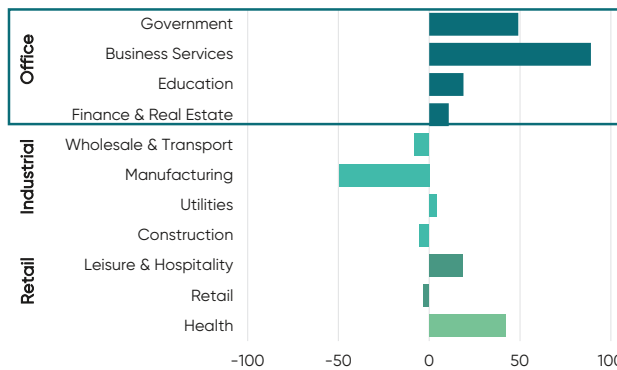
Solid growth in knowledge industries

Gross Value Added by Industry (AUS)
Rolling annual growth to Sep-19 (%)



Source: ABS, DAE, Bloomberg, Dexus Research, Data reflects rolling annual growth to September 2019.

Employment Growth by Sector
'000s



Source: ABS, DAE, Bloomberg, Dexus Research, Data is 12 months to November 2019 compared to 12 months to November 2018.

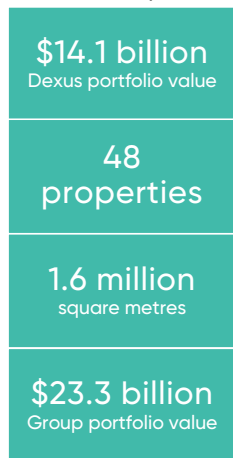
Employment growth solid

- ✓ Employment growth remains positive nationally (+2.1% y/y)
- ✓ Jobs gains were largely in office-using sectors like business services, education, government and health

Office portfolio metrics

Tenant demand supports high portfolio occupancy

Portfolio snapshot



Leasing by area¹

53,351sqm

Average incentives¹

16.2%

FY19: 13.4%

Effective LFL income

+8.9%

Face: +5.2%

Portfolio one-year total return³

12.4%

at 31 December 2019

Occupancy

97.4%

FY19: 98.0%

WALE²

4.5 years

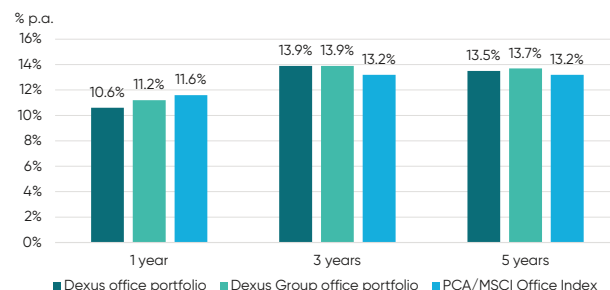
FY19: 4.4 years

Sydney CBD leasing spread¹

+18%

Achieved record Melbourne rents at 80 Collins Street, Melbourne

Dexus office portfolio vs PCA/MSCI office index at 30 September 2019⁴



- Dexus office portfolio outperforming over 3 and 5 years

1. Excluding development leasing of 27,783 square metres.
2. By Income.
3. Portfolio unlevered total return for 12 months to 31 December 2019.
4. Period to 30 September 2019 which reflects the latest available PCA/MSCI Australia Annual Property Index.

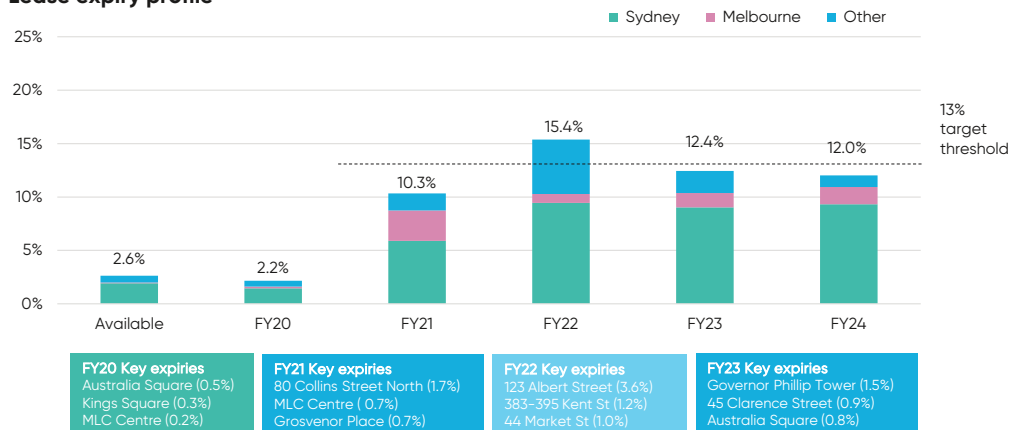
Office portfolio expiry profile

Upside from Sydney and Melbourne assets

- Up to and including FY22, Sydney accounts for **139,677 square metres** of office expiries, representing **19% of office portfolio income**

- Sydney portfolio remains under-rented

Lease expiry profile



Sydney CBD

Office market outlook

Positive across core markets

<p>Sydney</p> <ul style="list-style-type: none"> - Market well-placed amid global uncertainty - Prime vacancy low at 4.8% 	<p>Melbourne</p> <ul style="list-style-type: none"> - Market well-positioned to absorb supply given strong employment growth - Prime vacancy low at 1.8% 	<p>Brisbane</p> <ul style="list-style-type: none"> - Net absorption double the 10-year average in 2019 - Prime vacancy fallen to 8.5% in the past three years 	<p>Perth</p> <ul style="list-style-type: none"> - Demand positive with almost 30,000sqm net absorption in 2019 - Prime vacancy has reduced to 13.5%
			
<p>Implications for Dexus</p> <ul style="list-style-type: none"> - Portfolio remains under-rented enabling catch up on strong market rent growth over the past few years 	<p>Implications for Dexus</p> <ul style="list-style-type: none"> - Low vacancy will assist in re-leasing of 385 Bourke Street and the North Tower of 80 Collins Street 	<p>Implications for Dexus</p> <ul style="list-style-type: none"> - Improving market conditions support rationale for enlarged Waterfront Precinct scheme 	<p>Implications for Dexus</p> <ul style="list-style-type: none"> - Positive prospects for our limited vacancies and expiring leases

Industrial portfolio performance



Industrial portfolio metrics

Leasing activity remains strong in key markets

Portfolio snapshot

- \$2.5 billion**
 Dexus portfolio value
- 69**
 properties
- 1.5 million**
 square metres
- \$4.9 billion**
 Group portfolio value

Leasing by area

128,330sqm

Average incentives

13.3%

FY19: 11.7%

Effective LFL income

+3.5%

Face: 4.6%

Portfolio one-year total return²

12.7%

at 31 December 2019

Occupancy

96.0%

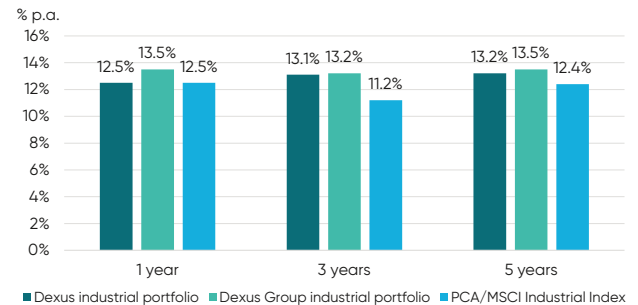
FY19: 97.0%

WALE¹

4.6 years

FY19: 4.7 years

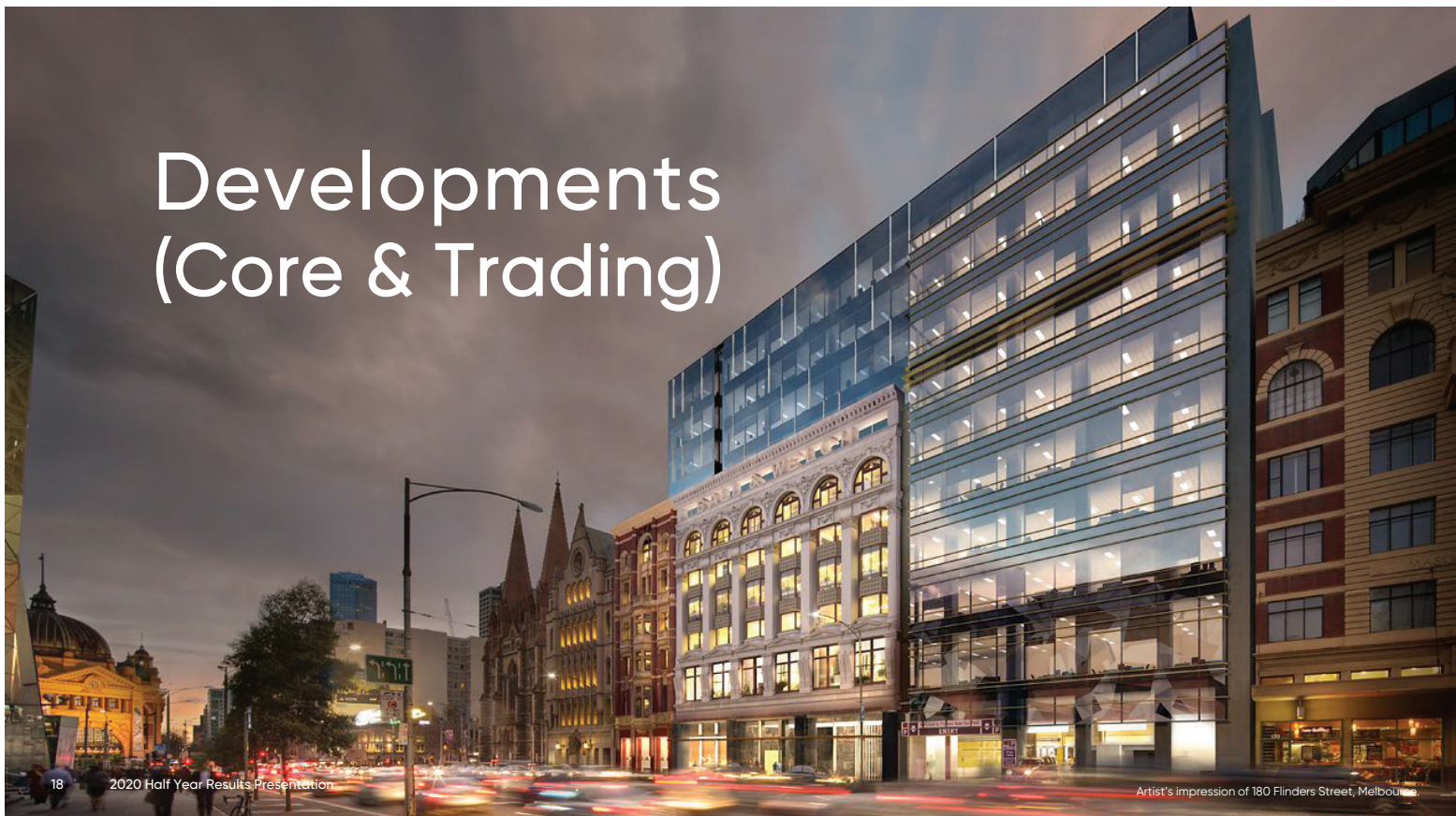
Dexus industrial portfolio vs PCA/MSCI Industrial Index at 30 September 2019³



- Dexus industrial portfolio outperforming over 3 and 5 years

1. By income.
 2. Portfolio unlevered total return for 12 months to 31 December 2019.
 3. Period to 30 September 2019 which reflects the latest available PCA/MSCI Australia Annual Property Index.

Developments (Core & Trading)

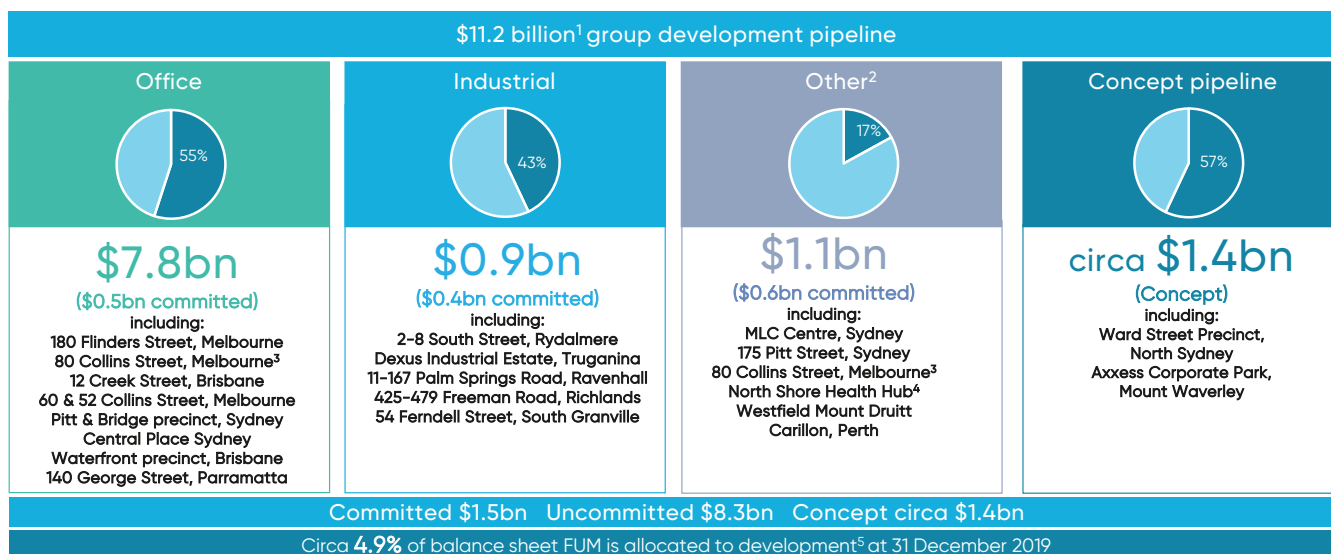


Artist's impression of 180 Flinders Street, Melbourne.

\$11.2 billion¹ group development pipeline

Diversified across sectors and locations

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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. City Retail, Retail, Healthcare and Other.

3. 80 Collins Street, Melbourne was acquired as a fund-through development.

4. North Shore Health Hub estimated on-completion value.

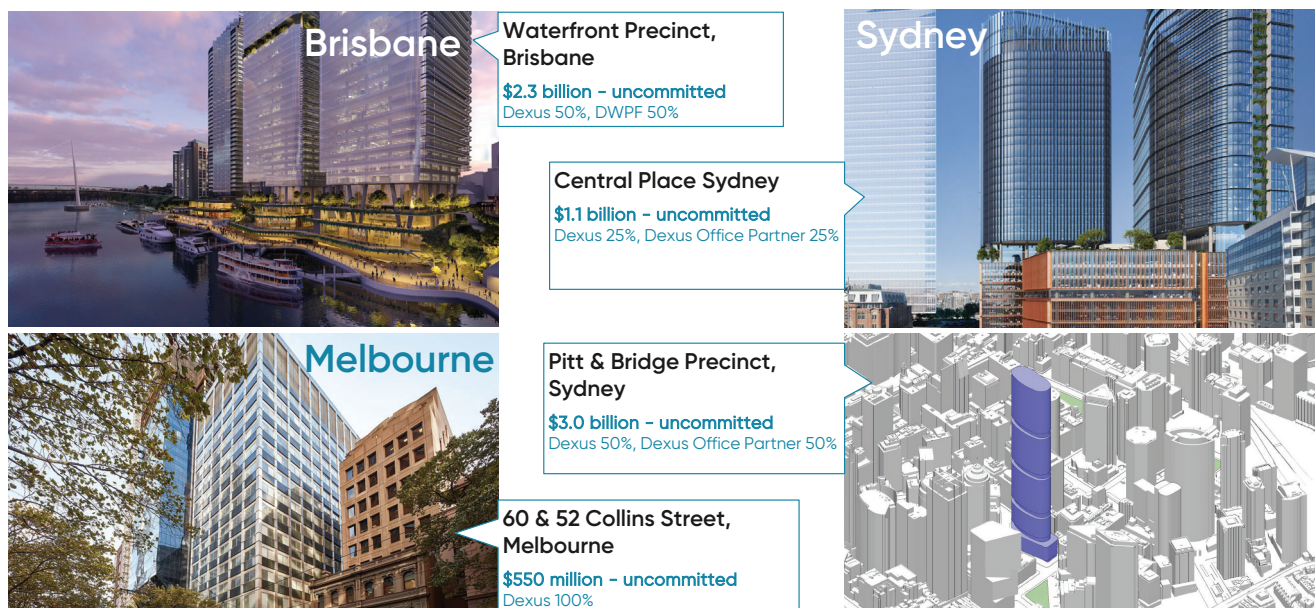
5. Includes committed developments and trading.

■ Dexus Direct
■ Dexus Unlisted Funds

Office development

Portfolio of city defining projects

dexus



Core industrial development pipeline

Progressing key projects



Trading business

FY20 and FY21 profits significantly de-risked

- Delivered \$27.8 million (net of tax) driven by settlement of the first tranche of 201 Elizabeth Street
- Further profits to be realised from 201 Elizabeth Street and North Shore Health Hub across FY20 and FY21
- Target \$35-45 million trading profits¹ (net of tax) in FY20
- Total of six projects², diversified across sectors, have been earmarked to deliver trading profits of \$245-315 million (pre-tax)

Trading profit track record since FY12



Trading projects	Current use	Trading strategy	Trading profit track record since FY12			
			FY20	FY21	FY22	FY23+
201 Elizabeth Street, Sydney ³	Office	Rezoning and development	Contracted trading profits	Trading profits progressed	Trading profits yet to be secured	
North Shore Health Hub, 12 Frederick Street, St Leonards – Stage 1 ⁴	Industrial	Healthcare development	Contracted trading profits	Trading profits progressed	Trading profits yet to be secured	
Truganina (Laverton) properties ⁵	Industrial	Development	Contracted trading profits	Trading profits progressed	Trading profits yet to be secured	
Lakes Business Park South, Botany	Industrial	Development		Trading profits progressed	Trading profits yet to be secured	
436-484 Victoria Road, Gladesville	Industrial	Rezoning			Trading profits yet to be secured	
12 Frederick Street, St Leonards – Stage 2	Industrial	Healthcare development			Trading profits yet to be secured	

1. Includes contribution from 201 Elizabeth Street, Sydney and North Shore Health Hub, 12 Frederick Street, St Leonards – Stage 1.
 2. Includes realised and unrealised contribution from 201 Elizabeth Street, Sydney and North Shore Health Hub, 12 Frederick Street, St Leonards – Stage 1.
 3. 201 Elizabeth Street, Sydney transferred to trading book in May 2018. During HY20, Dexus sold 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.
 4. Dexus sold the North Shore Health Hub on a fund-through basis to HWPf and will continue to manage the development, with trading profits to be realised across FY20 and FY21, with the amount for each financial year dependent on the progress of the development and leasing.
 5. Share of Truganina (Laverton) lots which sit in inventory and have not previously been expressly called out in the trading pipeline due to previous expectation that they would not generate material trading profits in isolation.

Funds Management

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2020 Half Year Results Presentation

452 Flinders Street, Melbourne.

Funds Management Wholesale partner of choice

Dexus Funds Management offering

- **Diverse high quality portfolio** managed on behalf of third party capital partners, which has grown to \$17.0 billion
- **Track record** of delivering outperformance and ability to **co-invest alongside partners**
- Underpinned by **best practice corporate governance principles**, recognised **sustainability and customer NPS credentials**

Benefits to Dexus

- Provides access to **alternate sources of capital** and an **annuity style income stream**
- **Built in organic growth** across \$5.5 billion third party development pipeline
- Funds management business improves Dexus's **Return on Invested Capital** and enhances **scale in core markets**



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2020 Half Year Results Presentation

Funds Management

HY20 highlights

- Funds management activities have assisted in Management operations FFO increasing 21.5% since HY19

DWPF

- Raised circa \$180 million in new equity from existing investors to fund future development pipeline
- Elevated investor interest

DALT

- Exercised the second tranche rights for GIC to acquire an additional 24% interest in the core portfolio, increasing investment in DALT to 49%

HWPF

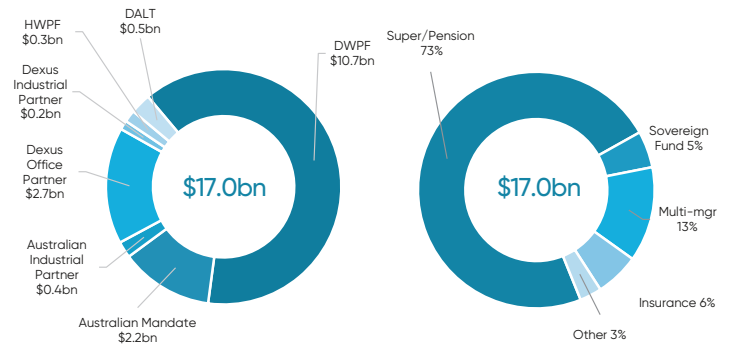
- Welcomed a new domestic investor to the fund
- Completed the development of Calvary Adelaide Hospital
- Acquired the North Shore Health Hub, currently under development at 12 Frederick Street, St Leonards

Diversified Funds Management platform

\$17.0 billion

7 vehicles

79 investors



Summary



Key takeaways

Well positioned to continue to deliver

- High quality office portfolio with scale in key Australian CBDs
 - Attracting customers – ‘where they want to be’
 - Positively impacting asset values – ‘significant investment demand’
- Significant embedded opportunities that set up the business for organic growth
 - Third party capital partners ready to grow
- Strong balance sheet with diversified sources of capital
- Track record of delivering distribution growth
 - 6.6% distribution per security growth¹ from FY12–FY19

1. Compound annual growth rate.



Outlook

- Delivering on vision and strategy
- Results underpinned by:
 - Dexus's high-quality property portfolio
 - Diversified expiry profile
 - Fixed annual rental increases of 3.5-4%
- Upgraded FY20 market guidance¹ for distribution per security growth from circa 5% to circa 5.5%
 - 98% of property FFO already locked in
 - Trading profits significantly de-risked
 - Cost of debt of mid-3% with appropriate levels of hedging

1. Barring unforeseen circumstances, guidance is supported by the following assumptions: Impacts of announced divestments and acquisitions; FFO per security growth of circa 4%, underlying FFO per security growth of circa 4%, 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 circa \$60 million, cost of debt of mid-3%; trading profits of \$35-45 million net of tax; maintenance capex, cash incentives, leasing costs and rent free incentives of \$170-180 million, and excluding any further transactions.

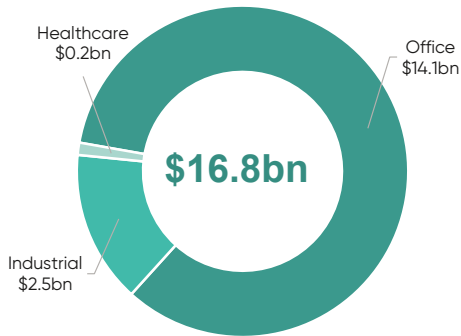


Appendices

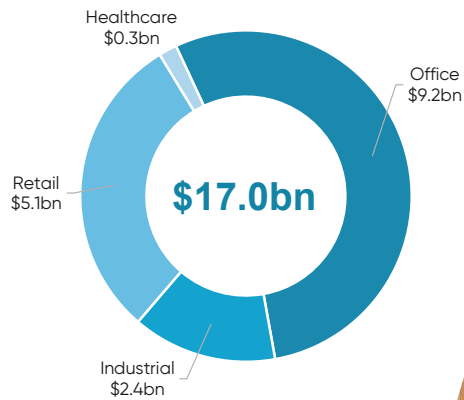


Dexus today \$33.8 billion total funds under management

Dexus portfolio

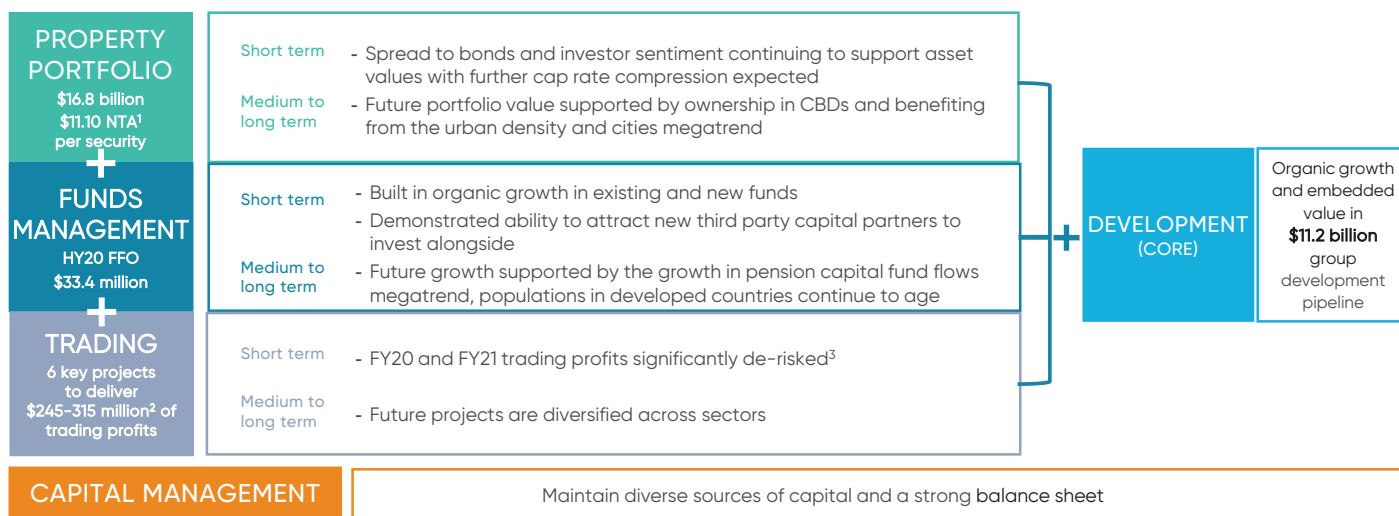


Funds Management portfolio



Embedded value

Across key earnings drivers

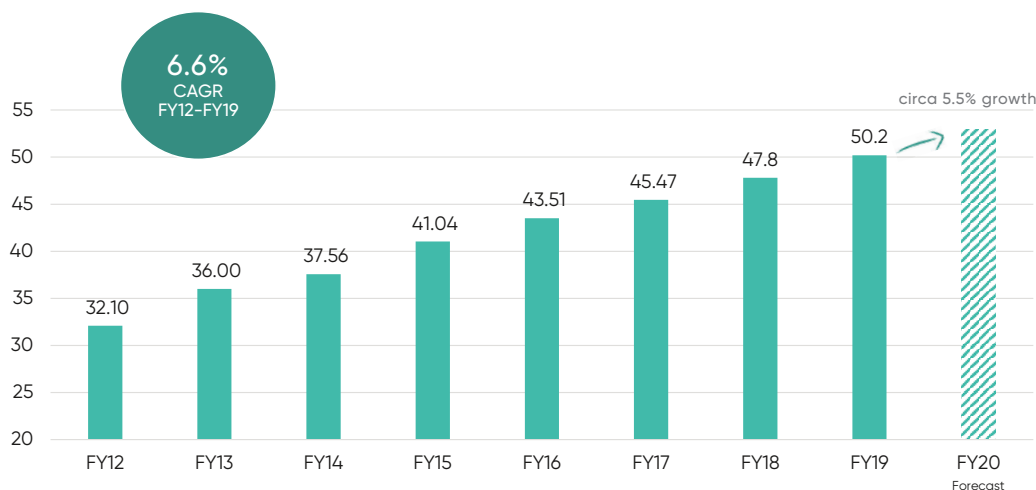


1. Net tangible asset backing.
 2. Pre-tax.
 3. During HY20, Dexus sold a 25% interest in 201 Elizabeth Street, Sydney for \$157.5 million and entered into a put and call option to sell the remaining 25% interest in late 2020 for a further \$157.5 million. Trading profits in FY21 are subject to the exercise of either option. During HY20, Dexus also sold the North Shore Health Hub on a fund-through basis to HWPf and will continue to manage the development, with trading profits to be realised across FY20 and FY21, with the amount for each financial year dependent on the progress of the development and leasing.

Delivering sustained value

Track record of delivering superior risk-adjusted returns

Dexus distribution per security (cents)



Financial results

Reconciliation to statutory profit

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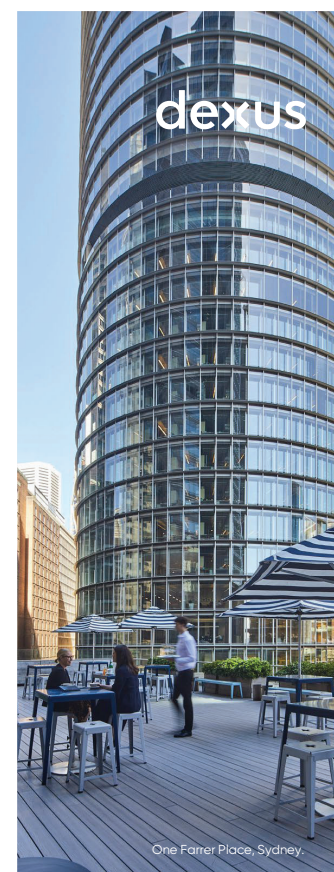
Reference	Item	31 Dec 2019 \$m	31 Dec 2018 \$m
Statutory AIFRS net profit after tax		994.2	726.4
Investment property and inventory	(Gains)/losses from sales of investment property	(0.7)	(3.1)
	Fair value gain on investment properties	(724.4)	(456.5)
Financial instruments	Fair value (gain)/loss on the mark-to-market of derivatives	18.7	(26.3)
Incentives and rent straight-lining	Amortisation of cash and fit out incentives	29.3	23.7
	Amortisation of lease fees	7.2	7.3
	Amortisation of rent-free incentives	37.2	33.2
	Rent straight-lining	(13.1)	(6.2)
Tax	Non-FFO tax expense	2.9	12.7
Other unrealised or one-off items¹	Other unrealised or one-off items	26.9	42.1
Funds From Operations (FFO)		378.2	353.3
Maintenance and leasing capex	Maintenance capital expenditure	(23.4)	(23.7)
	Cash incentives and leasing costs paid	(26.0)	(16.2)
	Rent free incentives	(33.5)	(31.4)
Adjusted Funds From Operations (AFFO)		295.3	282.0
Distribution		296.0	276.7
AFFO Payout ratio		100.2%	98.1%

1. HY20 other unrealised or one-off items includes \$4.8 million of unrealised fair value losses on interest bearing liabilities, \$5.8 million amortisation of intangible assets, \$15.6 million coupon income, rental guarantees received and other, and \$0.7 million of transaction costs.

Financial results

Management operations profit

HY20 (\$m)	Property Management	Funds Management	Development Management	Management Operations
Revenue	40.1	35.7	7.1	82.9
Operating expenses	(29.4)	(13.6)	(6.5)	(49.5)
HY20 net profit	10.7	22.1	0.6	33.4
HY20 margin	27%	62%	8%	40%
HY19 margin	22%	64%		40%



One Farrer Place, Sydney.

Financial results

Cash flow reconciliation

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	31 Dec 2019 \$m	31 Dec 2018 \$m
Cash flow from operating activities	439.7	331.3
add back: payment for inventory acquisition and capex	35.2	9.2
less: cost of sale of inventory	(188.6)	(44.8)
less: tax on trading profits not yet paid	(11.9)	(14.9)
add back: capitalised interest	4.6	11.0
less: adjustments for equity accounted distributions	37.0	41.9
add back: other working capital movements	36.1	(7.4)
add back: transaction costs	0.7	3.0
Adjusted cash flow from operating activities	352.8	329.3
Rent free income	33.5	31.4
Depreciation and amortisation (including deferred borrowing costs)	(8.1)	(7.4)
FFO	378.2	353.3
Less: payments from maintenance capex and incentives ¹	(82.9)	(71.3)
AFFO	295.3	282.0
Less: gross distribution	(296.0)	(276.7)
Cash surplus/(deficit)	(0.7)	5.3

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

Financial results

Interest reconciliation

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	31 Dec 2019 \$m	31 Dec 2018 \$m
Total statutory finance costs¹	73.7	71.4
Less: unrealised interest rate swap MTM gain/(loss) ²	(6.0)	(10.0)
Less: finance costs attributable to investments accounted for using the equity method ³	(0.3)	2.4
Less: AASB 16 interest expense	(0.6)	-
Net finance costs for FFO¹	66.8	63.8
Add: interest capitalised	8.8	11.0
Gross finance costs for cost of debt purpose	75.6	74.8

1. HY20 excludes interest income of \$0.3 million (HY19: \$0.6 million).

2. Net fair value loss of interest rate swap of \$14.2 million (HY19: \$16.7 million) per note 2 of the Financial Statements includes realised interest rate swap expense of \$8.2 million (HY19: \$6.7 million) and unrealised interest rate swap MTM loss of \$2.9 million (HY19: \$5.8 million) and debt modification and amortisation of exchangeable notes of \$3.1 million (HY19: \$4.2 million).

3. Represents finance costs associated with debt held in investments accounted for using the equity method less finance costs associated with development properties held in investments accounted for using the equity method.

Financial results

Change in net tangible assets and revaluations

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	\$m	\$ps	Investment portfolio	Valuation change \$m	Weighted average cap rate	% of portfolio
Opening net tangible assets ¹ (1 Jul 19)	11,494.9	10.48				
Revaluation of real estate	724.4	0.66	Dexus Office portfolio	622.3	4.98%	84%
Retained earnings ²	82.2	0.075	Dexus Industrial portfolio	88.8	5.78%	15%
Amortisation of tenant incentives ³	(60.6)	(0.055)	Total Dexus portfolio⁵	724.4	5.09%	
Fair value and other movements ⁴	(69.3)	(0.060)				
Closing net tangible assets¹ (31 Dec 19)	12,171.6	11.10				

1. Net tangible assets exclude \$73.2 million deferred tax liability relating to management rights.
2. Represents HY20 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 and leased assets revaluation gain of \$13.3 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	13,192.5	2,337.2	15,529.7	457.6
Lease incentives ³	50.7	8.9	59.6	1.8
Maintenance capex	20.8	2.6	23.4	2.1
Acquisitions	178.0	70.8	248.8	-
Developments ⁴	245.7	61.9	307.6	33.3
Disposals ⁵	(120.9)	(52.7)	(173.6)	(173.6)
Revaluations ⁶	622.3	88.8	711.1	-
Amortisation	(65.4)	(8.2)	(73.6)	(1.2)
Rent straight lining	11.1	1.9	13.0	0.2
Closing balance at the end of the period	14,134.8	2,511.2	16,646.0	320.2

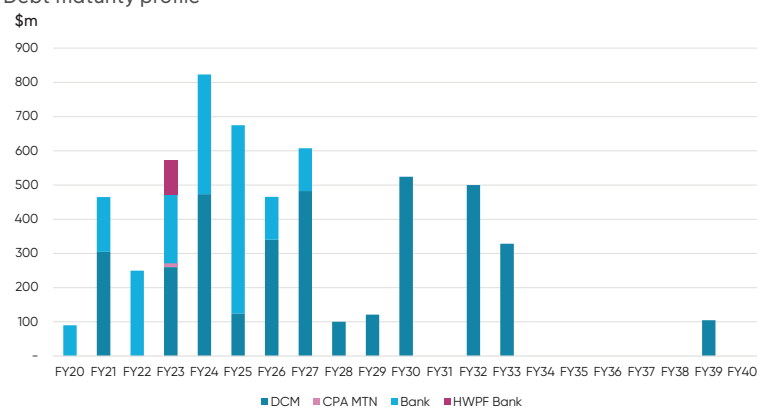
1. Includes Dexus's share of equity accounted investments and excludes healthcare and leased assets.
2. Trading assets are included in Office, Industrial and Dexus total amounts.
3. Includes rent free incentives.
4. Includes capitalised interest.
5. At book value and includes internal transfers from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

Capital management

HY20 position

dexus

Debt maturity profile^{1,2}



Key metrics	31 Dec 2019	30 Jun 2019
Total debt ³	\$4,641m	\$4,067m
Headroom (approximately) ⁴	\$1.3bn ²	\$1.0bn
Gearing (look-through) ⁵	25.5%	24.0%
Covenant gearing (covenant ⁶ <55%)	24.9%	23.3%
Interest cover (covenant ⁶ >2.0x)	5.8x ⁷	5.4x
Priority debt (covenant ⁶ <30%)	0%	0%

1. Includes \$425 million Exchangeable Notes based on investor put date in FY24.
 2. Includes \$500 million Medium Term Notes issued post 31 December 2019.
 3. Total debt does not include debt in equity accounted investments.
 4. Undrawn facilities plus cash.

5. Adjusted for cash and debt in equity accounted investments.
 6. As per public bond covenants.
 7. Look-through interest cover is 5.4x.

Capital management

Interest rate hedging profile

dexus

Hedge maturity profile¹



Hedging profile	31 Dec 2019	30 Jun 2019
Average amount of debt hedged ²	74%	74%
Average amount of debt hedged excluding caps	57%	55%
Weighted average interest rate on hedged debt ³	2.3%	2.7%
Cost of debt ⁴	3.5%	4.0%
Weighted average maturity of hedges ¹	6.4 years	5.6 years

1. Includes \$500 million Medium Term Notes issued post 31 December 2019.
 2. Average amount hedged for the period (including caps).
 3. Including fixed rate debt (without credit margin).
 4. Weighted average for the period, inclusive of fees and margins on a drawn basis.

Capital management

Debt facilities^{1,2}

dexus

	Facility limit A\$m	Drawn A\$m	Maturity	Currency
Bilateral bank debt	90	50	FY20	A\$
	160	0	FY21	A\$
	250	50	FY22	A\$
	200	100	FY23	A\$
	350	79	FY24	A\$
	550	50	FY25	A\$
	125	125	FY26	A\$
	125	125	FY27	A\$
Commercial paper	100	100	FY23 ³	A\$
Medium term notes	160	160	FY23	A\$
	185	185	FY26	A\$
	130	130	FY27	A\$
	200	200	FY30	A\$
	500	500	FY32	A\$
	30	30	FY39	A\$
US senior notes (144A)⁴	305	305	FY21	US\$
US senior notes (USPP)⁴				
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 ⁵	A\$
Sub total	5,515	4,244		

	Facility limit A\$m	Drawn A\$m
Sub total	5,515	4,244
Currency translation and fair value adjustments	443	443
Deferred borrowing costs	(18)	(18)
Exchangeable Notes adjustments	(28)	(28)
Total interest bearing liabilities	5,912	4,641
Bank guarantee utilised		(47)
Cash		55
Headroom including cash		1,279

- Does not include debt facilities in equity accounted investments: \$201.6 million (August 2020), \$63.9 million (August 2022), \$35.9 million (November 2022) and \$11.5 million (December 2022).
- Includes \$500 million Medium Term Notes issued post 31 December 2019.
- Based on maturity date of commercial paper standby facility.
- 144A and USPP US\$ amount shown at the cross-currency swap contract rate.
- Based on investor put date in FY24.

Property portfolio

Office and Industrial key metrics

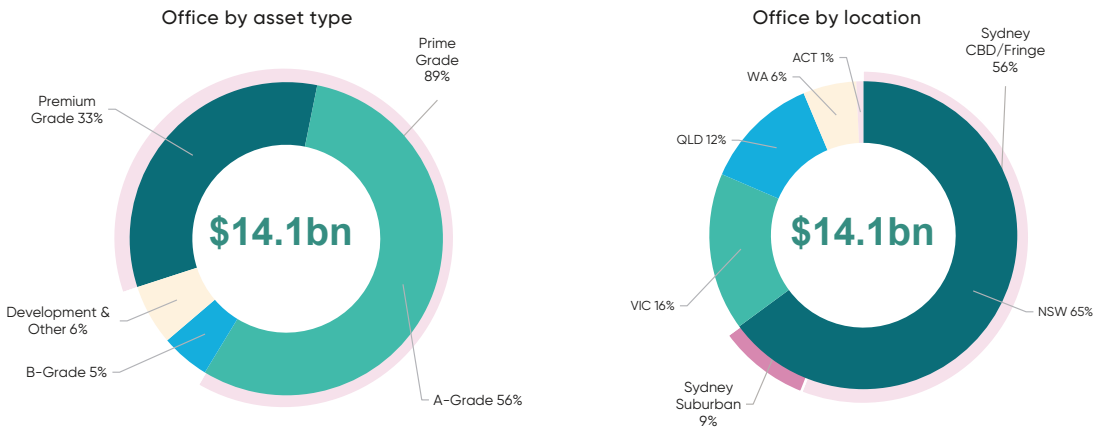
Key metrics	Office	Industrial
Amount of space leased ¹	53,351sqm ²	128,330sqm
No. of leasing transactions	128 ²	60
Occupancy by income	97.4%	96.0%
Occupancy by area	97.4%	95.7%
Average incentives	16.2% ³	13.3% ⁴
No. of effective deals	37	24
Weighted Average Lease Expiry ⁵ (WALE)	4.5 years	4.6 years
Retention	63%	66%
Like-for-like income growth	Face 5.2%	Face 4.6%
	Effective 8.9%	Effective 3.5%

- Including Heads of Agreement.
- Excluding development leasing of 27,783sqm across 26 leasing transactions.
- Gross basis excluding development leasing.
- Net basis.
- By income.



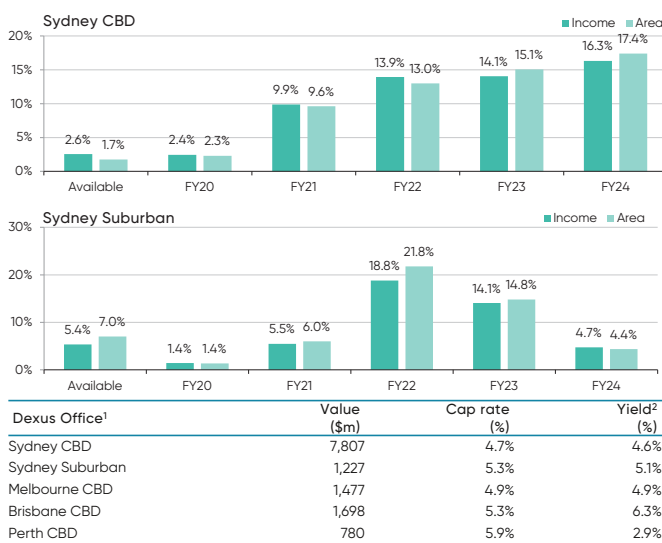
Property portfolio

Office portfolio diversification



Property portfolio

Office lease expiry profiles by region



Dexus Office ¹	Value (\$m)	Cap rate (%)	Yield ² (%)
Sydney CBD	7,807	4.7%	4.6%
Sydney Suburban	1,227	5.3%	5.1%
Melbourne CBD	1,477	4.9%	4.9%
Brisbane CBD	1,698	5.3%	6.3%
Perth CBD	780	5.9%	2.9%

1. Includes stabilised properties only. Excludes Canberra office properties.
 2. Passing FFO yield based on annualised Property Funds From Operations for the month of January 2020.

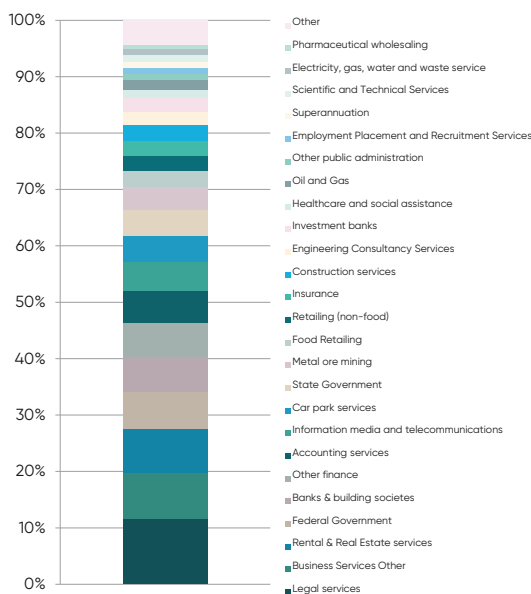
Property portfolio

Office top 10 customers

Office customers ¹	S&P rating	% of income ²
Wilson Parking	Not rated	3.8%
Commonwealth of Australia	AAA	3.1%
Rio Tinto	A	2.7%
State of Victoria	AAA	2.3%
Deloitte Services	Not rated	1.5%
Commonwealth Bank of Australia	AA-	1.3%
John Holland	Not rated	1.1%
Herbert Smith Freehills	Not rated	1.0%
Worley	Not rated	1.0%
BDO Services	Not rated	0.9%

1. Total Dexis portfolio includes executed Heads of Agreement at 31 December 2019.
 2. Annualised income is based on 31 December 2019 (for leases which have already commenced or first month post lease commencement (for leases which have not yet commenced)).

Diversity of office customers (by income)

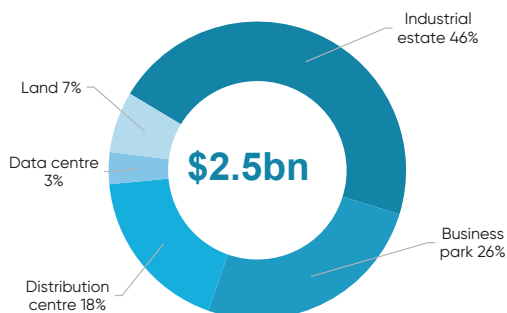


100-130 Harris Street, Pyrmont.

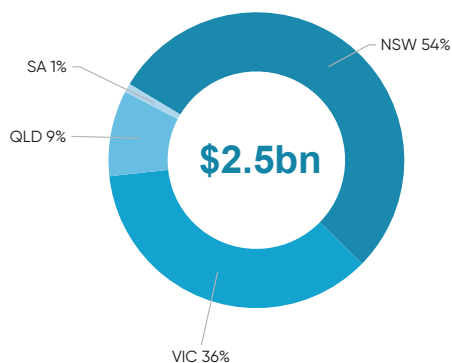
Property portfolio

Industrial portfolio diversification

Industrial by asset type



Industrial by location

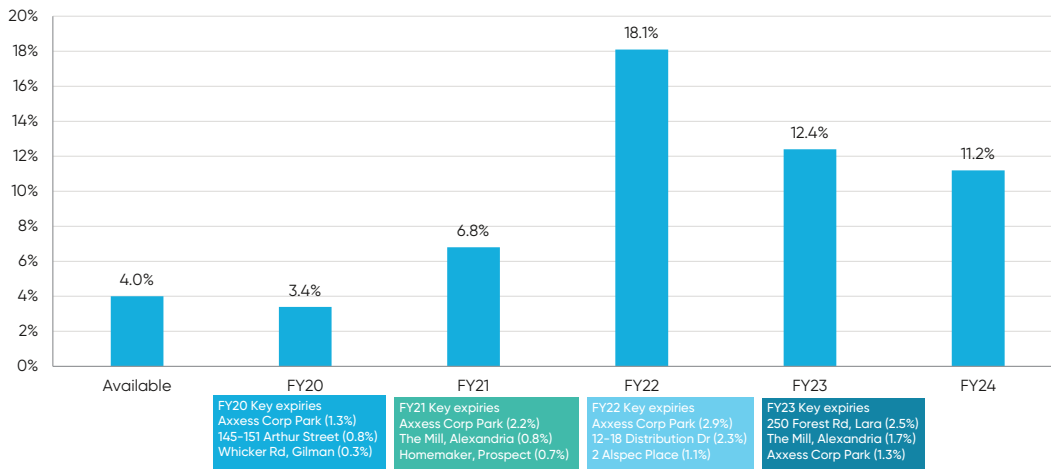


Quarry Industrial Estate, Greystanes.

Property portfolio

Industrial lease expiry profile¹

dexus



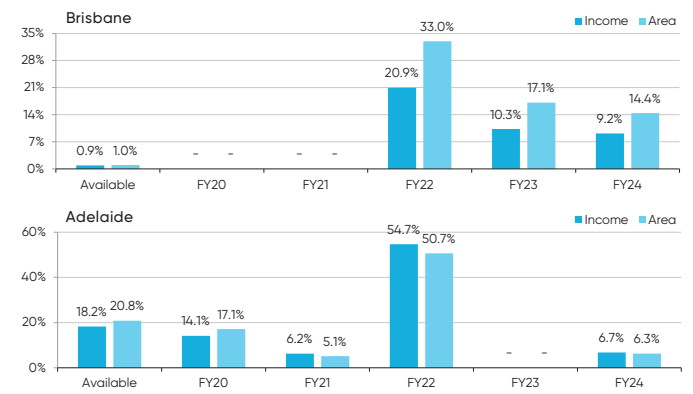
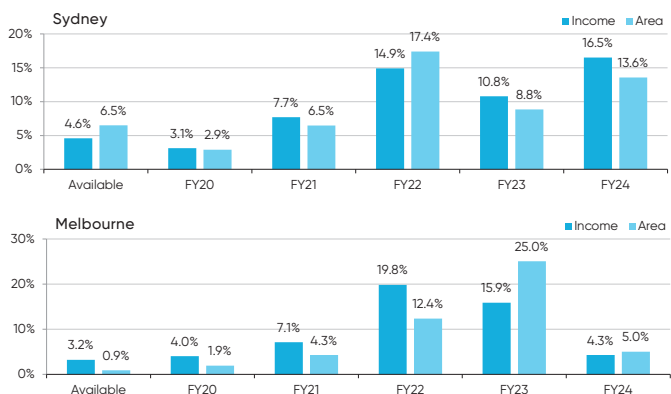
1. By industrial income.



Property portfolio

Industrial lease expiry profiles by region

dexus



1. Includes stabilised properties only.
 2. Passing FFO yield based on annualised property Funds From Operations for the month of January 2020.

Dexus Industrial ¹	Value (\$m)	Cap rate (%)	Yield ² (%)
Sydney	1,209	5.1%	5.3%
Melbourne	743	5.7%	6.3%
Brisbane	185	5.1%	6.0%
Adelaide	22	10.5%	8.8%

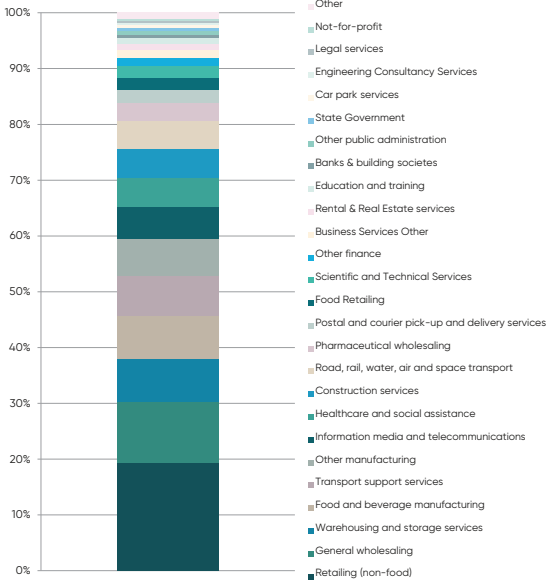
Property portfolio

Industrial top 10 customers

Industrial customers ¹	% of income ²
Coles	0.6%
Autosports Group	0.6%
IBM Australia	0.5%
Reece	0.5%
AWH Pty Ltd	0.4%
Symbion Health	0.3%
Simon National Carriers	0.3%
Wesfarmers	0.3%
Fedex	0.3%
Toll	0.2%

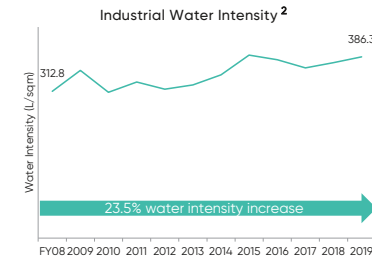
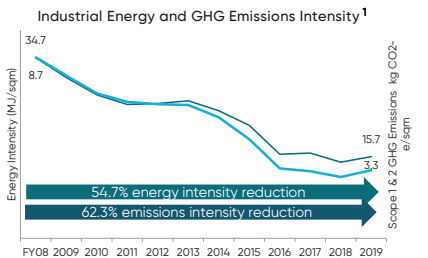
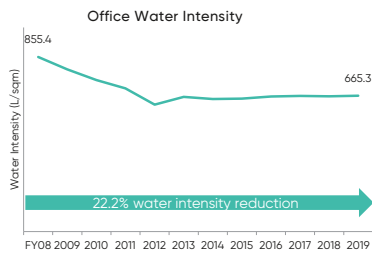
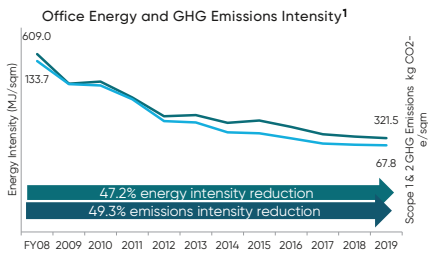
1. Total Dexus portfolio includes executed Heads of Agreement at 31 December 2019.
 2. Annualised income is based on 31 December 2019 (for leases which have already commenced) or first month post lease commencement (for leases which have not yet commenced).

Diversity of industrial customers (by income)

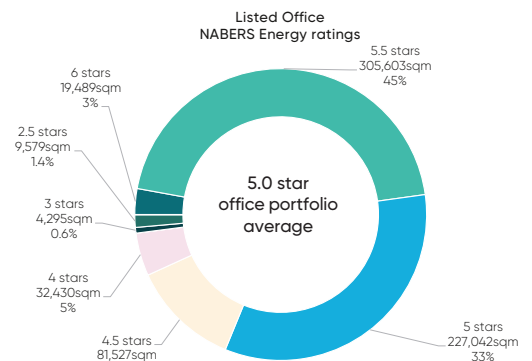


Property portfolio

Office and industrial sustainability metrics



Dexus office portfolio	NABERS Energy average rating (star)	NABERS Water average rating (star)
Dec 15	4.7	3.8
Dec 16	4.8	3.6
Dec 17	4.8	3.6
Dec 18	5.0	3.6
Dec 19	5.0	3.7



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

Development

240 St Georges Terrace, Perth now complete

dexus

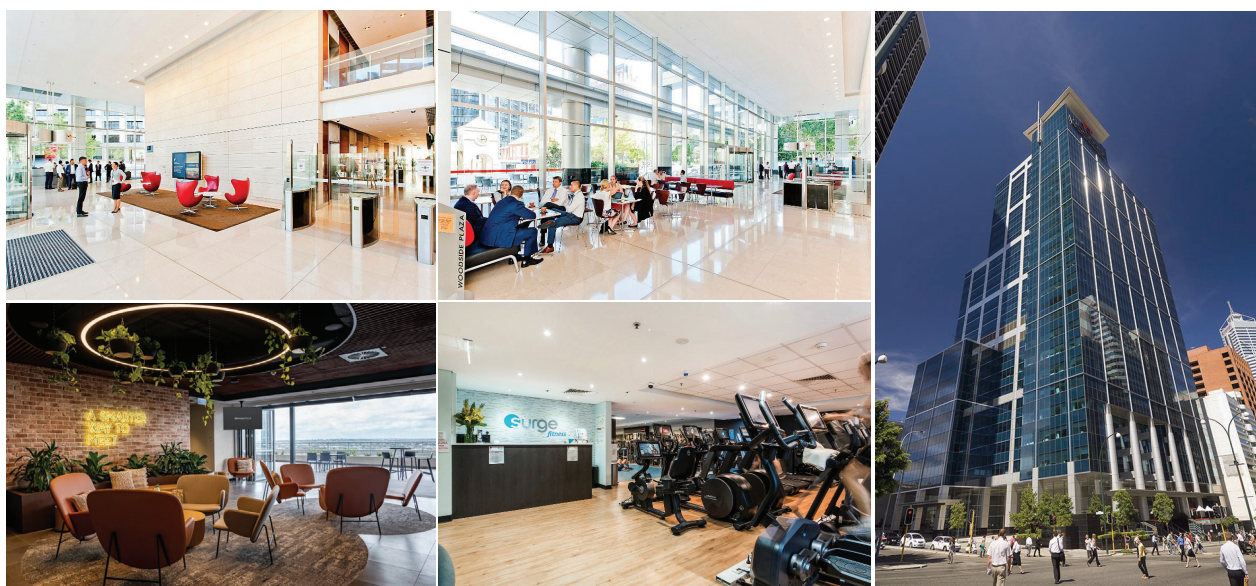
94.7%
Occupancy
by area

7.3 year
WALE

5.75%
Cap rate

9.2%
Development
margin

13.2%
IRR¹



1. 10-year unlevered internal rate of return.

Development

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 ⁴ interest %
Office	240 St Georges Terrace, Perth, WA	47,200	196	6.3%	95%	Sep 2019	-
Total office		47,200	196				
Industrial	380 Dohertys Road, Truganina, VIC	9,200	11	6.6%	100%	Sep 2019	-
Total industrial		9,200	11				
City retail	44 Market Street, Sydney, NSW	1,400	24	6.0%	100%	Aug 2019	-
	321 Kent Street, Sydney, NSW	4,800	16	5.9%	100%	Jul 2019	-
Total city retail		6,200	40				
Total developments completed		62,600	247				

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. Yield on cost calculation includes cost of land, downtime and income earned through development in the denominator.
4. Excludes partners external to the Dexus Group.

Development

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

dexus

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 ⁴ interest %
Office	180 Flinders Street, Melbourne, VIC	20,300	159	82	6-7%	93%	Mid 2020	-
	80 Collins Street, Melbourne, VIC (office) ⁴	43,000	232	72	n/a	97%	Mid 2020	25%
	Annex, 12 Creek Street, Brisbane, QLD	7,300	31	4	7-8%	50%	Early 2020	50%
Total office		70,600	422	158				
Industrial	12A Felstead Drive, Truganina, VIC	7,300	31	5	6-7%	100%	Mid 2020	-
	12B-C Felstead Drive, Truganina, VIC	45,400	52	39	6-7%	100%	Mid 2020	-
	58 Foundation Road, Truganina, VIC	8,200	11	6	6-7%	100%	Mid 2020	-
	Lot 15, 11-167 Palm Springs, Ravenhall, VIC	69,700	21	16	6-7%	51%	Late 2020	75%
	425-479 Freeman Road, Richlands, QLD	54,800	43	26	6-7%	-	Early 2022	49%
	54 Fernell Street, South Granville, NSW	57,000	73	37	6-7%	42%	Late 2020	49%
Total industrial		242,400	232	129				
City retail/other	175 Pitt Street, Sydney, NSW	5,200	33	6	6-7%	87%	Early 2020	50%
	MLC Centre, 19 Martin Place, Sydney, NSW	12,900	85	61	5-6%	43%	Late 2021	50%
	80 Collins Street, Melbourne, VIC (retail & hotel) ⁴	12,600	59	18	n/a	96%	Mid 2020	25%
Total city retail/other		30,700	177	85				
Total developments committed		343,700	831	372				

- At 100%.
- Dexus interest in development cost (including cost of land where purchased for development and excludes downtime and income earned through development).
- Target yield on cost calculation includes cost of land, downtime and income earned through development in the denominator.
- 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.
- Includes maintenance capex, cash incentives, leasing costs and rent-free incentives.
- Excludes partners external to the Dexus Group.

Dexus portfolio capital expenditure ⁵	HY20	FY20E
Total capital expenditure	\$82.9m	\$170-180m

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2020 Half Year Results Presentation

Development

Dexus uncommitted developments – core hold

dexus

Pipeline		Building area ¹ sqm	Project cost est. ² \$m	Est. yield on est. project cost ³ %	Third Party partner ⁴ interest %
Office	Waterfront Precinct Masterplan, Brisbane, QLD (Office)	131,300	c. 1,150		50%
	140 George Street, Parramatta, NSW	43,600	c. 200		50%
	Central Place Sydney, NSW ⁵	140,600	c. 550		25%
	Pitt and Bridge Precinct, Sydney, NSW ⁶	121,100	c. 1,500		50%
	60 & 52 Collins Street, Melbourne, VIC	27,400	c. 550		-
Total office		464,000	c. 3,950	5-6%	
Industrial	20 Distribution Drive, Truganina, VIC	21,000	c. 50		-
	11-167 Palm Springs, Ravenhall, VIC	325,900	c. 100		75%
Total industrial		346,900	c. 150	6-7%	
Total uncommitted		810,900	c. 4,100		

- At 100%.
- Dexus interest in development cost (including cost of land where purchased for development and excludes downtime and income earned through development).
- Pitt & Bridge Precinct only excludes land for 56 Pitt Street and Central Place Sydney only excludes land for 14 Lee Street, Sydney.
- Target yield on cost calculation includes cost of land, downtime and income earned through development in the denominator.
- Excludes partners external to the Dexus Group.
- External JV partner owns 50% of this project.
- Pitt & Bridge Precinct includes a reclassification of land purchased for development as a development cost, previously included in transaction data.

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2020 Half Year Results Presentation

Transactions

Dexus and Funds Management

dexus

Dexus acquisitions	Purchase price \$m	Interest	Settlement	Funds Management acquisitions	Purchase price \$m	Interest	Settlement
52 Collins Street, Melbourne, VIC	\$70.0	100%	30 Jul 19	NSHH, 12 Frederick Street, St Leonards, NSW ⁵	\$52.7	100%	16 Sep 19
3 Spring, 58 Pitt and 60 Pitt Streets, Sydney, NSW ¹	\$177.0	50%	Aug 18 - Jul 22	Dexus Australian Logistics portfolio (DALT) ³ (T:2)	\$366.1	24%	Apr 20
Homemaker, 19 Stoddart Street, Prospect, NSW	\$64.3	100%	30 Sep 19	3 Spring, 58 Pitt and 60 Pitt Streets, Sydney, NSW ¹	\$177.0	50%	Aug 18 - Jul 22
155, 159, 171 Edward Street, Brisbane ² , QLD (Hermes)	\$87.5	100%	Aug 20	Other sundry properties	\$11.2	n/a	Aug 19 - Nov 19
22 Business Park Drive, Ravenhall, VIC	\$9.0	100%	Jan 21	Total acquisitions	\$607.0		
Other sundry properties	\$14.0	n/a	Aug 19 - Nov 19				
Total acquisitions	\$421.8						

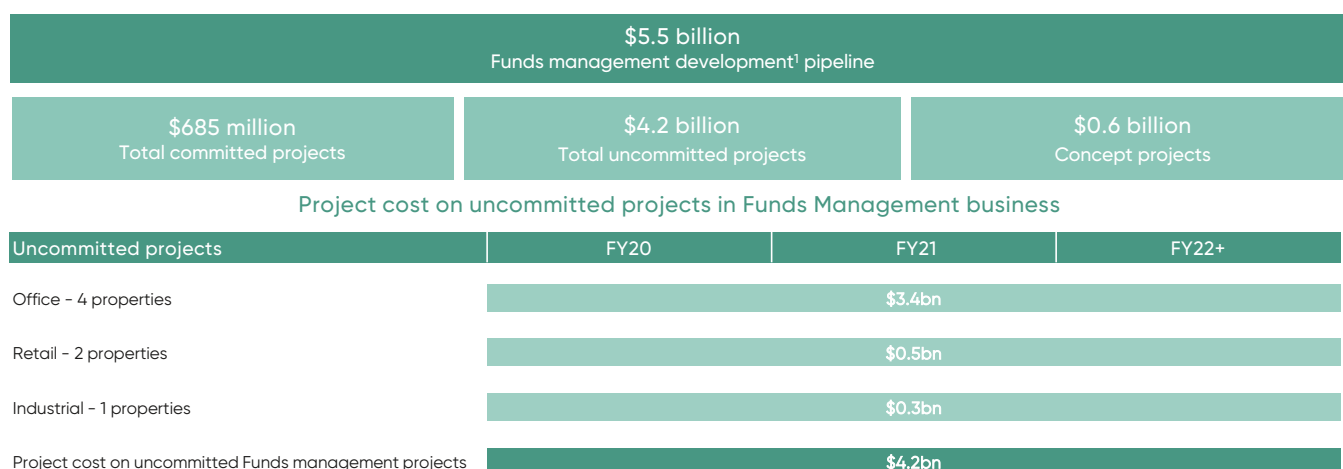
Dexus divestments	Sale price \$m	Interest	Settlement
NSHH, 12 Frederick Street, St Leonards, NSW ⁵	\$52.7	100%	16 Sep 19
Garema Court, 140-180 City Walk, Canberra, ACT	\$71.5	100%	Feb 20
Dexus Australian Logistics portfolio (DALT) ³ (T:2)	\$366.1	24%	Apr 20
201 Elizabeth Street, Sydney, NSW ⁴	\$315.0	50%	12 Nov 19 & by Oct 20
Total divestments	\$805.3		

- \$86.5m of the total purchase price of \$177m settled in September 2019.
- A put and call option has been entered into, however no option has been exercised.
- Second tranche rights were exercised for GIC to acquire an additional 24% interest in DALT's core portfolio, increasing GIC's total investment in DALT to 49% and reducing DXS interest to 51%. Second tranche excludes 250 Forest Road South, Lara for which the put and call options have been deferred to mid-FY21.
- Dexus exchanged contracts to sell a 25% interest in 201 Elizabeth Street, Sydney for \$157.5m, which settled in November 2019. A put and call option has been entered into to sell the remaining 25% interest in late 2020. Sale price of \$315.0m subject to exercise of either option for the remaining 25% interest for \$157.5m.
- This reflects the 100% transaction price for the sale of North Shore Health Hub land to HWPFF.

Funds management

Development pipeline

dexus



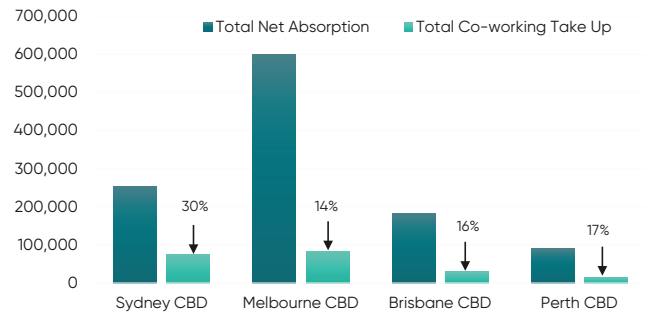
1. Third party funds' or partners' share of development spend and including Dexus third party funds' or partners' share of Westfield redevelopments.

Market outlook

Co-working provides significant opportunities for small business growth

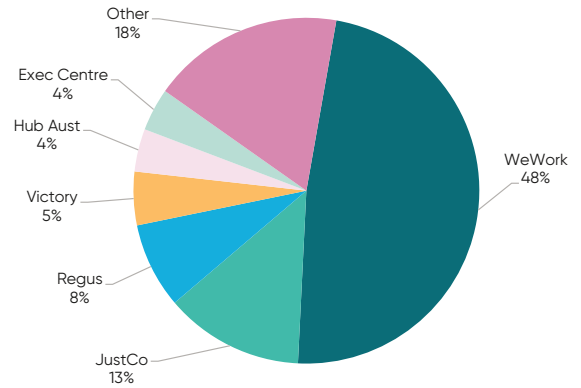
- Co-working has provided significant positive office take up, comprising 18% of net absorption over the past 5 years, driven by small business growth and flex space requirements of major corporates
- A relatively small part of the Sydney and Melbourne office markets of (c3%), diversified across players

Net Absorption vs co-working take up past five years



Source: ABS, Morgan Stanley Research, JLL Research, Dexus Research.

Co-working by operators by market share of take up FY16-FY19

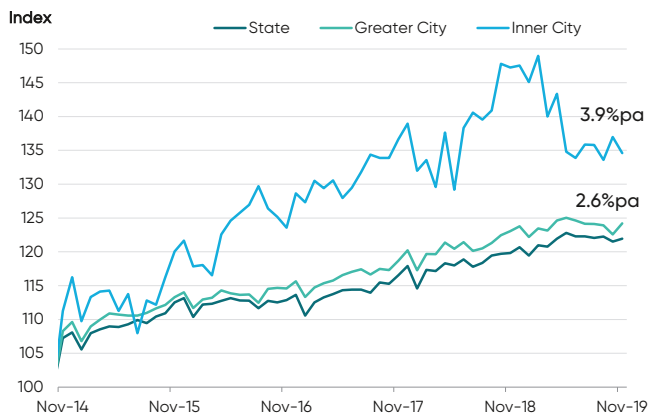


Market outlook

NSW employment growth by region

- Employment growth significantly strong in inner cities and CBDs when compared to the state as a whole

NSW employment growth by region



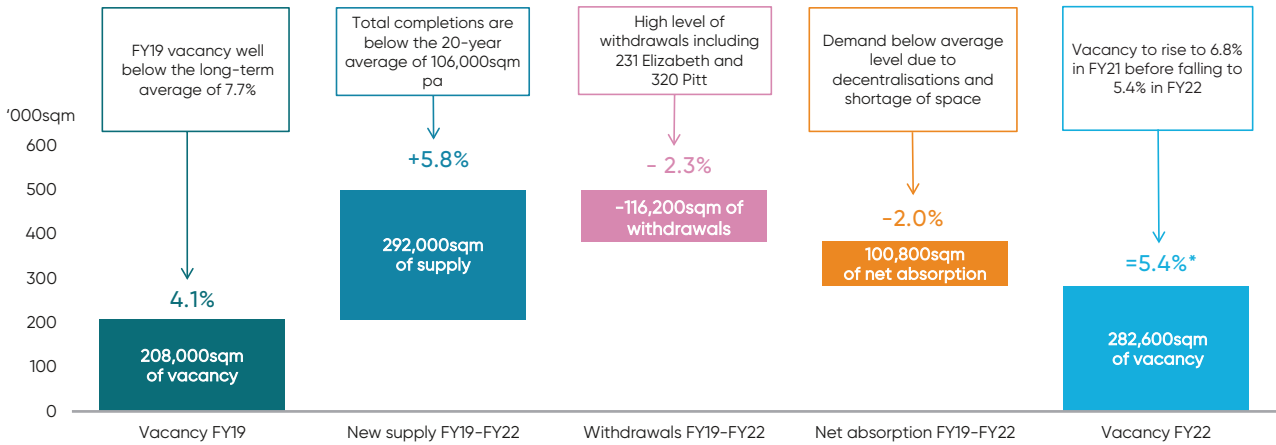
Source: ABS, Dexus Research.

- 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

Market outlook

Sydney office: well positioned given low vacancy

Sydney CBD waterfall chart - FY19 to FY22



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

Market outlook

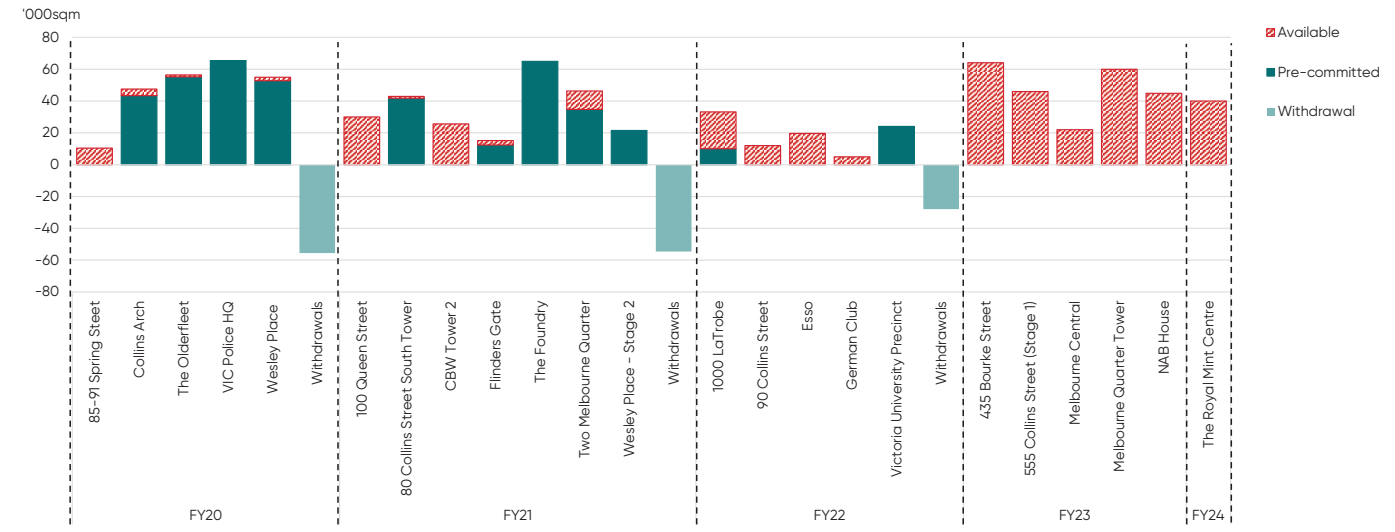
Sydney CBD supply landscape for major office projects



Source: Dexus Research, Company reports, Agent reports.

Market outlook

Melbourne CBD supply landscape for major office projects

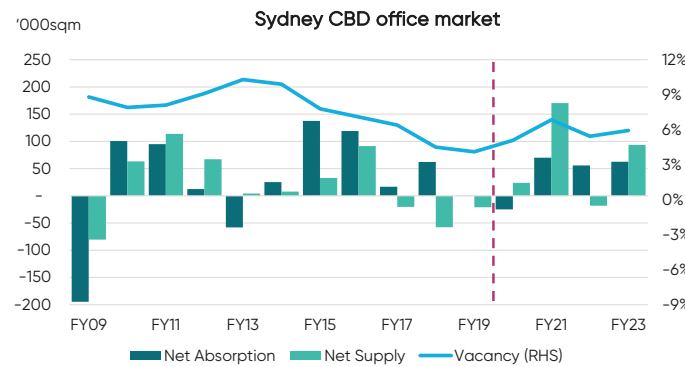


Source: Dexus Research, Company reports, Agent reports.

Market outlook

Sydney CBD office

- Prime vacancy at 4.8%
- Market well placed to handle a period of economic uncertainty



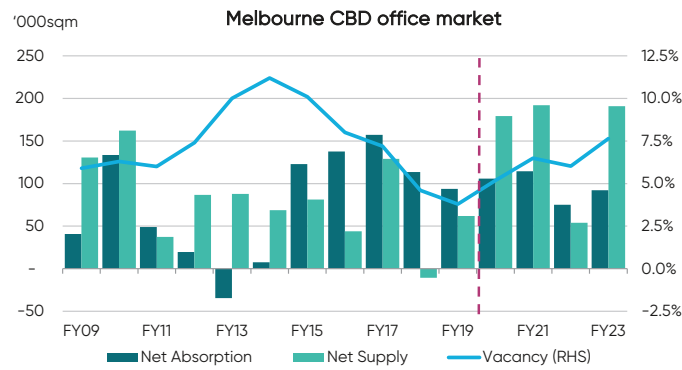
Source: JLL Research actual and Dexus Research forecast.
1. Includes stabilised properties only.

Sydney CBD office market	At 31 Dec 2019
Total net lettable area	5.03 million sqm
Prime vacancy average	4.8%
Dexus Sydney CBD exposure¹	
Net lettable area	653,015sqm
Number of properties	20
% of portfolio by value	56.0%
Occupancy by area	98.3%
Occupancy by income	97.4%
Weighted average lease expiry	4.3 years

Market outlook

Melbourne CBD office

- Vacancy low at 3.4%, with prime vacancy just 1.8%
- Market well-positioned to absorb supply given strong employment growth



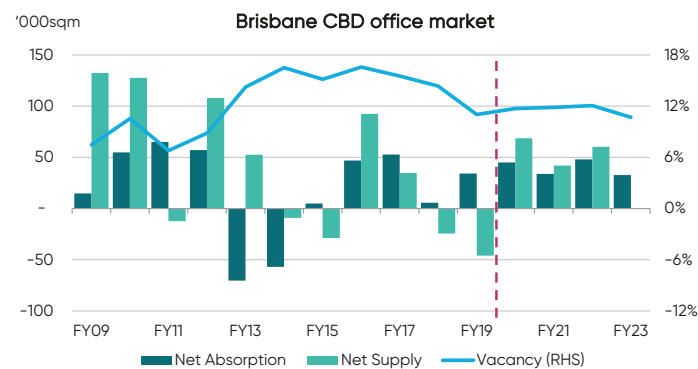
Source: JLL Research actual and Dexus Research forecast.
1. Includes stabilised properties only.

Melbourne CBD office market	At 31 Dec 2019
Total net lettable area	4.79 million sqm
Prime vacancy average	1.8%
Dexus Melbourne CBD exposure¹	
Net lettable area	212,892sqm
Number of properties	7
% of portfolio by value	16.7%
Occupancy by area	99.1%
Occupancy by income	99.4%
Weighted average lease expiry	4.5 years

Market outlook

Brisbane CBD office

- Prime vacancy has almost halved to 8.8% over the past three years
- Net absorption well above average in FY19



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

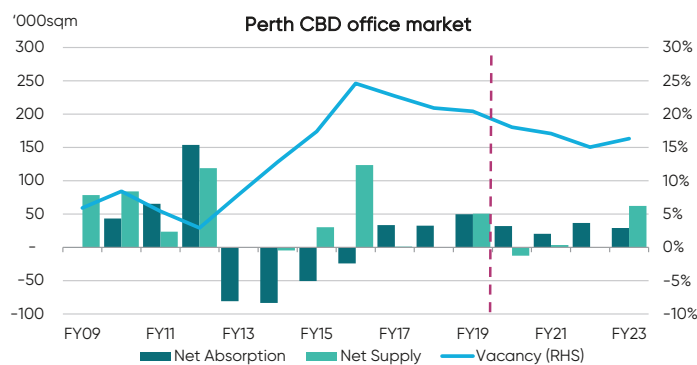
Brisbane CBD office market	At 31 Dec 2019
Total net lettable area	2.26 million sqm
Prime vacancy average	8.5%
Dexus Brisbane CBD exposure¹	
Net lettable area	257,840sqm
Number of properties	6
% of portfolio by value	12.2%
Occupancy by area	97.9%
Occupancy by income	98.0%
Weighted average lease expiry	4.0 years

Market outlook

Perth CBD office

dexus

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



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

Perth CBD office market	At 31 Dec 2019
Total net lettable area	1.81 million sqm
Prime vacancy average	13.5%
Dexus Perth CBD exposure¹	
Net lettable area	121,765sqm
Number of properties	3
% of portfolio by value	5.6%
Occupancy by area	96.5%
Occupancy by income	96.1%
Weighted average lease expiry	6.6 years

Exchange rate and securities used in statutory accounts

dexus

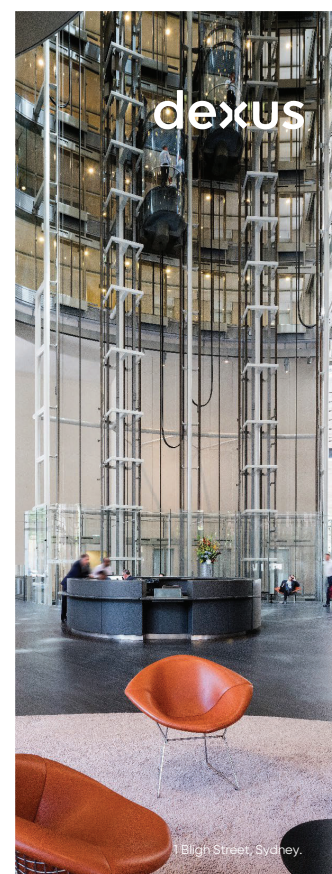
		31 Dec 2019	30 Jun 2019	31 Dec 2018
Closing rates for Statement of Financial Position	USD	0.7006	0.7013	0.7058
Average rates for Statement of Comprehensive Income	USD	0.6846	0.7156	0.7247
Post consolidation equivalent amounts		6 mths to 31 Dec 2019	12 mths to 30 Jun 2019	6 mths to 31 Dec 2018
Average weighted number of securities ¹		1,096,815,516	1,028,577,220	1,017,196,877
Closing number of securities		1,096,401,459	1,096,857,665	1,017,196,877

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

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, certain transaction costs, amortisation of intangible assets, movements in right of use assets, movements in lease liabilities, 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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