

Dexus (ASX: DXS)

ASX release



19 August 2020

2020 Annual results presentation and property synopsis

Dexus provides its 2020 Annual Results Presentation.

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

The 2020 property synopsis excel workbook is also available at www.dexus.com

Authorised by the Board of Dexus Funds Management Limited

For further information please contact:

Investors

Jessica Johns
Senior Manager, Investor Relations
+61 2 9017 1368
+61 427 706 994
jessica.johns@dexus.com

Media

Louise Murray
Senior Manager, Corporate Communications
+61 2 9017 1446
+61 403 260 754
louise.murray@dexus.com

About Dexus

Dexus is one of Australia's leading real estate groups, managing a high-quality Australian property portfolio valued at \$32.0 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 \$16.5 billion of properties, with a further \$15.5 billion of properties managed on behalf of third-party clients. The group's \$10.6 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.8 million square metres of office workspace across 51 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 29,000 investors from 21 countries. With over 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

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

Annual Results Presentation 2020

Positioning for the recovery



A summary of Dexus's operational and financial performance.

2020 Annual Results

19 August 2020

A wide-angle photograph of the Sydney cityscape, featuring the Sydney Harbour Bridge and the Sydney Opera House, with a modern glass skyscraper in the foreground on the right.

Dexus Fund Management Limited
ABN 24 000 920 783
AFSL 238105 as responsible entity for Dexus

Agenda

Overview	Darren Steinberg - CEO
Financial results	Alison Harrop - CFO
Office portfolio performance	Kevin George - EGM, Office
Funds management	Deborah Coakley - EGM, Funds Management
Industrial portfolio performance	Stewart Hutcheon - EGM, Industrial, Retail and Healthcare
Development and investments	Ross Du Vernet - CIO
Summary	Darren Steinberg - CEO
Appendices	

Resilient result



A year of progress despite COVID-19 impact on financial result

✓ Delivered distribution per security in line with FY19	➤	50.3 cents Distribution per security	98% FY20 Dexus portfolio rent collections
✓ Enhanced financial strength	➤	24.3% Gearing (look-through) ¹	\$1.6 billion Liquidity (cash + undrawn debt)
✓ Strengthened funds management platform	➤	circa \$955 million equity raised for new and existing funds	
✓ Progressed pipeline of growth opportunities	➤	Central Place Sydney progressed to Stage 3 of USP ² process	60 Collins Street, Melbourne project received development approval
✓ Reinforced underlying portfolio value via divestments	➤	Waterfront Brisbane, received state government support and development plans lodged	Garema Court, Canberra divestment ³
		201 Elizabeth Street, Sydney settlement of divestment of initial 25% interest (trading asset)	45 Clarence Street, Sydney divestment ⁴ announced in late June 2020 at pre-COVID-19 value
Underpinned by highly engaged workforce reflected in employee NPS score ⁵ of +61			

1. Adjusted for cash and debt in equity accounted investments. Proforma gearing includes proceeds and payments for transactions post 30 June 2020 that are expected to settle before 30 September 2020 including the divestment of Finlay Crisp Centre, Canberra, 201 Elizabeth Street, Sydney and 45 Clarence Street, Sydney (subject to FIRB approval), the acquisition of Edward Street, Brisbane (Hermes), payment of Dexus's share of deferred settlement amounts for 80 Collins Street, Melbourne, the industrial property acquisitions of 37-39 Wentworth Street, Greenacre and the Ford Facility at Merrifield Business Park, Mickleham. All other transactions post 30 June 2020 are excluded. Look-through gearing at 30 June 2020 was 26.3%.

2. Unsolicited Proposal.

3. Settled February 2020. Sold at 30 June 2019 book value.

4. Conditional exchange of contracts, subject to FIRB approval. Sold at 31 December 2019 book value.

5. Average employee Net Promoter Score over the year.

Strategic progress



FY20 achievements aligned to strategy

Vision	To be globally recognised as Australia's leading real estate company	
Strategy	To deliver superior risk-adjusted returns for investors from high-quality real estate in Australia's major cities	
Strategic objectives	Leadership in office	Wholesale partner of choice
	<ul style="list-style-type: none"> - Dexus and group office portfolio outperforming PCA/MSCI benchmark¹ over 1, 3 and 5 years - Maintained high office portfolio occupancy of 96.5% - Achieved customer NPS² of +50, up from +46 in FY19 - Progressed planning of city-shaping developments 	<ul style="list-style-type: none"> - Expanded existing relationship to establish new office JV - Increased partner's investment in Dexus Australian Logistics Trust and delivered on acquisition and development mandate - All funds performing with Dexus Wholesale Property Fund continuing its outperformance and Healthcare Wholesale Property Fund achieving a 10.9% one-year total return
Commitment to ESG demonstrated through: <ul style="list-style-type: none"> - Achieving 2020 NABERS Energy and NABERS Water targets set in 2015 - Expanding use of climate scenario analysis to enhance Dexus's resilience 		
Maintained strong balance sheet		

1. Period to 31 March 2020 which reflects the latest available PCA/MSCI Australia Annual Property Index.

2. The Net Promoter Score (NPS) is calculated as the difference between the percentage of Promoters and Detractors and is for the Office and Industrial portfolio. The NPS is not expressed as a percentage but as an absolute number between -100 and +100.

Financial results

5 Dexus 2020 Annual Results Presentation

MLC Centre – Artist impression

Key earnings drivers and valuations

Values demonstrate resilience in uncertain times

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Key earnings drivers

Earnings driver	FY20 result
Property portfolio	Property AFFO ¹ of \$615.9 million +2.4% office LFL income growth ²
Funds management	FFO of \$71.5 million – comprising earnings from funds management, property and development management
Trading	Trading profits of \$35.3 million³ from sale of initial 25% interest in 201 Elizabeth Street, Sydney and share of North Shore Health Hub

Property portfolio valuations

	30 June 2020 value ⁴	Valuation movement ⁵	Capitalisation rate	
			30 June 2020	12 month movement
Total portfolio	\$16.5bn	Total FY20 +\$612.4m +3.9% Jun 2020 \$112.0m (0.7%) Dec 2019 +\$724.4m +4.6%	5.05%	↓ 21bps
Office portfolio	\$14.2bn	Total FY20 +\$490.6m +3.1% Jun 2020 \$131.7m (0.8%) Dec 2019 +\$622.3m +4.0%	4.97%	↓ 18bps
Industrial portfolio	\$2.2bn	Total FY20 +\$111.4m +0.7% Jun 2020 +22.6m +0.1% Dec 2019 \$88.8m +0.6%	5.66%	↓ 26bps

Outlook: Expect quality asset values to remain resilient with some impact from softer assumptions relating to rental growth, incentives and downtime

1. AFFO contribution is calculated before finance costs, group corporate costs and tax. Property AFFO is equal to Property FFO of \$795.6 million less total portfolio AFFO capex of \$179.7 million.
2. LFL income growth was +4.7% excluding rent relief and provision for expected credit losses.

3. Net of tax.
4. Total portfolio FUM of \$16.5 billion made up of office portfolio \$14.2 billion, industrial portfolio \$2.2 billion and healthcare portfolio \$0.1 billion.
5. Total portfolio includes healthcare and leased assets revaluation gain of \$10.4 million.

FY20 financial results

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AFFO and distribution per security consistent with prior year

	FY20 \$m	FY19 \$m	Change %
Office property FFO	671.4	610.5	↑ 10.0%
Industrial property FFO	124.2	137.3	↓ 9.5%
Total property FFO	795.6	747.8	↑ 6.4%
Management operations ¹	71.5	54.6	↑ 31.0%
Group corporate	(33.0)	(30.2)	↑ 9.3%
Net finance costs	(127.4)	(117.1)	↑ 8.8%
Other ²	(11.8)	(8.3)	↑ 42.2%
Underlying FFO³	694.9	646.8	↑ 7.4%
Trading profits (net of tax)	35.3	34.7	↑ 1.7%
FFO	730.2	681.5	↑ 7.1%
Adjusted Funds from Operations (AFFO)	550.5	517.2	↑ 6.4%
Distribution payout (% AFFO)	100.0%	98.7% ⁴	
Distribution	550.3	529.0	↑ 4.0%

- **Office property FFO** growth driven by fixed rental increases, development completions, and the acquisitions of 80 Collins and MLC Centre partly offset by rent relief
- **Industrial property FFO** reduced due to the divestment of the second tranche of the DALT portfolio and rent relief, partly offset by fixed rental increases
- **Management operations** increased due to new funds, acquisitions and development completions as well as non-recurring cost savings
- **Finance costs** increased primarily due to cessation of capitalising interest at key development projects

Key per security metrics	FY20	FY19	Change
Underlying FFO per security ³	63.5 cents	62.9 cents	↑ 1.0%
FFO per security	66.7 cents	66.3 cents	↑ 0.6%
AFFO per security	50.3 cents	50.3 cents	-
Distribution per security	50.3 cents	50.2 cents	↑ 0.2%
Net Tangible Assets per security	\$10.86	\$10.48	↑ 3.6%

1. Management operations FFO includes development management fees.
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 was 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.

COVID-19 impacts

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Strong rent collections for FY20

Rent collections and rent relief

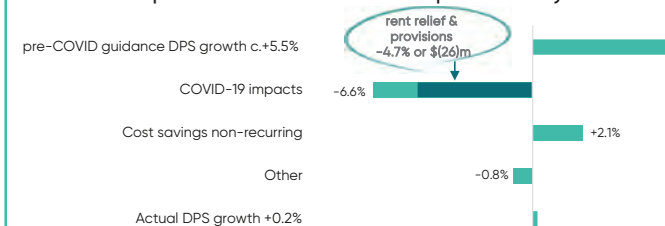
- Rent relief measures are consistent with the Code of Conduct and set of principles introduced in April 2020
- Strong focus on cash collection while ensuring the sustainability of our SME customer base
- Continue to work with our customers on rent relief requests and at this time, have reached in principle agreement on 37% of rent relief requests received¹

Rent collections ²	Office	Industrial	City retail	Total
4 th quarter FY20	94%	92%	39%	92%
Total FY20	98%	98%	75%	98%

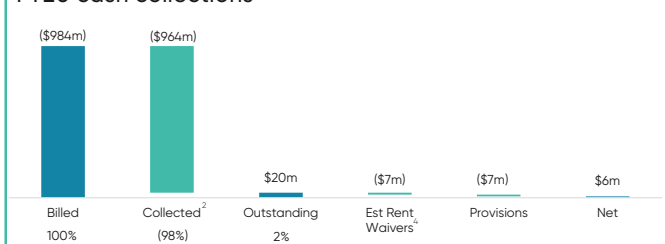
FY20 direct COVID-19 AFFO impacts ³	Est. Rent Waivers	Provisions	Total
Office	\$12.3m	\$4.1m	\$16.4m
Industrial	\$4.2m	\$1.7m	\$5.9m
City retail	\$2.7m	\$1.0m	\$3.7m
Total	\$19.2m	\$6.8m	\$26.0m

1. FY20 rent relief impacts are estimates as an immaterial number of agreements were executed at 30 June 2020. Refer slide 42.
2. Dexus share at 13 August 2020.
3. Estimated rent waivers and provisions at 30 June 2020. Refer slide 42.

COVID-19 impact on FY20 distribution per security



FY20 cash collections



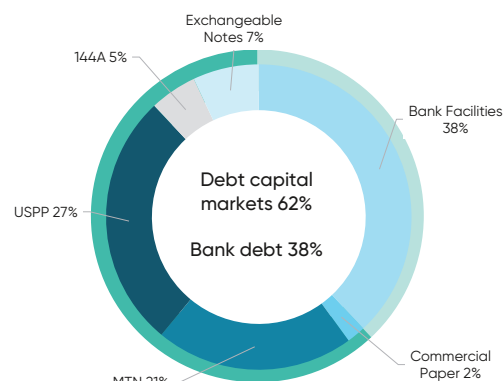
4. Estimated rent waivers for tenants in arrears at 30 June 2020 of \$7.4 million. Estimated rent waivers for tenants not in arrears of \$118 million.

Strong financial position

Enhanced liquidity, sourcing more than \$1.8 billion of debt funding

- Accessed diverse debt markets to increase liquidity
 - Issued \$700 million of Medium-Term Notes with 10 and 12-year tenors at attractive rates
 - Arranged bank debt facilities totalling more than \$1.1 billion with weighted average tenor of 5.2 years
- Maintained low gearing
 - Activated on-market securities buy-back in October 2019, purchasing 5.7 million securities prior to onset of COVID-19 market volatility
 - Divested properties during the year, enhancing liquidity and funding flexibility

Diversified sources of debt



Key metrics	30 June 2020	30 June 2019
Gearing (look-through) ¹	24.3% ²	24.0%
Headroom ³	\$1.6bn	\$1.0bn
Cost of debt ⁴	3.4%	4.0%
Duration of debt	6.9 years	6.7 years
Hedged debt (incl caps) ⁵	78%	74%
S&P/Moody's credit rating	A- /A3	A- /A3

1. Adjusted for cash and debt in equity accounted investments.
 2. Proforma gearing includes proceeds and payments for transactions post 30 June 2020 that are expected to settle before 30 September 2020 including the divestment of Firlay Crisp Centre, Caribera, 201 Elizabeth Street, Sydney and 45 Clarence Street, Sydney (subject to FIRB approval), the acquisition of Edward Street, Brisbane (Interim), payment of Dexus's share of deferred settlement amounts for 80 Collins Street, Melbourne, the industrial property acquisitions of 37-39 Wentworth Street, Greenacre and the Ford Facility at Merrifield Business Park, Mickleham. All other transactions post 30 June 2020 are excluded. Look-through gearing at 30 June 2020 was 26.3%.
 3. Undrawn facilities plus cash.
 4. Weighted average for the year, inclusive of fees and margins on a drawn basis.
 5. Average for the year. Hedged debt (excluding caps) was 55% for the 12 months to 30 June 2019 and 62% for the 12 months to 30 June 2020.

Office portfolio performance



COVID-19 response

Assisting in returning Australian businesses safely to their workplaces



- Working to provide rent relief to SME customer base, consistent with Code of Conduct, and finalise agreements with those most impacted
- Continue to maintain a focus on the health, safety and wellbeing of employees, customers and people in our buildings
- Engaged an independent health expert to review processes for end-of-trip facilities, bike storage rooms, lifts and lobbies, food courts and bathrooms to enable re-opening
- Taken proactive steps at properties to deliver COVID-safe environments in line with government guidelines, implementing measures to prevent the spread of the pandemic including:
 - Increased cleaning in high-touch points
 - Touchless sanitiser stations in office lobbies
 - Prominent signage advising physical distancing requirements
 - Regulating lift occupancy and people traffic management in lobbies
 - Additional cleaning packages for individual tenancies



Office portfolio metrics

High occupancy retained through FY20

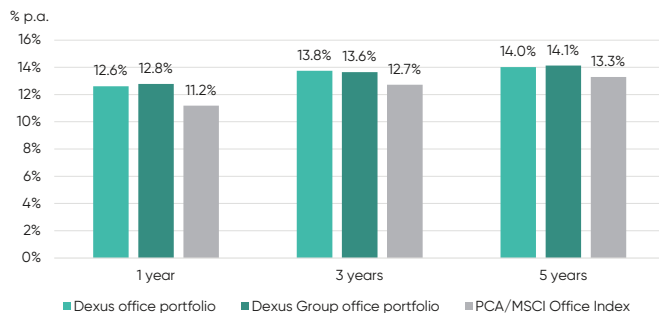


Portfolio snapshot

\$23.3 billion Dexus group office portfolio value	Leasing by area ¹ 88,467sqm	Occupancy 96.5% FY19: 98.0%
\$14.2 billion Dexus office portfolio value	Average incentives ¹ 17.1% FY19: 13.4%	WALE ² 4.2 years FY19: 4.4 years
47 properties	Effective LFL income +2.4% Face: +1.0%	Sydney CBD leasing spread ¹ +14.6%
1.6 million square metres	Portfolio one-year total return ³ 7.5% at 30 June 2020	Customer NPS ⁴ +50 FY19: +46 FY13: +4

1. Excluding development leasing of 26,403 square metres.
 2. By Income.
 3. Portfolio unlevered total return for 12 months to 30 June 2020.
 4. The Net Promoter Score (NPS) is calculated as the difference between the percentage of Promoters and Detractors and is for Office and Industrial portfolio. The NPS is not expressed as a percentage but as an absolute number between -100 and +100.
 5. Period to 31 March 2020 which reflects the latest available PCA/MSCI Australia Annual Property Index.

Dexus office portfolio vs PCA/MSCI office index At 31 March 2020⁵



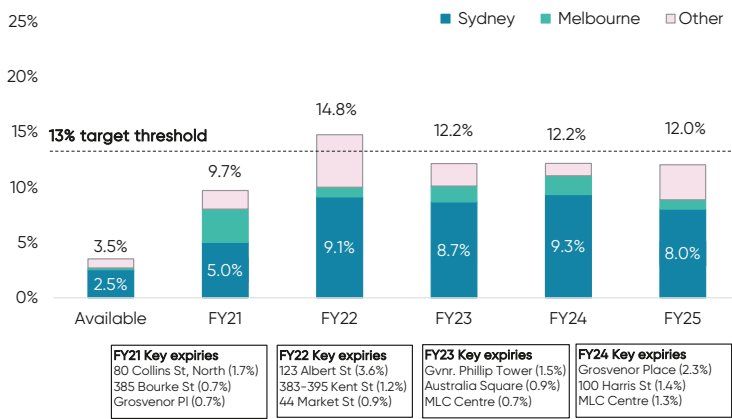
- Dexus office portfolio outperforming over 1, 3 and 5 years

Office portfolio expiry profile

Dexus portfolio occupancy consistently above market

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Dexus office portfolio lease expiry profile



Historic Dexus occupancy vs market



Source: JLL, Dexus information.
1. Represents Dexus Office Trust until 2003 and includes acquisition of CPA from 2014 onwards.

The workplace and its role in business productivity

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Culture, collaboration and innovation

Culture

Enhances the establishment of human connection, shared experiences, and the transfer of learned behaviours

72%

of executives¹ believe that building culture is more effectively done in the office environment

Collaboration

Increases employee engagement, improves attraction and retention of talent and supports higher productivity

79%

of employees² found collaboration with their team to be easier in the office than working from home

Innovation

Development of new products, processes, and ways of working to improve competitive positioning

66%

of employees³ found sharing of ideas and brainstorming more difficult to do remotely





1. Dexus tenant C-Suite survey with 153 respondents (June 2020).
2. BatesSmart Survey with >1,000 respondents (May 2020).
3. Dexus tenant employee survey with 1,095 respondents (April 2020).

Dexus continues to build its customer offering

Delivering flexibility and a seamless experience

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Workspace solutions from 1 hour to 10 years

<p>Traditional spaces 7 years+</p> 	<p>Fitted spaces 2 years+</p> 	<p>Flexible spaces 6 months +</p> 	<p>Meeting spaces 1 hour+</p> 
<p>Dominant portfolio offering. Customer demand expected to remain, however, customer requirements for flexibility will continue to evolve over time.</p>	<p>Fully fitted out suites with shorter lease terms. Targeted at reducing the pain points associated with real estate occupation for SMEs.</p>	<p>SuiteX provides high quality workspace that enables companies to remain agile while having access to turn-key solutions to support growth.</p>	<p>Dexus Place provides meeting, video conferencing and training facilities that facilitate cost effective interaction and collaboration across physical and virtual environments.</p>

We will continue to work with our customers on the future of workspace

Office market outlook

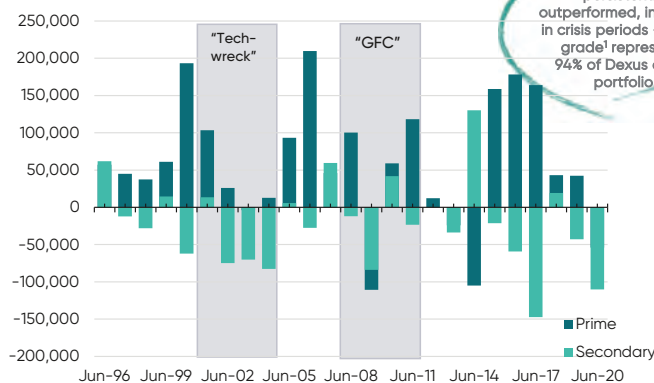
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In a softer market prime assets usually benefit from a 'flight to quality'

Prime assets benefit from a 'flight to quality' (net absorption, sqm)

Grade	Tech-wreck '02-05'	GFC '09-12'
Prime	+128,253 sqm	+78,509 sqm
Secondary	-221,994 sqm	-65,217 sqm

Sydney CBD net absorption FY96-FY20



Source: JLL, company information.
1. Stabilised assets only. Excludes development-affected assets and land.

Sydney	Melbourne
<ul style="list-style-type: none"> Prime office vacancy below 10-year average at 7.0% Lull in demand due to weaker confidence during pandemic <p>12-month outlook</p> <p>Vacancy ↑ Effective Rents ↓ Incentives ↑</p>	<ul style="list-style-type: none"> Prime office vacancy at 7.5% due to new supply Demand impacted by extended COVID-19 lockdown <p>12-month outlook</p> <p>Vacancy ↑ Effective Rents ↓ Incentives ↑</p>
Brisbane	Perth
<ul style="list-style-type: none"> Prime office vacancy at 11.0% is lower than total vacancy of 12.8% Positive prime net absorption in FY20 <p>12-month outlook</p> <p>Vacancy ↑ Effective Rents → Incentives →</p>	<ul style="list-style-type: none"> Prime office vacancy at 15.3% is lower than total vacancy of 20.1% Low levels of supply <p>12-month outlook</p> <p>Vacancy ↓ Effective Rents → Incentives →</p>

Funds management



17 Dexus 2020 Annual Results Presentation

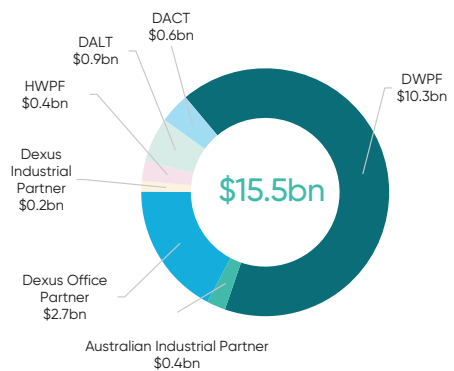
Funds Management

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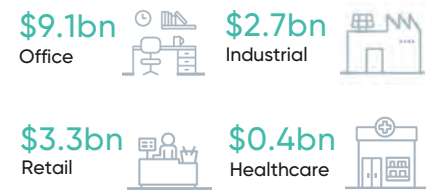
Platform of specialist capability underpinned by scale benefits

- Funds Management business provides Dexus with an annuity-style income
- Dexus co-investments provide alignment of interest to capital partners
- Acquisitions, developments and revaluations contributed to uplift in FFO from management operations
- Diverse third party capital sources and objectives, enhancing ability to execute on opportunities and strategy through the cycle

Diversified Funds Management platform¹



Funds Management portfolio composition



circa **\$955 million**
FY20 new equity

77
Investor relationships

7
Vehicles

1. Excluding Dexus's share.

Dexus Wholesale Property Fund

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Market leading diversified wholesale fund delivering outperformance

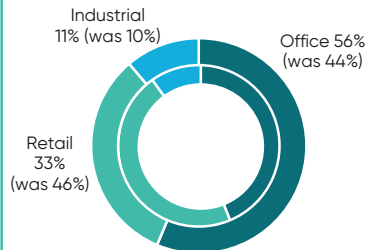
Key features

- Prime quality diversified Australian property portfolio with a track record of outperformance¹
- Broad diversification across sector, geography and asset concentration
- Conservative gearing with access to diverse funding sources
- GRESB² Global Sector Leader for diversified office/retail entities (listed and unlisted)

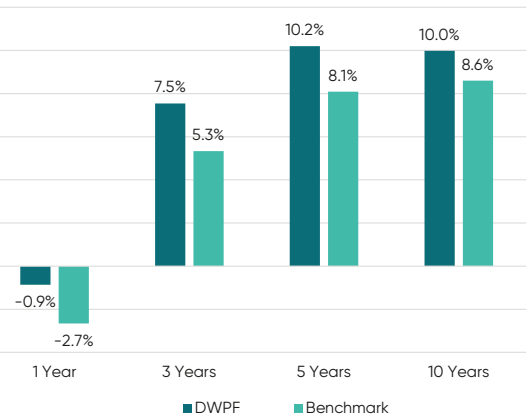
Future focus

- Total development pipeline of \$1.9 billion³

DWPF portfolio diversification FY20 vs FY17



DWPF outperformance against Benchmark¹



1. MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index (net returns, net asset weighted).
2. Global Real Estate Sustainability Benchmark.
3. Third party share of project cost.
4. Funds under management.

Healthcare Wholesale Property Fund

Providing unlisted exposure to a growing asset class

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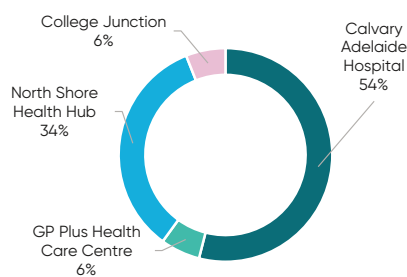
Key features

- Completed significant development, Calvary Adelaide Hospital
- Secured North Shore Health Hub which is targeting a 5 star Green Star design rating
- Portfolio WALE of 27.0 years and weighted average capitalisation rate of 5.30%
- One-year return of 10.9% to 30 June 2020 and return since inception of 9.2%

Future focus

- Execution of identified pipeline acquisitions to increase portfolio to >\$1 billion on completion value

HWPF portfolio composition¹



1. Total portfolio value including North Shore Health Hub as if complete at 30 June 2020 and College Junction Brisbane acquisition announced post 30 June 2020.
2. Funds under management at 30 June 2020, including North Shore Health Hub 'as if complete' valuation and pro rata adjustment for College Junction (expected to settle in November 2020).






Accelerating opportunities to expand platform

Focused across property sectors

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Executing on growth initiatives

<p>DALT Dexus Australian Logistics Trust</p> <ul style="list-style-type: none"> – Increased investment from partner and delivered on investment strategy – Post 30 June 2020, entered into agreements to acquire eight quality industrial properties in Sydney and Melbourne <p>Future focus</p> <ul style="list-style-type: none"> – Active acquisition mandate with \$250 million development pipeline³ 	<p>\$1.05bn FUM¹ +69% from 30 Jun-19</p> 	 <p>DACT Dexus Australian Commercial Trust</p> <ul style="list-style-type: none"> – Dexus partnered with existing third party capital partner to establish new office JV – Acquired 50% interest in Rialto Towers, 525 Collins Street, Melbourne <p>Future focus</p> <ul style="list-style-type: none"> – Leveraging platform to drive performance of iconic Melbourne tower 	<p>\$615m FUM² New mandate</p>	 <p>DOTA Dexus Office Partnership</p> <ul style="list-style-type: none"> – Outperformance against benchmark over one, three and five years⁴ <p>Future focus</p> <ul style="list-style-type: none"> – Partner with Dexus for key future city-shaping office developments comprising a circa \$2.9 billion pipeline³ 	<p>\$2.7bn FUM² +8% from 30 Jun-19</p>
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Future focus - launch unlisted opportunity fund series

1. Funds under management based on gross realisation of developments, excluding Dexus share.
 2. Funds under management excluding Dexus share.
 3. Third party share of project cost.
 4. Property return as at 31 March 2020. Benchmark MSCI Australian Quarterly Digest for Office Sector.

Industrial portfolio performance



Industrial portfolio metrics

Strength in logistics and online drive result

Portfolio snapshot

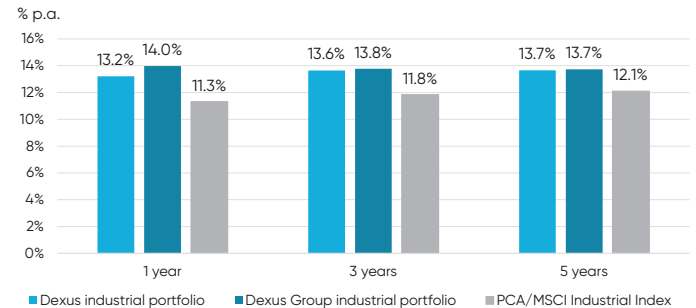
- \$5.0 billion¹**
Dexus group industrial portfolio value
- \$2.2 billion**
Dexus portfolio value
- 69**
properties
- 1.5 million**
square metres

Leasing by area 181,472sqm Average incentives 13.4% <small>FY19: 11.7%</small> Effective LFL income -2.1% <small>Face: +2.5%</small>	Occupancy 95.6% <small>FY19: 97.0%</small> WALE² 4.1 years <small>FY19: 4.7 years</small>
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Portfolio one-year total return³
11.8%
 at 30 June 2020

Excluding one-off impacts in addition to rent relief and provision for expected credit losses effective LFL growth was +0.1%

Dexus industrial portfolio vs PCA/MSCI industrial Index At 31 March 2020⁴



- Dexus industrial portfolio outperforming over 1, 3 and 5 years

¹ Including acquisitions post 30 June 2020 (on completion value).
² By income.
³ Portfolio unlevered total return for 12 months to 30 June 2020.
⁴ Period to 31 March 2020 which reflects the latest available PCA/MSCI Australia Annual Property Index.

Developments and investments



A busy year of development completions

\$1.1 billion completed across 198,000 square metres¹

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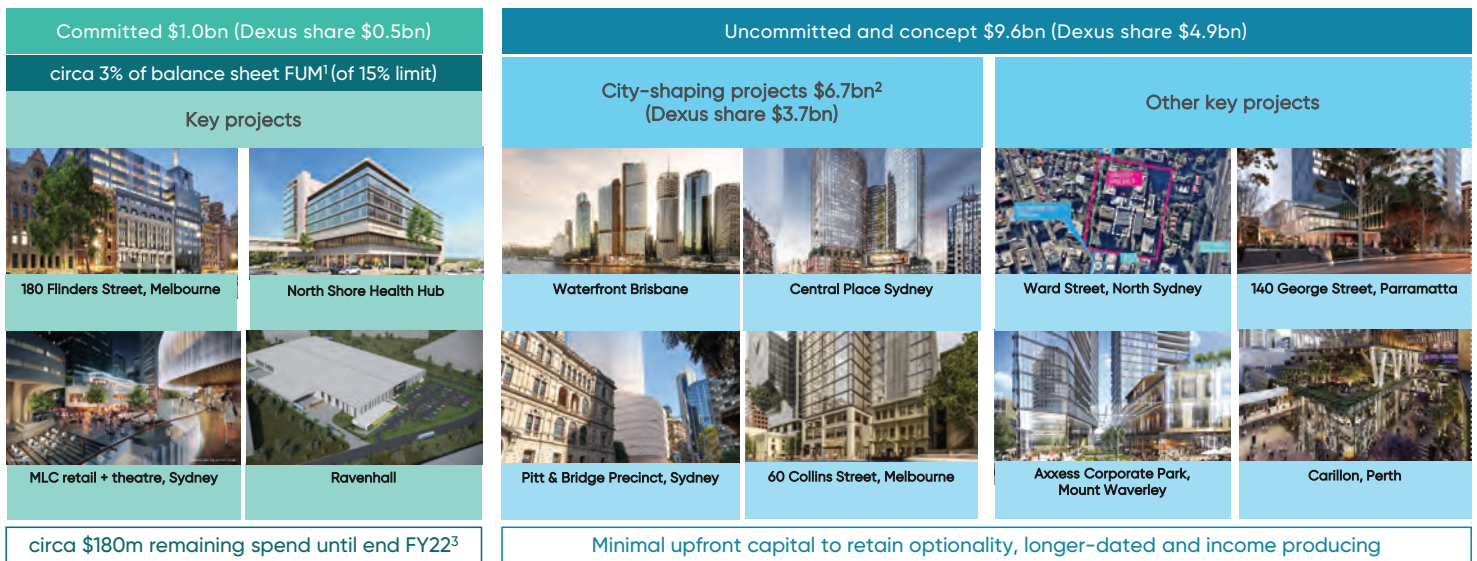


1. Represents 100% project cost and area.
2. Council changed name from 12A Felstead Drive, Truganina.
3. Combined % leased for 80 Collins Street office and retail.
4. 80 Collins Street, Melbourne was acquired as a fund-through development. Office and retail achieved Interim Completion on 1 July 2020, the hotel is under construction.

\$10.6 billion group development pipeline

Minimal current commitments

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1. Project cost for committed developments and trading projects as a proportion of balance sheet FUM at 30 June 2020.
2. Group share in project cost (including cost of land where purchased for development and excludes downtime and income earned through development).
3. Dexus share.

CBD office development

Portfolio of city-shaping projects – progressed during the year



Brisbane

Waterfront Brisbane
 \$2.2 billion expected project cost
 Uncommitted
 Dexus 50%, DWPF 50%



Sydney

Central Place Sydney
 c.\$1.1 billion¹ expected project cost
 Uncommitted
 Dexus 25%, Dexus Office Partner 25%



Melbourne

Pitt & Bridge Precinct, Sydney
 c.\$2.8 billion expected project cost
 Uncommitted
 Dexus 50%, Dexus Office Partner 50%



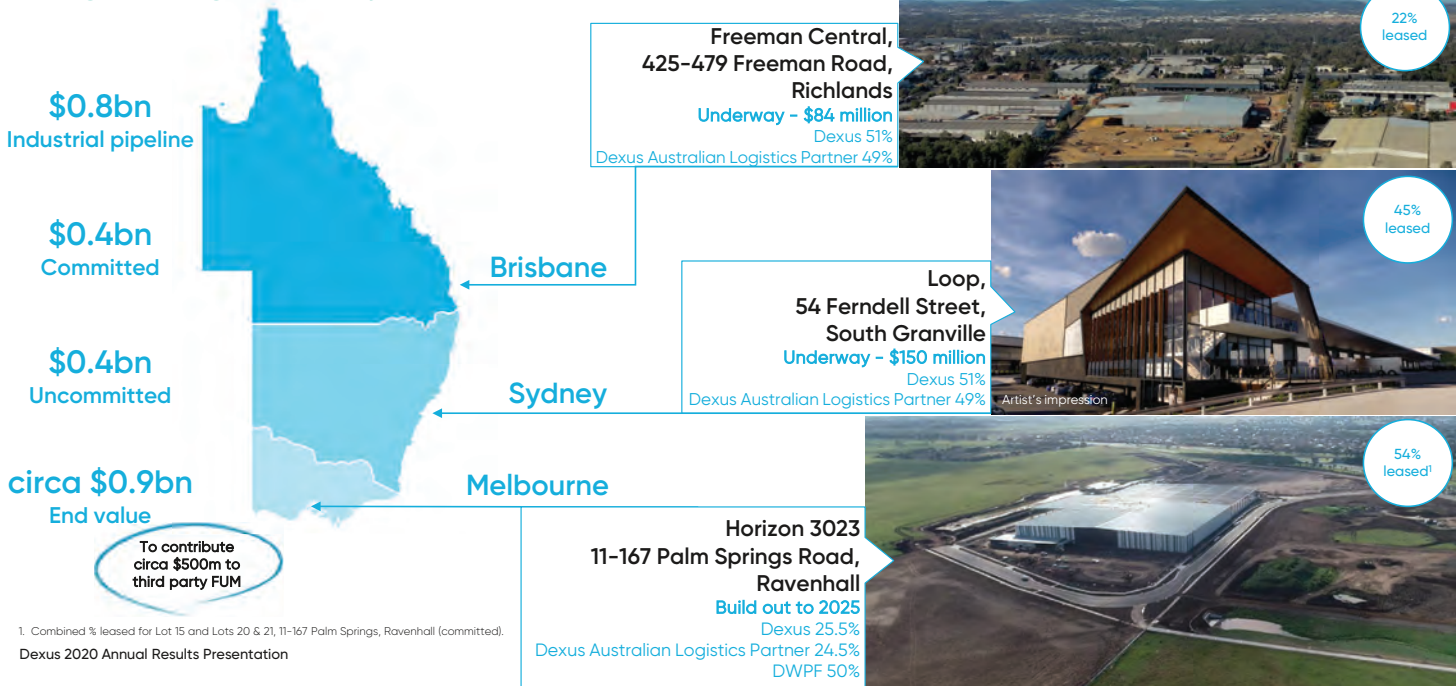
Sydney

60 Collins Street, Melbourne
 \$0.6 billion expected project cost
 Uncommitted
 Dexus 100%

¹ Excluding external party share of project, cost of land already owned, downtime and income earned through development.

Core industrial development

Progressing key projects

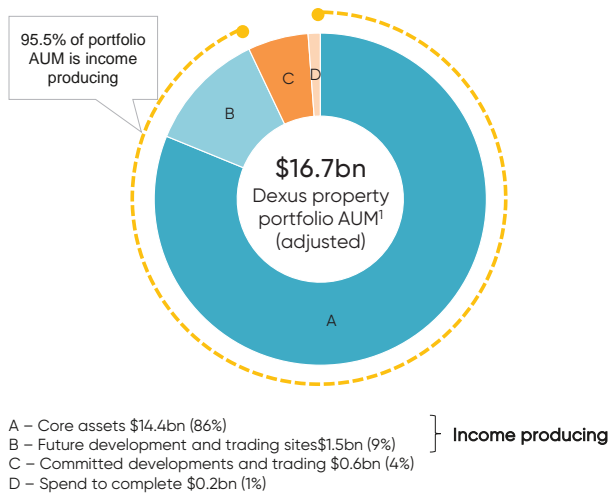


¹ Combined % leased for Lot 15 and Lots 20 & 21, 11-167 Palm Springs, Ravenhill (committed).

Capital allocation and future funding options

95.5% of the portfolio AUM is income producing

Capital allocation at 30 June 2020



Development pipeline

Dexus has a **\$10.6 billion** development pipeline of city-shaping projects

\$5.4 billion balance sheet / \$5.2 billion third party

A range of considerations for Dexus when sourcing funding:

1. **Third party capital** – Divesting interests in future development projects to existing and new partners
2. **Divestments** – Recycling capital
3. **Timing of spend** – Projects longer-dated with optionality around timing
4. **Capital management** – Low leverage and supportive headroom

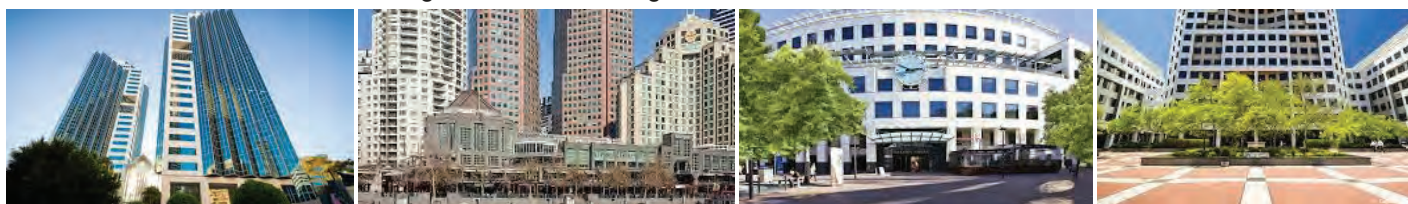
¹ Dexus Assets under Management of \$16.5 billion plus remaining committed development and trading spend of \$0.2 billion.

Optimise property portfolio composition

Focus on selective asset recycling, leveraging track record to maximise value



Focus on selective asset recycling to optimise the composition of the portfolio for the recovery, enabling Dexus to drive stronger investor returns over the next decade



¹ Asset sales announced or exchanged during the period across the group including 45 Clarence Street, Sydney (subject to FIRB approval) and trading asset sales.

Trading business

FY21 and FY22 trading profits de-risked

- Delivered \$35.3 million (net of tax) of FY20 trading profits
- Circa \$85 million (pre-tax) trading profits secured over FY21 and FY22¹

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	✓			
Truganina (Laverton) properties ^{4, 5}	Industrial	Development				
Lakes Business Park South, Botany ⁵	Industrial	Development				
436-484 Victoria Road, Gladesville	Industrial	Rezoning				
12 Frederick Street, St Leonards – Stage 2	Industrial	Healthcare development				

✓ Realised trading profits
 Contracted trading profits
 Trading profits yet to be secured

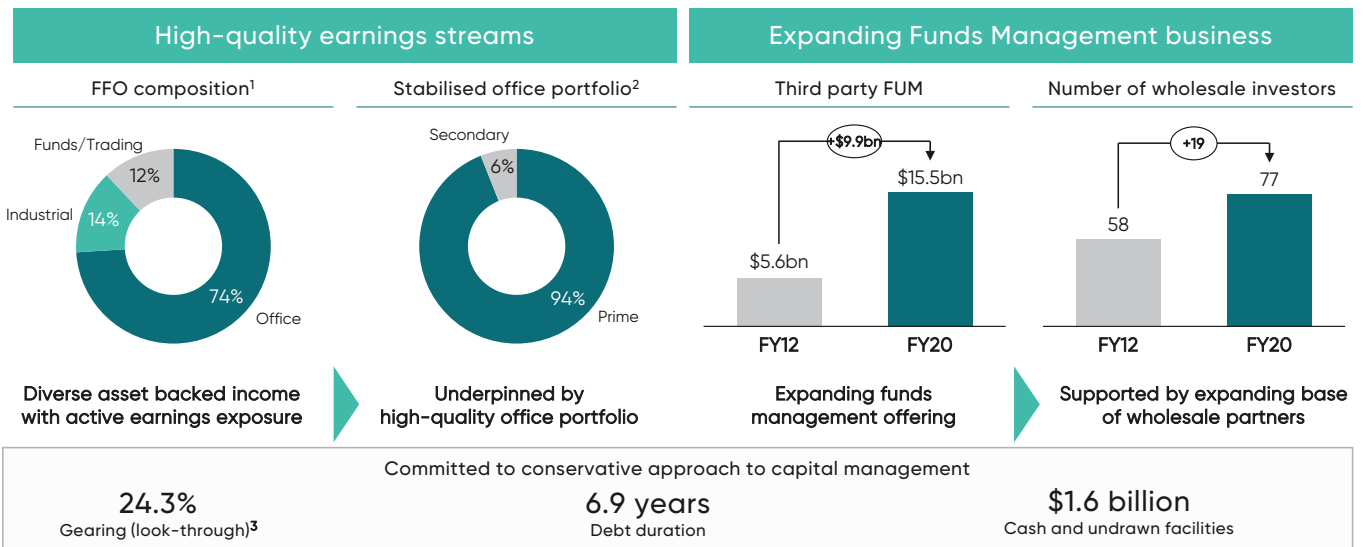
Focus on activating 12 Frederick Street, St Leonards Stage 2 development and replenishing the pipeline

- Including contribution from 201 Elizabeth Street, Sydney, North Shore Health Hub, 12 Frederick Street, St Leonards – Stage 1, Truganina properties and Lakes Business Park South, Botany.
- 201 Elizabeth Street, Sydney transferred to trading book in May 2018. During FY20, 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. Dexus exercised this put option in July 2020 for a further \$157.5 million.
- During FY20, Dexus sold the North Shore Health Hub on a fund-through basis to HWPf and continues to manage the development, with trading profits realised across FY20 and FY21, with the amount for each financial year dependent on the progress of the development and leasing.
- Share of Truganina (Laverton) lots which sit in inventory.
- Post 30 June 2020, Dexus contracted to sell six trading assets to DALT, which are expected to realise circa \$35 million of trading profits (pre-tax) in FY21 and FY22 (in the event the options are exercised). Dexus has exchanged contracts to sell the first tranche of the portfolio in October 2020 and entered into put and call option arrangements to sell the second tranche in mid-2021.



Well positioned for the recovery

High-quality portfolio, growing funds business and strong capital position



1. Funds From Operations (FFO) is calculated before finance costs, group corporate costs and other (including tax).
 2. Stabilised assets only. Excludes development-affected assets and land.
 3. Adjusted for cash and debt in equity accounted investments. Proforma gearing includes proceeds and payments for transactions post 30 June 2020 that are expected to settle before 30 September 2020 including the divestment of Finlay Crisp Centre, Canberra, 201 Elizabeth Street, Sydney and 45 Clarence Street, Sydney (subject to FIRB approval), the acquisition of Edward Street, Brisbane (Hermes), payment of Dexus's share of deferred settlement amounts for 80 Collins Street, Melbourne, the industrial property acquisitions of 37-39 Wentworth Street, Greenacre and the Ford Facility at Merrifield Business Park, Mickleham. All other transactions post 30 June 2020 are excluded. Look-through gearing at 30 June 2020 was 26.3%.

Offices will remain relevant

Office markets are driven by employment growth

- Office buildings will continue to have a core role to play for business in the development of culture, collaboration and innovation
- Despite Australia currently being in recession, office demand is expected to continue to increase over the long term
- Over the past decade office markets have been driven by solid employment growth
 - Around 5,000 white collar jobs have been added to the Sydney CBD every year over the past decade and 38,400 jobs across broader Sydney¹
- Employment growth will resume post COVID-19

Expect a continued evolution of workspace trends



1. Deloitte Access Economics.

Summary

Immediate priorities

- 1 Assist in returning Australian businesses safely to their workplaces
- 2 Optimise property portfolio composition
- 3 Accelerate opportunities to expand funds management platform
- 4 Continue working with our customers on the future of workspace
- 5 Progress city-shaping development pipeline

Dexus intends to deliver a distribution in line with free cash flow in FY21. However, taking into account the continued uncertainty, we are not providing distribution per security guidance for the 12 months ended 30 June 2021.

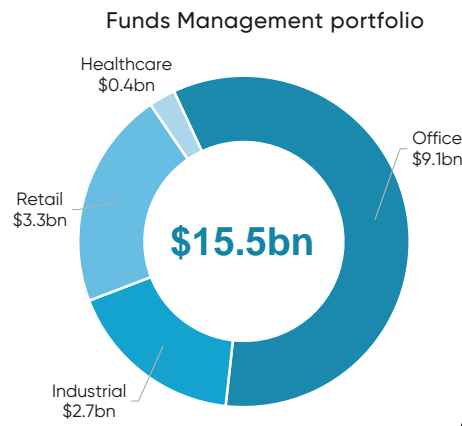
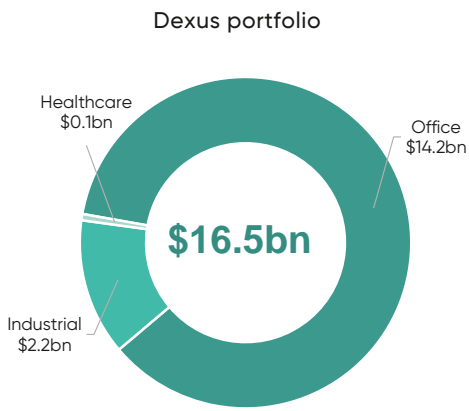


Appendices



Dexus today

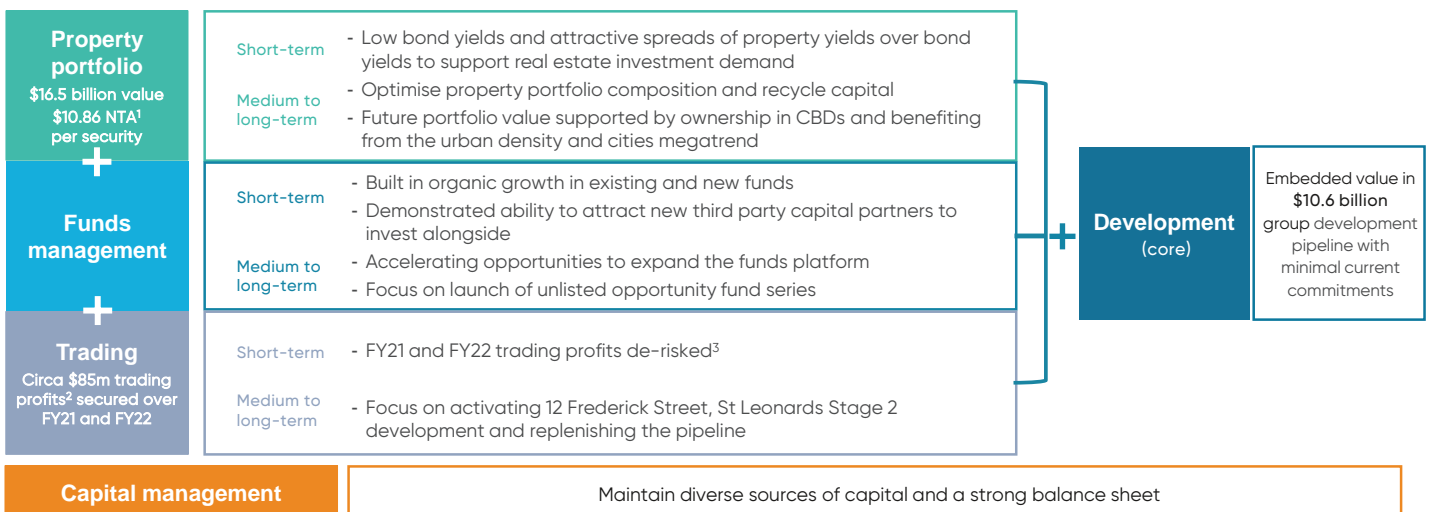
\$32.0 billion total funds under management



Embedded value

Across key earnings drivers

dexus

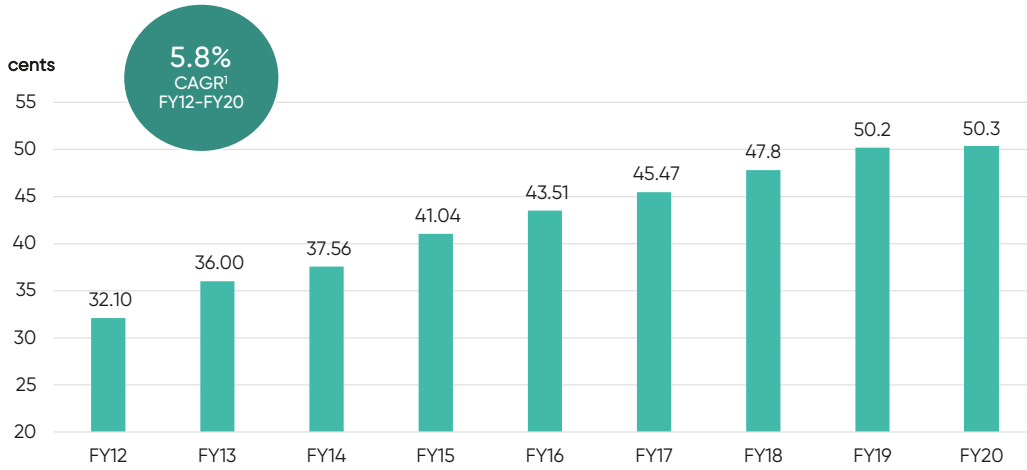


1. Net tangible asset backing.
 2. Pre-tax.
 3. During FY20, Dexus sold a 25% interest in 201 Elizabeth Street, Sydney for \$157.5 million and entered into a put and call option to sell the remaining 25% interest. Dexus exercised the put option in July 2020 for a further \$157.5 million. During FY20, 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 realised across FY20 and FY21, with the amount for each financial year dependent on the progress of the development and leasing. Post 30 June 2020, Dexus contracted to sell six trading assets to Dexus Australian Logistics Trust which are expected to realise circa \$35 million of trading profits (pre-tax) in FY21 and FY22 (in the event the options are exercised). Dexus has exchanged contracts to sell the first tranche of the portfolio in October 2020 and entered into put and call options to sell the second tranche in mid-2021.

Delivering sustained value

Track record of delivering superior risk-adjusted returns

Dexus distribution per security



1. Compound Annual Growth Rate (CAGR) is calculated over eight years. Adjusted for the one-for-six security consolidation in FY15.

Cities are a key element of our strategy

Dexus is an investment in Australian cities

- CBDs are shown to be more productive than suburban markets¹
- Concentration of activity drives innovation and collaboration
- CBDs will continue to benefit from new infrastructure investment (e.g. metro rail)
- CBDs benefit from transport connections and access to a large professional workforce
- All of Australia's major cities are ranked in the top 20 most liveable cities globally (Melbourne #2, Sydney #3)²



Dexus does not believe COVID-19 will shift the ongoing megatrend of urbanisation

1. Mapping Australia's Economy, Grattan Institute (2014).
 2. Economist Intelligence Unit 2019 Report.

The role of the office

Building culture, collaboration, innovation and more

1. THE POWER OF PLACE

CBD locations have been proven to be the most productive for knowledge industries, with companies benefitting from clustering together and being able to attract the best talent.

2. COLLABORATION

Businesses with a collaborative strategy are twice as likely to outgrow their competitors. 79%¹ of employees found face to face collaboration to be easier than working from home.

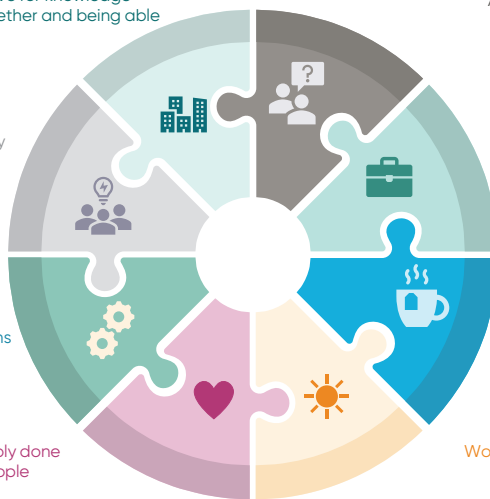
3. INNOVATION

The most innovative companies in the world actively collaborate and cross-pollinate beyond their organisations in person, rather than remotely.

4. BUILDING CULTURE

72% of executives² believe that building culture is preferably done face to face. The culture of a business is enhanced by people working together and from learned behaviours.

1. BatesSmart Survey with >1,000 respondents (May 2020).
 2. Dexus tenant C-Suite survey with 153 respondents (June 2020).
 3. 70-20-10 model for learning and development purported by Michael Lombardo and Robert Eichinger.



5. UPSKILLING

70% of learning comes from experiences³ including informal on-the-job learning. This is particularly important for new starters, graduates and junior staff

6. CAREER PROGRESSION

There is a saying, "out of sight, out of mind". Employees perceive that being physically present in the office makes it easier to spot career opportunities and increases their chances of promotion

7. SOCIAL INTERACTION

Interacting with your peers and colleagues is a key reason for coming into the office. It is fun and adds a dimension to your social life, allowing you to build a network.

8. WELLBEING

Working in an office with other people reduces loneliness and mental health issues arising from working at home alone.

FY20 rent relief treatment

FY20 rent waivers \$19 million impact on AFFO

- Rent relief is provided in the form of rent waivers or rent deferrals
- FY20 rent relief amounts are estimates¹
- Estimated rent waivers impact AFFO in the period they relate to
- Estimated rent waivers only impact statutory profit once an agreement is executed, or prior to execution if a provision for expected credit losses is raised against debtors for tenants in arrears. If a tenant is not in arrears, a provision cannot be raised for estimated rent waivers
- Once an agreement is executed, the rent relief will be straight-lined over the remaining term of the lease from that date, except to the extent there is a pre-existing provision for expected credit losses

	Rent waivers				Rent deferrals ²		Provision for expected credit losses			
	Where tenant is in arrears	FY20 \$m	Where tenant not in arrears	FY20 \$m	FY20 \$m	Total \$m	FY20 \$m	Total \$m		
FFO	Reduced FFO in the period it relates to ³	(\$7.4m)	No impact	Nil	No impact	Nil	(\$7.4m)	Reduced FFO	(\$6.8m)	(\$14.2m)
AFFO	Reduced AFFO in the period it relates to	(\$7.4m)	Reduced AFFO in the period it relates to ⁴	(\$11.8m)	No impact	Nil	(\$19.2m)	Reduced AFFO	(\$6.8m)	(\$26.0m)
Statutory Profit⁵	Increased property expenses in the period it relates to	(\$7.4m)	No impact	Nil	No impact	Nil	(\$7.4m)	Increased Property Expenses	(\$6.8m)	(\$14.2m)
Estimate assumptions and rationale	<ul style="list-style-type: none"> - FY20 rent relief estimates are for the April to June 2020 period - Small and medium business customers <ul style="list-style-type: none"> • Assumed a level of rental assistance that is at least in line with the Code of Conduct • The proportion of waiver versus deferral was assessed based on level of impact from COVID-19 - Large companies <ul style="list-style-type: none"> • Assessed relief based on tenant industry and level of impact from COVID-19 • Rent relief generally provided in form of deferrals 						<ul style="list-style-type: none"> - Estimated credit losses on debtors including deferrals and excluding estimated rent waivers for tenants in arrears - Risk of credit loss is based on a probability weighted assessment of risk of default by industry, size of tenant and specific knowledge of any recoverability risk 			

1. An immaterial number of agreements were executed at 30 June 2020.
 2. Estimated deferrals of \$3.0 million are earned revenue with an associated receivable. A separate assessment of the recoverability of the rent receivable is performed in accordance with the policy outlined in note 18(b) Working capital and any associated provision is included in the Provision for expected credit losses.
 3. Estimated rent waivers where a tenant is in arrears is classified within Provision for expected credit losses.
 4. Estimated rent waivers where a tenant is not in arrears are classified within AFFO Capex.
 5. On a look-through basis.

Financial results

Reconciliation to statutory profit

dexus

Reference	Item	30 June 2020 \$m	30 June 2019 \$m
Statutory AIFRS net profit after tax		983.0	1,281.0
Investment property and inventory	(Gains)/losses from sales of investment property	(0.1)	(1.8)
	Fair value gain on investment properties	(612.4)	(773.1)
Financial instruments	Fair value (gain)/loss on the mark-to-market of derivatives	2.5	(109.4)
Incentives and rent straight-lining	Amortisation of cash and fit out incentives	59.0	45.2
	Amortisation of lease fees	14.6	14.9
	Amortisation of rent-free incentives	74.3	68.5
	Rent straight-lining	(20.4)	(11.8)
Tax	Non-FFO tax expense	3.3	15.7
Other unrealised or one-off items¹	Other unrealised or one-off items	226.4	152.3
Funds From Operations (FFO)		730.2	681.5
Maintenance and leasing capex	Maintenance capital expenditure	(59.1)	(63.2)
	Cash incentives and leasing costs paid	(41.9)	(37.6)
	Rent free incentives ²	(78.7)	(63.5)
Adjusted Funds From Operations (AFFO)		550.5	517.2
Distribution		550.3	529.0
AFFO Payout ratio		100.0%	98.7%³

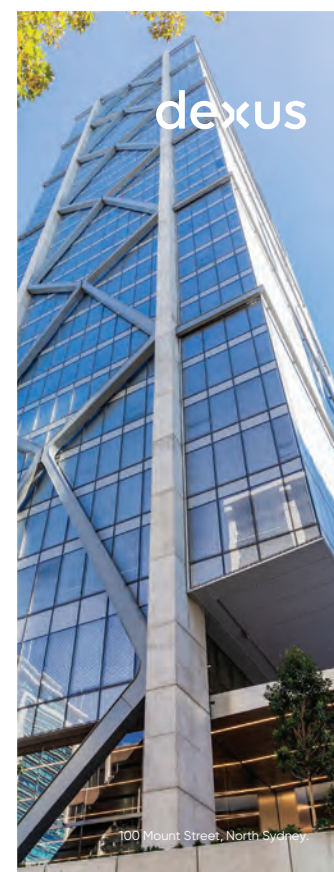
1. FY20 other unrealised or one-off items includes \$168.3 million of unrealised fair value losses on interest bearing liabilities, \$5.8 million amortisation of intangible assets, \$20.7 million coupon income, and rental guarantees received and other, \$3 million of goodwill impairment, \$2.6 million of write off of intangibles, \$8.1 million one-off significant items, \$1.1 million of transaction costs, \$14.1 million of equity accounted investment impairments and \$2.7 million fair value loss on other assets.
2. Includes rent waiver adjustment of \$11.8 million for tenants not in arrears.
3. FY19 distribution payout ratio has been adjusted to exclude the \$18.3 million of distributions paid on new securities through the Institutional Placement and Security Purchase Plan announced on 2 May 2019, which was 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

FY20 (\$m)	Property Management	Funds Management	Development Management	Management Operations
Revenue	78.5	73.6	15.7	167.8
Operating expenses	(57.4)	(26.6)	(12.3)	(96.3)
FY20 net profit	21.1	47.0	3.4	71.5
FY20 margin	27%	64%	22%	43%
FY19 margin	25%	62%	(29%)¹	39%

1. Includes \$3.5 million of bidding costs for development opportunity.



Financial results

Cash flow reconciliation

dexus

	30 June 2020 \$m	30 June 2019 \$m
Cash flow from operating activities	729.9	493.1
add back: payment for inventory acquisition and capex	87.1	54.4
less: cost of sale of inventory	(225.3)	(47.4)
less: tax on trading profits not yet paid	(15.2)	(14.8)
add back: capitalised interest	9.5	24.4
less: adjustments for equity accounted distributions	40.6	74.3
add back: other working capital movements	37.0	45.1
add back: transaction costs	1.1	3.1
Adjusted cash flow from operating activities	664.7	632.2
Rent free income	78.7	63.5
Depreciation and amortisation (including deferred borrowing costs)	(13.2)	(14.2)
FFO	730.2	681.5
Less: payments from maintenance capex and incentives ¹	(179.7)	(164.3)
AFFO	550.5	517.2
Less: gross distribution	(550.3)	(529.0)
Cash surplus/(deficit)	0.2	(11.8)
Add: distributions paid on new securities²	-	18.3
Cash surplus/(deficit) adjusted for distributions paid on new securities	0.2	6.5

1. Includes cash and fitout incentives, lease fees, rent-free incentives and rent relief adjustment of \$11.8 million for tenants not in arrears.
 2. Distributions paid on new securities issued through the Institutional Placement on 2 May 2019, which were fully entitled to the distribution for the six months ending 30 June 2019.

Financial results

Interest reconciliation

dexus

	30 June 2020 \$m	30 June 2019 \$m
Total statutory finance costs	163.4	151.9
Less: unrealised interest rate derivative and exchangeable note MTM gain/(loss) ¹	(27.6)	(32.9)
Less: finance costs attributable to investments accounted for using the equity method ²	(4.3)	2.4
Less: AASB 16 interest expense and debt modification	(2.6)	(2.0)
Net finance costs for FFO³	128.9	119.4
Add: interest capitalised	18.7	29.2
Gross finance costs for cost of debt purpose	147.6	148.6

1. Unrealised interest rate derivative MTM loss of \$24.6 million (FY19: \$11.4 million loss), exchangeable note MTM gain of \$0.9 million (FY19: \$16.6 million loss) and amortisation of exchangeable notes of \$3.9 million (FY19: \$4.9 million).
 2. Includes finance costs associated with properties held in investments accounted for using the equity method.
 3. Excludes interest income of \$1.5 million (FY19: \$2.3 million).

Financial results

Change in net tangible assets and revaluations

dexus

	\$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		Dexus Office portfolio	490.6	4.97%	86
Revaluation of real estate	612.4	0.56	→	Dexus Industrial portfolio	111.4	5.66%	13
Retained earnings ²	180.0	0.16		Total Dexus portfolio⁵	612.4	5.05%	
Amortisation of tenant incentives ³	(127.5)	(0.12)					
Fair value and other movements ⁴	(309.0)	(0.22)					
Closing net tangible assets¹ (30 Jun 20)	11,850.8	10.86					

1. Net tangible assets exclude \$73.2 million deferred tax liability relating to management rights.

2. Represents FY20 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 \$10.4 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	93.1	14.3	107.4	2.2
Maintenance capex	58.0	0.8	58.8	2.2
Acquisitions	272.9	71.0	343.9	-
Developments ⁴	367.3	133.9	501.2	48.7
Disposals ⁵	(190.5)	(421.5)	(612.0)	(173.6)
Revaluations ⁶	490.6	111.4	602.0	-
Amortisation	(130.1)	(16.5)	(146.6)	(1.3)
Rent straight lining	17.4	2.6	20.0	-
Closing balance at the end of the period	14,171.2	2,233.2	16,404.4	335.8

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.

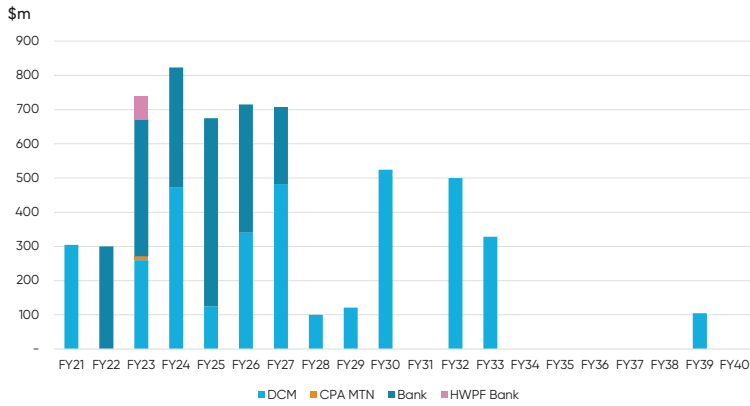
6. Excludes healthcare and leased assets.

Capital management

FY20 position

dexus

Debt maturity profile¹



Key metrics	30 June 2020	30 June 2019
Total debt ²	\$4,838m	\$4,067m
Headroom (approximately) ³	\$1.6bn	\$1.0bn
Gearing (look-through) ⁴	24.3% ⁵	24.0%
Covenant gearing (covenant ⁶ <55%)	25.4%	23.3%
Interest cover (covenant ⁶ >2.0x)	5.7x ⁷	5.4x
Priority debt (covenant ⁶ <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.

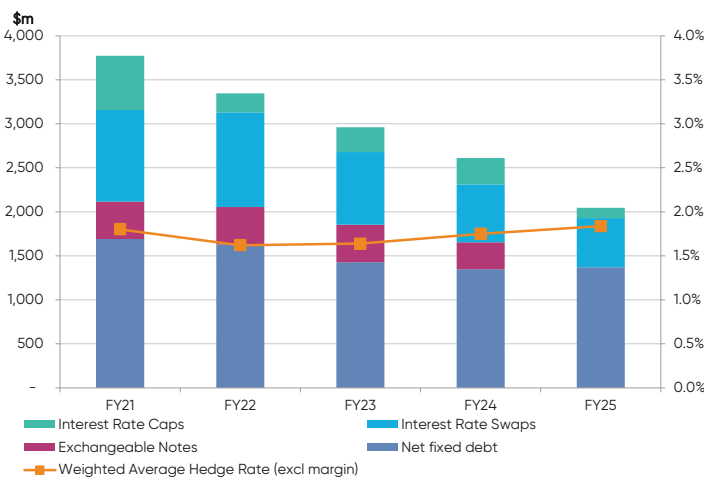
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 6. As per public bond covenants.
 7. Look-through interest cover is 5.4x.

Capital management

Interest rate hedging profile

dexus

Hedge maturity profile



Hedging profile	30 June 2020	30 June 2019
Average amount of debt hedged ¹	78%	74%
Average amount of debt hedged excluding caps	62%	55%
Weighted average interest rate on hedged debt ²	2.1%	2.7%
Cost of debt ³	3.4%	4.0%
Weighted average maturity of hedges	6.4 years	5.6 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 facilities¹

dexus

	Facility limit A\$m	Drawn A\$m	Maturity	Currency
Bilateral bank debt	300	136	FY22	A\$
	400	136	FY23	A\$
	350	100	FY24	A\$
	550	100	FY25	A\$
	375	99	FY26	A\$
	225	0	FY27	A\$
Commercial paper²	100	100	FY23	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)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	5,865	4,236		

	Facility limit A\$m	Drawn A\$m
Sub total	5,865	4,236
Currency translation and fair value adjustments	648	648
Deferred borrowing costs	(20)	(20)
Exchangeable Notes adjustments	(26)	(26)
Total interest bearing liabilities	6,467	4,838
Bank guarantee utilised		(56)
Cash		32
Headroom including cash		1,605

- Does not include debt facilities in equity accounted investments: \$201.6 million (August 2020), \$25.0 million (November 2022), \$11.5 million (December 2022) and \$42.3 million (February 2023).
- 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.

51 Dexus 2020 Annual Results Presentation

Property portfolio

Office and industrial key metrics

Key metrics	Office	Industrial
Amount of space leased ¹	88,467sqm ²	181,472sqm
No. of leasing transactions	207 ²	95
Occupancy by income	96.5%	95.6%
Occupancy by area	96.6%	97.9%
Average incentives	17.1% ³	13.4% ⁴
No. of effective deals	71	41
Weighted Average Lease Expiry ⁵ (WALE)	4.2 years	4.1 years
Like-for-like income growth	Face 1.0%	Face 2.5%
	Effective 2.4% ⁶	Effective (2.1)% ⁷

- Including Heads of Agreement.
- Excluding development leasing of 26,403sqm across 32 leasing transactions.
- Gross basis excluding development leasing.
- Net basis.
- By income.
- Excluding rent relief and provision for expected credit losses effective LFL growth was +4.7%.
- Excluding one-off income in addition to rent relief and provision for expected credit losses effective LFL growth was +0.1%.

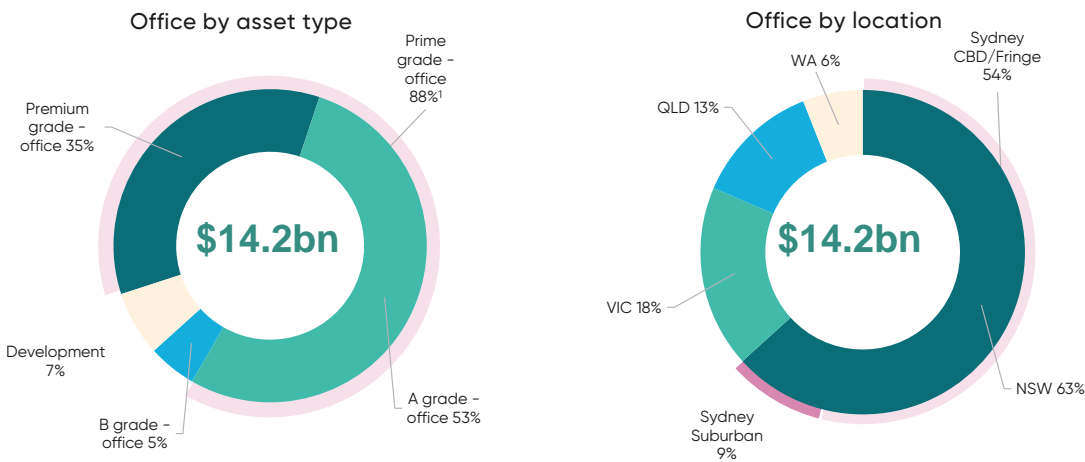
52 Dexus 2020 Annual Results Presentation



Dunlop 380 Doherty Road, Truganina.

Property portfolio

Office portfolio diversification

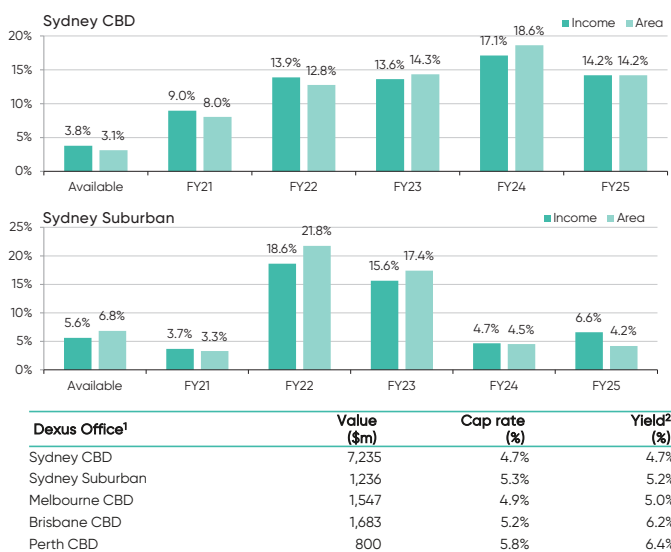


1. Prime grade buildings represent 94% of the office portfolio including stabilised assets only and excluding development-affected assets and land.

Property portfolio

Office lease expiry profiles by region

dexus



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 2020.

Property portfolio

Office top 10 customers represent 18% of income

Office top 10 customers

Office customers ¹	S&P rating	% of income ²
Wilson Parking	Not rated	3.7%
State of Victoria	AAA	2.9%
Commonwealth of Australia	AAA	2.5%
Rio Tinto	A	1.9%
Deloitte Services	Not rated	1.5%
Commonwealth Bank of Australia	AA-	1.3%
Worley	Not rated	1.1%
John Holland	Not rated	1.1%
Herbert Smith Freehills	Not rated	1.0%
BDO Services	Not rated	1.0%

Diversity of office customers (by income)



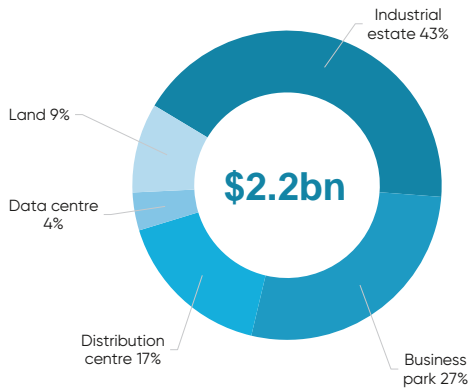
1. Total Dexus portfolio includes executed Heads of Agreement at 30 June 2020.
 2. Annualised income is based on the sum of the passing Gross Rental and secured gross Rental (for signed leases and for signed Heads of Agreement).



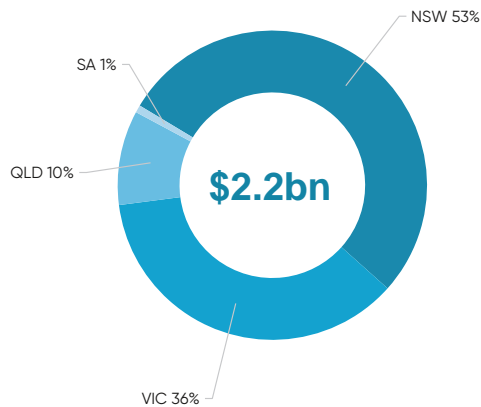
Property portfolio

Industrial portfolio diversification

Industrial by asset type

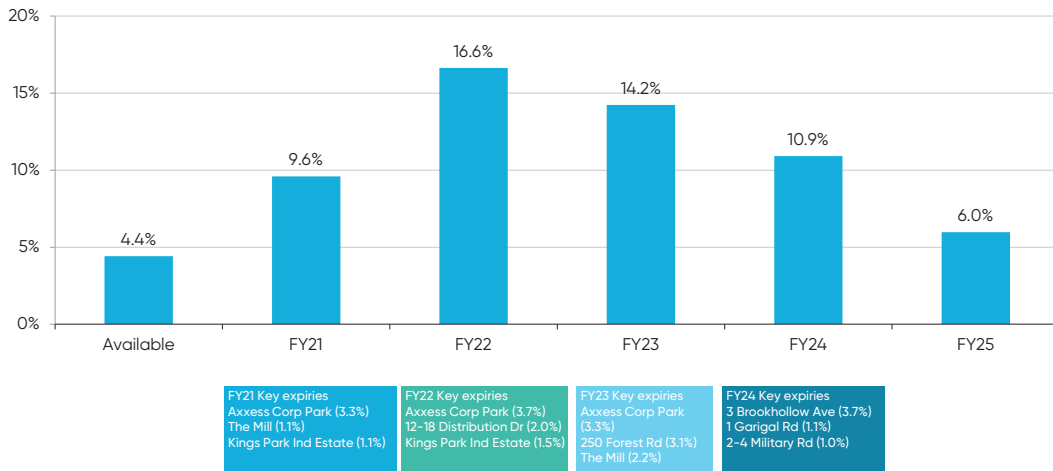


Industrial by location



Property portfolio

Industrial lease expiry profile¹

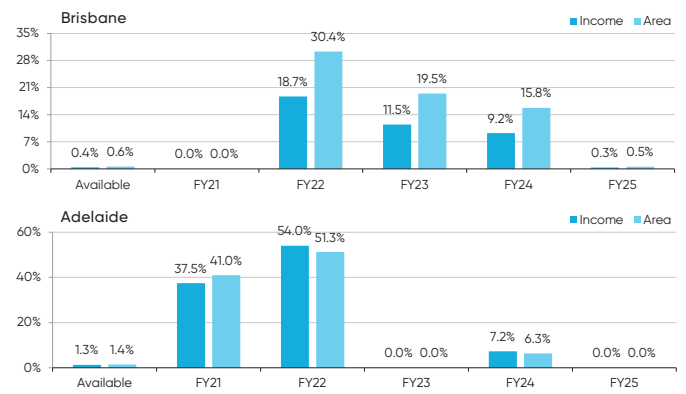
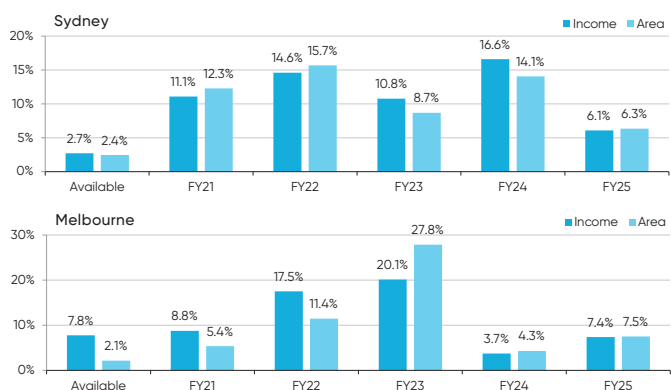


¹ By industrial income.

Property portfolio

Industrial lease expiry profiles by region

dexus



Dexus Industrial ¹	Value (\$m)	Cap rate (%)	Yield ² (%)
Sydney	1,061	5.3%	5.3%
Melbourne	727	6.0%	6.0%
Brisbane	198	6.0%	6.1%
Adelaide	16	10.5%	9.6%

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

Property portfolio

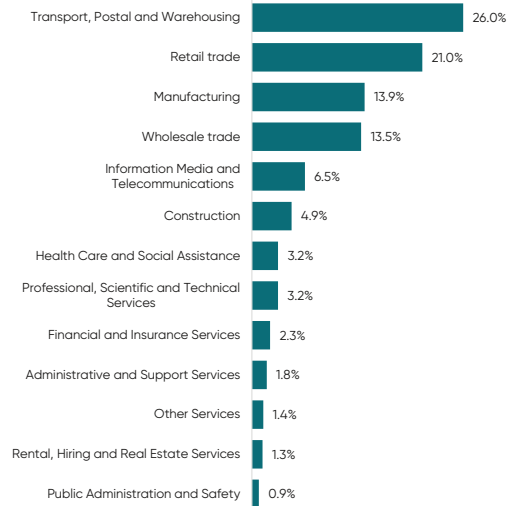
Industrial top 10 customers represent 3.7% of income

Industrial top 10 customers

Industrial customers ¹	% of income ²
Autosports Group	0.6%
IBM Australia	0.5%
Coles	0.5%
AWH Pty Ltd	0.4%
Reece	0.4%
Secon Freight Logistics	0.3%
Symbion Health	0.3%
Fujitsu	0.3%
ESTORE	0.2%
Simons National Carriers	0.2%

1. Total Dexus portfolio includes executed Heads of Agreement at 30 June 2020.
 2. Annualised income is based on the sum of the passing Gross Rental and Secured gross Rental (for signed leases and for signed Heads of Agreement).

Diversity of industrial customers (by income)






2 Bellevue Circuit, Greystones.

Environmental, Social and Governance update

Creating long-term value through managing risk and enhancing sustainability



 <p>Sustained value</p> <ul style="list-style-type: none"> - Established Board ESG Committee, supported by Group ESG Committee and working groups focused on modern slavery, climate resilience, energy procurement, and social impact 	 <p>Future enabled customers and strong communities</p> <ul style="list-style-type: none"> - Customer Net Promoter Score +50 (FY19: +46), indicating strong customer satisfaction - Assisted SMEs with rent relief consistent with Code of Conduct 	 <p>Thriving people</p> <ul style="list-style-type: none"> - Employee Net Promoter Score +61 (FY19: +40), indicating strong employee engagement - Maintained Employer of Choice for Gender Equality citation 	 <p>Enriched environment</p> <ul style="list-style-type: none"> - Achieved over 1,000,000 square metres of group office space rated to minimum 5 star NABERS Energy and 4 star NABERS water, exceeding targets set in 2015 - Commenced renewable Energy Supply Agreement, supplying NSW office properties with renewable energy - Expanded use of climate scenario analysis to enhance Dexus's resilience, launching <i>Towards Climate Resilience</i> - Delivered onsite solar installations at Willows Shopping Centre and Beenleigh Marketplace  
 <p>Leading cities</p> <ul style="list-style-type: none"> - Contributed \$1.5 billion Gross Value Added to the Australian economy and supported 9,227 construction jobs - 100 Mount Street, North Sydney achieved a 5 Star Green Star Design & As Built rating 			

External recognition as an ESG global leader

Dow Jones Sustainability Indices
 In collaboration with **CSAM**
 Dexus #1 out of 252 real estate companies

GRESB
 Sector Leader 2019
 Dexus Office Trust #1 out of 240 listed entities

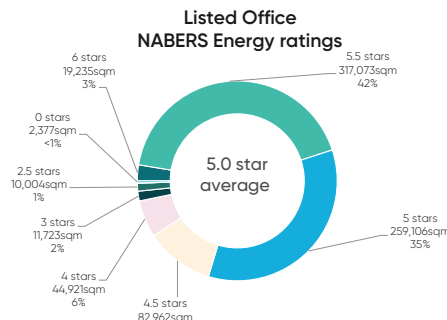
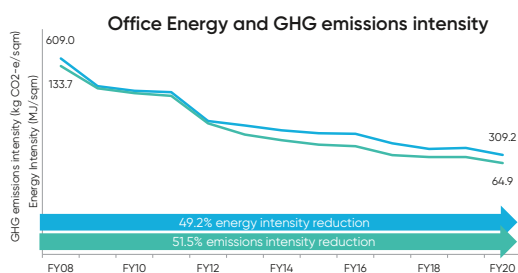
CDP
 A LIST 2019
 CLIMATE
 Dexus named to 2019 CDP Climate A List

PRI Principles for Responsible Investment
 Dexus rated A+ across all required modules

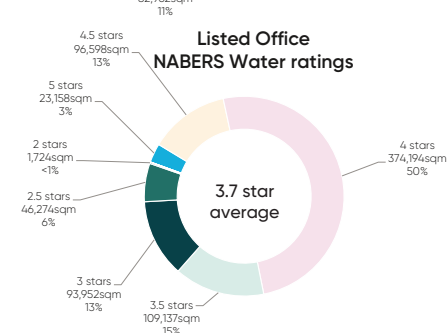
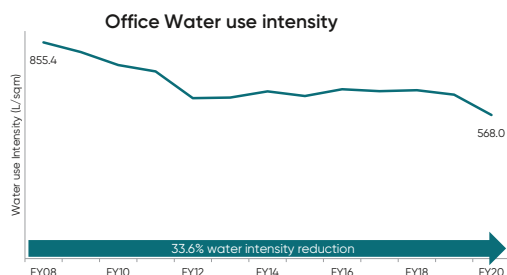
Environmental metrics

Office sustainability metrics

dexus



Dexus office portfolio	NABERS Energy average rating (star)
Jun 15	4.7
Jun 16	4.8
Jun 17	4.8
Jun 18	4.9
Jun 19	5.0
Jun 20	5.0



Dexus office portfolio	NABERS Water average rating (star)
Jun 15	3.8
Jun 16	3.7
Jun 17	3.6
Jun 18	3.6
Jun 19	3.6
Jun 20	3.7

1. GHG = greenhouse gas.

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 interest %
Office						
240 St Georges Terrace, Perth, WA	47,200	195	6.3%	96%	Sep 2019	-
The Annex, 12 Creek Street, Brisbane, QLD	7,300	32	7.2%	24%	Mar 2020	50%
80 Collins Street, Melbourne, VIC ⁴	43,000	180	n/a	95%	Jul 2020 ⁸	25%
Total office	97,500	407				
Industrial						
380 Dohertys Road, Truganina, VIC ⁵	9,200	11	6.6%	100%	Sep 2019	-
58 Foundation Road, Truganina, VIC ⁵	8,200	11	6.2%	100%	Jun 2020	-
7 Custom Place, Truganina, VIC ^{5,6}	7,300	33	6.4%	100%	Jul 2020 ⁹	-
Total industrial	24,700	55				
City retail						
321 Kent Street, Sydney, NSW ⁷	4,800	16	5.9%	100%	Jul 2019	-
44 Market Street, Sydney, NSW	1,500	21	6.0%	100%	Aug 2019	-
175 Pitt Street, Sydney, NSW	5,200	33	6.4%	80%	Jan 2020	50%
80 Collins Street, Melbourne, VIC (retail) ⁴	4,900	35	n/a	85%	Jul 2020 ⁸	25%
Total city retail	16,400	105				
Total developments completed	138,600	567				

1. At 100%.

2. Dexus share in development cost (including cost of land where purchased for development and excluding 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. The vendor will manage the development of the South Tower and Retail Podium. 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. Dexus 100% owned at 30 June 2020. Entered into agreement to sell to the Dexus Australia Logistics Trust (DALT) on 30 July 2020.

6. Council changed address from 12A Felstead Drive, Truganina VIC.

7. Excluding external party share of project.

8. Interim Completion Date, representing the handover of the South Tower and Retail podium from QIC to Dexus and DWPF.

9. Project completion achieved 3 July 2020.

Development

Dexus committed developments and fund-throughs – 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 interest %
Office	180 Flinders Street, Melbourne, VIC	20,300	162	39	6-7%	72%	Mid 2020	-
Total office		20,300	162	39				
Industrial	9 Custom Place, Truganina, VIC ^{4, 5}	45,400	52	17	6-7%	100%	Mid 2020	-
	Lot 15, 11-167 Palm Springs, Ravenhall, VIC	72,000	22	13	6-7%	51%	Early 2021	75%
	54 Fendell Street, South Granville, NSW	57,100	77	29	6-7%	45%	Early 2021	49%
	Lot 20 & 21 11-167 Palm Springs, Ravenhall, VIC	43,100	15	15	6-7%	60%	Mid 2021	75%
	425-479 Freeman Road, Richlands, QLD	54,800	43	18	6-7%	22%	Early 2022	49%
Total industrial		272,400	209	92				
City retail/other	80 Collins Street, Melbourne, VIC (hotel) ⁶	7,700	28	3	n/a	100%	Mid 2020	25%
	MLC Centre, 19 Martin Place, Sydney, NSW	11,000	94	43	5-6%	67%	Late 2021	50%
Total city retail/other		18,700	122	46				
Total developments committed		311,400	493	177				

- At 100%.
- Dexus share 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.
- Council changed address from 12B & 12C Falstead Drive, Truganina VIC.
- Dexus 100% owned at 30 June 2020. Entered into agreement to sell to the Dexus Australia Logistics Trust (DALT) on 30 July 2020.
- The vendor will manage the development of the 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.

Development

Dexus uncommitted developments – core hold

dexus

Pipeline		Building area ^{1,5} sqm	Project cost est. ^{2,5} \$m	Est. yield on est. project cost ³ %	Third party partner interest %
Office	140 George Street, Parramatta, NSW	43,600	c.200	6-7%	50%
	Waterfront Brisbane, QLD	126,000	c.1,100	5-6%	50%
	Central Place Sydney, NSW ⁴	141,000	c.550	5-6%	25%
	Pitt and Bridge Precinct, Sydney, NSW	105,400	c.1,400	5-6%	50%
	60 Collins Street, Melbourne, VIC	27,100	c.600	5-6%	-
	10 Eagle Street, Brisbane, QLD	4,900	c.25	6-7%	50%
	150 George Street, Parramatta, NSW	21,600	c.45	6-7%	50%
Total office		469,600	c.3,920		
Industrial	20 Distribution Drive, Truganina, VIC	21,000	c.30		-
	11-167 Palm Springs, Ravenhall, VIC	286,400	c.100		75%
Total industrial		307,400	c.130	6-7%	
Total uncommitted		777,000	c.4,050		

- At 100%.
- Dexus share 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.
- Excluding external party share of project. External JV partner owns 50% of this project.
- Amounts have been rounded.

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 ⁴	\$52.7	100%	16 Sep 19
Homemaker, 19 Stoddart Street, Prospect, NSW	\$64.3	100%	30 Sep 19	Other sundry properties	\$11.2	n/a	Aug 19 - Nov 19
Other sundry properties	\$14.0	n/a	Aug 19 - Nov 19	Dexus Australian Logistics portfolio (DALT) (T:2)	\$366.1	24%	1 Apr 20
Rialto Towers, 525 Collins Street, Melbourne, VIC	\$64.4	10%	4 Jun 20	Rialto Towers, 525 Collins Street, Melbourne, VIC	\$579.6	90%	4 Jun 20
155, 159, 171 Edward Street, Brisbane, QLD (Hermes)	\$87.0	100%	3 Aug 20	37-39 Wentworth Street, Greenacre, NSW ¹	\$49.0	49%	Jul 20 - Feb 21
22 Business Park Drive, Ravenhall, VIC	\$9.0	100%	Jan 21	Ford Facility, Merrifield Business Park, Mickleham, VIC ²	\$36.0	49%	Aug 20 - Aug 21
37-39 Wentworth Street, Greenacre, NSW ¹	\$51.0	51%	Jul 20 - Feb 21	Truganina, VIC and Lakes Business Park South, Botany, NSW ⁷	\$269.4	100%	Oct 20 - mid-2021
Ford Facility, Merrifield Business Park, Mickleham, VIC ²	\$37.5	51%	Aug 20 - Aug 21	3 Spring, 58 Pitt and 60 Pitt Streets, Sydney, NSW ³	\$177.0	50%	Aug 18 - Jul 22
3 Spring, 58 Pitt and 60 Pitt Streets, Sydney, NSW ³	\$177.0	50%	Aug 18 - Jul 22	College Junction, 695 Sandgate Road, Clayfield, QLD	\$36.5	100%	Nov 20

Dexus divestments	Sale price \$m	Interest	Settlement	Funds Management divestments	Sale price \$m	Interest	Settlement
NSHH, 12 Frederick Street, St Leonards, NSW ⁴	\$52.7	100%	16 Sep 19	Finlay Crisp Centre, Canberra, ACT	\$31.0	50%	Jul 20
Garema Court, 140-180 City Walk, Canberra, ACT	\$71.5	100%	28 Feb 20				
Dexus Australian Logistics portfolio (DALT) (T:2)	\$366.1	24%	1 Apr 20				
Finlay Crisp Centre, Canberra, ACT	\$31.0	50%	Jul 20				
201 Elizabeth Street, Sydney, NSW ⁵	\$315.0	50%	12 Nov 19 & Aug 20				
45 Clarence Street, Sydney, NSW ⁶	\$530.0	100%	Sep 20				
Truganina, VIC and Lakes Business Park South, Botany, NSW ⁷	\$269.4	100%	Oct 20 - mid-2021				

- 75% of the purchase price was paid in July 2020 with the remaining 25% payable at a later stage.
- The purchase price reflects the initial purchase of the land and the estimated development costs.
- Of the total \$177.0 million purchase price, \$86.5 million was settled in September 2019.
- This reflects the 100% purchase price amount for the sale of NSHH (consisting of land and WIP) to HWPf. A development management agreement has also been entered into, whereby Dexus provides development management services until practical completion.
- Dexus exchanged contracts to sell 25% interest in 201 Elizabeth Street, Sydney for \$157.5 million, which was settled in November 2019. The option for the remaining 25% interest for \$157.5 million has been exercised, with settlement in August 2020.
- Subject to FIRB approval.
- Dexus has exchanged contracts to sell the first tranche of the industrial assets in October 2020 and has entered into put and call option arrangements to sell the second tranche in mid-2021.

Trading

Proven ability to execute trading strategies to generate enhanced returns

dexus





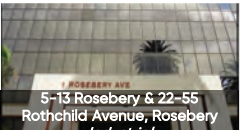

Trading profits track record since FY12

Examples of completed and recently settled trades

16
Trading properties sold and settled

29%+
Average unlevered project IRR

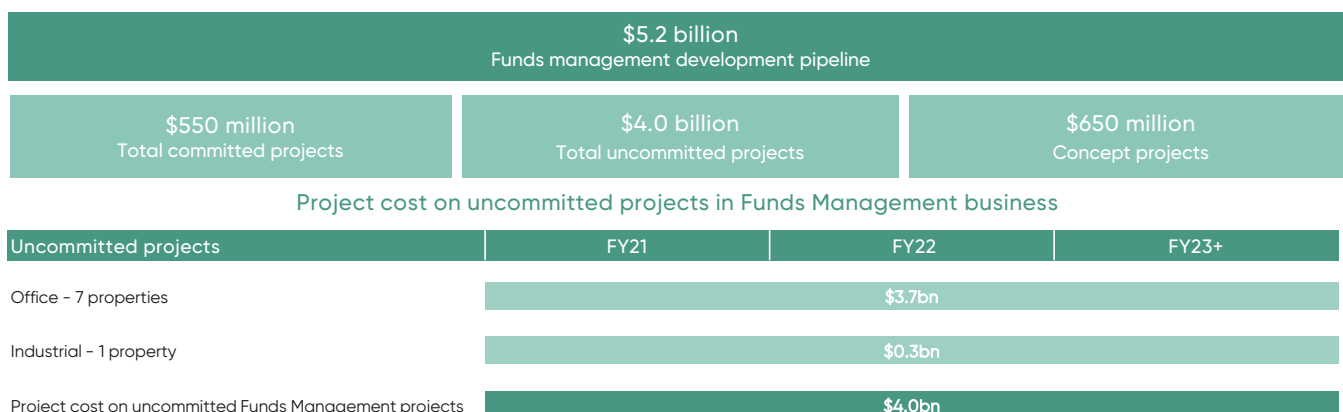
\$369m
Trading profits realised¹

 201 Elizabeth Street, Sydney <i>Office</i>	19%³ unlevered IRR Settled 12 Nov 2019 \$69m trading profits ^{1,2}	 50 Carrington Street, Sydney <i>Office</i>	13% unlevered IRR Sold in 2014 \$12m trading profits ¹
 40 Market Street, Melbourne <i>Office</i>	26% unlevered IRR Sold in 2015 \$19m trading profits ¹	 79-99 St Hilliers Road, Auburn <i>Industrial</i>	56% unlevered IRR Sold in 2017 \$26m trading profits ¹
 5-13 Rosebery & 22-55 Rothchild Avenue, Rosebery <i>Industrial</i>	50% unlevered IRR Sold in 2015 \$93m trading profits ¹	 32 Flinders Street, Melbourne <i>Carpark</i>	32% unlevered IRR Sold in 2018 \$49m trading profits ¹

1. Trading profit pre-tax.
2. Including forecast trading profits.
3. The unlevered IRR represents the total return realised from the disposal of Dexus's interest in 201 Elizabeth Street and has been measured from the date of being classified as a trading asset.

Funds management

Development pipeline

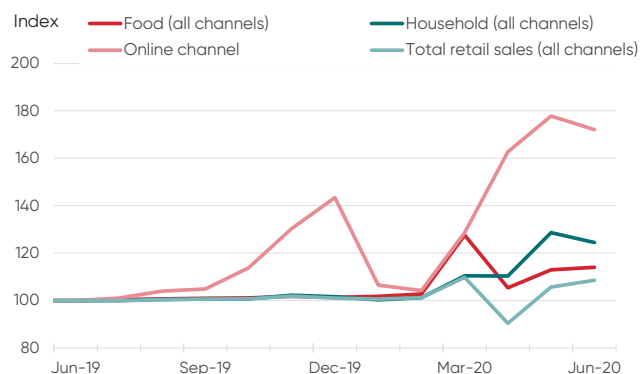


Drivers of industrial demand

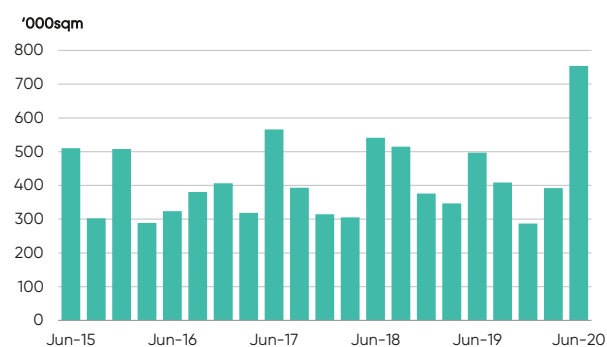
Take-up in COVID-19 period supported by food and e-commerce sectors

- Take-up of industrial space was above average in the last quarter of FY20
- Online sales increased by approximately 50% in the year to May 2020
- Demand has been driven by online retailing as well as defensive players including food and beverage retailers and logistics firms

Solid growth in online sales



Take-up strengthened in the 4th Quarter of 2020 (key markets)

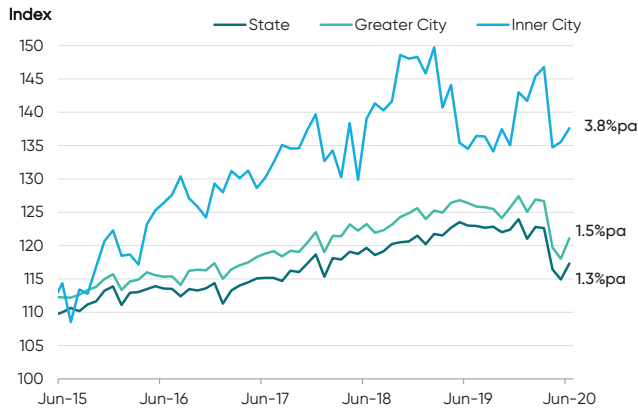


Source: ABS, JLL Research. Key markets include Outer West Sydney, South West Sydney, West Melbourne, South East Melbourne, South Brisbane, Australian Trade Coast and East Perth.

Market outlook

Inner city office locations benefit from strong long-term employment growth

NSW employment growth by region



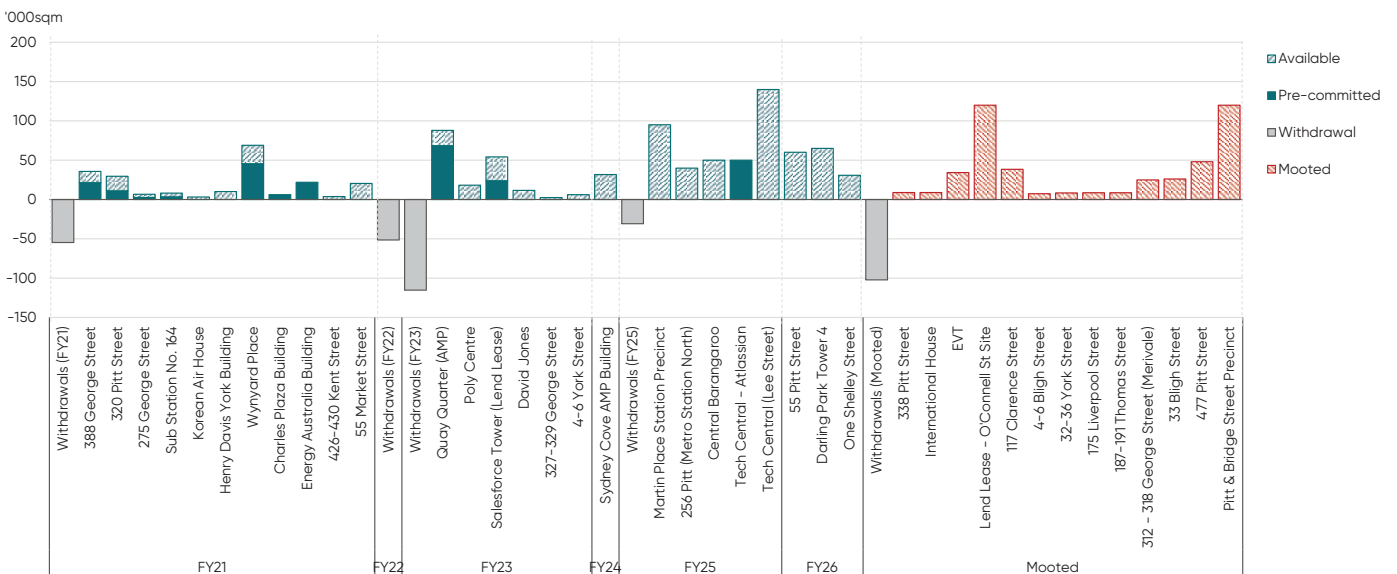
- CBDs benefit from a virtuous cycle of employment and new infrastructure investment (e.g. light rail, metro rail)
- Trend to inner-city living and a 'live/work/play' ethos
- Businesses value CBD locations for attracting and retaining talented staff
- CBDs foster ideas, collaboration and productivity

Source: ABS, Dexus Research.

Dexus 2020 Annual Results Presentation

Market outlook

Sydney CBD supply landscape for major office projects

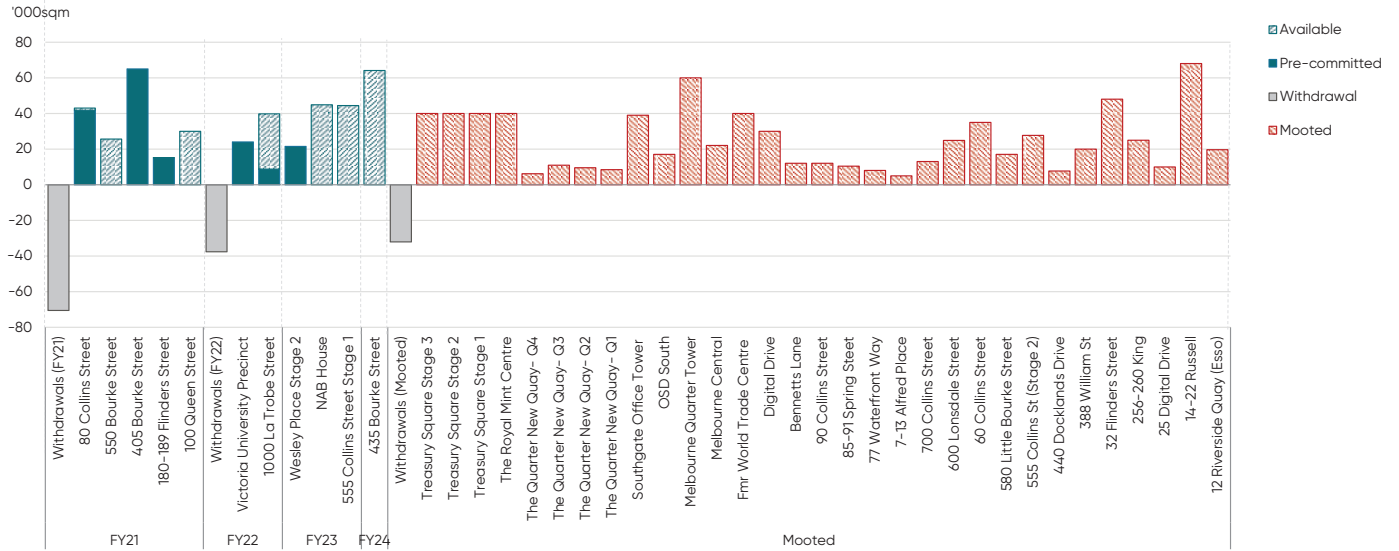


Source: Dexus Research, Company reports, Agent reports.

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Market outlook

Melbourne CBD supply landscape for major office projects

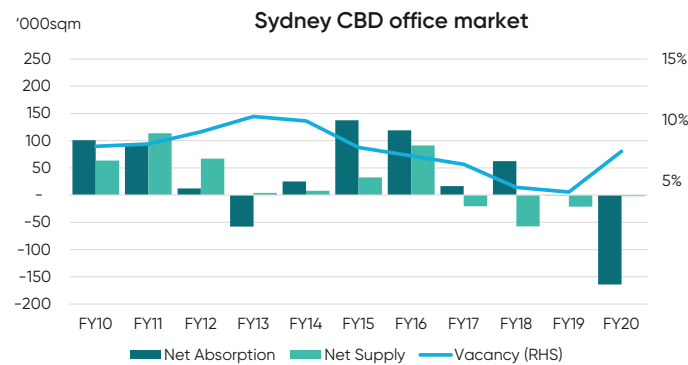


Source: Dexus Research, Company reports, Agent reports.

Market outlook

Sydney CBD office

- Pandemic influencing business confidence and leasing activity
- JobKeeper wage subsidy scheme has helped businesses retain employees
- Prime office vacancy at 7.0%, below the 10-year average of 8.0%



Source: JLL Research
1. Includes stabilised properties only.

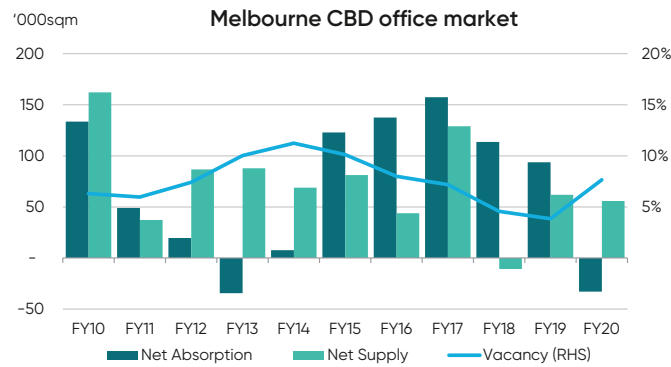
Sydney CBD office market	At 30 Jun 2020
Total net lettable area	5.02 million sqm
Prime vacancy average	7.0%
Dexus Sydney CBD exposure¹	
Net lettable area	613,742sqm
Number of properties	18
% of portfolio by value	54.0%
Occupancy by area	96.3%
Occupancy by income	95.2%
Weighted average lease expiry	4.0 years

Market outlook

Melbourne CBD office

- Economic uncertainty and lockdown affecting tenant demand
- Leasing activity subdued in the last quarter of FY20
- Prime office vacancy at 7.5%

Melbourne CBD office market	At 30 Jun 2020
Total net lettable area	4.95 million sqm
Prime vacancy average	7.5%
Dexus Melbourne CBD exposure¹	
Net lettable area	332,599sqm
Number of properties	8
% of portfolio by value	18.2%
Occupancy by area	98.4%
Occupancy by income	98.7%
Weighted average lease expiry	4.1 years



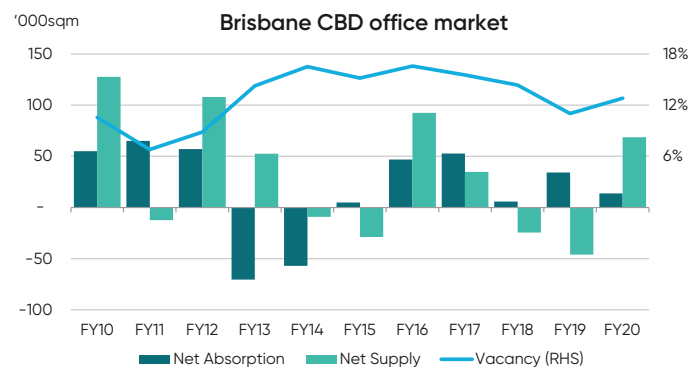
Source: JLL Research actual and Dexus Research forecast.
1. Includes stabilised properties only.

Market outlook

Brisbane CBD office

- Queensland's successful flattening of COVID-19 curve is a positive sign for growth
- Prime office vacancy at 11.0% is lower than total vacancy (12.8%)
- Positive prime net absorption of 26,748 square metres in FY20

Brisbane CBD office market	At 30 Jun 2020
Total net lettable area	2.26 million sqm
Prime vacancy average	11.0%
Dexus Brisbane CBD exposure¹	
Net lettable area	257,616sqm
Number of properties	6
% of portfolio by value	12.6%
Occupancy by area	94.5%
Occupancy by income	93.6%
Weighted average lease expiry	3.7 years



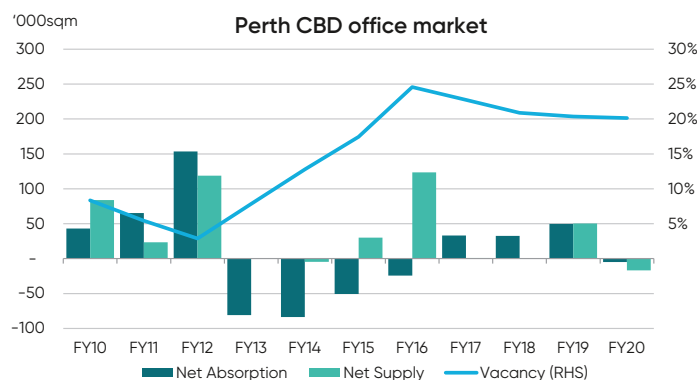
Source: JLL Research actual and Dexus Research forecast.
1. Includes stabilised properties only.

Market outlook

Perth CBD office

dexus

- Lack of community spread of COVID-19 has helped confidence
- Prime office vacancy at 15.3%, below total vacancy of 20.1%
- Low levels of supply in the short to medium-term



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

75 Dexus 2020 Annual Results Presentation

Perth CBD office market	At 30 Jun 2020
Total net lettable area	1.81 million sqm
Prime vacancy average	15.3%
Dexus Perth CBD exposure¹	
Net lettable area	121,879sqm
Number of properties	3
% of portfolio by value	6.0%
Occupancy by area	97.4%
Occupancy by income	97.0%
Weighted average lease expiry	6.4 years

Exchange rate and securities used in statutory accounts

dexus

		30 Jun 2020	31 Dec 2019	30 Jun 2019
Closing rates for Statement of Financial Position	USD	0.6863	0.7006	0.7013
Average rates for Statement of Comprehensive Income	USD	0.6714	0.6846	0.7156
Post consolidation equivalent amounts		12 mths to 30 Jun 2020	6 mths to 31 Dec 2019	12 mths to 30 Jun 2019
Average weighted number of securities ¹		1,095,096,969	1,096,815,516	1,028,577,220
Closing number of securities		1,091,202,163	1,096,401,459	1,096,857,665

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

76 Dexus 2020 Annual Results Presentation

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, one-off significant items, amortisation of intangible assets, movements in right of use assets and lease liabilities, rental guarantees and coupon income.
Adjusted FFO (AFFO):	AFFO 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, one-off significant items, amortisation of intangible assets, movements in right of use assets and lease liabilities, rental guarantees and coupon income, less maintenance capital expenditure and lease incentives.
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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