

Dexus (ASX:DXS)

ASX release



2 May 2017

2017 Macquarie Australia Conference

Dexus today releases the attached presentation to be presented at the 2017 Macquarie Australia Conference, which is being held at The Sheraton on the Park, 161 Elizabeth Street, Sydney.

For further information please contact:

David Yates
+61 2 9017 1424
+61 418 861 047
david.yates@dexus.com

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

About Dexus

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

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



Agenda

- Portfolio update – March 2017
- The evolving workspace environment
- FY17 outlook



Dexus Place, One Farrer Place, Sydney, NSW.

Dexus overview

- Proxy for Australian office – overweight Sydney
- Outperforming and growing Funds Management business
- \$4.5 billion Group pipeline of development/value enhancement opportunities
- Strong balance sheet with gearing of 26.5%
- Market cap of circa \$10 billion
- Current distribution yield of 4-5%



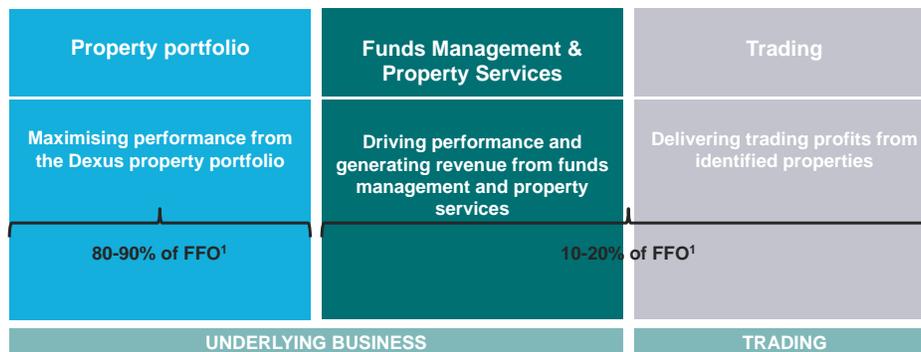
Sydney CBD, Dexus's largest office market.

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Dexus overview Key earnings drivers



1. Represents target contribution to FFO before Finance costs and Group Corporate costs. FFO means Funds from Operations. As previously announced, Dexus adopted FFO as defined by the PCA White Paper "Voluntary Best Practice Guidelines for disclosing Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)" for its reporting from 1 July 2014.

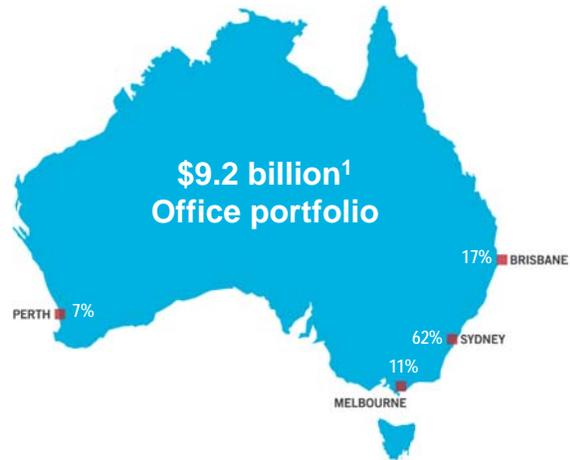
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Portfolio update – March 2017

Office: Sydney and Melbourne most active office markets



1. As at 31 December 2016.

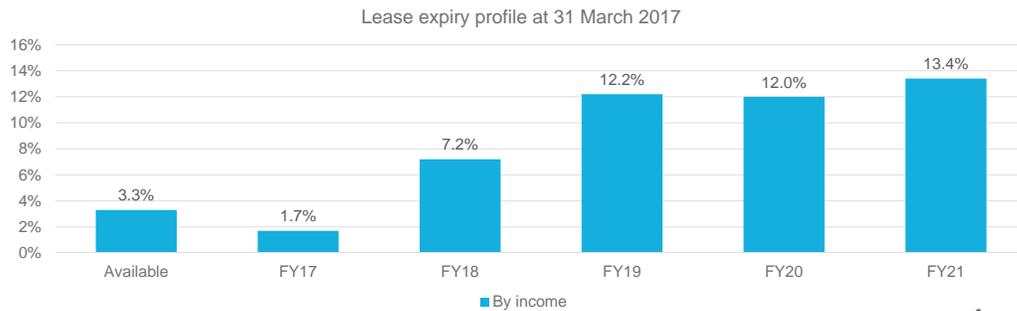
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Portfolio update – March 2017

Office: well positioned to capitalise on strength of Sydney market

- Sydney CBD vacancy forecast to be 4.3% by FY19
- Sydney makes up 62% of Dexus's office portfolio expiries, representing 23% of office portfolio income



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Portfolio update – March 2017

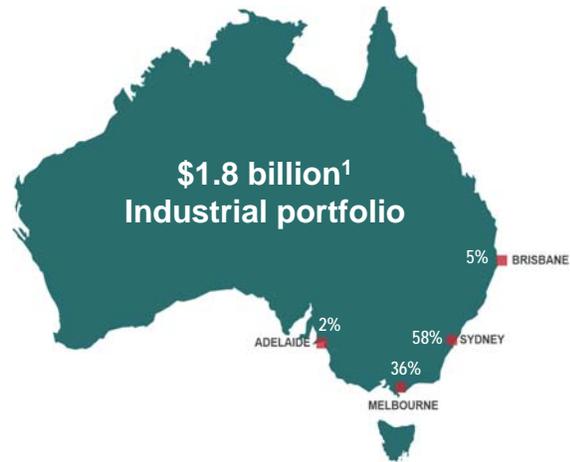
Industrial: maintained positive leasing momentum

148,792sqm
Leased

95.7%
Occupancy (by income)

14.6%
Average incentives

4.8 years
Weighted average lease expiry (WALE)



1. As at 31 December 2016.

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Portfolio update – March 2017

Development: progressed 105 Phillip Street, Parramatta

– Progressed development with construction at level 3 of 12 levels



Construction and artist impression of 105 Phillip Street, Parramatta NSW.



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Portfolio update – March 2017

Development: activating new industrial developments

– Secured six industrial customers from health, logistics, retail, manufacturing and automotive industries across 72,000sqm

Quarrywest at Greystanes



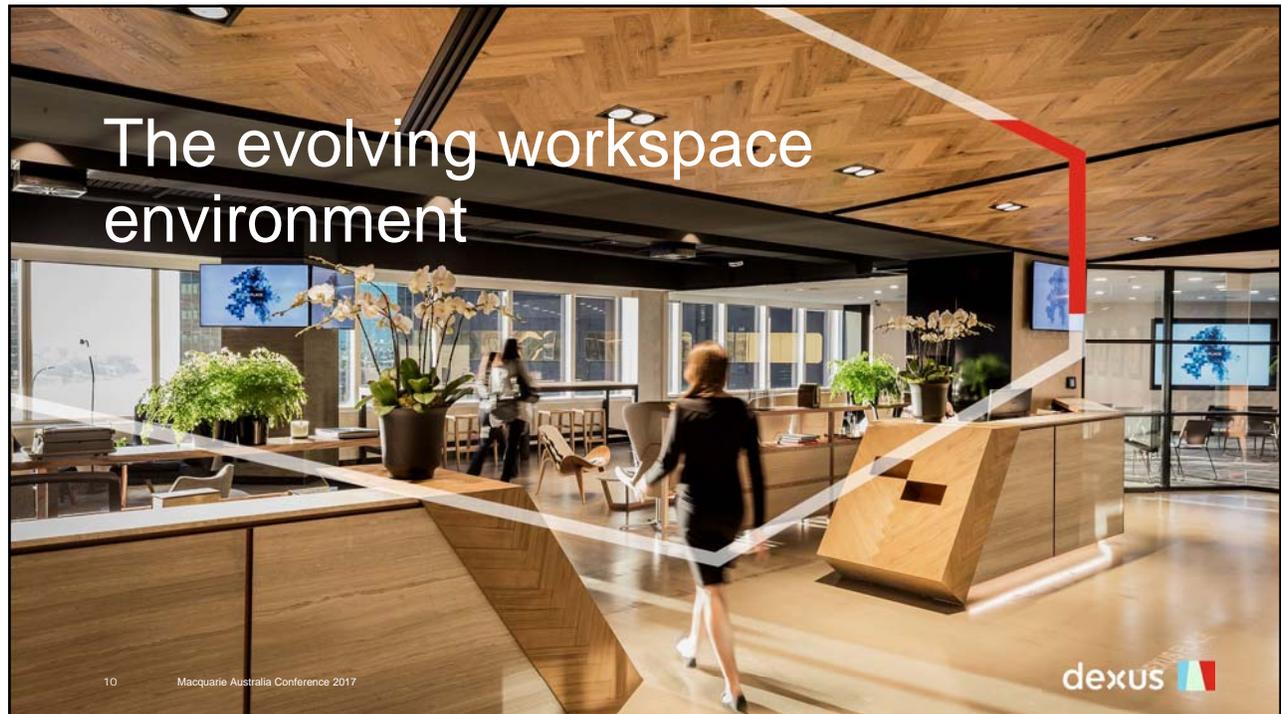
Dexus Industrial Estate, Laverton North



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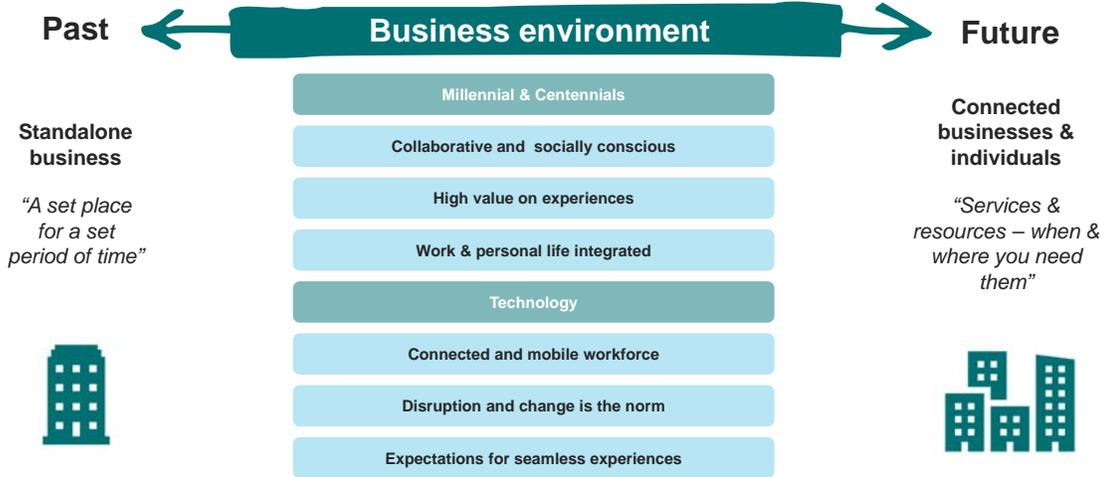


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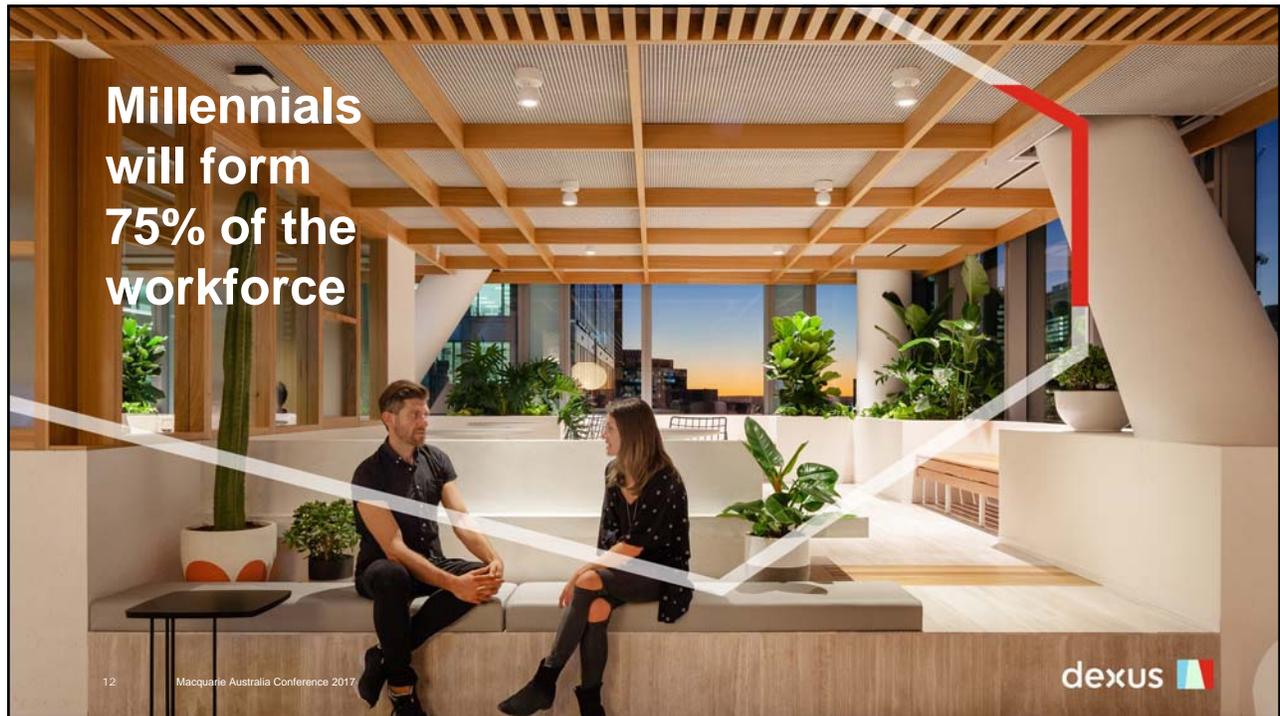
The business environment is rapidly evolving



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Millennials – the next generation of leaders

44%

Expect to have left their current employer within 2 years

76%

Report high job satisfaction where culture is creative and inclusive

75%

Would like to have greater ability to work flexibly

#1

Good work life balance is the most important factor in evaluating job opportunities

Source: Deloitte.

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Technology – implications for Dexus and its customers

1

*Pace of **change** is rapid*



Organisational agility

2

*Enabling **collaboration** is important*



Product design

3

***Flexibility** is increasingly valuable*



Terms of sale

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Evidenced in the evolution of “how” customers use space...



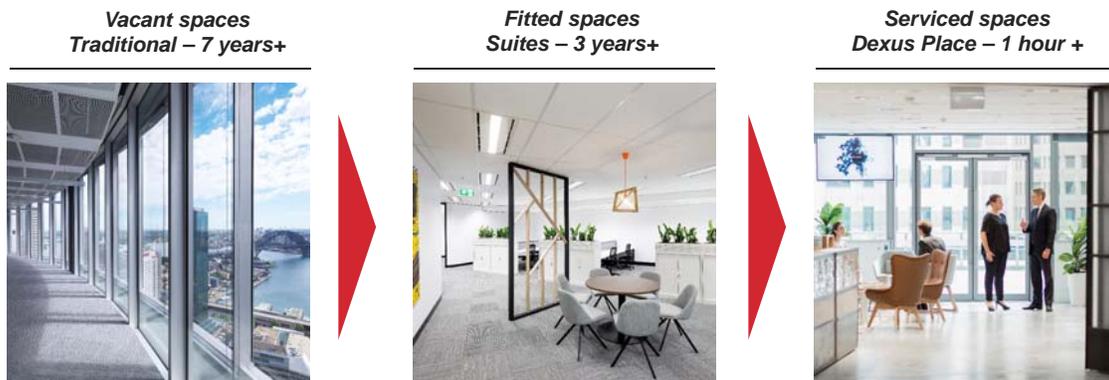
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...our product is also evolving to meet customer needs...

Workspace solutions from 1 hour to 10 years



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...as are the services we are investing in

Attracting new customers



Direct sales capability



Dexu Place



Customer databases & analytics



Simplified lease documentation

Retaining existing customers



Concierge services



Community portals



Childspace



Health and Wellbeing

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Australia is a unique global workplace destination



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International companies are driving incremental demand

Reasons why Australia is attractive

Highly transparent

Growing economy

Proximity to Asia

Highly skilled workforce

Recent international market entrants



RocketSpace



Dropbox

wework

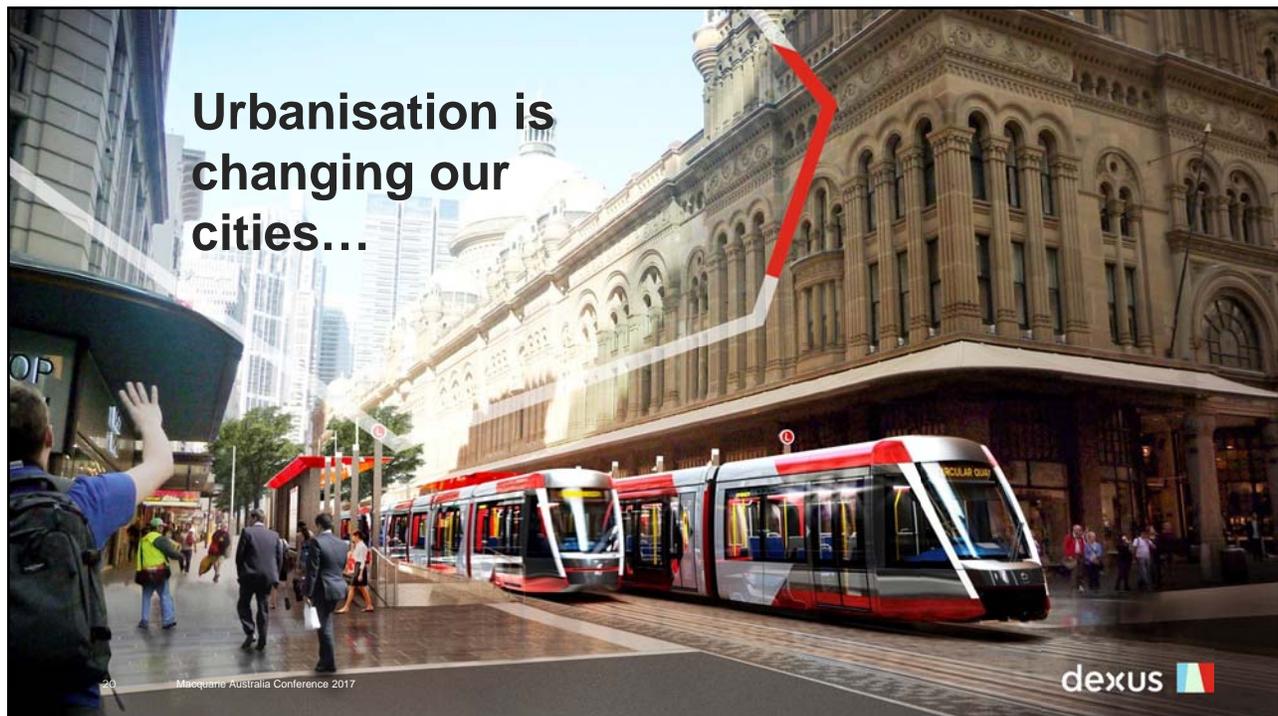
amazon



Source: JLL, Australian Trade & Investment Commission, ABS.

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...and will support long term value creation and further evolution of spaces within the Dexus portfolio

Australia's population is expected to grow by ~6 million people by 2030
The majority of this growth will occur in the four major cities

201 Elizabeth Street, Sydney¹



Waterfront Place precinct, Brisbane¹



1. Represents renders of proposed schemes. Both projects are currently undergoing planning approvals, any outcome of these proposals remains uncertain.
Source: ABS.

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FY17 outlook

- Office portfolio like-for-like income growth of 2.5-3%
- Industrial portfolio like-for-like income growth of 3-4%
- On-track to deliver remaining FY17 trading profits
- Expect to deliver distribution¹ per security growth of 3.5-4.5%

1. Barring unforeseen circumstances guidance is supported by the following assumptions: Impacts of announced divestments and acquisition; 2.5-3% like-for-like income growth across the Dexus Office portfolio and 3-4% like-for-like income growth across the Dexus Industrial portfolio, weighted average cost of debt of circa 4.2%, trading profits of circa \$45-50m net of tax, and Management Operations FFO of circa \$45-50m (including third party development management fees).

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