

Dexus (ASX: DXS)

ASX release



16 November 2020

UBS Australasia Virtual Conference

Dexus releases the attached presentation to be referred to in investor meetings at the 2020 UBS Australasia Conference today.

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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 office and industrial properties. We manage a further \$15.5 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$10.4 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 36 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

dexus

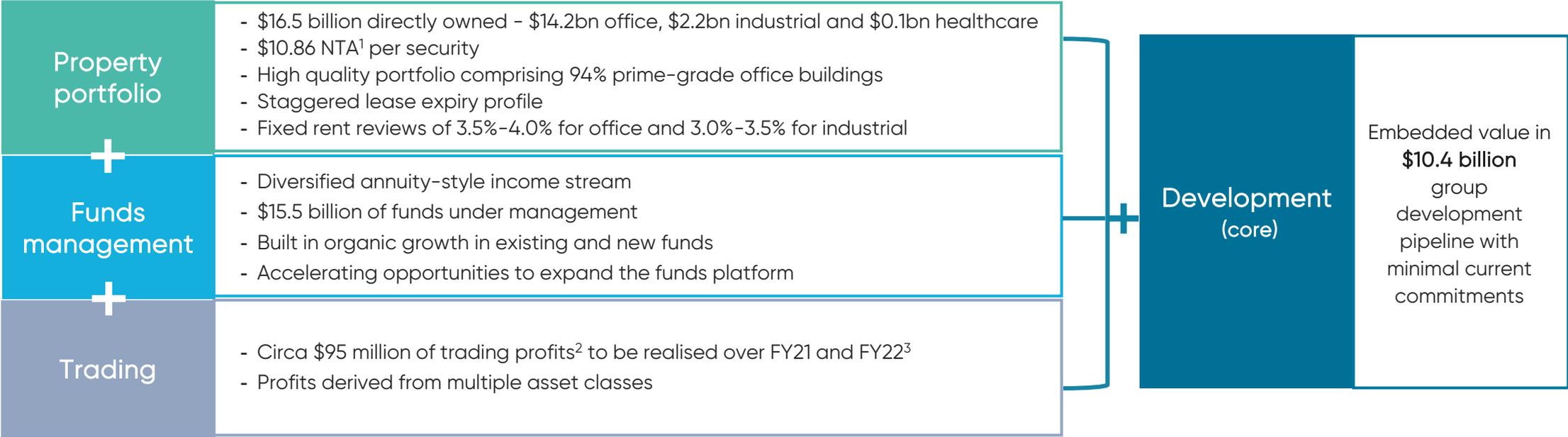
UBS Australasia Virtual Conference 16 and 17 November 2020

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



Dexus overview

Embedded value across key parts of the business



Capital management

Maintain diverse sources of capital and a strong balance sheet

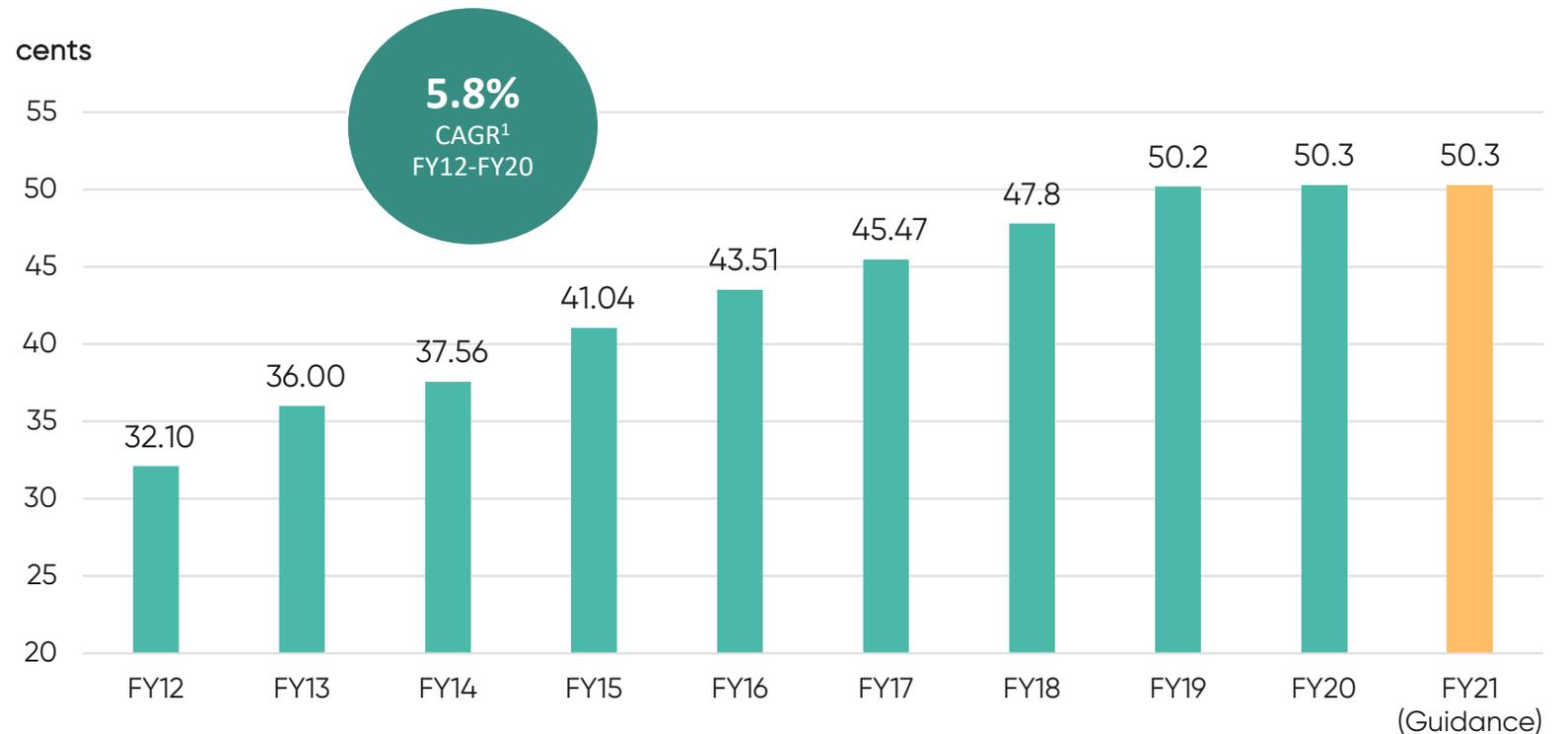
1. Net tangible asset backing.
 2. Pre-tax.
 3. During FY20, Dexus sold a 25% interest in 201 Elizabeth Street, Sydney for \$157.5 million and entered into a put and call option to sell the remaining 25% interest. Dexus exercised the put option in July 2020 for a further \$157.5 million. During FY20, 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.

Track record of delivering distributions

FY21 distribution per security guidance

- Subject to there being no reinstatement of any major lockdowns or unforeseen circumstances, Dexus expects an FY21 full year distribution per security amount that is consistent with FY20
- In FY20, Dexus delivered a full year distribution of 50.3 cents per security
- Current pricing reflects an income distribution yield² of 5.3%

History of 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.

2. Reflecting Dexus closing price as at 13 November 2020 and FY21 distribution per security guidance.

Scalable and expanding funds management business

\$15.5 billion of diversified funds under management

dexus

| | | | | | | |
|--|---|---|---|--|---|--|
|  |  |  |  |  |  |  |
| DWPF dexus Dexus Wholesale Property Fund \$10.3bn Diversified fund > Established 1995 > 43 properties > Outperform benchmark over 1, 3, 5, 7 & 10 years | HWPF dexus Healthcare Wholesale Property Fund \$0.9bn ² Healthcare fund > Launched 2017 > \$903m portfolio across 5 properties | DOTA dexus Dexus Office Partnership \$5.4bn ¹ Office partnership > Established 2013 > 21 properties > Acquired and de-listed CPA portfolio April 2014 | DACT dexus Dexus Australian Commercial Trust \$0.6bn Office partnership > Launched in 2020 > 50% interest in iconic prime-grade Rialto Towers, located in Melbourne CBD | DITA dexus Dexus Industrial Partnership \$0.4bn ¹ Industrial partnership > Established 2014 and recapitalised in 2019 > Core strategy with growth mandate | AIP dexus Australian Industrial Partnership \$0.4bn Industrial partnership > Established 2012 > 20 properties > Strong performance since inception | DALT dexus Dexus Australian Logistics Trust \$2.1bn ¹ Logistics trust > Launched November 2018 > Growth strategy through develop to core and acquisitions |

Future focus – launch unlisted opportunity fund series

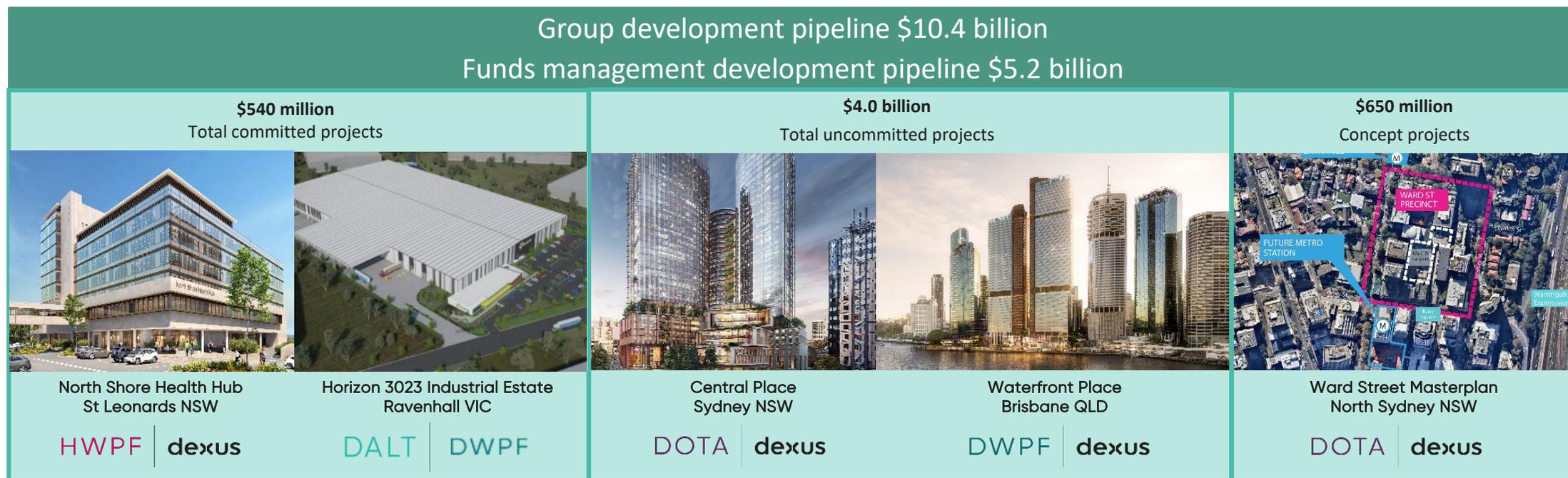
All figures as at 30 June 2020 unless otherwise stated.

- Includes Dexus ownership interest.
- Comprised of the Calvary Adelaide Hospital (\$375 million), North Shore Health Hub (\$225 million on an 'as-if-complete' basis), GP Plus Health Care Centre (\$43.0 million), SAHMRI 2 (\$223.1 million - representing HWP's 50% share) and College Junction (\$36.5 million), which is due for settlement on 30 November 2020.

Embedded organic growth prospects for funds

Supported by diversified development pipeline

- Third party capital has demonstrated its resilience to look through cycles and put capital to work in prior downturns
- City-shaping development projects to be activated at the right time, subject to tenant pre-commitment
- Minimal upfront capital required in order to retain optionality to create longer-dated and income producing projects

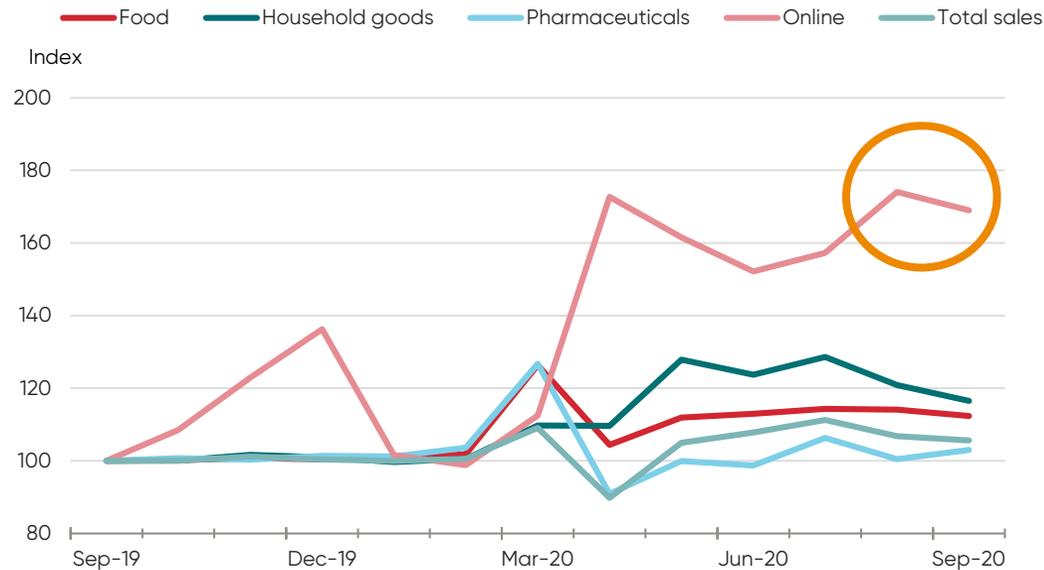


Fundamentals supporting growth of industrial in funds

Industrial take-up driven by food and e-commerce sectors

- Demand has been driven by online retailing as well as defensive players including food and beverage retailers and logistics firms
- Online sales increased by approximately 69% in the year to September 2020 (ABS)

Solid growth in online sales, benefiting customers like Amazon



Progressing key development projects to support growing customers

Horizon 3023, Ravenhall will contribute circa 400,000sqm of space built out to 2025



37,000sqm commitment from Amazon

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.

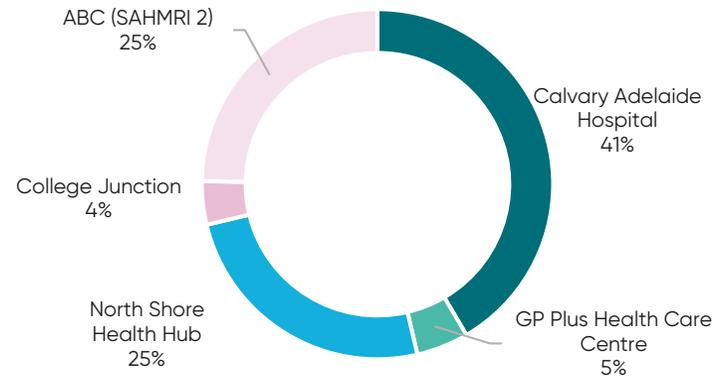
Increasing exposure to healthcare asset class

Latest acquisition increases group exposure to over \$1 billion

Healthcare Wholesale Property Fund (HWPF)

- In October, Dexus and the HWPF acquired (50/50) the Australian Bragg Centre (SAHMRI 2) in Adelaide - **one of the largest single-asset healthcare acquisitions in Australia**
- Completed significant development of Calvary Adelaide Hospital
- Acquired North Shore Health Hub, St Leonards which is targeting a 5 star Green Star design rating
- Portfolio WALE of 26.9 years and weighted average capitalisation rate of 5.31%
- Delivered a one-year return of 14.5% to 30 September 2020

HWPF portfolio composition¹



1. As at 30 September 2020. Includes both ABC (SAHMRI 2) and the North Shore Health Hub on their respective 'as-if-complete' valuations and includes College Junction (settlement expected in November 2020).

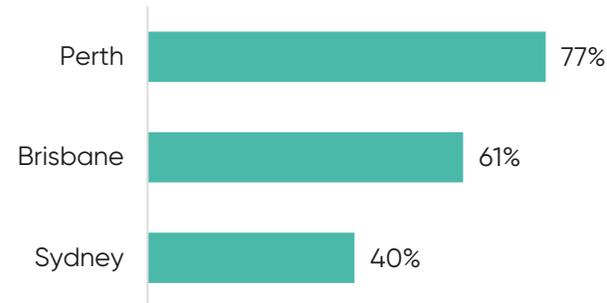
We believe offices and cities will remain relevant

As employment growth resumes post COVID-19

dexus

- Australia's CBDs contribute circa 80% to national GDP supporting hundreds of thousands of businesses and millions of jobs
- Dexus does not believe the ongoing megatrend of urbanisation will shift as CBDs and the concentration of activity continues to drive innovation and collaboration
- Australian office markets will continue to benefit from urbanisation, growth in capital cities and growth in the white-collar service sector. For example over the next 10 years Deloitte¹ forecast capital city white collar employment to grow by 1.9% per annum, comprising of 1.28 million jobs
- Office buildings will continue to play a pivotal role in developing culture, and fostering collaboration and innovation
- Physical occupancy rose in all CBD markets (except Melbourne) in October 2020 as Australians working in cities commence return to their workplaces²

Physical office occupancy levels



1. Deloitte - Capital cities white collar employment Q2 2020.
2. Property Council Australia.

The role of the office

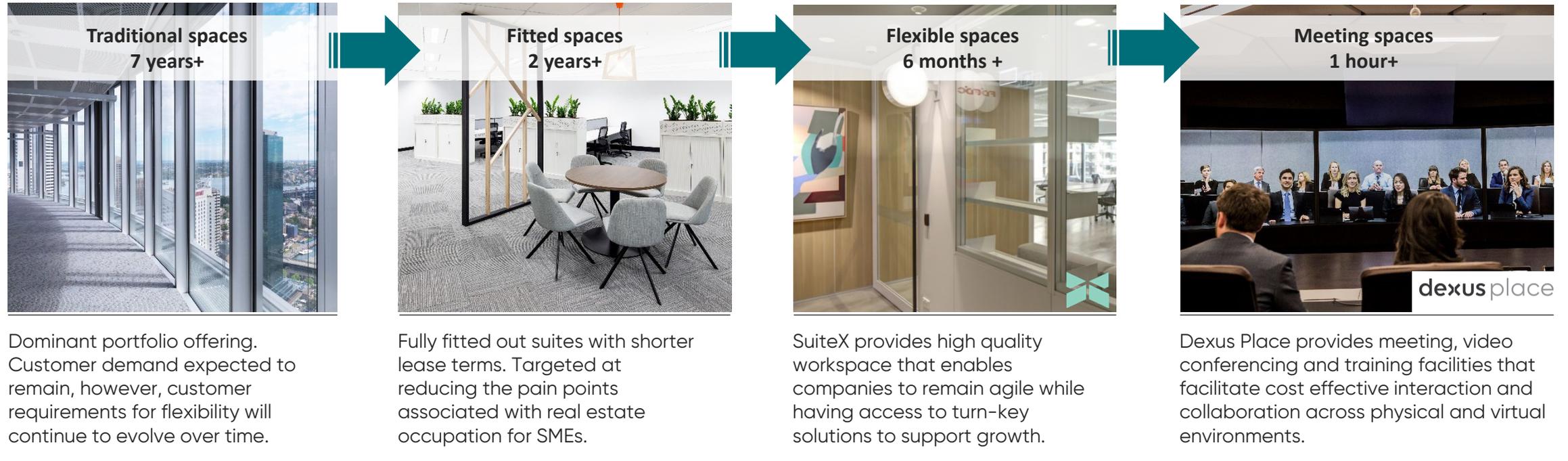
Importance in building culture, collaboration, innovation and more



1. Dexus customer C-Suite survey with 153 respondents (June 2020).
2. Global Knowledge – The 70:20:10 Model.
Source: Dexus Research.

Accelerated evolution of the workspace

Dexus delivers a flexible and seamless experience

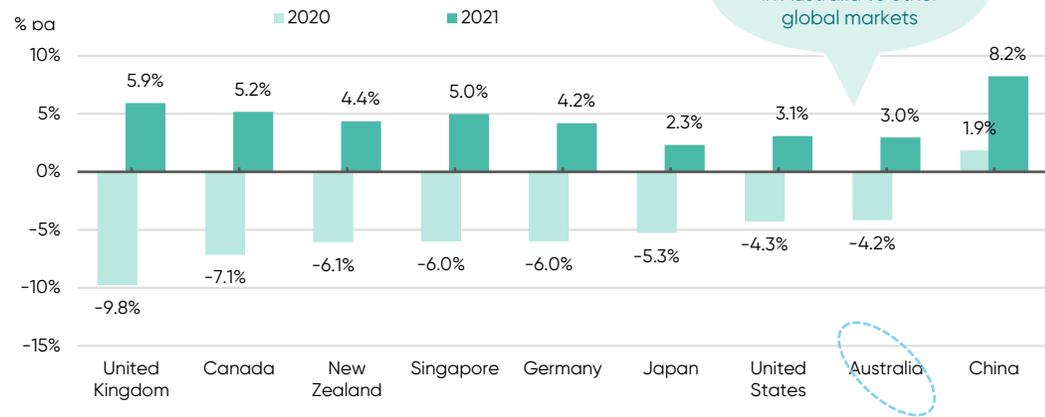


We will continue to work with our customers on the future of workspace

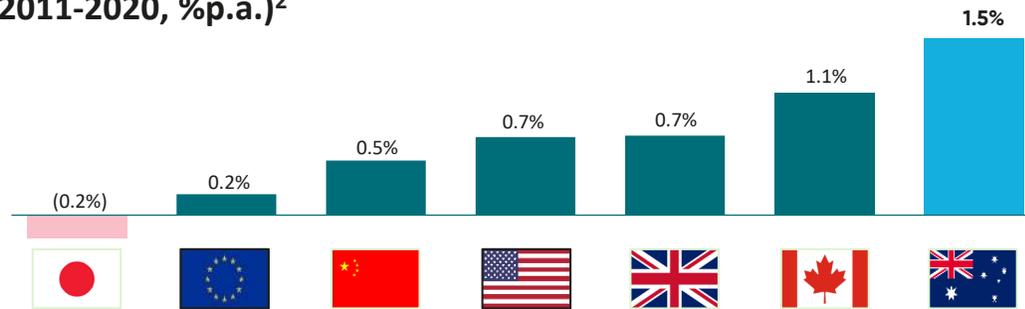
Australia remains an attractive investment destination

Long-term fundamentals for real estate remain favourable

GDP growth forecasts by country¹



Australia leading developed world in population growth (2011-2020, %p.a.)²

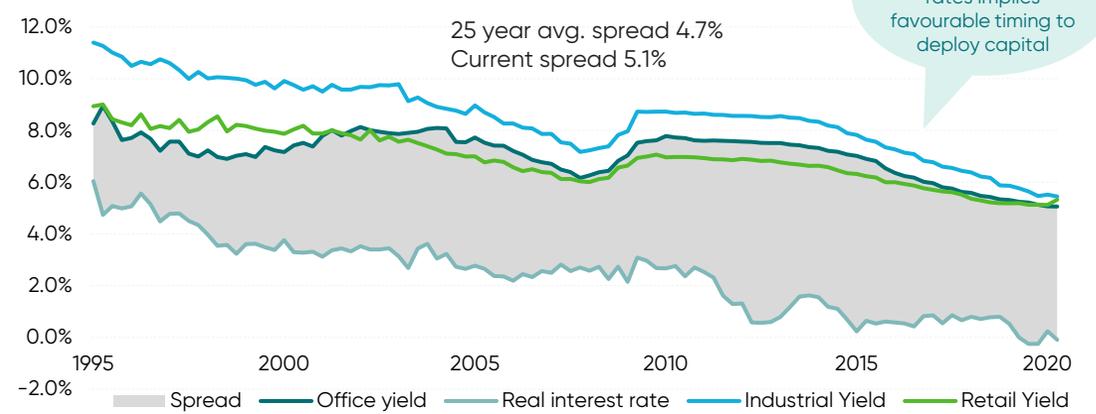


1. IMF October 2020.
 2. World Data Bank.
 3. Global liveability ranking, The Economist, released in August 2019.
 4. Real interest rate calculated using expected inflation (10-year). Source: RBA, ABS, MSCI as at October 2020.

Highly liveable cities attractive to global talent³



Real estate yield spreads to real interest rate⁴



Optimising the composition of Dexus's office portfolio

Selective asset recycling to drive stronger investor returns

- Recent asset sales support current book values

- Reinforcing the disconnect between the public and private markets

- Asset recycling proceeds will be used to

- Organically fund key projects in the development pipeline
- Support growth initiatives in the Funds Management business
- Invest in higher returning opportunities
- Buy back Dexus securities via the on-market securities buy back

| Circa \$7.4 billion in asset sales ¹ since FY15 | | | | | | |
|--|-----------------------------|----------------------------|----------------------------|-----------------------------|------------------------------|-----------------------------|
| FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | Post 30 June 2020 |
| \$933m 79% DXS share | \$1.1bn 85% DXS share | \$706m 62% DXS share | \$408m 62% DXS share | \$2.1bn 95% DXS share | \$1.0bn 100% DXS share | \$1.1bn 44% DXS share |



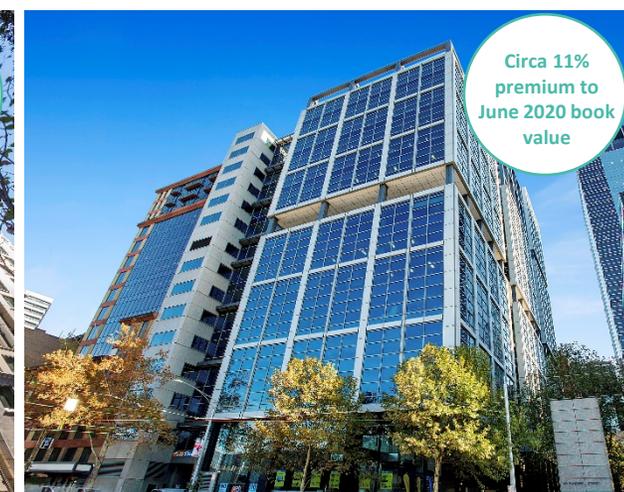
Circa 3% premium to June 2020 book value

| 60 Miller Street, North Sydney NSW (100% DXS) | |
|---|---------------|
| Book value at sale | \$265 million |
| Sale price | \$273 million |
| Premium to BV | Circa +3% |



In line with December 2020 book value

| 45 Clarence Street, Sydney NSW (100% DXS) | |
|---|---------------|
| Book value at sale | \$530 million |
| Sale price | \$530 million |
| Premium to BV | +0% |



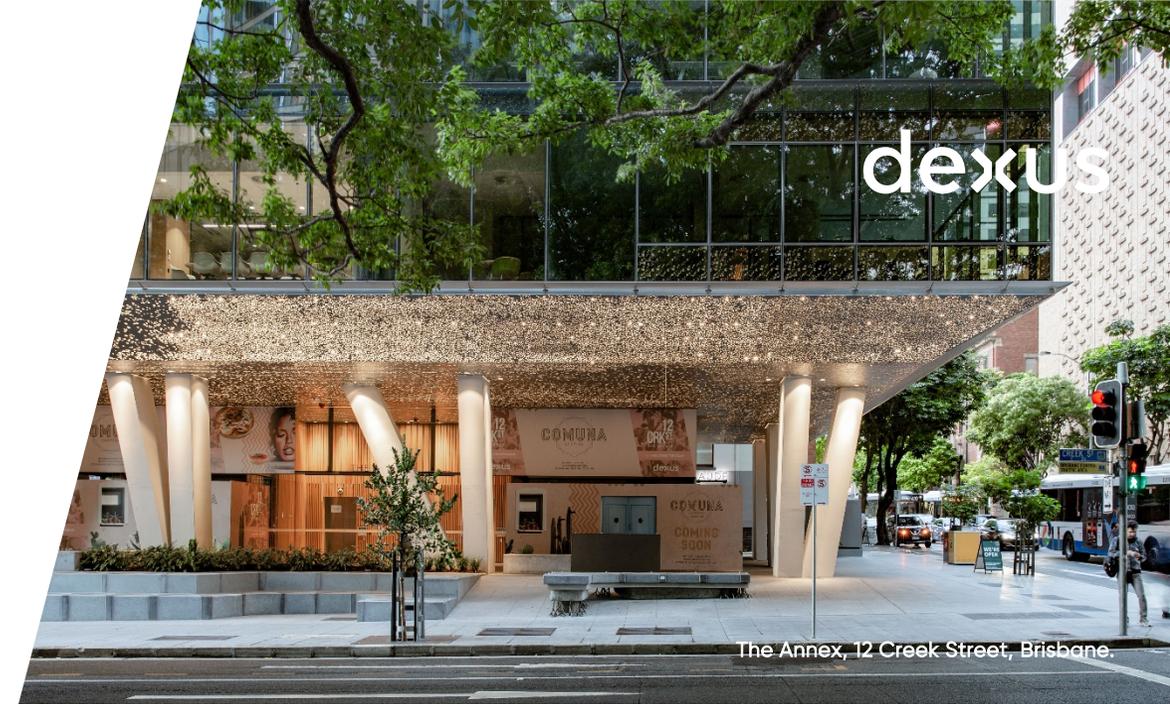
Circa 11% premium to June 2020 book value

| 452 Flinders Street, Melbourne VIC (100% DWPF) | |
|--|---------------|
| Book value at sale | \$397 million |
| Sale price | \$440 million |
| Premium to BV | Circa +11% |

1. Asset sales announced or exchanged during the period across the group.

Summary

- Continue to operate in an uncertain environment
- Will still face significant challenges over the coming year
- Expect an economic recovery, but the timing remains unknown
- In this environment:
 - We have a strong third party capital partners to invest alongside
 - We are focused on leasing and maintaining occupancy levels, which is supported by our high-quality portfolio and diverse customer base
 - Underpinned by our strong financial position
- Subject to no unforeseen circumstances, Dexu expects an FY21 full year distribution per security consistent with FY20 of 50.3 cents



The Annex, 12 Creek Street, Brisbane.



Dunlop 380 Dohertys Road, Truganina.

Appendices



Office portfolio snapshot at 30 September 2020

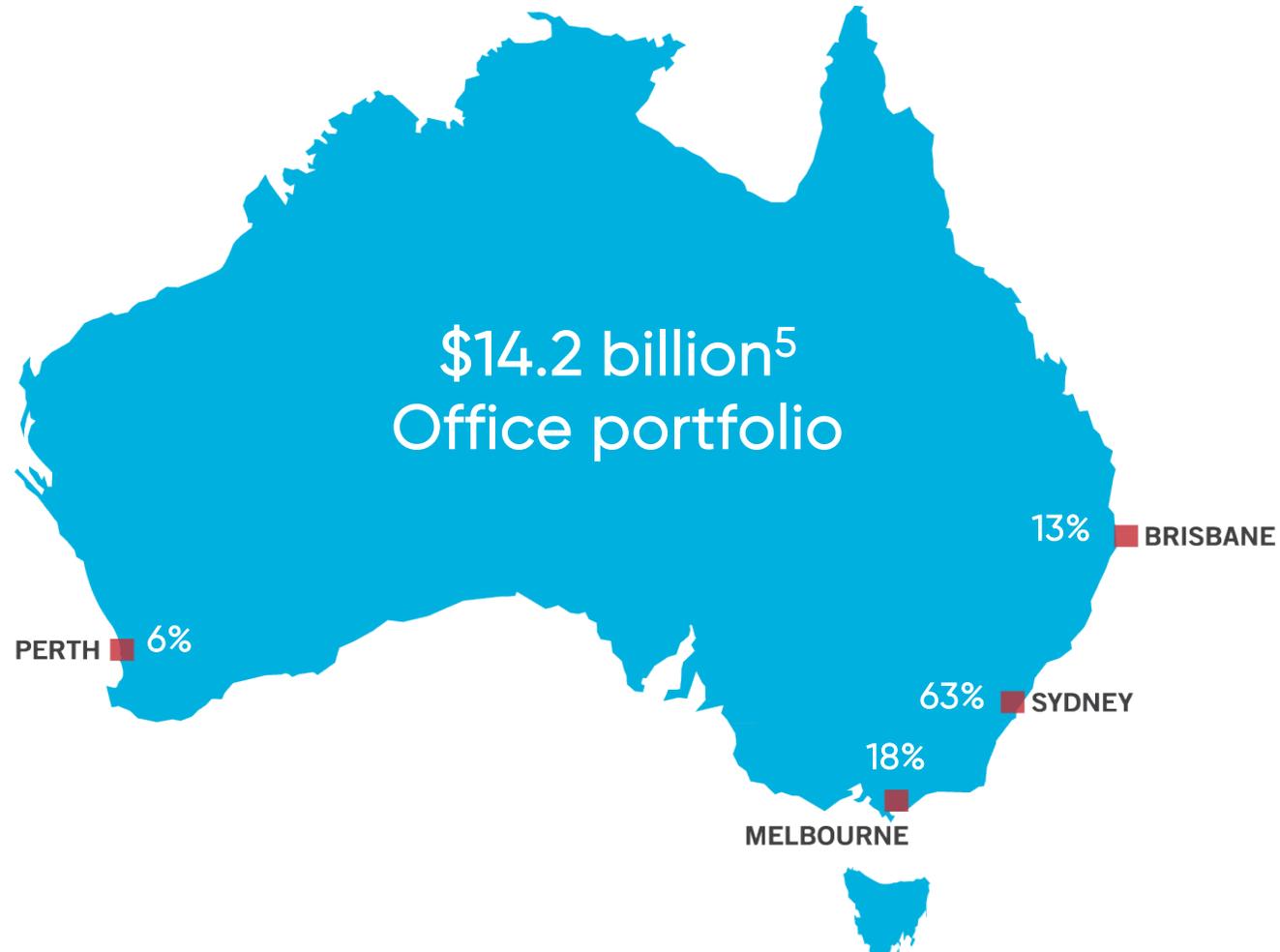
Enquiry and leasing activity despite subdued economic conditions

Leased¹
53,600sqm

Occupancy²
95.4%
30 June 2020: 96.5%

Incentives³
16.8%
30 June 2020: 17.1%

WALE⁴
4.3 years
30 June 2020: 4.2 years



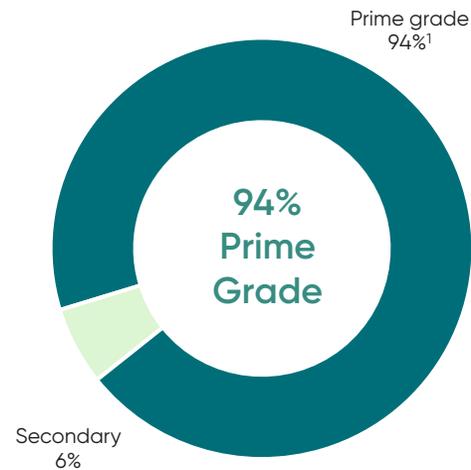
1. Including Heads of Agreement.
2. By Income.
3. Average.
4. Weighted average lease expiry.
5. DXS balance sheet as at 30 June 2020.
Data as at 30 September 2020 unless otherwise stated.

Dexus office portfolio position

High quality portfolio with staggered expiries & diverse customer base



High quality office portfolio



Office portfolio - staggered lease expiry profile



Diversity of office customers with strong covenants

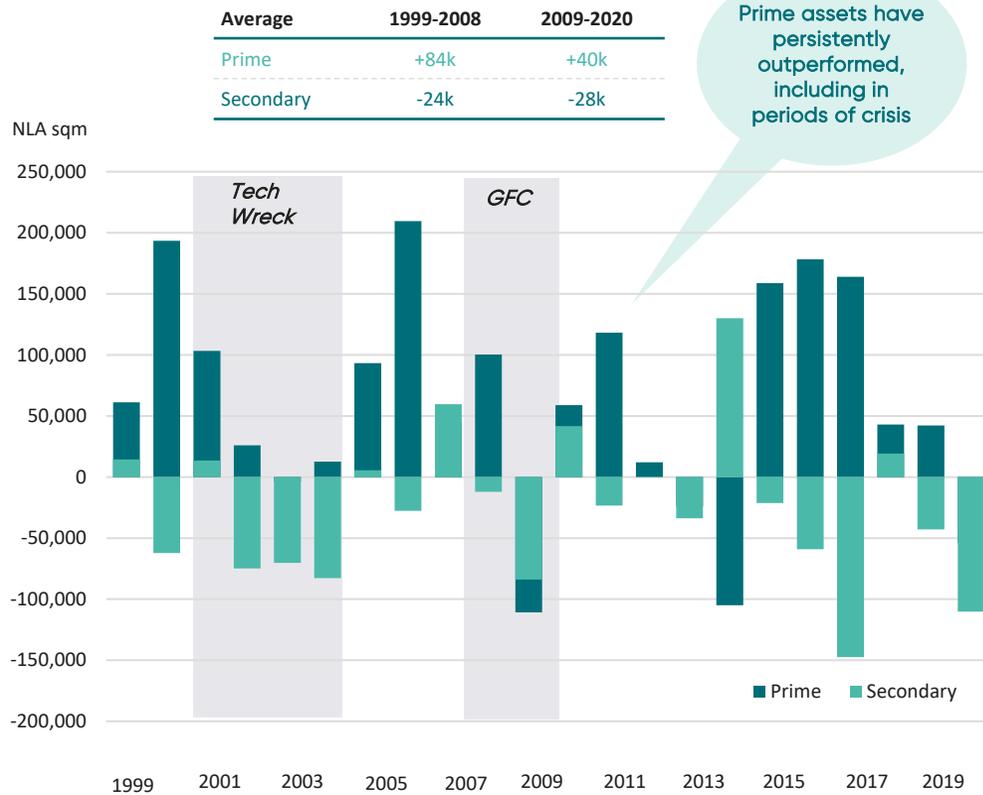


1. Prime grade buildings represent 94% of the office portfolio including stabilised assets only and excluding development-affected assets and land.

Prime assets benefit from a 'flight to quality' in past cycles

Dexus has historically outperformed market office occupancy levels

Office net absorption yoy – Sydney CBD



Office occupancy rate – Australia



Source: JLL, company information.

1. Represents Dexus Office Trust until 2003 and includes acquisition of CPA from 2014 onwards.

Industrial portfolio snapshot at 30 September 2020

Strong leasing activity across core portfolio and new developments

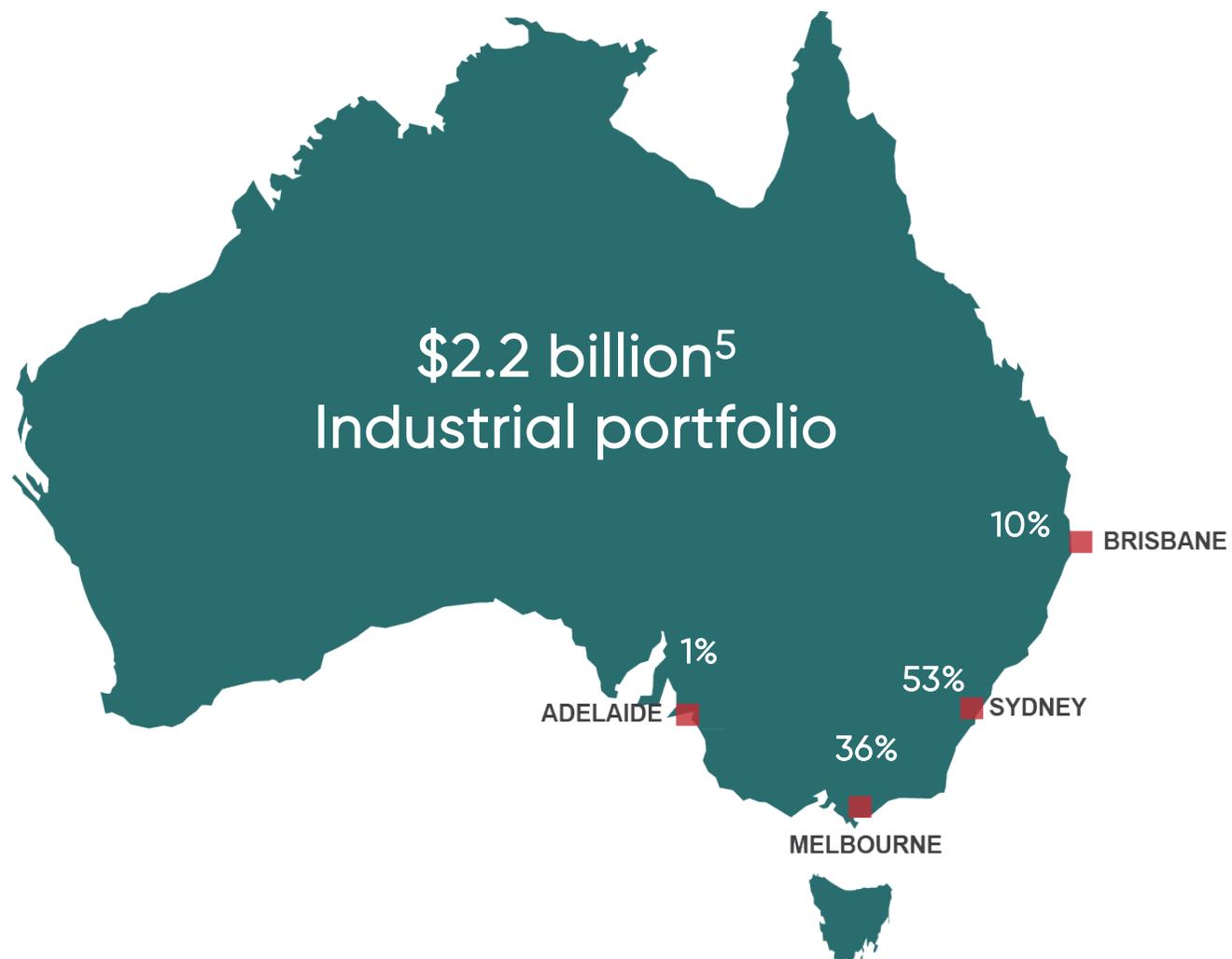
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Leased¹
87,788sqm

Occupancy²
94.8%
30 June 2020: 95.6%

Incentives³
10.8%
30 June 2020: 13.4%

WALE⁴
4.1 years
30 June 2020: 4.1 years



1. Including Heads of Agreement.
2. By Income.
3. Average.
4. Weighted average lease expiry.
5. DXS balance sheet as at 30 June 2020.
Data as at 30 September 2020 unless otherwise stated.

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