

Dexus (ASX: DXS)

ASX release



14 February 2018

2018 Half year results presentation

Dexus provides its 2018 half year results presentation.

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

For further information please contact:

Investor Relations
Melanie Bourke
+61 2 9017 1168
+61 405 130 824
melanie.bourke@dexus.com

Media Relations
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 \$26.5 billion. We believe that the strength and quality of our relationships will always be 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 \$13.1 billion of office and industrial properties. We manage a further \$13.4 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$4.2 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.8 million square metres of office workspace across 55 properties, we are Australia's preferred office partner. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by 28,000 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)

2018 Half Year Results

14 February 2018

Dexus Funds Management Limited
ABN 24 060 920 799
AFSL 238163 as responsible entity for Dexus

Agenda

Introduction

Financial results

Property portfolio performance

Transactions, developments and trading

Funds management

Summary and outlook

Appendices

Darren Steinberg – Chief Executive Officer

Alison Harrop – Chief Financial Officer

Kevin George – EGM, Office and Industrial

Ross Du Vernet – Chief Investment Officer

Darren Steinberg – Chief Executive Officer

Dexus today

Overview



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Positive fundamentals for office

State of the market

Australian economic view



\$230 billion
infrastructure investment across Australia:
\$90 billion underway with \$140 billion planned

Over the next five years we expect...



Australian population to grow by
8.0%

Service sector jobs to be up
12.6%



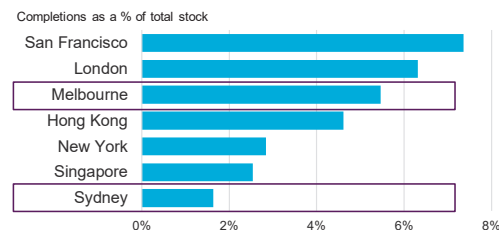
Source: JLL Research, IMF, Deloitte Access Economics, Dexus Research.
1. Face rental growth

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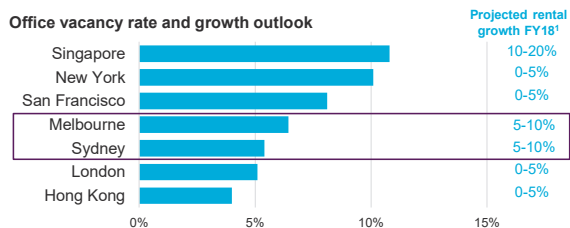
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Real estate view

Office supply forecast 2018-2019



Office vacancy rate and growth outlook



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Active six-month period

HY18 highlights

- Strong leasing maintained **high portfolio occupancy**
 - Income commenced from leases secured over the past 12 months
 - Secured development leasing **locking in future income streams**
- **Completed first equity raise** for Healthcare Wholesale Property Fund
- **Confident in securing FY18 trading profit¹ target of \$35-40 million**
- **Enhanced our duration of debt to 7 years** through completion of our largest ever long dated debt transaction
- **Achieved 87% employee engagement score**



1. Net of tax.

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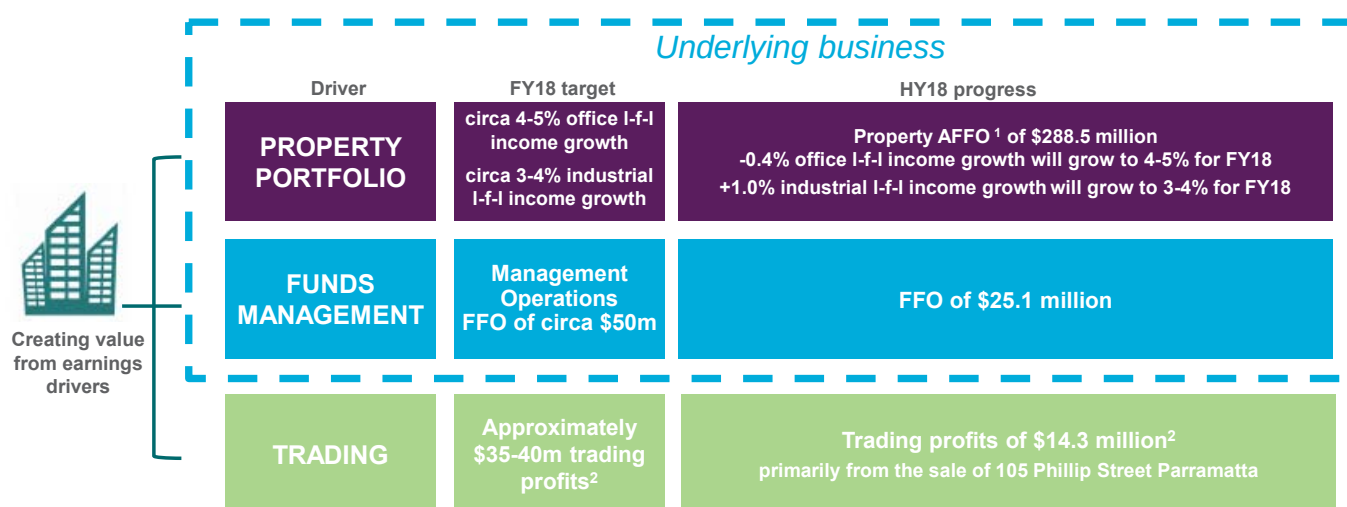
Financial results

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Key earnings drivers deliver results

Underlying business performing



1. AFFO contribution is calculated before finance costs, group corporate costs and tax. Property AFFO is equal to Property FFO of \$364.0 million less total portfolio capex of \$75.5 million.

2. Net of tax.

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Delivered strong financial result in HY18

	HY18 \$m	HY17 \$m	Change %
Office property FFO	299.4	292.6	2.3%
Industrial property FFO	64.6	53.7	20.3%
Total property FFO	364.0	346.3	5.1%
Management operations ¹	25.1	21.0	19.5%
Group corporate	(13.6)	(10.7)	(27.1%)
Net Finance costs	(63.3)	(64.5)	1.9%
Other ²	(4.7)	(4.4)	(6.8%)
Underlying FFO³	307.5	287.7	6.9%
Trading profits (net of tax)	14.3	8.3	72.3%
FFO	321.8	296.0	8.7%
Adjusted Funds from Operations (AFFO)	246.3	214.3	14.9%
Distribution payout (% AFFO)	97.9%	98.0%	
Distribution	241.1	210.1	14.8%

	HY18	HY17	Change
Underlying FFO per security ³	30.2	29.7	1.7%
FFO per security	31.6	30.6	3.3%
Distribution per security	23.7	21.7	9.2%

	HY18	FY17	Change
NTA per security	\$9.16	\$8.45	8.4%

- Office property FFO growth due to lease commencements across the portfolio and acquisitions in July 2017
- Industrial property FFO growth driven by increased occupancy from lease commencements, income from completed developments and acquisitions
- Management operations increased as a result of revaluation growth and a strong first half of office leasing
- Management Expense Ratio (MER) benefited from increased revaluations, reducing to 33 basis points

1. Management operations income includes development management fees.

2. Other FFO includes non-trading related tax expense.

3. Underlying FFO excludes trading profits net of tax.

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Maintained balance sheet strength

Completed Dexus's largest ever long-dated debt transaction

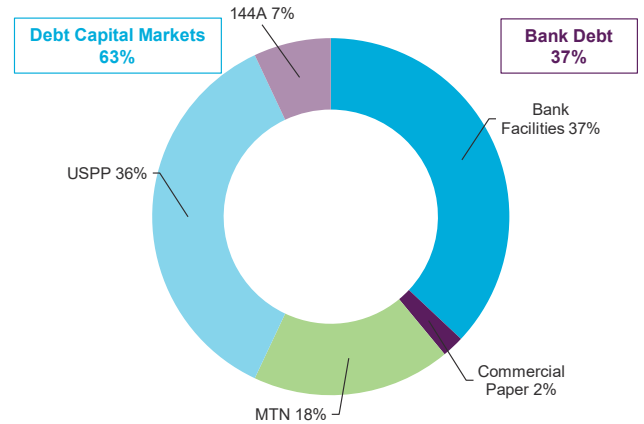
- Improved debt duration and diversity of funding sources
- Issued \$653 million dual currency US Private Placement
 - Four tranches across 12 and 15 years equating to an average duration of 13.5 years, including \$150 million of A\$ fixed debt
 - Average margin of 175 basis points on US\$ tranches
 - Average coupon of 4.68% on A\$ tranches
- Continue to benefit from a low interest rate environment

Key metrics	31 Dec 2017	30 June 2017
Gearing (look-through) ¹	26.5%	26.7% ²
Cost of debt ³	4.0%	4.1%
Duration of debt	7.0 years	5.6 years ⁵
Hedged debt (incl caps) ⁴	67%	65%
S&P/Moody's credit rating	A-/A3	A-/A3

- Adjusted for cash and debt in equity accounted investments.
- Pro forma gearing is adjusted for the acquisitions of MLC Centre, Sydney, 100 Harris Street, Pyrmont, 90 Mills Road, Braeside and the sales of 30-68 Taras Avenue, Altona North and 46 Colin Street, West Perth, including the impact of transactions costs. Actual gearing (look-through) is 22.1% at 30 June 2017.
- Weighted average across the period, inclusive of fees and margins on a drawn basis.
- Average for the period. Hedged debt (excluding caps) was 56% for the 6 months to 31 December 2017 and 59% for the 12 months to 30 June 2017.

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Diversified sources of debt



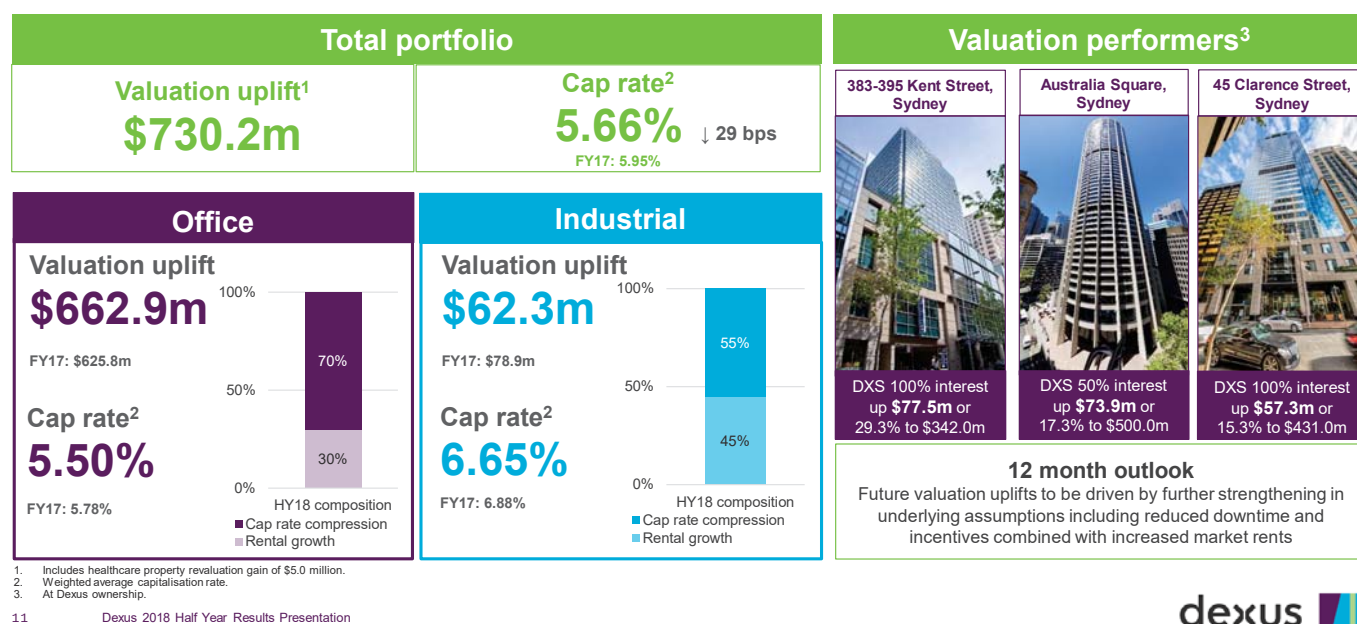
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Property portfolio performance

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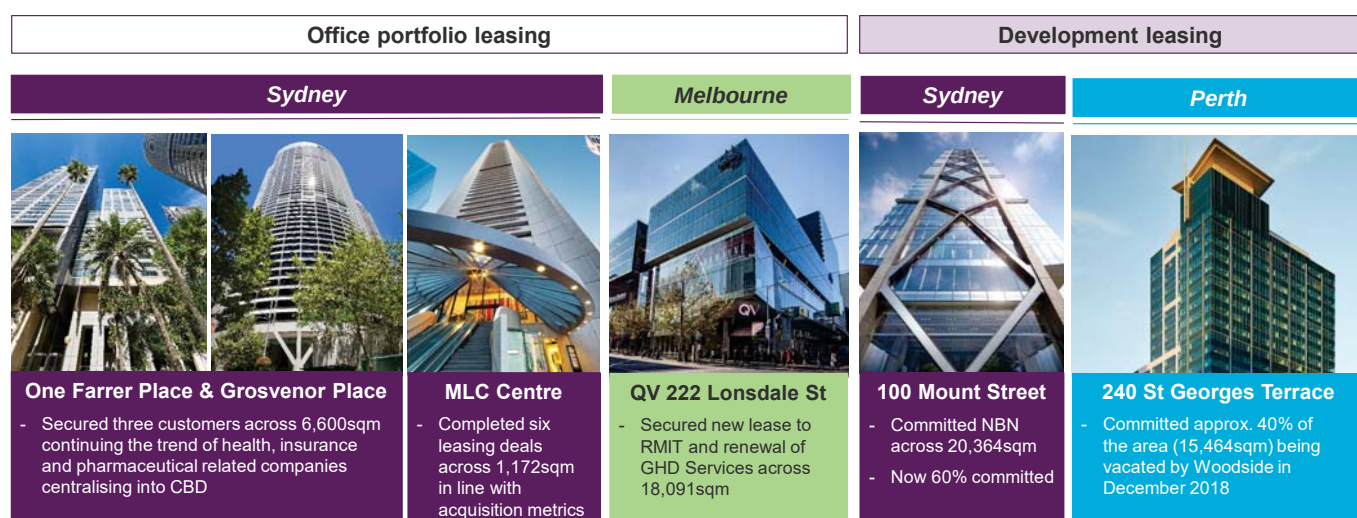
Strong HY18 valuation uplift

Market evidence and leasing success driving valuations



Active period of office leasing

Leasing across core markets



Office leasing enquiry strong Business sentiment enhancing results

Leasing by area¹**82,577sqm**Average incentives¹**15.0%**

FY17: 14.5%

Occupancy

96.5%

FY17: 97.2%

Sydney leasing spread¹**+16%**

Effective L-F-L income

-0.4%

Face: 0.7%

One-year total return²**15.8%**

- 6.1% excluding 30 The Bond, Sydney
- Confident will be 4-5% for FY18

Total return
outperformers

40.2%60 Miller Street,
North Sydney**24.9%**8 Nicholson Street,
Melbourne**24.3%**Australia Square,
George Street,
Sydney

1. Excluding development leasing.
2. Portfolio unlevered total return.

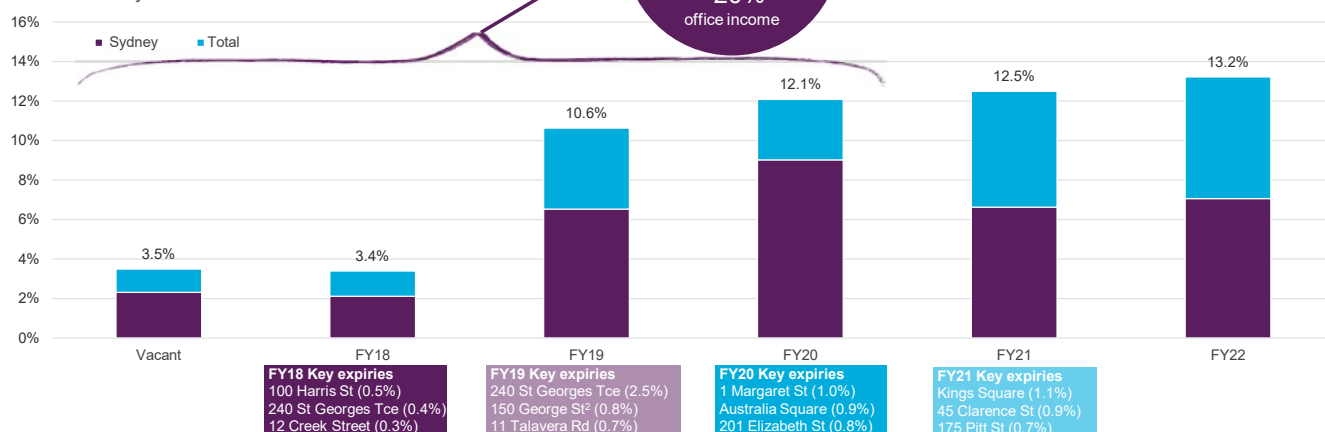
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Consistent lease expiry profile Addressing leasing risk in future years

WALE¹**4.6 years**

FY17: 4.8 years



1. Weighted average lease expiry.
2. Post 31 December 2017, a three year option has been exercised by CBA at 150 George Street and 101 George Street, Parramatta, not reflected in the FY18 lease expiry profile or metrics.

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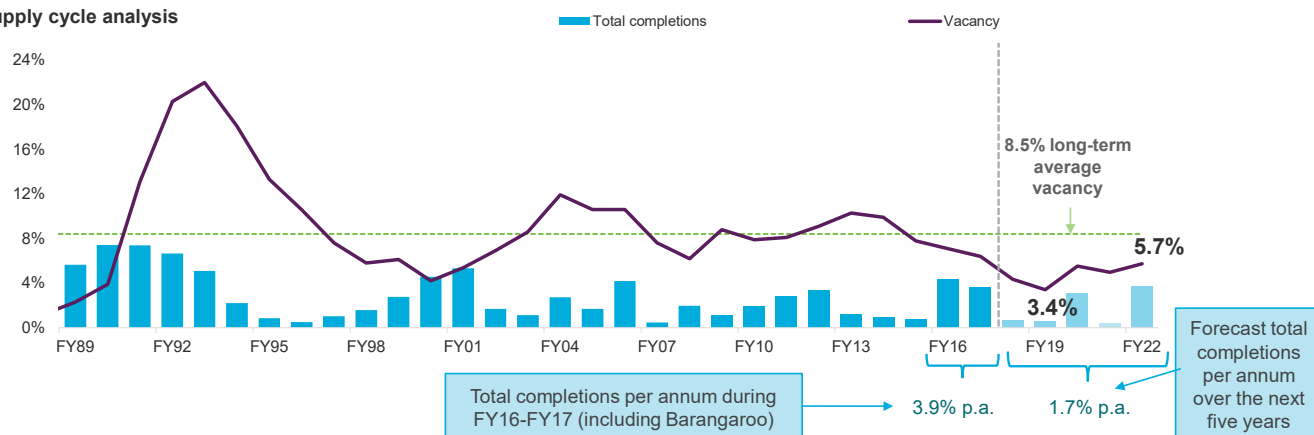
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Sydney CBD office supply

Putting it into perspective

- The rate of supply during FY18-FY22 to be less than half of supply in FY16-FY17 (including Barangaroo)
- Demand expected to largely absorb the supply keeping vacancy at or below average

Supply cycle analysis



Source: Dexis Research, JLL.

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Industrial portfolio activity continues

Uptick in e-commerce and logistics demand

Leasing by area

118,537sqm

Occupancy

97.5%

FY17: 96.5%

Effective L-F-L income

+1.0%

Face: 8.8%

To grow to 3-4% for FY18

Average incentives

15.8%

FY17: 14.5%

WALE¹

5.0 years

FY17: 5.1 years

One-year total return²

15.4%

Total return outperformers

27.2%

5 Basalt Road, Greystanes

26.1%

27-29 Liberty Road, Huntingwood

25.0%

2-6 Basalt Road, Greystanes

1. Weighted average lease expiry by income, including completed developments.
2. Portfolio unlevered total return.

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Sustainability

Leadership recognition and progress towards 2020 target

Recognition in latest sustainability results

- Dexus office portfolio ranked No.1 in Global Listed and Australian Listed categories in GRESB which assessed 850 real estate portfolios representing > US\$3.7 trillion of AUM



1st

Global / Office / Listed
out of 51

1st

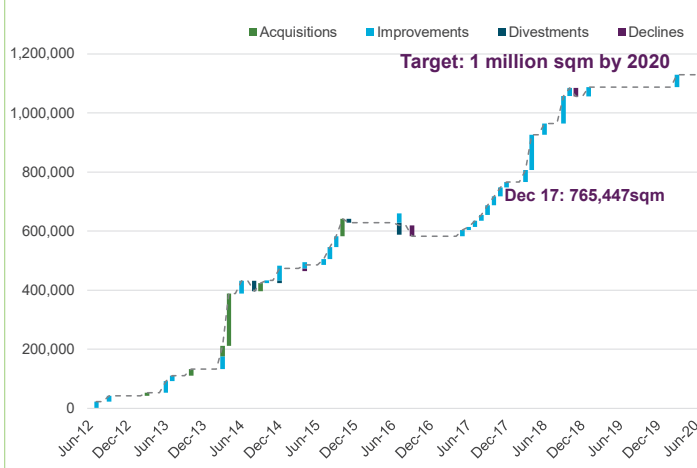
Australia / Listed
out of 16

- Dexus achieved Silver Class Sustainability Award by RobecoSAM in The Sustainability Yearbook 2018



ROBECOSAM
Sustainability Award
Silver Class 2018

Progressing 5 star NABERS Energy target



Transactions, Development & Trading

\$4.2 billion group development pipeline

Concentrated in major cities and supported by broad capability

Exposure across Australian CBDs			Industrial	Retail	Healthcare
Office	City retail	Mixed use			
Waterfront Place, Brisbane Dexus and Dexus Wholesale Property Fund	175 Pitt Street, Sydney Dexus and Dexus Office Partner	201 Elizabeth Street, Sydney Dexus	Quarrywest, Greystanes Dexus and Dexus Industrial Partner	Willows Shopping Centre DWPF	Calvary Adelaide Hospital HWPF
					
\$1,899m (\$833m committed)	\$207m (\$85m committed)	\$816m (Uncommitted)	\$362m (\$175m committed)	\$579m (\$151m committed)	\$325m (\$325m committed)
including: 180 Flinders Street, Melbourne 12 Creek Street, Brisbane 11 Talavera Road, Macquarie Park Waterfront Place Precinct	including: 175 Pitt Street, Sydney 1 Farrer Place, Sydney 44 Market Street, Sydney	including: 201 Elizabeth Street, Sydney Waterfront Place Precinct	including: Quarrywest, Greystanes Dexus Industrial Estate, Laverton North	including: Willows Shopping Centre Smithfield Shopping Centre Westfield Plenty Valley	Calvary Adelaide Hospital

1. Includes trading and value-add opportunities.

70% of the pipeline

Circa 7.6% of balance sheet FUM is allocated to development¹ at 31 December 2017

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Activating office developments

Leveraging leasing and development expertise

Development of 180 Flinders Street, Melbourne	Development of Annex, 12 Creek Street, Brisbane	Refurbishment of 240 St Georges Terrace, Perth
		
100% Dexus	50% Dexus / 50% DWPF	100% Dexus
Project cost ¹ : \$146 million Project overview: A 20,100sqm value-add development opportunity to create new office above existing car park and reposition property Target completion: mid 2020 Target yield on cost: 6-7%	Project cost: \$30 million Project overview: A 6,700sqm development to utilise land space and provide opportunities for smaller space users Target completion: August 2019 Target yield on cost: 7-8%	Refurbishment budget: \$165 million Project overview: Reposition asset to provide greater ground floor amenity and refurbish office tower floors across 47,800sqm Target completion: late 2021 Target yield on cost: circa 7%

1. Includes associated refurbishment works.

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Strength at industrial estates

Developing to capture customer demand

Development of Quarrywest, Greystanes



50% Dexus / 50% Dexus Industrial Partner

Project cost¹: \$109 million

Project overview: 46,300sqm completed (5 properties), 41,500sqm (5 properties) under construction and 100% pre-leased. A further 33,400sqm remains to be built out to complete the estate.

Target completion: September 2018

Target yield on cost: 7-8%

1. Dexus interest only.

Development of Laverton North Industrial Estate, Melbourne



100% Dexus

Project cost: \$224 million

Project overview: 73,600sqm (4 properties) completed, 42,600sqm (2 properties) under construction and 100% pre-leased.

66,700sqm remains uncommitted and to be built out to complete the estate.

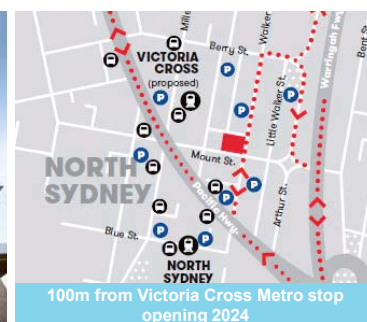
Target completion: June 2020

Target yield on cost: 7-8%

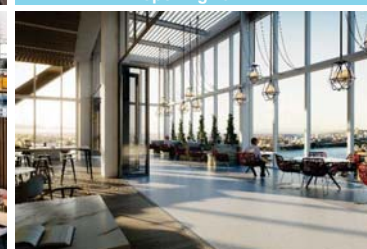
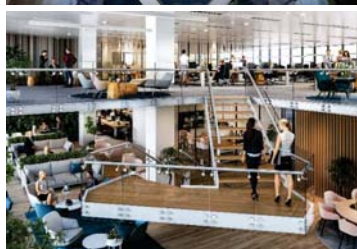
Value creation from development pipeline

100 Mount Street, North Sydney

- 90 and 100 Mount Street development site acquired for initial acquisition price of \$41 million on 11 February 2016
- Total development cost of \$462 million¹ with a target yield on cost of 8%
- 25,400 square metres committed (60% of space)
- Active enquiry on remaining space
- Delivering smart building solutions designed to future proof the asset, including secured connectivity and advanced security and occupancy data
- Achieved 5 star Green Star Certification and targeting a WELL Gold Shell and Core rating



100m from Victoria Cross Metro stop opening 2024



1. Including initial acquisition price.

Trading business

Positioned to deliver FY18 target

- On track to deliver \$35-40 million (net of tax) for FY18
 - Secured \$14.3 million (net of tax) of trading profits in HY18
- 32 Flinders Street, Melbourne is currently being marketed for sale
- 12 Frederick Street, St Leonards is well positioned for a fund through sale
- Trading pipeline of \$100-\$120 million of trading profits (net of tax) over the next four years

Trading projects	Current use	Trading strategy	FY18	FY19	FY20	FY21	FY22+
32 Flinders Street	Carpark	Rezoning					
140 George Street ¹	Office	Development					
Lakes Business Park South	Industrial	Development					
12 Frederick Street – Stage 1	Industrial	Healthcare development					
Gladesville ²	Industrial	Rezoning					
12 Frederick Street – Stage 2	Industrial	Healthcare development					

1. Transferred to trading book in August 2017.

2. Transferred to trading book in July 2017.

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Future trading opportunity

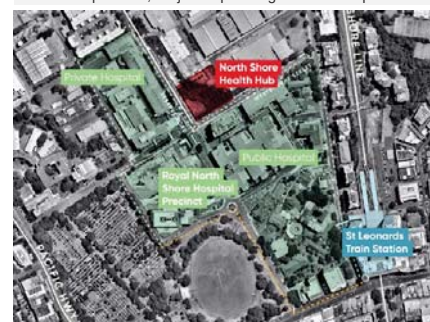
12 Frederick Street, St Leonards – Stage 1

- Stage 1 represents approximately 15,000 square metres of NLA (circa 25% of total site)
- Dexus-owned and controlled site located adjacent to the Royal North Shore Hospital and North Shore Private Hospital, a major NSW healthcare precinct
- Planning Proposal (rezoning) endorsed by Council and Department of Planning, exhibited and awaiting gazettal
- State Significant Development Applications lodged and under determination
- Provides opportunities for a range of specialist operators, resulting in over 20,000sqm of enquiry
- Indicative value on completion of \$200-\$250 million
- First right of refusal for Healthcare Wholesale Property Fund to acquire

Proposed development of a specialist health hub in Sydney's St Leonards



Artists Impression, subject to planning consent and pre-lease



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Funds Management

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Funds Management

New fund completes first equity raise Healthcare Wholesale Property Fund

- Completed first equity raise and initial capitalisation of Healthcare Wholesale Property Fund (HWPF) securing three new clients onto the funds platform
- Seeded with approximately \$370 million¹ of properties and has an additional pipeline of high quality opportunities with an estimated on completion value of \$445 million
- The new Calvary Adelaide Hospital (under construction) and the GP Plus Health Care Centre are the seed assets for the fund
- A further equity raise to be completed in 2018 for further pipeline opportunities

1. On completion value.

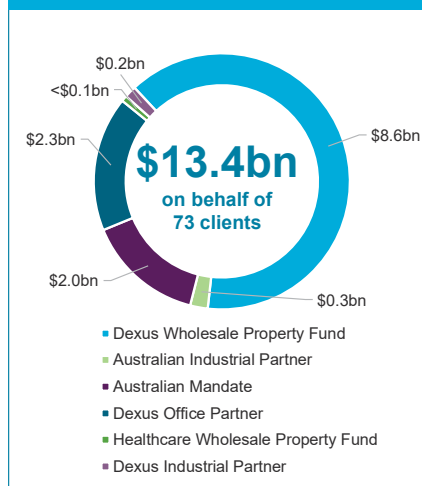


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Continuing to deliver for Funds Management clients

Driving performance and delivering growth

Funds Management platform



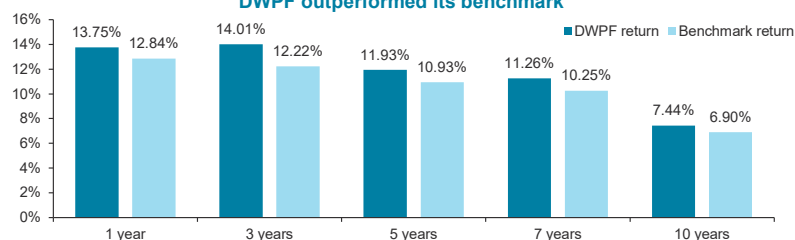
Delivering on clients' investment objectives

All funds delivered strong performance

Dexus Office Partnership delivered strong returns

- 1 year unlevered total property return of 16.5%
- Annualised unlevered total property return since inception of 15.3%

DWPF outperformed its benchmark



Third party development pipeline

\$2.1bn

- Active projects in retail and healthcare sectors
- \$1.3 billion uncommitted

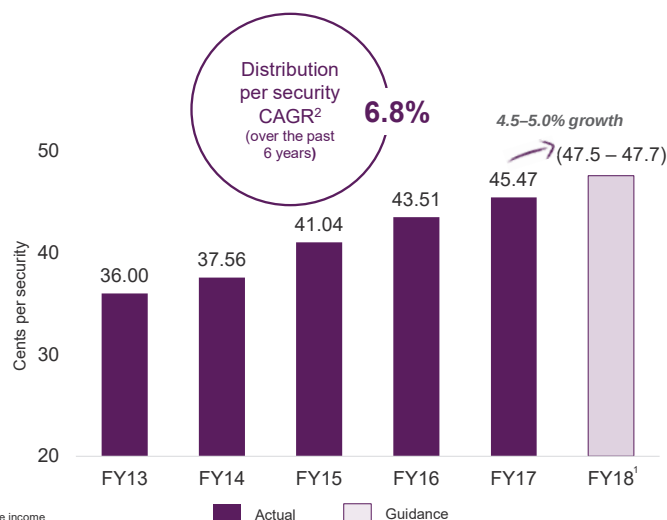
Summary and outlook

Summary

FY18 outlook and guidance

- Long-standing strategy continues to deliver
- Over the next two years, Australian cities are set to continue to benefit from global economic growth, population growth and infrastructure activity
- We expect to see support for real estate values over the next 12 months within our core markets
- Dexs is well positioned to improve performance across a number of areas in the underlying business
- Upgraded market guidance¹ for distribution per security growth to 4.5-5.0% from 4.0-4.5% for the 12 months ending 30 June 2018
- Recent volatility in equity markets, has resulted in Dexs announcing plans to initiate an on-market securities buy-back of up to 5% of Dexs securities on issue, providing the opportunity to enhance investor returns

Dexs distribution per security (cents)²



1. Barring unforeseen circumstances guidance is supported by the following assumptions: Impacts of announced divestments and acquisitions; underlying FFO per security growth of 2.5-3.0% underpinned by Dexs office portfolio like-for-like growth of 4-5%, industrial portfolio like for like income growth of 3-4%, management operations FFO of c.\$50 million and cost of debt in line with FY17; trading profits of \$35-40 million net of tax; maintenance capex, cash incentives, leasing costs and rent free incentives of \$165-170 million; and excluding any further transactions.

2. Adjusted for the one-for-six security consolidation completed in FY15. Compound annual growth rate (CAGR) is calculated over six years, assuming mid-point of FY18 guidance is met.

2018 Half Year Appendices

14 February 2018

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Glossary

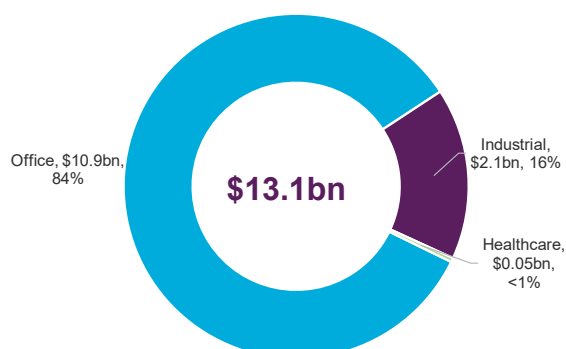
Important information

Overview

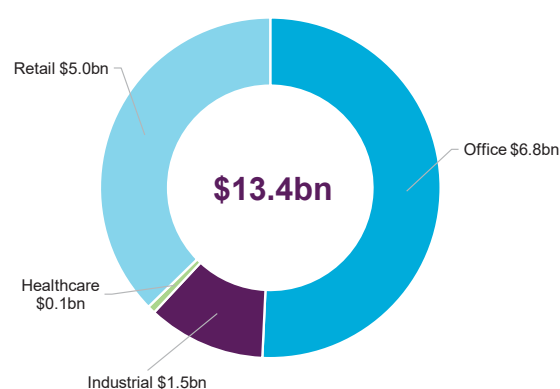
Total group portfolio composition

Total group FUM \$26.5 billion

Dexus portfolio



Funds Management



Financial results

Reconciliation to statutory profit

Reference	Item	31 Dec 2017 \$m	31 Dec 2016 \$m
Statutory AIFRS net profit after tax		997.1	716.0
Investment property and inventory	(Gains)/losses from sales of investment property	0.7	(71.4)
	Fair value gain on investment property	(730.2)	(396.0)
Financial instruments	Fair value loss on the mark-to-market of derivatives	9.2	80.9
Incentives and rent straight-lining	Amortisation of cash and fit out incentives	26.6	24.4
	Amortisation of lease fees	6.5	4.8
	Amortisation of rent-free incentives	30.0	25.5
	Rent straight-lining	(11.6)	(4.4)
Tax	Non-FFO tax expense	-	(1.2)
Other unrealised or one-off items	Other unrealised or one-off items	(6.5) ¹	(82.6)
Funds From Operations (FFO)		321.8	296.0
Maintenance and leasing capex	Maintenance capital expenditure	(28.6)	(21.5)
	Cash incentives and leasing costs paid	(14.6)	(28.6)
	Rent free incentives	(32.3)	(31.6)
Adjusted Funds From Operations (AFFO)		246.3	214.3
Distribution		241.1	210.1
AFFO Payout ratio		97.9%	98.0%

1. Includes \$18.4 million of unrealised fair value gains on interest bearing liabilities, \$2.7 million amortisation of intangible assets, \$9.2 million coupon income, rental guarantees received and other.

Financial results

Management operations profit

HY17 (\$m)	Property Management	Funds Management	Development Management	Management Operations
Revenue	35.7	27.8	2.2	65.7
Operating expenses	(26.0)	(11.2)	(3.4)	(40.6)
HY18 net profit	9.7	16.6	(1.2)	25.1
HY18 margin	27%	60%		38%
HY17 margin	21%	61%		35%

Financial results

Cash flow reconciliation

	31 Dec 2017 \$m	31 Dec 2016 \$m
Cash flow from operating activities	180.9	301.6
add back: payment for inventory acquisition and capex	91.8	27.2
less: development costs	(70.0)	(38.1)
add: development revenue ¹	90.4	-
less: deferred settlement of sale of Mascot	-	(5.0)
less: tax on trading profits not yet paid	(6.1)	(3.6)
add back: capitalised interest	6.4	4.8
less: adjustments for equity accounted distributions	12.3	(19.9)
add back: other working capital movements	(9.4)	0.8
Adjusted cash flow from operating activities	296.3	267.8
Rent free income	32.3	31.6
Depreciation and amortisation (including deferred borrowing costs)	(6.8)	(3.4)
FFO	321.8	296.0
Less: payments from maintenance capex and incentives ²	(75.5)	(81.7)
AFFO	246.3	214.3
Less: gross distribution	(241.1)	(210.1)
Cash surplus/deficit	5.2	4.2

1. Deferred settlement of development revenue.

2. Includes cash and fitout incentives, lease fees and rent free incentives.

Financial results

Interest reconciliation

	31 Dec 2017 \$m	31 Dec 2016 \$m
Total statutory finance costs¹	60.4	49.9
Add: unrealised interest rate swap MTM gain/(loss) ²	1.1	12.7
Add: finance costs attributable to investments accounted for using the equity method	2.5	2.5
Net finance costs for FFO¹	64.0	65.1
Add: interest capitalised	6.4	4.8
Gross finance costs for cost of debt purpose	70.4	69.9

1. Excludes interest income of \$0.7 million.

2. Net fair value loss of interest rate swap of \$6.2 million (per note 2 of the Financial Statements) includes realised interest rate swap expense of \$7.3 million and unrealised interest rate swap MTM gain of \$1.1 million.

Financial results

Change in net tangible assets and revaluations

			Investment portfolio	Valuation change \$m	Weighted average cap rate	% of portfolio
	\$m	\$ps				
Opening net tangible assets (30 June 17)	8,588	8.45				
Revaluation of real estate	730	0.71				
Retained earnings ¹	81	0.08				
Amortisation of tenant incentives ²	(51)	(0.05)				
Fair value and other movements ³	(32)	(0.03)				
NTA	9,316	9.16				
Issue of additional equity ⁴	4					
Closing net tangible assets (31 Dec 17)	9,320	9.16				

			Dexus Office portfolio	662.9	5.50%	84%
			Dexus Industrial portfolio	62.3	6.65%	16%
			Total Dexus portfolio⁵	725.2	5.66%	100%

1. Represents HY18 FFO less distributions.
2. Includes rent straight-lining.
3. Primarily includes fair value movements of derivatives and interest bearing liabilities, deferred tax, gain from sale of investment properties, movement in reserves and other.
4. Net of transaction costs.
5. Excludes healthcare property revaluation gain of \$5.0 million.

Financial results

Direct property portfolio book value movements

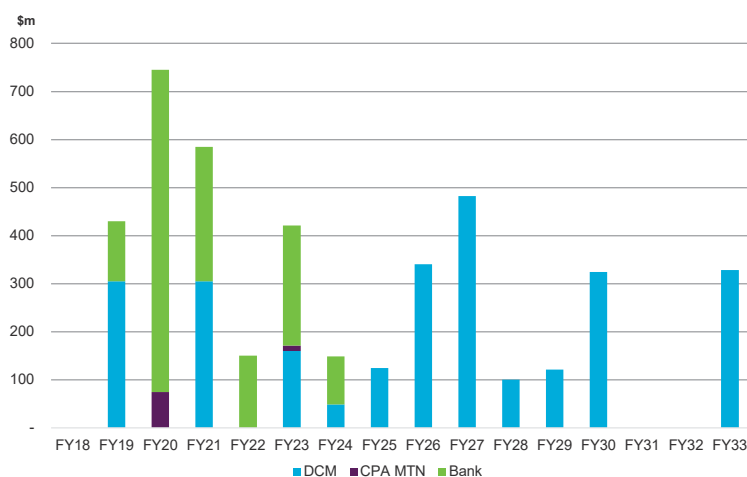
	Office ¹ \$m	Industrial ¹ \$m	Dexus total ¹ \$m	Trading assets ² (inventory)
Opening direct property	9,510.5	1,952.1	11,462.6	211.3
Lease incentives ³	35.8	11.1	46.9	1.1
Maintenance capex	26.0	2.6	28.6	0.2
Acquisitions	740.8	52.0	792.8	55.2
Developments ⁴	42.3	66.2	108.5	30.9
Disposals ⁵	(64.4)	(13.1)	(77.5)	-
Revaluations	662.9	62.3	725.2	-
Impairment	-	(0.6)	(0.6)	(0.6)
Amortisation	(53.1)	(10.0)	(63.1)	(1.1)
Rent straightlining	9.7	1.9	11.6	0.1
Closing balance at the end of the period	10,910.5	2,124.5	13,035.0	297.1

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

Capital management

HY18 position

Debt maturity profile



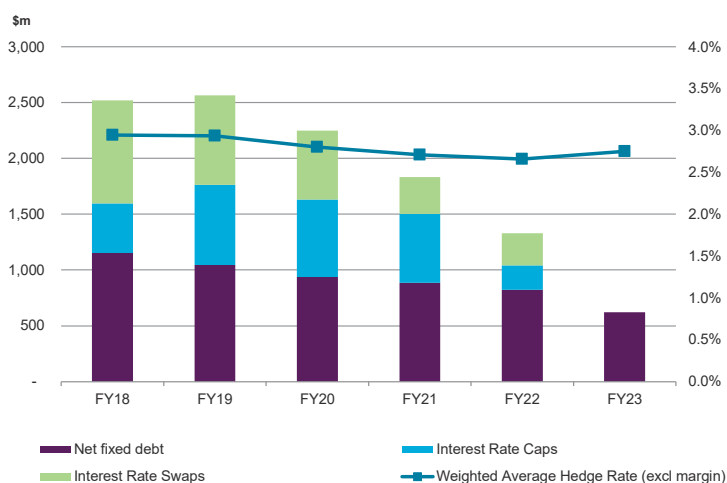
Key metrics	31 Dec 2017	30 Jun 2017
Total debt ¹	\$3,622m	\$2,698m
Headroom (approximately) ²	\$0.8bn	\$1.1bn
Gearing (look-through) ³	26.5%	26.7% ⁶
Covenant gearing (covenant ⁴ <55%)	26.2%	21.4%
Interest cover (covenant ⁴ >2.0x)	5.6x ⁵	5.6x
Priority debt (covenant ⁴ <30%)	0%	0%

1. Total debt does not include debt in equity accounted investments.
2. Undrawn facilities plus cash.
3. Adjusted for cash and debt in equity accounted investments.
4. As per public bond covenants.
5. Look-through interest cover is 5.4x.
6. Pro forma gearing is adjusted for the acquisitions of MLC Centre, Sydney, 100 Harris Street, Pyrmont, 90 Mills Road, Braeside and the sales of 30-68 Taras Avenue, Altona North and 46 Colin Street, West Perth, including the impact of transactions costs. Actual gearing (look-through) is 22.1% at 30 June 2017.

Capital management

Interest rate hedging profile

Hedge maturity profile



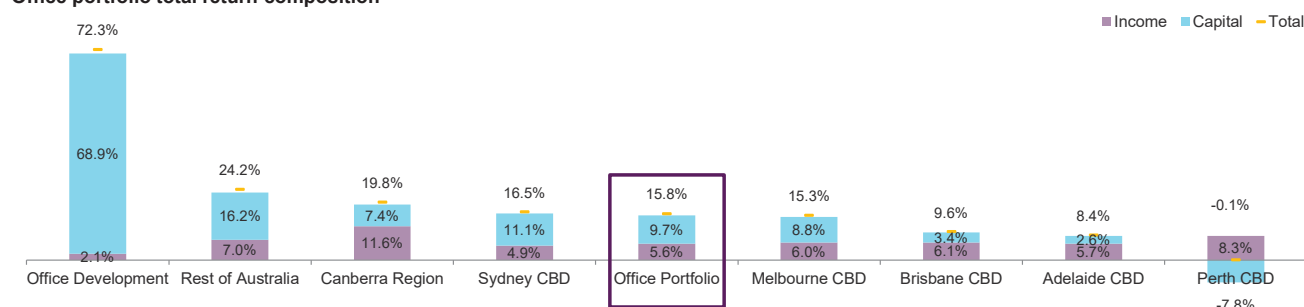
Hedging profile	31 Dec 2017	30 Jun 2017
Average amount of debt hedged ¹	67%	65%
Average amount of debt hedged excluding caps	56%	59%
Weighted average interest rate on hedged debt ²	2.9%	3.2%
Cost of debt ³	4.0%	4.1%
Weighted average maturity of hedges	4.9 years	4.9 years ⁴

1. Average amount hedged for the period (including caps).
2. Including fixed rate debt (without credit margin).
3. Weighted average across the period, inclusive of fees and margins on a drawn basis.
4. Includes \$60 million of Medium Term Notes issued July 2017.

Property portfolio

Total return composition and valuation metrics

Office portfolio total return composition¹



Portfolio valuation metrics	HY14	FY14	HY15	FY15	HY16	FY16	HY17	FY17	HY18
Dexus Office portfolio cap rate	7.07% ²	6.87% ²	6.79%	6.71%	6.30%	6.16%	5.95%	5.78%	5.50%
Dexus Industrial portfolio cap rate	8.40%	8.32%	8.07%	7.77%	7.56%	7.38%	7.28%	6.88%	6.65%
NTA per security	\$6.49 ³	\$6.36 ³	\$6.47	\$6.68	\$7.25	\$7.53	\$8.05	\$8.45	\$9.16

- Returns exclude acquisition costs.
- Excluding Dexus Office Partnership properties.
- Adjusted for the one-for-six security consolidation completed in November 2014.

Property portfolio

Office and Industrial key metrics

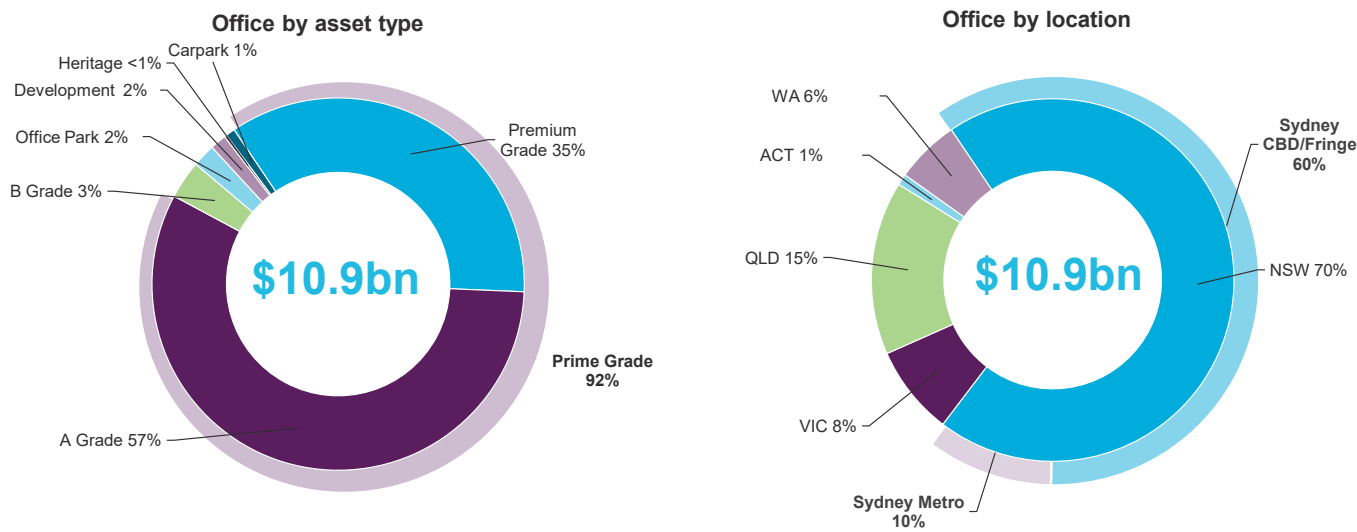
Key metrics	Office	Industrial
Amount of space leased	82,577sqm ¹	118,537sqm
No. of leasing transactions	130 ¹	54
Occupancy by income	96.5%	97.5%
Occupancy by area	95.7%	97.9%
Average incentives	15.0% ^{1,2}	15.8% ³
No of effective deals	50	20
Weighted Average Lease Expiry (WALE)	4.6 years	5.0 years
Retention	39%	62%
Like-for-like income growth	0.7% face -0.4% effective	8.8% face 1.0% effective

- Excluding development leasing of 35,828sqm across 4 transactions.
- Gross basis.
- Net basis.



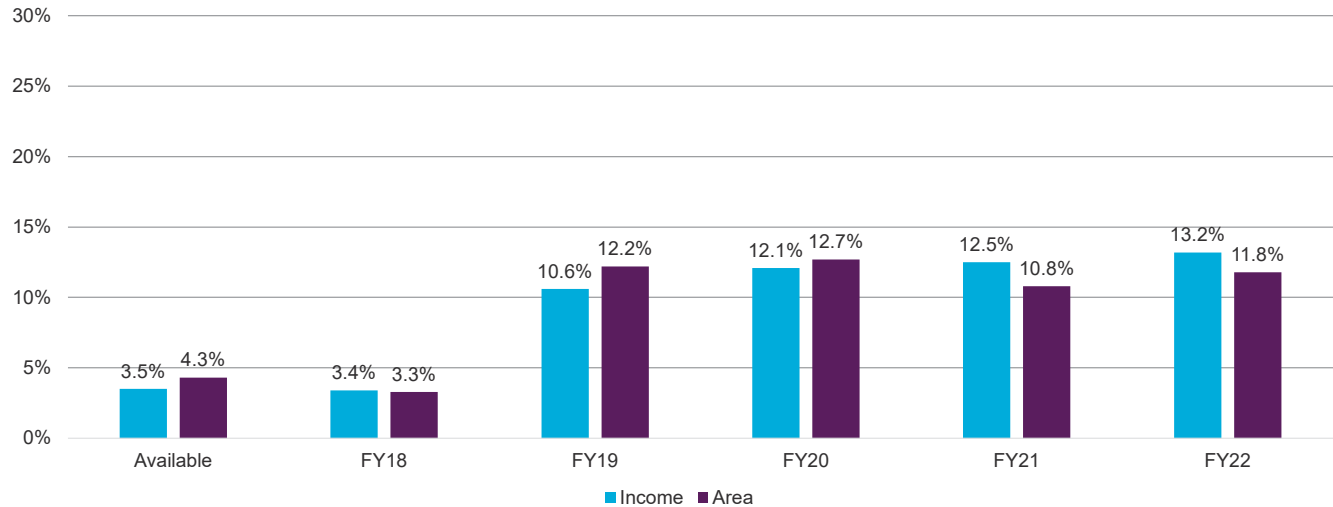
Property portfolio

Office portfolio diversification



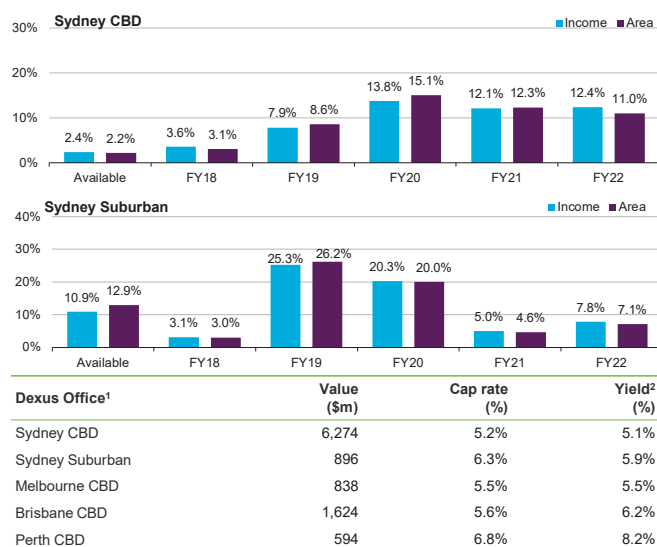
Property portfolio

Office lease expiry profile

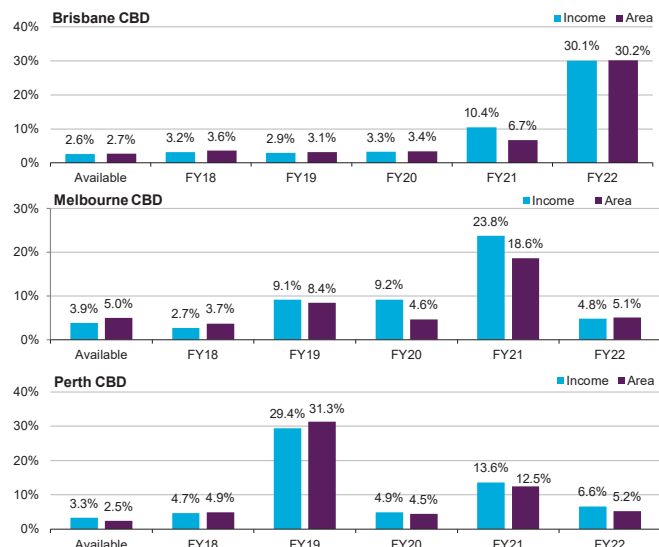


Property portfolio

Office lease expiry profiles by region



1. Includes stabilised properties only. Excludes Canberra and Adelaide office properties.
 2. Passing FFO yield based on annualised Property Funds From Operations for the month of January 2018.
 3. Includes Southgate and 180 Flinders Street in Melbourne.



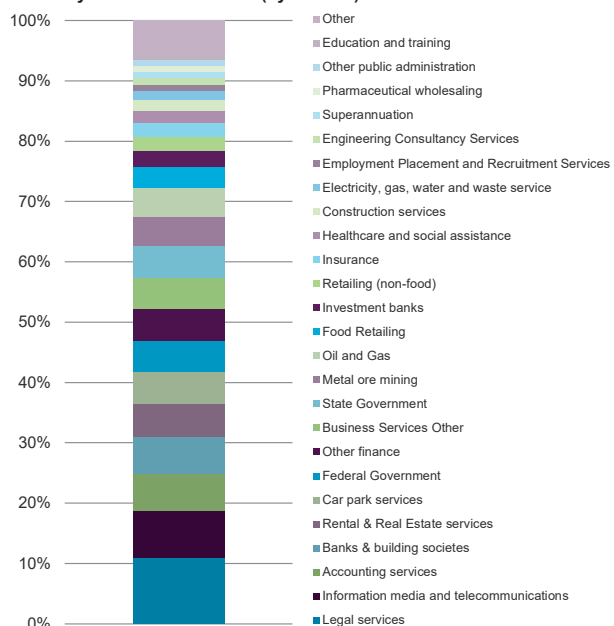
Property portfolio

Office top 10 customers

Office customers	S&P rating	% of income ¹
Wilson Parking	n/a	4.0%
Commonwealth of Australia	AAA	3.3%
Rio Tinto	A-	2.9%
Woodside Energy	BBB+	2.0%
Commonwealth Bank of Australia	AA-	1.9%
Deloitte	n/a	1.7%
State of Victoria	AAA	1.5%
Clayton Utz	n/a	0.9%
King Wood Mallesons	n/a	0.9%
Shell	A+	0.9%

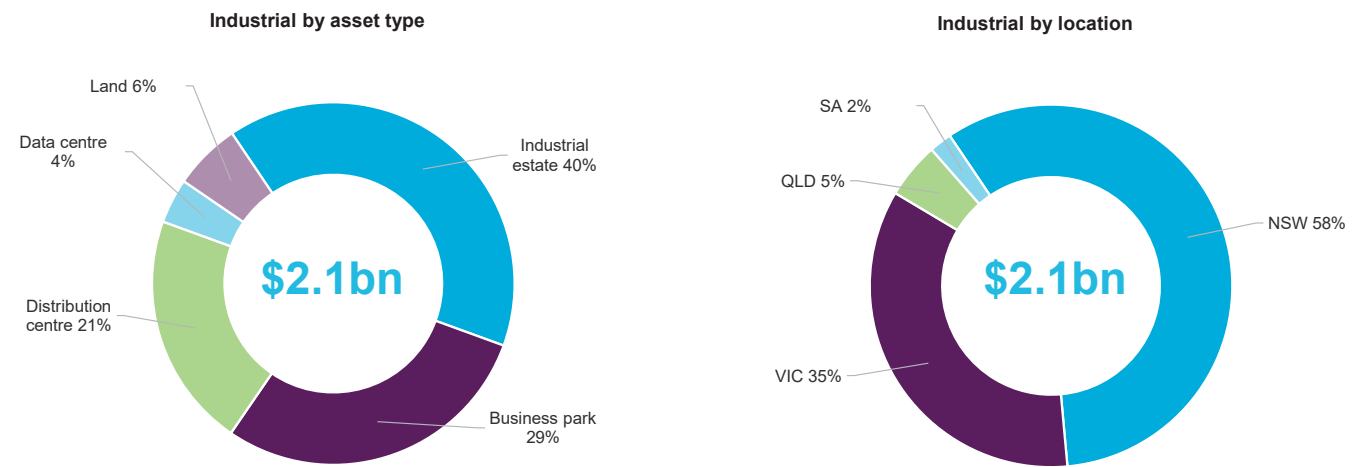
1. 31 December 2017 total Dexus portfolio annualised passing income.

Diversity of office customers (by income)



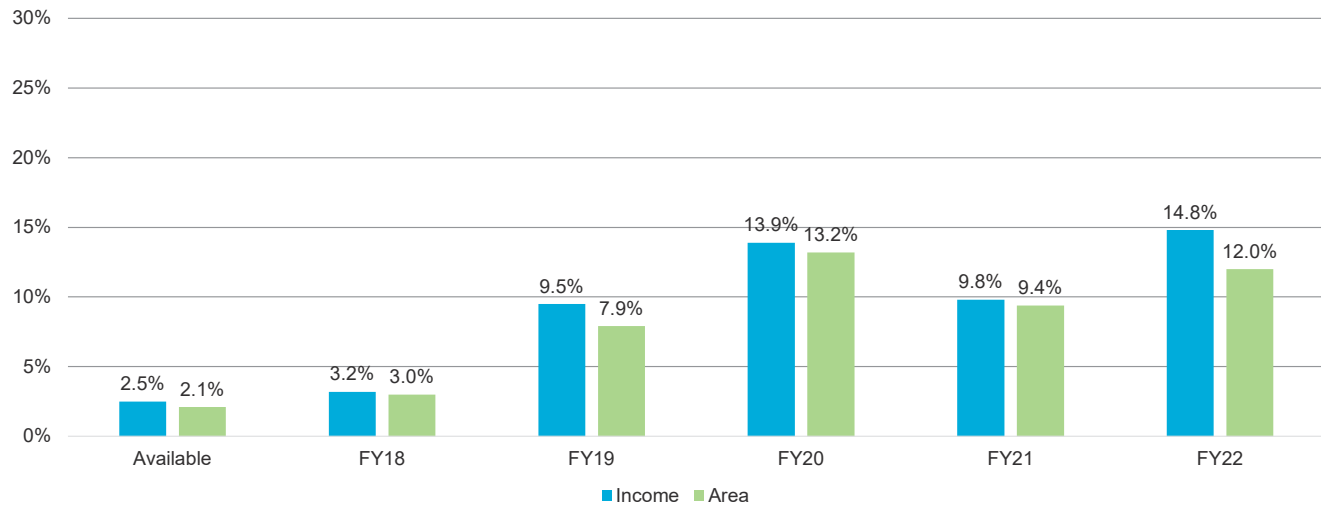
Property portfolio

Industrial portfolio diversification



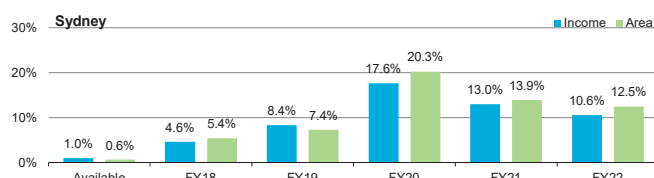
Property portfolio

Industrial lease expiry profile



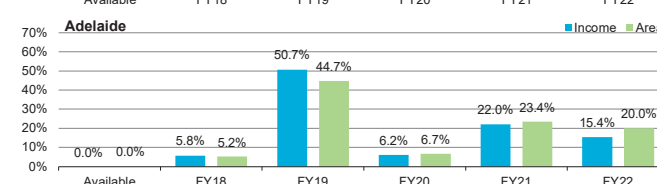
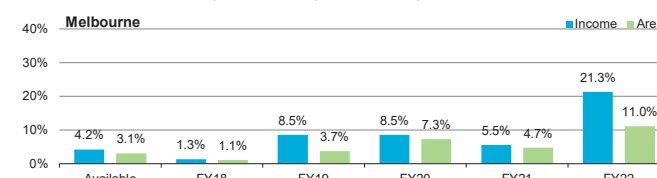
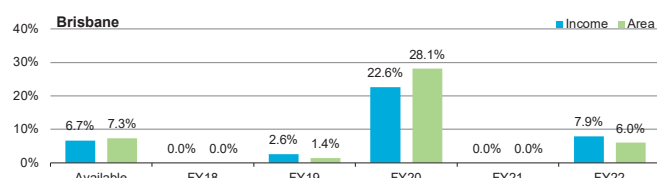
Property portfolio

Industrial lease expiry profiles by region



Dexus Industrial ¹	Value (\$m)	Cap rate (%)	Yield ² (%)
Sydney	1,037	6.2%	6.6%
Melbourne	629	6.9%	7.3%
Brisbane	74	7.0%	5.6%
Adelaide	28	11.0%	13.8%

1. Includes stabilised properties only.
2. Passing FFO yield based on annualised Property Funds From Operations for the month of January 2018.



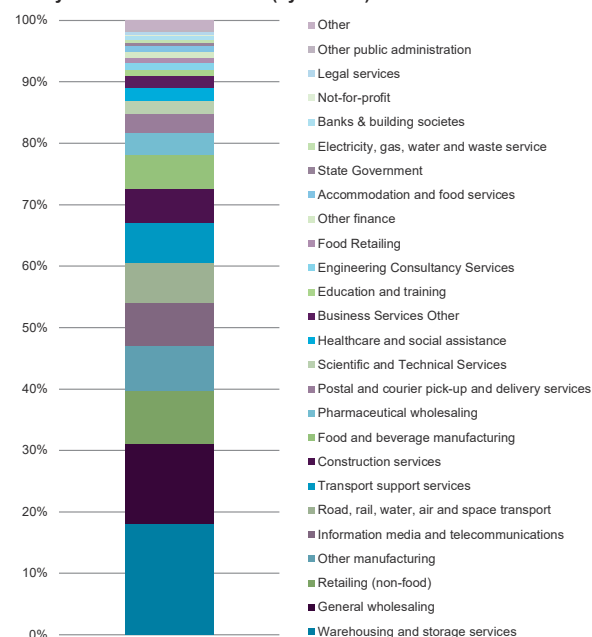
Property portfolio

Industrial top 10 customers

Industrial customers	% of income ¹
Wesfarmers	0.9%
Reece	0.7%
AWH Pty Ltd	0.6%
IBM Australia	0.5%
Visy Industry Packaging Pty Ltd	0.5%
Simon National Carriers	0.4%
Fedex	0.4%
Toll	0.3%
UniTrans	0.3%
Fonterra	0.3%

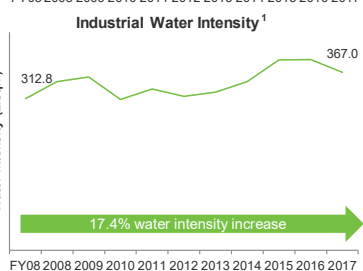
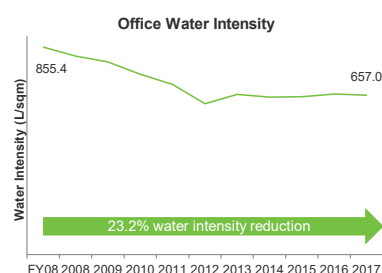
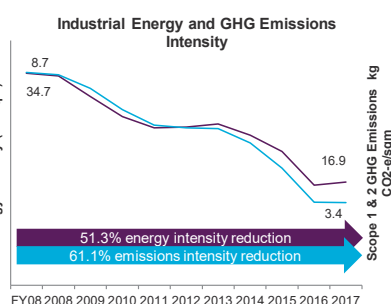
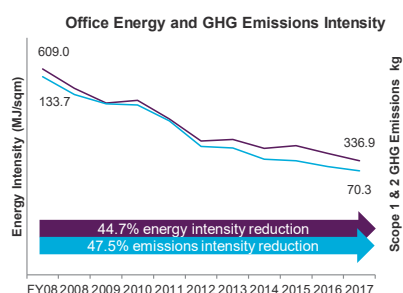
1. 31 December 2017 total Dexus portfolio annualised passing income.

Diversity of industrial customers (by income)

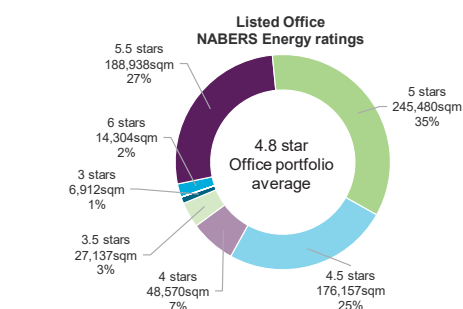


Property portfolio

Office and industrial sustainability metrics



Dexus office portfolio	NABERS Energy average rating	NABERS Water average rating
Dec 14	4.6	3.5
Dec 15	4.7	3.8
Dec 16	4.8	3.6
Dec 17	4.8	3.6



Note: Data in charts is unaudited.
1. Water consumption for industrial properties is primarily under the control of tenants.

Property portfolio

Dexus completed developments

Pipeline		Building area ¹ sqm	Project cost ² \$m	Yield on cost ³ %	Leased %	Final Completion
Industrial	14 Felstead Drive, Laverton North, VIC (Anmar)	15,700	18	7%	100%	Oct 2017
	66 Foundation Road, Laverton North, VIC (Isuzu)	21,900	26	7%	100%	Jan 2018
Total industrial		37,600	44			
Total developments completed		37,600	44			

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

Property portfolio

Dexus committed developments & portfolio capex

Pipeline		Building area ¹ sqm	Project cost est. ² \$m	Est. cost to completion ² \$m	Yield on cost ³ %	Leased %	Completion due
Office	100 Mount Street, North Sydney, NSW	41,700	231	130	8%	60%	Feb 2019
	180 Flinders Street, Melbourne, VIC ⁴	20,100	146	145	6-7%	0%	Mid 2020
	Annex, 12 Creek Street, Brisbane, QLD	6,700	30	28	7-8%	0%	Aug 2019
	240 St Georges Terrace, Perth, WA	47,800	165	162	c.7%	35% ⁵	Late 2021
Total office		116,300	572	465			
Industrial	1-5 Felstead Drive, Laverton North, VIC	21,900	22	13	8%	100%	May 2018
	41 Foundation Road, Laverton North, VIC	20,700	24	8	7%	100%	Mar 2018
	1-3 Dolerite Way, Greystanes, NSW	8,000	8	1	7%	100%	Mar 2018
	7 Dolerite Way, Greystanes, NSW	26,700	23	1	7%	100%	Mar 2018
	9 Dolerite Way, Greystanes, NSW	6,800	5	1	8%	100%	Mar 2018
	2-6 Dolerite Way, Greystanes, NSW	33,400	28	16	8%	0%	Sep 2018
Total industrial		117,500	110	40			
City retail	175 Pitt Street, Sydney, NSW	5,300	30	7	6-7%	72%	Apr 2019
	44 Market Street, Sydney, NSW	1,500	20	19	6-7%	96%	May 2019
	1 Farrer Place, Sydney, NSW	500	5	5	5-6%	42%	Nov 2018
Total city retail		7,300	55	31			
Total developments committed		241,100	737	536			
Dexus total portfolio capital expenditure		HY18	FY18E				
Maintenance capital expenditure		\$28.6m	c. \$65m				
Cash incentives and leasing costs		\$14.6m	c. \$40m				
Rent free incentives		\$32.3m	c. \$60m				
Total capital expenditure		\$75.5m	\$165-170m				

1. At 100%.
2. Dexus interest in development cost (including cost of land where purchased for development).
3. Yield on cost calculation includes cost of land.
4. Includes associated refurbishment works.
5. 35% of the whole building is committed. Circa 40% of the Woodside space is committed.

Property portfolio

Dexus uncommitted developments

Pipeline		Building area ¹ sqm	Project cost est. ² \$m	Est. yield on est. project cost ³ %
Office	Waterfront Place Precinct Masterplan, Brisbane, QLD (Office)	81,700	275	
	11 Talavera Road, Macquarie Park, NSW ⁴	24,000	257	
Total office		105,700	532	7-8%
Industrial	Dexus Industrial Estate (Stage 2B & 3), Laverton North, VIC	66,700	94	
	Axxess Corporate Park, Mount Waverley, VIC	16,000	70	
Total industrial		82,700	164	6-9%
City retail	321 Kent Street Retail Podium, Sydney, NSW	4,800	16	
	201 Elizabeth Street, Sydney, NSW	4,900	24	
	MLC Centre, 19 Martin Place, Sydney, NSW	12,200	41	
		21,900	81	5-6%
Other	Waterfront Place Precinct Masterplan, Brisbane, QLD (Resi & Hotel)	58,000	270	
	201 Elizabeth Street, Sydney, NSW (Resi & Hotel)	54,600	276	
Total other		112,600	546	
Total uncommitted		322,900	1,323	

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

Property portfolio

Dexus development pipeline

\$2.1 billion Dexus Development Pipeline			
\$737 million Total committed projects	\$536 million Remaining spend on committed projects	\$1.3 billion Total uncommitted projects	Uncommitted projects focused primarily on office & mixed use
Project cost on uncommitted projects			
Uncommitted projects	FY18	FY19	FY20+
Office / City Retail - 5 properties		\$613m	
Industrial – 2 properties		\$164m	
Mixed use - 2 properties		\$546m	
Project cost on uncommitted projects		\$1,323m	

Transactions

Dexus acquisitions	Purchase price \$m	Interest	Settlement
MLC Centre, Sydney, NSW	\$361.3	25%	19 Jul 2017
100 Harris Street, Pyrmont, NSW	\$327.5	100%	18 Jul 2017
90-110 Mills Road, Braeside, VIC	\$50.6	100%	25 Jul 2017
56 Berry Street, North Sydney, NSW ¹	\$31.0	50%	1 Dec 2017
Total acquisitions	\$770.4		

Dexus divestments	Sale price \$m	Interest	Settlement
30-68 Taras Avenue, Altona North, VIC	\$13.1	50%	7 Jul 2017
46 Colin Street, West Perth, WA ¹	\$16.8	50%	1 Aug 2017
GP Plus, Adelaide, SA	\$43.9	100%	22 Dec 2017
11 Waymouth Street, Adelaide, SA ¹	\$101.3	50%	Exchanged
Total divestments	\$175.1		

Funds Management acquisitions	Purchase price \$m	Interest	Settlement
MLC Centre, Sydney, NSW	\$361.3	25%	19 Jul 2017
Calvary, Adelaide, SA	\$107.4	100%	7 Aug 2017
GP Plus, Adelaide, SA	\$43.9	100%	22 Dec 2017
56 Berry Street, North Sydney, NSW ¹	\$31.0	50%	1 Dec 2017
Total acquisitions	\$543.6		

Funds Management divestments	Sale price \$m	Interest	Settlement
30-68 Taras Avenue, Altona North, VIC	\$13.1	50%	7 Jul 2017
46 Colin Street, West Perth, WA ¹	\$16.8	50%	1 Aug 2017
Myer Distribution Centre, VIC	\$38.2	100%	31 Jan 2018
11 Waymouth Street, Adelaide, SA ¹	\$101.3	50%	Exchanged
Total divestments	\$169.4		

1. Dexus Office Partnership property in which Dexus owns a 50% interest.

Funds management

Development pipeline

\$2.1 billion Funds Management Development ¹ Pipeline			
\$832 million Total committed projects	\$360 million Remaining spend on committed projects	\$1.3 billion Total uncommitted projects	Uncommitted projects focused primarily on office & retail properties

Project cost on uncommitted projects in Third Party Funds

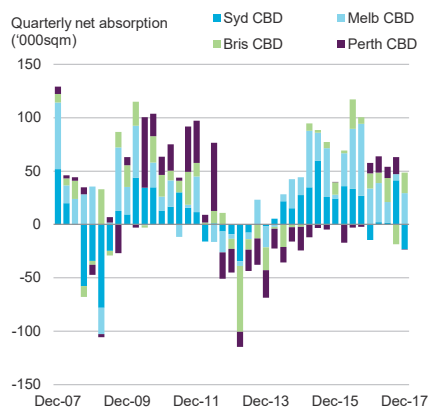
Uncommitted projects	FY17	FY18	FY19/20
Office - 1 properties		\$534m	
Retail - 3 properties		\$428m	
Industrial - 1 property		\$23m	
Mixed use - 2 properties		\$311m	
Project cost on uncommitted Third Party projects		\$1,296m	

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

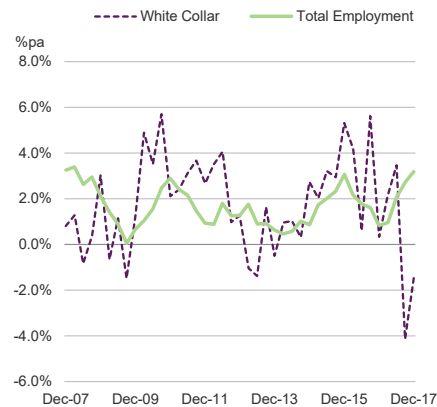
Market outlook

Lead indicators for office demand are positive

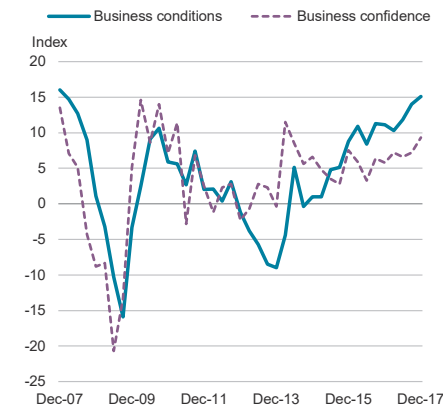
Office demand positive across the CBDs



Total employment is on the rise



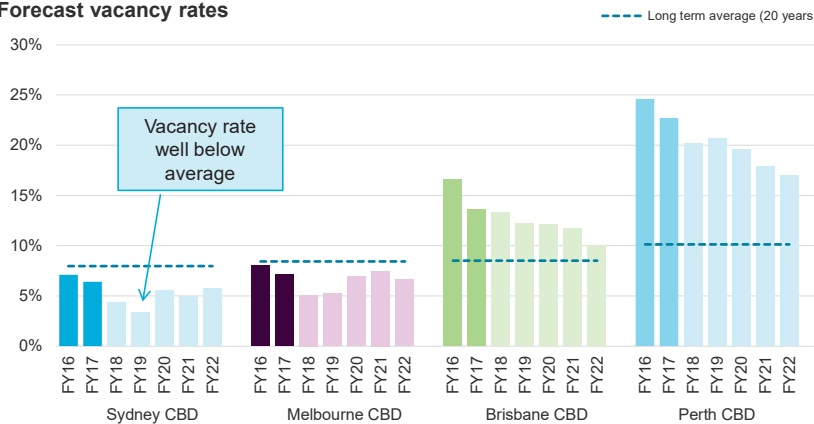
Business conditions & confidence is up



Market outlook

Office rents expected to rise as vacancy declines further

Forecast vacancy rates



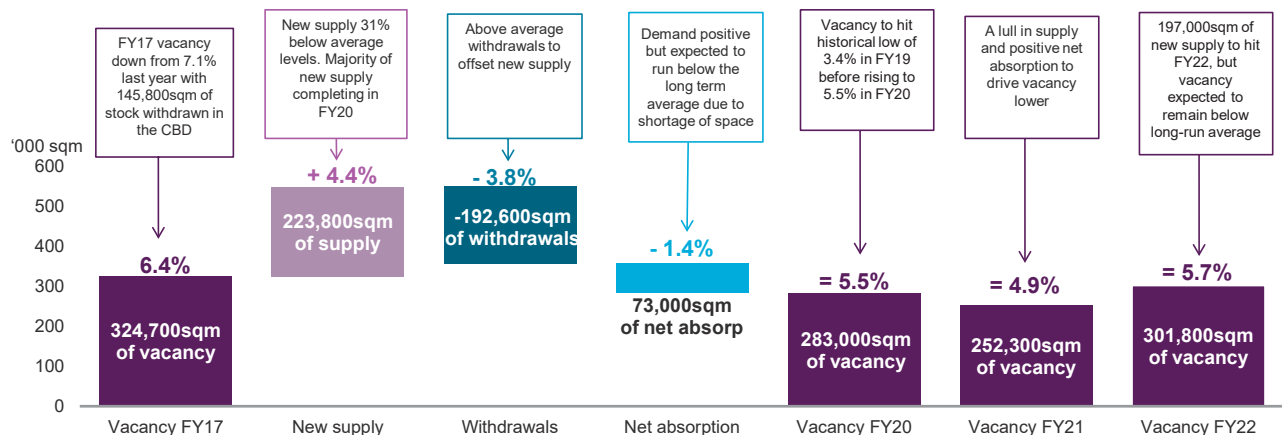
- Vacancy in Sydney and Melbourne is below average driving strong growth in office rents
- Brisbane and Perth fundamentals improving with demand positive over the past year

Source: Dexis Research, JLL

Market outlook

Sydney office: solid fundamentals to support growth

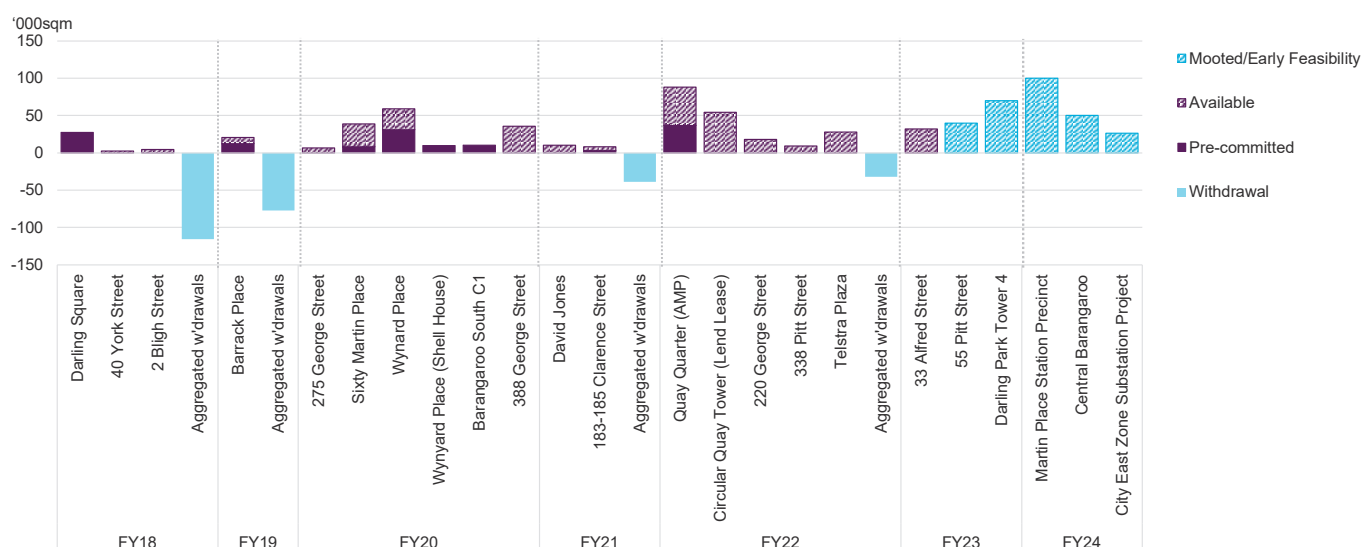
Sydney CBD waterfall chart – FY17 to FY22



Source: Dexis Research, Long term average based on 20 year average as % of stock.

Market outlook

Sydney CBD supply assumptions: major projects



Source: Dexis Research.

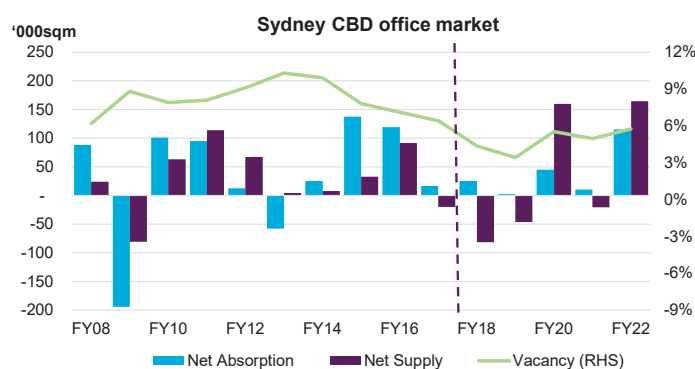
61 Dexis 2018 Half Year Results Presentation



Market outlook

Sydney CBD office

- Strong growth as vacancy moves towards a low of 3.4% FY19
- Negative net supply in FY18 and FY19
- Vacancy to rise from FY20 but remain below 8% for an extended period



Source: JLL Research actual & Dexis Research forecast.

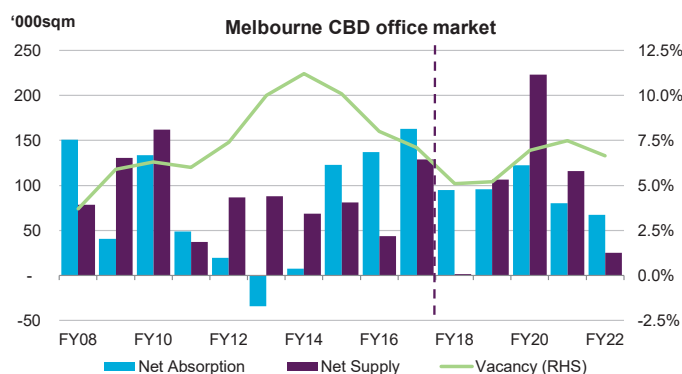
62 Dexis 2018 Half Year Results Presentation

Sydney CBD office market	At 31 Dec 2017
Total net lettable area	5.04 million sqm
Prime vacancy average	5.1%
Dexus Sydney CBD exposure	
Net lettable area	697,056sqm
Number of properties	19
% of portfolio by value	60%
Occupancy by area	97.5%
Occupancy by income	97.2%
Weighted average lease expiry	4.9 years



Market outlook Melbourne CBD office

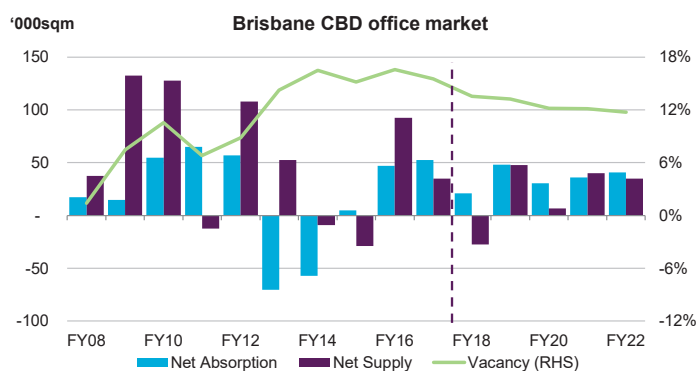
- Net absorption is the highest of all CBD office markets
- Strong supply pipeline with 470,000sqm being completed in FY19-21
- Short-term outlook is for growth given vacancy is below average



Source: JLL Research actual & Dexus Research forecast.

Market outlook Brisbane CBD office

- The Queensland economy has turned the corner and jobs growth is strong
- Demand strengthened with 33,000sqm of net absorption in 2017
- Market is in well into recovery phase given falling prime vacancy



Source: JLL Research actual & Dexus Research forecast.

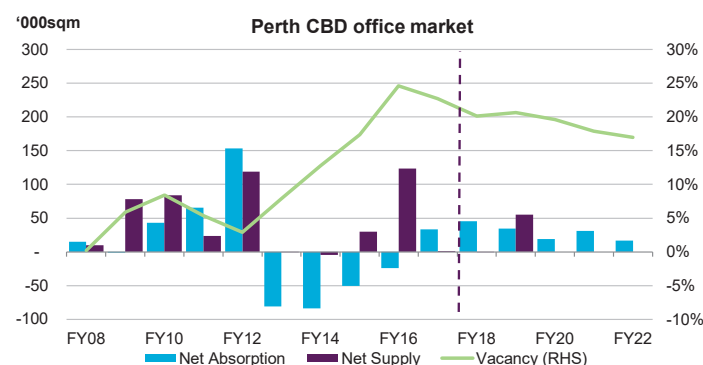
Melbourne CBD office market	At 31 Dec 2017
Total net lettable area	4.74 million sqm
Prime vacancy average	6.0%
Dexus Melbourne CBD exposure	
Net lettable area	275,936sqm
Number of properties	8
% of portfolio by value	8%
Occupancy by area	95.0%
Occupancy by income	96.3%
Weighted average lease expiry	5.2 years

Brisbane CBD office market	At 31 Dec 2017
Total net lettable area	2.27 million sqm
Prime vacancy average	10.4%
Dexus Brisbane CBD exposure	
Net lettable area	250,154sqm
Number of properties	6
% of portfolio by value	16%
Occupancy by area	97.3%
Occupancy by income	97.4%
Weighted average lease expiry	4.8 years

Market outlook

Perth CBD office

- Conditions have improved as the drag from mining investment ends
- Market has bottomed with positive take-up and vacancy declining
- Well placed for recovery with rents stabilising in 2017



Source: JLL Research actual & Dexu Research forecast.
1. Includes development leasing.

65 Dexu 2018 Half Year Results Presentation



Perth CBD office market	At 31 Dec 2017
Total net lettable area	1.77 million sqm
Prime vacancy average	18.6%
DEXUS Perth CBD exposure	
Net lettable area	122,153sqm
Number of properties	3
% of portfolio by value	6%
Occupancy by area	97.5%
Occupancy by income	96.7%
Weighted average lease expiry ¹	4.3 years

Exchange rates and securities used in statutory accounts

		31 Dec 2016	30 June 2017	31 Dec 2017
Closing rates for Statement of Financial Position	USD	0.7236	0.7692	0.7800
Average rates for Statement of Comprehensive Income	USD	0.7546	0.7545	0.7791
Post consolidation equivalent amounts		6 mths to 31 Dec 2016	12 mths to 30 Jun 2017	6 mths to 31 Dec 2017
Average weighted number of securities ¹		967,947,692	968,484,893	1,017,292,855
Closing number of securities		967,947,692	1,016,967,300	1,017,404,542

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

66 Dexu 2018 Half Year Results Presentation



Glossary

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

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