

Corporate Profile

2020

dexus



Delivering superior returns from high quality real estate located in Australia's major cities

About Dexus

162

Properties

4.7m

Square metres
across the group

\$14bn

Market capitalisation¹

Top 50

Entity on ASX

600

Employees

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 27,000 investors from 20 countries.



- Dexus \$16.8bn
- Dexus Wholesale Property Fund \$10.7bn
- Dexus Industrial Partner \$0.2bn
- Australian Mandate \$2.2bn
- Dexus Office Partner \$2.7bn
- Australian Industrial Partner \$0.4bn
- Healthcare Wholesale Property Fund \$0.3bn
- Dexus Australian Logistics Partner \$0.5bn

With more than 35 years of expertise in property, investment, development and asset management, we have a proven track record in managing capital and risk to deliver superior risk-adjusted returns for our investors.

We invest only in Australia, and directly own \$16.8 billion of properties while managing a further \$17.0 billion of properties on behalf of our third party capital partners. The group's \$11.2 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns.

We consider sustainability to be an integral part of our business with the objectives of leading cities, future enabled customers, strong communities, thriving people and an enriched environment supporting our overarching goal of sustained value.

We believe the strength and quality of our relationships will always be central to our success and we are deeply committed to working with our customers to provide spaces that engage and inspire.

1. As at 18 February 2020.

Our Purpose

Who we are

We are a passionate and agile team who want to make a difference

Why we come to work

We create spaces where people thrive

What we believe in

We are here to create value for:

- Our customers
- Our investors
- Our communities
- Our people

How we behave and what we value

- Openness and trust
- Empowerment
- Integrity



Group portfolio composition

\$23.3bn

Office



\$4.9bn

Industrial



\$5.1bn

Retail



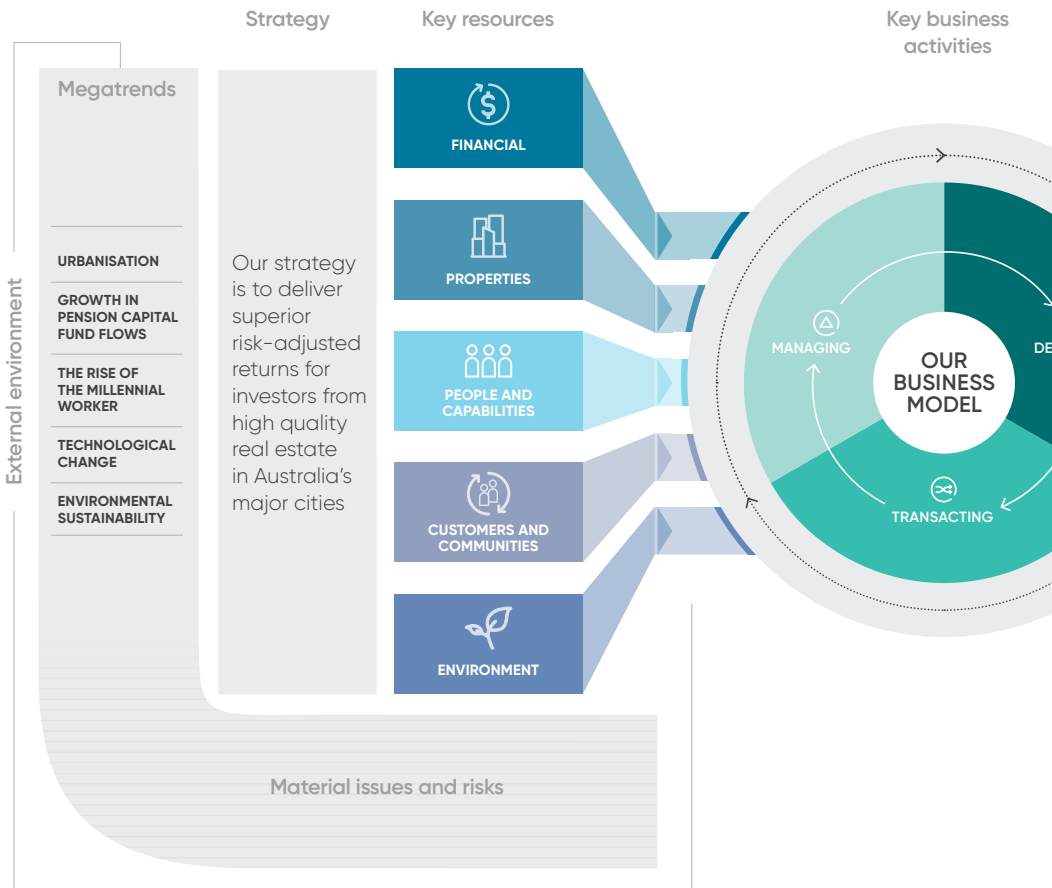
\$0.5bn

Healthcare



How we create value

Our value creation roadmap outlines the process through which we create value for our stakeholders.



What sets Dexus apart?



A quality real estate portfolio located across key Australian cities



A scalable customer offering



A development and trading business that unlocks value

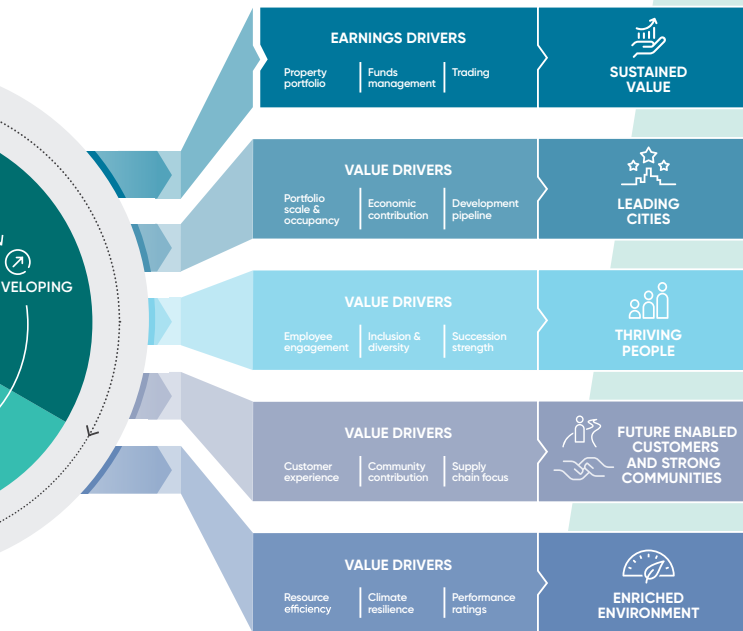


A high performing funds management business with diverse sources of capital



A talented, engaged, inclusive and diverse workforce

Value created



Strategy

Dexus's strategy is to deliver superior risk-adjusted returns for investors from high-quality real estate in Australia's major cities.

To deliver superior risk-adjusted returns for investors from high-quality real estate in Australia's major cities



Delivering superior risk-adjusted returns means outperforming the relevant three and five-year benchmarks in each market in which Dexus owns or manages properties while providing Dexus Security holders with sustainable and growing distributions.

We have two strategic objectives that underpin this strategy.

- **Leadership in office:** being the leading owner and manager of Australian office property
- **Funds management partner of choice:** being the wholesale partner of choice in Australian property

Leadership in office is an aspiration that is supported by our scale. As the largest office owner and manager in Australia, we have scale that provides many advantages.

Our scale supports the generation of investment outperformance through providing valuable customer insights and the opportunity to invest in people, systems and technologies that enhance our customers' experience. It also enhances our ability to find the ideal workspace solution for customers and generates cost efficiencies.

Our objectives of leadership in office and funds management partner of choice complement each other. Our success in the office sector has enabled Dexus to attract investment partners not just in office, but also in the industrial and healthcare sectors, in turn providing the opportunity to drive investment performance for those third party capital partners.

Why invest in Dexus?

We create value for our Security holders through utilising our asset management, development and transaction capabilities.

The majority of our earnings are derived from the rental income from a high quality \$16.8 billion Australian property portfolio predominantly weighted to the eastern seaboard CBD office markets, where vacancy is at low levels and the supply pipeline over the next few years is modest.

Our unlisted funds management business provides Dexus with a steady income stream driven by management fees from the \$17.0 billion of assets under management on behalf of third party capital partners.

We actively seek to optimise returns

As active asset managers, we are constantly evaluating opportunities to optimise the performance of the properties we own and manage. This approach has assisted us in maintaining high office portfolio occupancy rates over time. Enhancing the predictability of our returns, our lease terms generally contain fixed annual increases of between 3.5%-4%.

Long-term value creation

Our investment strategy is focused on the long term. Across the group, we manage a development pipeline valued at \$11.2 billion which delivers future potential revenue streams while adding further depth and flexibility to the spaces we can offer our customers. We add value through:

- **Dexus's development pipeline** – enhances portfolio quality generally at more favourable return metrics than what can be achieved through direct acquisition
- **Dexus's trading pipeline** – has a strong track record and promotes financial value creation through developing, acquiring and repositioning assets to sell for a profit
- **Funds management development pipeline** – provides organic growth while enhancing portfolio quality and returns, as well as enhancing Dexus's future revenue potential
- **Portfolio Performance** – has driven the delivery of a compound annual growth rate in distribution per security of 6.6% from FY12 to FY19. Dexus targets Adjusted Funds From Operations per security growth of 3-5% and Return on Contributed Equity of 7-10% p.a. through the cycle
- **Strong Balance Sheet** – is maintained through conservative financial and operational risk management

Financial Risk Management

- Strong investment grade credit ratings
- Gearing (look-through) of 25.5%
- Diversified mix of debt facilities with weighted average duration of 7.4 years
- Distribution payout policy aligned with free cash flow

Operational Risk Management

- Strict investment criteria for acquisitions, divestments and development
- Up to 15% of funds under management limit on capital deployed into development/trading opportunities
- Lean Management Expense Ratio (MER) of 30bps

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