

Auditor Independence Policy

Board Policy



1. Purpose

The purpose of this Policy is to ensure that Dexus's ("Group") auditor carries out the statutory audit function in a manner which is at all times demonstrably independent of the Group. For this purpose, the standard adopted by the Group for determining independence is the highest standard imposed by legislation (including the Corporations Act 2001), regulation or Australian or international auditing standards that are applicable:

- (a) to an Australian listed entity or
- (b) to Dexus by reason of any other aspect of the Group's business operations or activities

Dexus recognises that its relationship with its auditor is unique based on the auditor's access to the Group's personnel and its books and records, knowledge of the Group's history and the industry within which Dexus operates. As a consequence there are certain non-audit services which the auditor is well placed to provide in a cost efficient and timely manner.

This Policy provides guidelines under which Dexus may engage the auditor to provide non-audit services without impairing the auditor's objectivity or independence. It also identifies the roles and responsibilities of the auditor, the Group's executives and the Board Audit Committee in implementing this Policy.

2. Corporate Governance and Independence

A high quality, independent statutory audit is fundamental to the maintenance of sound corporate governance and to the proper functioning of the capital markets. It is an integral part of the process of providing investors with reliable, comprehensive and clear financial information upon which to base their decisions.

This Policy reflects the Group's desire to preserve the independence of the statutory audit process.

Dexus has developed a series of guidelines and procedures to ensure the provisions of this Policy are implemented and observed on a continuing basis.

3. Appointment and Remuneration of the Auditor

As a reflection of Dexus's commitment to maintaining the integrity and independence of the statutory audit, the Group acknowledges that:

- (a) the Board Audit Committee is responsible for making recommendations to the Board regarding the appointment of the auditor to provide audit services. The auditor is required to have regular communication and meetings with the Board Audit Committee.
- (b) the auditor must be fairly rewarded for the agreed scope of the statutory audit and audit-related services, following a reasonable arm's length commercial negotiation and having regard to market benchmarking.

4. Classification of Non-Audit Services

Dexus considers that the provision of certain non-audit services and the level of non-audit fees paid to the auditor may give rise to conflicts of interest, or an actual or perceived loss of objectivity. Dexus has prepared a list of services that the auditor may have the technical competence to provide. Each of these potential services has been classified into one of the following categories:

Category A: Non audit services that may be provided by the auditor having regard to the legal and other constraints implied in the standard referred to above.

Category B: Non audit services which may impact the actual or perceived independence of the auditor's ongoing assurance engagements and are considered prohibited services having regard to the legal and other constraints implied in the standard referred to above.

Category A services may only be provided by the statutory auditor in accordance with the paragraphs below. Dexus will not engage the statutory auditor to provide Category B services.

The Board Audit Committee will consider periodically the appropriateness of the classification of services and may amend the list of services from time to time. Potential services not contemplated by the list will be deemed to be category B matters unless otherwise determined by the Board Audit Committee.

Regardless of the general classification of any non-audit service, if the Board Audit Committee (or its delegate), the Chief Financial Officer or the auditor considers that in the particular circumstances in which the non-audit service is to be provided, the actual or perceived independence of the auditor may be impaired, the auditor will not be commissioned to provide that service.

5. Approval of Non-Audit Services

Before the auditor is engaged to provide Category A services, the prior approval of the Chair of the Board Audit Committee (or another independent Board Audit Committee member nominated by the Chair) will be required for all engagements in excess of A\$100,000. As part of the request for approval, the auditor and management will be required to list reasons why granting approval will not compromise the independence of the auditor. The request for approval should also include a schedule showing fees for non-audit services paid to the auditor for the year-to-date, split into the various categories of services, as well as the projected fees payable in connection with the proposed engagement.

The decisions made by any member of the Board Audit Committee acting as a delegate must be presented for ratification by the Board Audit Committee at its next scheduled meeting.

6. Periodic Reporting

At least annually, the Chief Financial Officer and the auditor will provide a report to the Board Audit Committee which confirms, in respect of the immediately preceding 12 month period:

- (a) the scope of non-audit services provided by the auditor (split into the various categories of service)
- (b) the fees (per assignment and in aggregate) paid by the Group for the provision of those services
- (c) each of the matters referred to in Section 9 below.

7. Rotation of Audit Partner

Dexus will require the statutory auditor to commit to rotate, every five years, the lead (or coordinating) audit partner (having primary responsibility for the audit) and the audit partner responsible for reviewing the audit for each entity within the Group. A succession plan to achieve this outcome must be prepared by the auditor and submitted to the Board Audit Committee for approval no later than one year before the rotation is due to occur.

In limited circumstances the Board may grant approval to extend the term of the lead audit partner for a further two years after the five year period if deemed appropriate. The Board may only approve an extension where the requirements in Sections 324DAA, 324DAB and 324DAC of the Corporations Act 2001 are satisfied. The extension of the term, must be approved by the Board prior to the end of the initial 5 financial year term, with details of the approval and the relevant reasons being provided in the Financial

Statements. A copy of the relevant resolution must be lodged with ASIC and a copy provided to the Auditor within 14 days of Board approval.

8. Restrictions on Employment of Audit Personnel

Any person who was employed by the audit firm (and participated in the statutory audit of a member of Dexus in any capacity) at any time in the two year period immediately preceding the date of the proposed appointment by the Group, will not be permitted to serve in a senior executive role within Dexus. A "senior executive role" is defined to include the roles of Chief Executive Officer, Chief Financial Officer or any equivalent role.

A former partner or other professional member of the audit team of a firm that acted in the capacity of statutory auditor of the Group may hold the position of director of a Group entity provided that person has not been employed by that audit firm at any time during the preceding three years.

9. Annual Confirmation from Statutory Auditor

The statutory auditor will confirm to the Board Audit Committee (at least annually) that:

- It has complied with the terms of this Policy and with the intended scope of this Policy as implied by the standard referred to in Section 1
- It is of the view that the independence of the auditor has been maintained
- The auditor and its partners do not have any financial interest in any entity which is part of Dexus or in any trust in respect of which a member of Dexus is the responsible entity (collectively, the "Extended Group")
- The current service team members of the auditor do not have any financial interest in the Extended Group
- Except as contemplated by this Policy, there are no business interests between the Extended Group and the auditor
- The superannuation fund of the partners of the statutory auditor do not hold any direct financial interest or any material indirect financial interest in the Extended Group other than in the case of an independently managed fund
- The staff superannuation fund of the auditor does not hold any direct financial interest or any material indirect financial interest in the Extended Group other than in the case of an independently managed fund
- No portion of fees paid by the Extended Group to the auditor is paid on a contingency basis
- The total fees received by the auditor in each national jurisdiction from the Extended Group do not have a material impact on its operations or financial condition in that jurisdiction
- Dexus has not withheld fees from the auditor
- To the best of the auditor's knowledge, there is no litigation between a member of the Extended Group and the auditor

The Board Audit Committee will confirm annually to the Board of Directors that the auditor has given the confirmation referred to in this section.

10. Ongoing Safeguards

From time-to-time this Policy will be reviewed in the context of ongoing changes in the legal, accounting and governance requirements applicable to the Group so that it remains relevant and consistent with the standards referred to in Section 1 as well as market and security holder expectations. Dexus will ensure that the processes designed to ensure the proper implementation of this Policy are carried out as required.

These processes include:

- regular review by the Board Audit Committee of the compliance process and related sign-offs;
- internal control reviews conducted by Dexus's Risk and Compliance team or the Head of Risk & Compliance, as may be requested by the Board Audit Committee from time to time; and
- annual assessment by the Board on the performance and independence of the auditors.

Document Control Log

<i>Version</i>	<i>Document Owner</i>	<i>Author</i>	<i>Approving Authority</i>	<i>Approved Date</i>
8	Group Finance	Paul Wilson	Board Audit Committee	19 Jun 2018

Auditor Independence Policy

Schedule of Non-Audit Related Services

Dexus's auditor must not be involved directly or indirectly in auditing its own work. That is, it must not do work for Dexus that it may be required to review as part of the external audit.

Category A – Non-Audit related services which may be acceptable for statutory auditor to perform

Assurance

- Accounting Procedures Review
- Compliance Assurance
- Corporate Governance
- General Process and Controls Review
- Attest services in relation to forecasts and projections
- Prospectus – Independent Accountant Reports/Comfort Letters in respect of documented and non documented offers (rights issues, placements and debt issues eg 144A)
- Reviews of valuations prepared by management
- Review of tax related valuations
- Post-Acquisition Analysis
- Pre-Acquisition Due Diligence Work where auditor is not working as principal but rather under the direction of management

IT Reviews

- Review of Application Controls and IT Process Risk
- Data Conversion and Integrity Assistance
- Security Review

Risk Management

- Probity (including specific Fraud) reviews at the request of management – project basis
- Benchmarking

Technical Interpretations

- Technical Interpretation of accounting, tax and legal standards
- International Comparisons of accounting, tax and statutory requirements
- Preparation of tax returns
- Compliance (filing as tax agent where return signed by Dexus)
- Tax structuring advice and opinions
- Assistance in the resolution of disputes (except appearance or representation in a tax court)

Category B – Non-Audit related services which statutory auditor may not perform.

Assurance

- Prospectus – Independent Expert Reports
- Prospectus – Due Diligence Committee member (as statutory auditor)
- Prospectus – Valuations on which the statutory auditor gives an opinion
- Related Party Transaction reviews excluding procedures conducted as part of the statutory audit
- Internal Audit
- Preparation of Financial Statements
- Actuarial Services
- Pre-Acquisition Due Diligence Work – as Principal (statutory auditor plans, performs work and issues an opinion)
- Other valuations on which the statutory auditor does not give an opinion and does not relate to the financial statements
- Tax related valuations

IT Reviews

- Design and implementation of financial systems
- Operate and supervise IT systems

Risk Management

- Design and Implementation of internal accounting and risk management controls

Consultancy Services

- Consultancy services including direct involvement in Dexus management decision making functions
- Bookkeeping Services
- Recruitment of management
- Investment banking, broking, dealing or advisory services
- Administration of payroll services
- Acting as trustee, executor or administrator of trust or estate

Technical Interpretations

- Preparation of the tax provisions
- Tax services to a person who has a financial reporting oversight role

Legal

- Legal and expert services unrelated to the audit

Human Resources

- Secondments of employees of the statutory auditor