



Company/ASX Code	Dexus Property Group/DXS
AGM date	23 October 2020
Time and location	2.00pm AEDT online
Registry	Link
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	John Cowling assisted by Lara Richardson
Pre AGM-Meeting?	Yes, with David Yates (GM Investor Relations) and Chair Richard Sheppard

Please note any potential conflict as follows: The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position on accounts and reports

The 2020 Annual Report has been prepared under International Integrated Reporting Council Framework and is an excellent summary of the value created across Dexus's key resources. Dexus achieved an Adjusted Funds from Operations (AFFO) of \$550.5M (2019 \$517.2M) and maintained 50.3 cents AFFO per security. However, there are a large number of 'exceptional items' in the reconciliation of the NPAT to the UPAT that are of concern.

As at FYE	2020	2019	2018	2017	2016
NPAT (\$M)	983.0	1,281.0	1,728.9	1,264.2	1,259.8
UPAT(\$M)	730.2	681.5	653.3	617.7	610.8
Share price (\$)	9.67	12.98	9.71	9.48	9.02
Dividend (cents)	50.3	50.2	47.8	45.5	43.5
TSR (%)	-25.7	39.4	7.5	10.1	30.3
FFO/Security (cents)	50.3	50.3	45.4	42.7	40.4
CEO total remuneration, actual (\$M)	4.7	6.4	5.4	3.9	3.8

For 2020, the CEO's total actual remuneration was **51.49 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2020 data from the Australian Bureau of Statistics).

Governance and Culture

Strong governance and culture are demonstrated, supported by an increasing employee Net Promoter score of +61 (2019, +40) and a customer Net Promoter score of +50 (2019, +46).

Financial Performance

Dexus delivered a negative total shareholder return of -25.7%, underperforming in comparison to the S&P/ASX 200 Property Accumulation Index of -21.3%. The Total Shareholder Return comprises price depreciation of 31.4% and distribution yield of 5.7%.

Key events

Due to the impact of COVID-19, on the 26th of March 2020 DXS withdrew FY20 full year guidance for distribution per security growth. DXS will not be issuing guidance for distribution per security for the 12 months ended 30 June 2021 due to continued uncertainty.

In June, DXS acquired two industrial assets through the Dexus Australian Logistics Trust for a combined price of \$173.5M. They also sold a major A-grade office tower, 45 Clarence Street Sydney for \$530M.

Key Board and senior management changes

Mr. Patrick Allaway was appointed to the Board in February 2020 as an Independent Director of Dexus Funds Management Limited. He has over 30 years' experience in financial services and has over 15 years of Non-Executive Director experience.

On September 2nd, 2020, a statement was released advising the retirement of Non-Executive Director, Mr. John Conde from the Board of Dexus Funds Management Limited. He retains his position as an Independent Director of Dexus Wholesale Property Limited.

ASA Focus Issues

Shareholder participation

Performance in the previous financial year indicates that DXS recognise the importance of retail shareholders by allowing the Security Purchase Plan cap to be extended beyond the original offering. Website and reports are accessible for shareholders. There is a clear response to COVID-19 issued on the website including a Dexu Research COVID-19 Australian real estate market update. Company communication of investor information is sufficient, being both clear and accessible for ordinary shareholders.

Board Composition and Directors skills

The board is well constructed with a diverse range of tenure, gender, skills and board experience. Directors workload, as of FY2020, is well within reason and it is noted that 75% of the board has taken on director's roles in charities, not-for-profits, or public service organisations. Two directors have been on the Board for 11 years and they now need to consider their independence from management (Mr. John Conde and Mr. Peter St George). The CEO has been an executive director for 9 years.

A Pre-AGM meeting advised that one Board member who has been with DXS for 11 years is not intending to be re-elected at the upcoming AGM (Mr. Conde). The other board member is to be up for re-election however he has indicated he will not serve the full term (Mr. St George) and a new board member will be found within that period.

Directors have clear access to management. There is an initiative where Directors meet with DXS workforce and are able to gain perspective and insight from employees. This is in place across a variety of states and provides communication channels to better understand customers' expectations and needs.

Risk management

Finance

DXS recently sold a Sydney A-grade office tower and is currently selling a near \$270 million of industrial assets. This will improve their financial position. DXS are known for possessing high quality assets and recycling properties to maintain a well-diversified portfolio with good composition. Gearing as of FY2020 is 24.3% (FY2019, 24%), well below the target range of 30-40%.

We discussed stress testing the Group's operations with the Chairman and received reassurance that multiple scenarios were examined to ensure DXS remains solvent. The FY2020 report provided reassurance on this issue.

Staff

Necessary arrangements have been made for employees to work under social distancing conditions. To protect staff members and their return to the physical office, a pre-AGM meeting confirmed that DXS offices were organised to comply with social distancing. This was assessed by an external group and approved by the company's Chief Medical Officer.

Working from home

Many people are now working from home and with the possibility of high vacancies and projections for rent prices to decreased by 15-20%, there will be a reduction in rental revenue. The impact is disclosed in the Annual report and for Q3 was not material. It is difficult to predict the effects of the economic downturn as it will depend on the duration of the disruption.

The Australian Government introduced a commercial Code of Conduct in April 2020. This applies to small to medium enterprise (SME) customers with a turnover of less than \$50M and experiencing financial distress. We acknowledge Dexu on its corporate social responsibility, providing rental relief to support SME's who have been impacted by COVID-19.

Item 2 - Resolution 1	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The remuneration framework and disclosure has been upgraded under Penny Bingham-Hall's chairing of the Remuneration Committee and the 24-page report is both clear and easy to read. The report lists the focus areas considered by the remuneration committee levels through their wide range of skills and experience.

DXS implemented temporary remuneration reductions for a period of 3 months, extending over the final quarter of financial year 2020. This reduction was effective for Directors' fees (15% reduction), the CEO remuneration (15% reduction) and executive level roles (10% reduction). NOTE: The incentive awards STI & LTI were not reduced.

Fixed remuneration includes executive's salary, non-monetary benefits, and superannuation contributions. Dexus sets remuneration based of the role size, complexity, scope, and leadership accountability.

Short-Term Incentive (STI) encourages executives to achieve year-to-year objectives in a sustainable manner. There is a mandatory deferral of 25% into security Rights deferred over one and two years, the ASA prefers 50% or more be in equity. STI is awarded between zero and 125% of the executive KMP target. The major hurdle (50% of total) for financial achievement received a zero percent rating.

Long-Term Incentive (LTI) encourages executives to make sustainable business decisions within the Board-approved strategy. Performance conditions are growth in AFFO per security and average ROCE over three to four-year periods. Although ASA prefers a TSR measure, the use of FFO and ROCE is considered satisfactory as they are main drivers of the long-term market prices of the security which may fluctuate in the short term for reasons other than the long-term sustainability of the group.

CEO rem. framework	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.60	29%	1.60	27%
STI - Cash	1.20	21%	1.50	25%
STI - Equity	0.40	7%	0.50	8%
LTI	2.40	43%	2.40	40%
Total	5.60	100%	6.00	100%

Item 3 - Resolution 2	Grant 2020 long-term incentive performance rights to the Chief Executive Officer
ASA Vote	For

Summary of ASA Position

The grant of LTI security rights is equivalent of 150% of Mr Steinberg's fixed salary of \$1,600,000, plus superannuation, namely \$2,400,000.

The proposed number of rights to be granted is 248,762. Calculated on a "face value" basis being the VWAP over 10 days each side of 1 July 2020, namely \$9.6478.

The LTI will not be awarded if the performance hurdles are not achieved.

Item 4.1 - Resolution 3.1	Approval of Independent Director – Patrick Allaway
ASA Vote	For

Summary of ASA Position

Mr Allaway is well-qualified and experienced within financial services across a variety of markets. He has over 30 years' experience in the industry and 15 years' experience as a NED. He is the Chairman of a banking company and holds 2 other directorships.

Mr Allaway was appointed to the Board on 1 February 2020 and is an Independent Director of Dexus Funds Management Limited. He also sits on the Board Nomination Committee, Board Audit Committee and Board Risk Committee.

Resolution 4.2 - Resolution 3.2	Approval of Independent Director – Richard Sheppard
ASA Vote	For

Summary of ASA Position

Mr Sheppard has experience in banking and finance as well as listed and unlisted property trusts. He holds two directorships and is Honorary Treasurer for a foundation. He was first appointed in January 2012.

Mr Sheppard is also Chair of Dexus Funds Management Limited, Board Nomination Committee and sits on the Board People and Remuneration Committee.

Resolution 4.3	Approval of Independent Director – Peter St George
ASA Vote	For

Summary of ASA Position

Mr St George has over 20 years' experience in senior corporate advisory and finance roles. He is currently directors at one other company.

Mr St George was first appointed to the Board in April 2009. He has been on the Board for 11 years and needs to consider independence from management. He is standing for re-election until 30 June 2021 to enable continuation of the Board Renewal Strategy.

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