



Company	Dexus Property Group
Code	DXS
Meeting	AGM
Date	24 October 2018
Venue	Governor Macquarie Tower Sydney
Monitor	Ian Anderson

Number attendees at meeting	39 security holders
Number of holdings represented by ASA	162
Value of proxies	\$8.3M
Number of shares represented by ASA	830,868 (equivalent to 17th largest holder)
Market capitalisation	\$1.02B
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Richard Sheppard

Chair defends remuneration policy

The Chair opened the meeting by introducing all directors and key management personnel with the exception of Mr Mark Ford who was overseas.

He commenced his presentation with a description of the strong governance structure of the company against the background of scrutiny of the financial sector by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry together with an overview of the board's focus on both financial and non-financial performance measures. He then highlighted the key financial metrics for the year with the distribution increasing by 5.1% on the back of adjusted funds from operations growth of 5.1% and return on contributed equity growth of 7.6%. Overall Dexus has delivered a total return of 14.4% per annum over the last five years.

He emphasised Dexus' commitment to sustainability with progress towards meeting near term targets together with a new goal to achieve net zero carbon emissions across the managed property portfolio by 2030 and ended by outlining the company's development pipeline and a low gearing level which provided the capacity to fund those developments.

The CEO, Darren Steinberg, commenced by highlighting two trends underpinning Dexus' development strategy, viz, growth in cities and urbanisation and growth in pension and superannuation flows. He saw the growth in cities as being only one third the way through a 100 year cycle with the pension flows supporting the funds management business and providing strong demand for new assets which deliver solid income streams.

He then outlined Dexus' strong development pipeline with developments in Melbourne, Sydney and Brisbane together with growth in the funds management business and an equity raising for a new healthcare fund. In conclusion he forecast distribution per security growth in the order of 5% for FY2019.

All resolutions passed although the remuneration report suffered a 14.13 % against vote and the grant of rights to the CEO 19.52% against. The company advised that the elevated negative votes were due to the non-disclosure of forward hurdles for long-term incentive rights and a view that the hurdles do not appear challenging enough due to persistently high outcomes. The Chair in his address countered that the hurdles were set by the board at a level which, if achieved, would provide good outcomes for security holders which in fact had happened.

ASA questioned the workload of director Tonianne Dwyer but eventually voted in her favour. All director elections passed with in excess of 98% shares voted in favour.

ASA also questioned the use of the same adjusted funds from operations hurdle used for both short-term incentives (STI) and LTI and the lack of any market linked criteria to align with security holder interests. The Chair responded that the board wanted simple, measurable hurdles which were within the control of the executive staff and which, if achieved, would benefit security holders. He believed that the benefits of this approach were demonstrated by the results to date.

General questions related to a variety of issues including sustainability, cladding issues, effect of telecommuting, gearing and interest rates, advantages of the trust structure and issues arising from the Financial Services Royal Commission, but no overall theme developed.