

Dexus (ASX: DXS)

ASX release



7 May 2024

2024 Macquarie Australia Conference

Dexus provides its presentation which will be presented at the 2024 Macquarie Australia Conference today.

The presentation is available at www.dexus.com/investor-centre/listed-funds/dexus-dxs/results-and-reporting/asx-announcements

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About Dexus

Dexus (ASX: DXS) is a leading Australasian fully integrated real asset group, managing a high-quality Australasian real estate and infrastructure portfolio valued at \$57.1 billion. We believe that the strength and quality of our relationships will always be central to our success and are deeply connected to our purpose: Unlock potential, create tomorrow. We directly and indirectly own \$15.8 billion of office, industrial, healthcare, retail and infrastructure assets and investments. We manage a further \$41.3 billion of investments in our funds management business which provides third party capital with exposure to quality sector specific and diversified real asset products. The funds within this business have a strong track record of delivering performance and benefit from Dexus's capabilities. The platform's \$16.9 billion real estate development pipeline provides the opportunity to grow both portfolios and enhance future returns. Our sustainability aspiration is to unlock the potential of real assets to create lasting positive impact and a more sustainable tomorrow, and is focused on the priorities of customer prosperity, climate action and enhancing communities. Dexus is supported by more than 35,000 investors from 22 countries. With four decades of expertise in real estate and infrastructure investment, funds management, asset management and development, we have a proven track record in capital and risk management and delivering returns for investors. www.dexus.com

Dexus Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS)
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dexus

2024

Macquarie Australia Conference

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Acknowledgement of Country

Dexus acknowledges the Traditional Custodians of the lands on which our business and assets operate, and recognises their ongoing contribution to land, waters and community.

We pay our respects to First Nations Elders past and present.

Artist:

Amy Allerton, Indigico Creative, a Gumbaynggir and Bundjalung woman

Artwork:

The Places Where We Thrive

Artwork description:

The artwork tells the story of a vision for our communities, both large and small, where they are all thriving and strong as they build lives, homes and legacies for present and future generations. Every community is connected by spirit and by country, surrounded by flourishing waterways and vibrant land that is enriched and cared for by its people. Communities are empowered to unlock potential, find new ways to build and expand, as they dream and innovate to create tomorrow.



Agenda

- 01 DXS strategy
- 02 DXS today
- 03 DXS tomorrow
- 04 Strong foundations
- 05 March 2024 quarter highlights
- 06 CEO priorities
- 07 Summary
- 08 Appendices

Our strategy

Our vision

To be globally recognised as Australasia's leading real asset manager

Our strategy

To deliver superior risk-adjusted returns for investors from high-quality real estate and infrastructure assets

Delivered through

Strategic objectives

Resilient income streams

Investing in assets that provide resilience through-the-cycle

Investment manager of choice

Expanding and diversifying the funds management business

Enabled by

Scalable, efficient platform



Transactions



Product creation



Capital sourcing



Asset management



Development

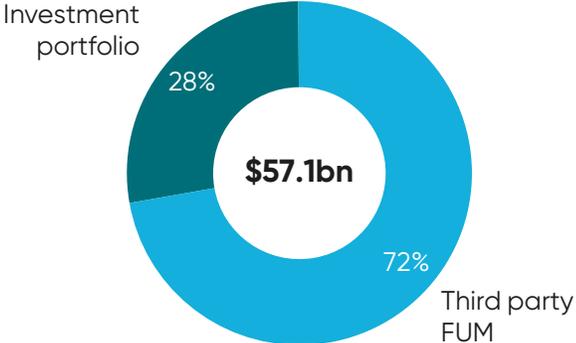
Underpinned by commitment to **ESG principles** and **prudent capital management**

Dexus today

Platform of scale and diversity, resilient and growing cashflows across investments and funds

Total FUM

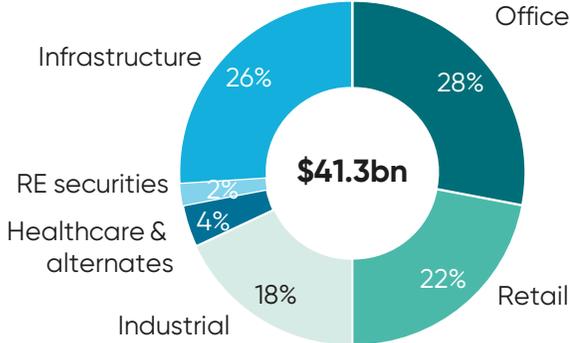
Investment portfolio vs. third party FUM



- ✓ Integrated real asset platform with multi-sector capability across real estate and infrastructure
- ✓ Investment portfolio of quality and scale providing resilient income streams.
- ✓ Over time, no single sector to comprise >50% of total investment portfolio
- ✓ Established funds management business with relationships with all key channels of investor capital

Third party FUM

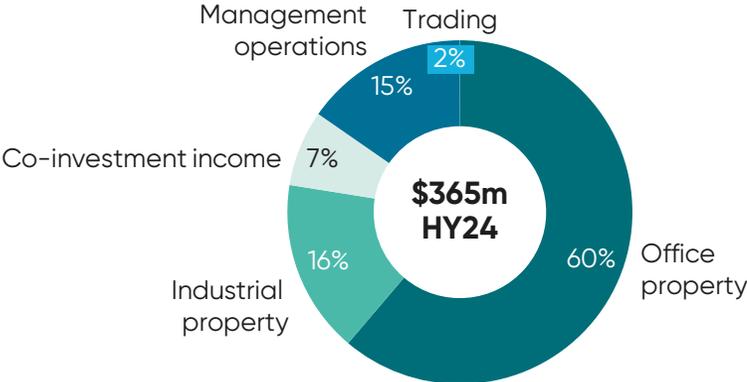
Third party FUM by sector



- ✓ Diverse platform with c. 50% exposure across industrial, healthcare, alternates & infrastructure
- ✓ Demonstrated track record of organic growth
- ✓ Largely annuity style fee streams
- ✓ Lower margin AMP platform now fully integrated with ability to drive margin improvement over time

Earnings composition

DXS FFO¹ composition



- ✓ Diversified earnings composition by leveraging the fully integrated, multi-sector platform
- ✓ Increasing deployment alongside capital partners, with each investment opportunity evaluated based on its own risk-return merits
- ✓ Management operations represent an increasing proportion of earnings

Figures as at 31 December 2023. | 1. FFO contribution is calculated before net finance costs, group corporate costs and non-trading related tax.

Dexus today

Fully integrated platform with deep sector expertise and opportunities across each sector

	Office	Industrial	Retail	Healthcare & Alternates	Infrastructure
					
Total FUM	\$22bn	\$11bn	\$10bn	\$2bn	\$11bn
Profile	57 high quality assets across 2.1 million sqm, predominantly located in Australia's key cities	National platform of 213 assets across 4.2 million sqm, with c.2 million sqm landbank in key locations	126 assets across c.1.8 million sqm, including super regional, regional, sub-regional, neighbourhood and convenience retail	12 healthcare assets across 157,000sqm	26 assets located in Australia & NZ across transport, health, energy and social infrastructure
Capabilities and Opportunities	Strong customer relationships and consistently active approach to portfolio construction over time Continued flight to quality and CBD core. Negative sentiment priced in to listed market	Strong customer relationships, transaction sourcing and development capabilities Reversion opportunity across under-rented portfolio	Strong partnerships with tenant customers and deep connections with local communities Platform at scale and well placed to leverage trading and reposition DNA	Transaction sourcing and precinct development capabilities Opportunistic DREP series and trading strategy which leverages the capabilities of the wider platform to price and manage risks	One of Australia's most experienced infrastructure investors Opportunity to modernise existing product suite, and expand core infrastructure offering and investment strategies to align with Dexus active management
Value creation expertise	Transactions	Product creation	Capital sourcing	Leasing	Asset management
					Development

Figures as at 31 December 2023. Sector exposures exclude c.\$1bn of funds under management relating to Real Estate Securities.

Dexus today

Resilient income streams generated by Investment portfolio representing 83% of FFO¹

Property portfolio – 76% of FFO¹

Office – 60% of FFO¹

Industrial – 16% of FFO¹

Historic Dexus office occupancy vs market



3.0-3.5%

Average fixed annual industrial rental increases



3.5-4.0%

Average fixed annual office rental increases

Diversified tenant base

Top office customer **3.5%** of property portfolio income (**2.7%** of FFO¹)

Top 10 customers **19%** (14.4%¹)

Top industrial customer **0.7%** of property portfolio income (**0.5%** of FFO¹)

Top 10 customers **4.3%** (3.3%¹)

>95% of property portfolio leases are net leases, providing protection against cost escalation at the property expense line

Co-investment income – 7% of FFO¹

Pooled funds comprised of high-quality real assets

c. \$1bn invested across **real estate** funds representing all real estate asset classes with strong average occupancy and WALE



DHPF



DWAPF



DXI



AUHPT

c. \$300m invested across **infrastructure** funds



CommIF



DDIT

c. \$170m invested across **opportunistic, securities and other** fund types

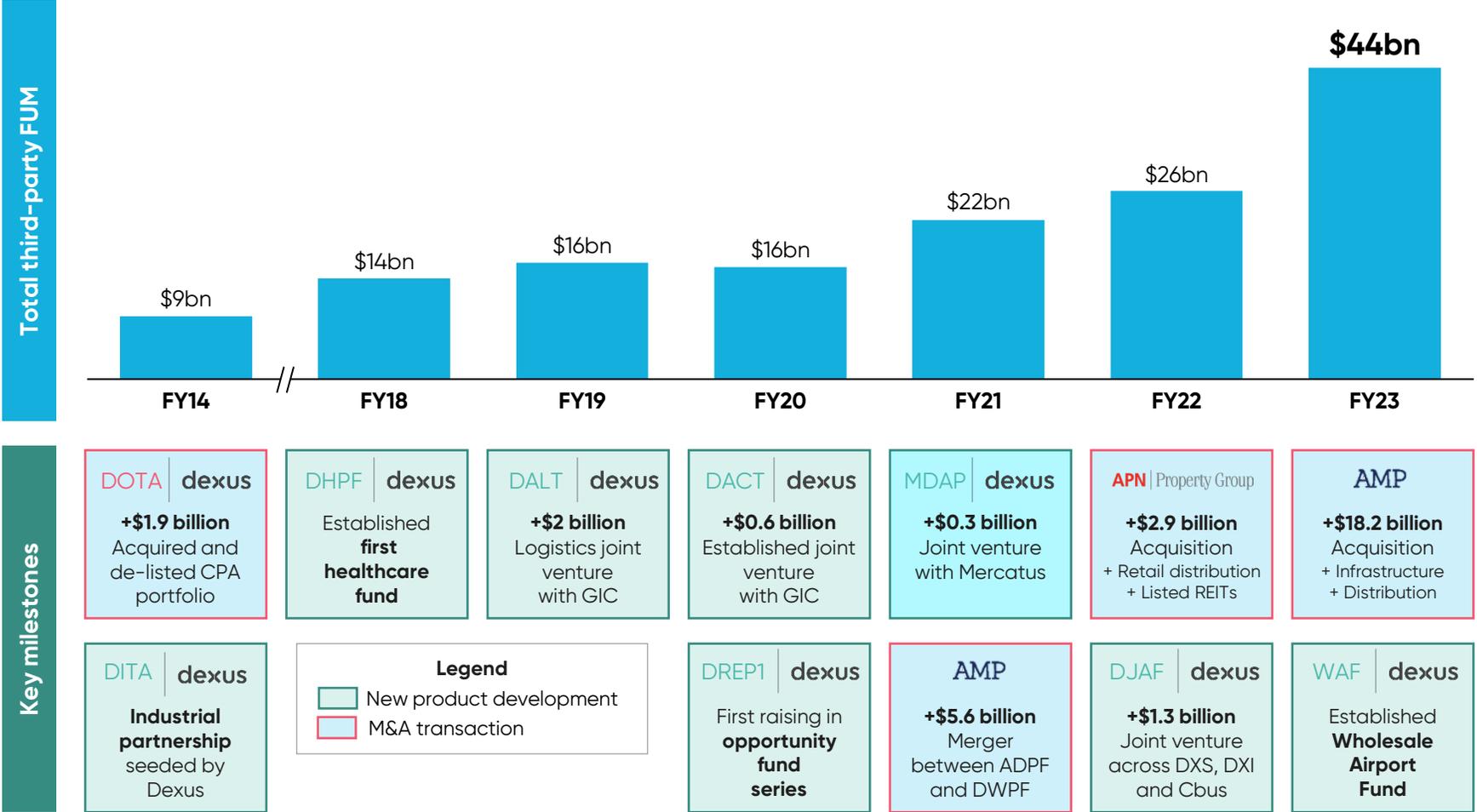


DREP1

Figures as at 31 December 2023. | 1. For the half-year ended 31 December 2023. FFO is calculated before finance costs, group corporate costs and other (including tax).

Dexus today

Demonstrated ability to generate growth via matching capital sources to expanding opportunity set



Continued platform evolution

- Raising over \$300 million in commitments towards its first close for the second fund in the opportunity series

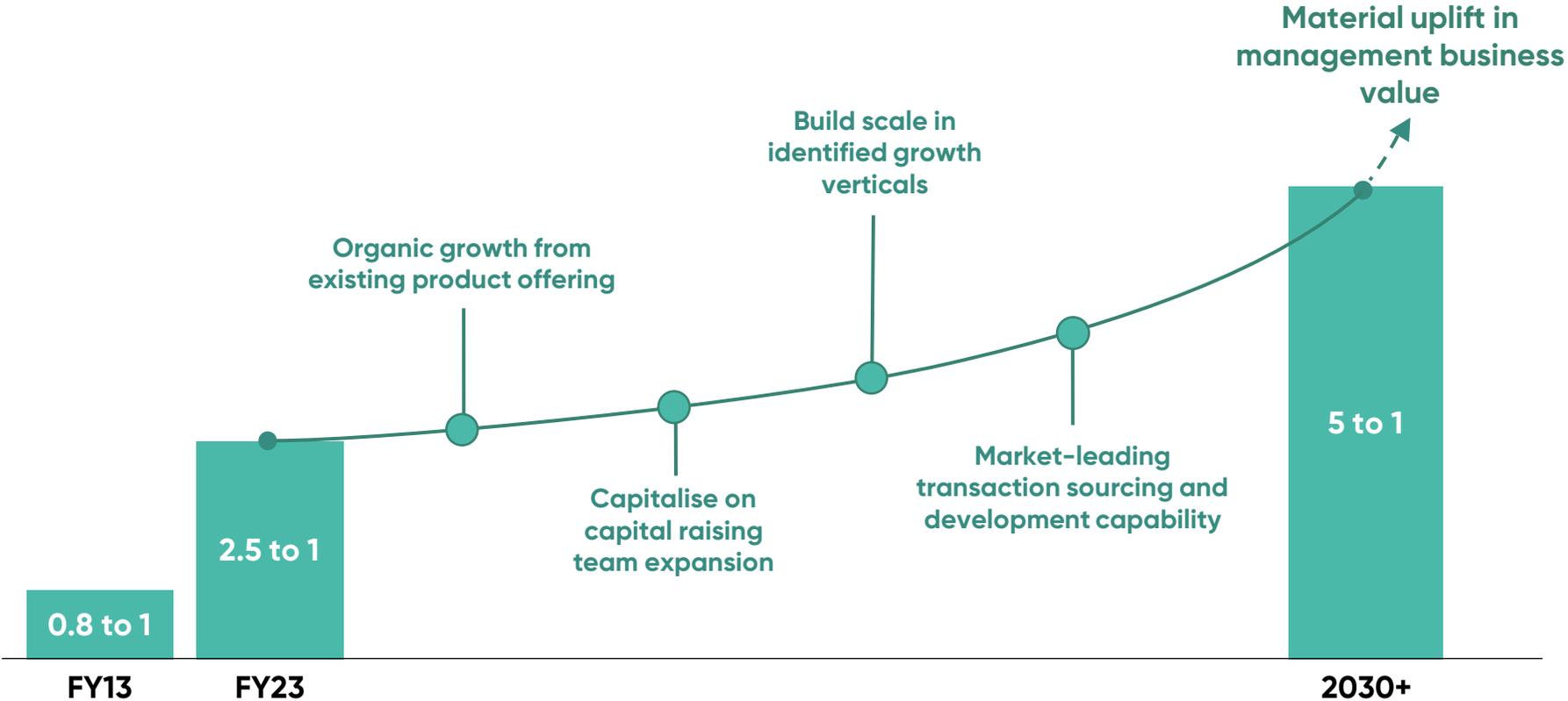
DREP2 | dexus
- \$2.3bn funds platform committed development pipeline underway
- Investment portfolio pipeline enhances future fund product opportunities, such as Atlassian Central in Sydney



Dexus tomorrow

Funds management to increasingly contribute to group growth

Ratio of third-party funds under management to balance sheet capital



- Delivering investment performance for investors
- Attracting capital from a broad range of sources
- Launching select new product in line with investor demand
- Focusing on profitability by leveraging scalable, efficient platform

Note: Indicative only and not intended to be a forecast.

Strong foundations

Full spectrum of product suites, broad and deep access to pools of capital

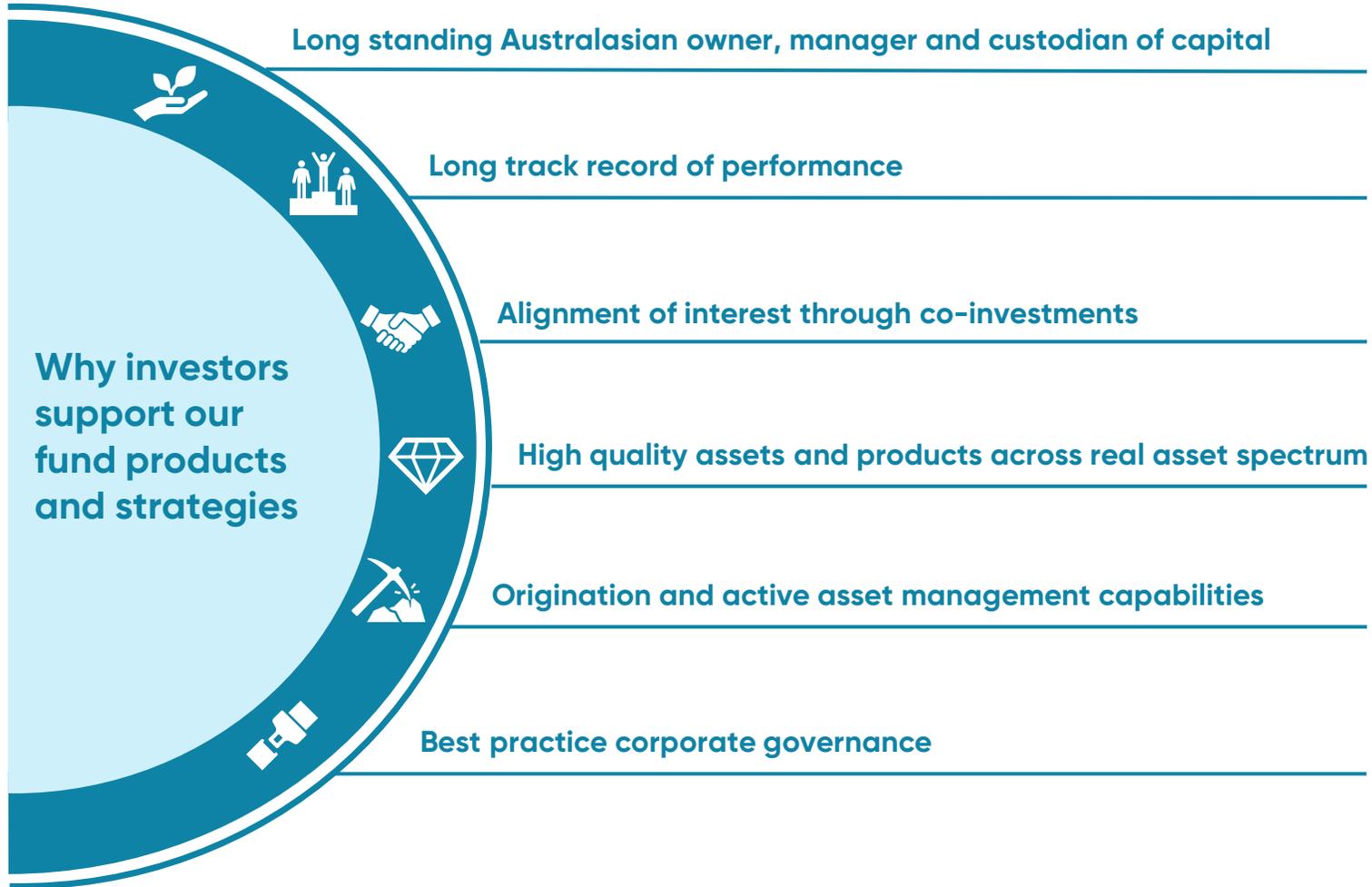
		Diversified	Office	Retail	Industrial	Alternates	Infrastructure	Total
Capital partners — Over 160 institutional investors Over 330 wholesale investors/ groups ¹	Institutional pooled (\$21.7bn) 1 fund	\$13.6bn		\$2.9bn		\$1.8bn	\$3.4bn	\$41.3bn
	JV and mandates (\$14.6bn) 3 funds	\$1.3bn	\$3.8bn	\$0.2bn	\$2.8bn		\$6.5bn	
	Retail and HNW (\$3.1bn) 8 funds	\$2.5bn					\$0.6bn	
	Listed (\$1.9bn)			\$0.7bn	\$1.2bn			
Investment portfolio	\$15.8bn across office, retail, industrial, healthcare and infrastructure							

99% of Dexus pooled FUM is invested in open-ended vehicles
 Near term pressure on FUM as a result of devaluations and client portfolio re-balancing

Figures as at 31 December 2023 and represents third-party funds under management. | 1. Includes private wealth groups, platforms and high net worth investors.

Strong foundations

DXS is well positioned to attract third party capital



Strong foundations

Balance sheet enables alignment capital and is a key differentiator in unlocking opportunities

Core investment exposure		Growth initiatives		
Direct interests in high-quality assets	Alignment interests in managed funds	Development projects to sell down	Warehousing assets to sell down	Opportunity-based initiatives
Portfolio of investments providing stable and growing cash flows	Efficient capital allocation across a broad investment universe	Creation of new product to attract capital partners and unlock value for Dexus	Support future product launches, fee generation and / or trading profits	Investments that accelerate execution of group strategy
  <p>Governor Phillip and Macquarie Tower Complex, 1 Farrer Place (NSW)</p> <p>Horizon 3023, Palm Springs Road, Ravenhall (VIC)</p>	  <p>Real estate funds across all key asset classes plus opportunistic</p> <p>Infrastructure funds including support for recent Royal Adelaide Hospital (SA) acquisition</p>	  <p>Interest in Atlasian Central, Sydney (NSW)</p> <p>Interest in Jandakot industrial precinct, Perth (WA)</p>	  <p>Interest in Jandakot Airport (WA) prior to sell down to DJAF¹</p> <p>Interest in APAC² prior to sell down to WAF³</p>	  <p>AMP Capital real estate and infrastructure platform</p> <p>APN Property Group including two listed REITs in industrial and convenience retail</p>

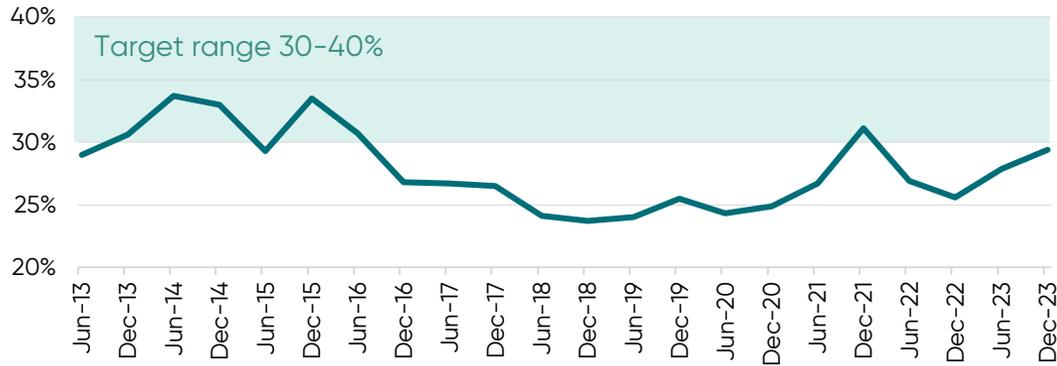
Active portfolio management to continually improve income resilience and return generation

1. Dexus Jandakot Airport Fund. | 2. Australia Pacific Airports Corporation, which owns interests in Melbourne Airport (VIC) and Launceston Airport (TAS). | 3. Wholesale Airport Fund.

Strong foundations

Robust balance sheet: gearing below target range, continued capital recycling to enhance capacity

Historical look-through gearing¹ %



Gearing remains below target range

- Despite office portfolio devaluation
- Supported by early and proactive asset recycling
- Committed development spend to FY25 of **c.\$800m** would increase pro forma gearing by circa 3ppt
- Will continue to recycle capital to fund attractive incremental opportunities

Demonstrated ability to recycle assets to organically fund opportunities



1. Adjusted for cash and debt in equity accounted investments, excluding Dexus's share of co-investments in pooled funds. Includes pro forma adjustments in line with historical disclosure.

2. FY24 to date includes transactions exchanged or settled in FY24 to date.

3. Prime grade buildings represent 95% of the office portfolio including stabilised assets only and excluding development affected assets and land.

A high-quality portfolio



March 2024 quarter highlights

Demonstrating resilience across the investment portfolio and the funds platform

➔ Property portfolio continues to demonstrate resilience

- Maintained high occupancy¹ of 94.4% and 96.6% across the office and industrial portfolios respectively
- Strong rent collections at 99.5%

➔ Delivering for fund investors

- Dexus Real Estate Partnership 2 raised more than \$300 million in commitments towards its first close
- Driving fund performance through active management
- Continued execution of strategic asset sales

➔ Restocking the trading pipeline

➔ Completed the integration of the AMP Capital platform

1. Occupancy by income, excluding co-investments in pooled funds.

CEO priorities

Refresh operating model to support profitable long-term growth

Driving investment performance in the next phase of the investment cycle through refined investment strategies and deep sector expertise

Evolving approach to capital allocation and risk management with a continued focus on investing alongside third-party capital

Summary

Well positioned for next phase of investment cycle

- ➔ **Dexus is well positioned to navigate the next phase of the investment cycle:**
 - Broad capability set to drive performance across sectors
 - Wide product suite supports access to capital
 - Balance sheet of strength and scale
 - Talented team with propensity to grow, evolve and innovate

- ➔ Barring unforeseen circumstances, for the 12 months ended 30 June 2024¹, Dexus reiterates its expectation for:
 - **Distributions of circa 48.0 cents per security**
 - **AFFO excluding trading profits is expected to be broadly in line** with that delivered in FY23

1. Subject to no material deterioration in conditions and assumes circa \$10 million of trading profits (post tax).



Appendices



Case study: Wholesale Airport Fund

Linking capital that is looking to deploy with quality assets and executing in a timely manner

Unique, unlisted transport asset

- › Rare opportunity to gain access to Melbourne Airport and Launceston Airport¹

\$128m

Initial ticket size¹

- › Strategic asset positioned to benefit from increasing passenger volumes



- › Ability to activate new opportunities through real asset and development expertise



Unlocked by broad and deep access to capital

- › Warehoused by Dexus balance sheet, providing a key timing advantage to secure opportunity



- › Sell down supported by strong wholesale investor interest via oversubscribed raising

\$50m+

Additional equity deployed

- › Facilitated timely liquidity for existing platform investor



1. Held through Australia Pacific Airports Corporation.



Melbourne Airport, VIC



Case study: Royal Adelaide Hospital

Leveraging our combined real estate and infrastructure platform to access healthcare opportunities for investors

High-quality healthcare partnership

› One of Australia's most advanced medical facilities

\$245m

Equity value¹

› Public-private partnership underpinned by predictable cashflows from AA+ rated SA Government

99.6%

Availability-based payments

› First large-scale hospital complex in Australia to achieve a **4 Star Green Star Rating**



Unlocked by broad and deep access to capital

› Acquired by three vehicles across infrastructure and real estate

+30.6%

interest

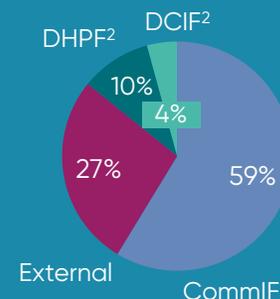
› Demonstrates real asset synergy potential of Dexu platform



› Valuable insight from existing ownership, active asset management and strong governance



Ownership



1. Gross price paid.

2. Dexu Healthcare Property Fund, Dexu Core Infrastructure Fund and Community Infrastructure Fund.

Case study – DWPF/ADPF merger

Investor-led transaction executed by leveraging our unique capability to unlock benefits for all investors

Premier diversified real estate fund

- › **Combined fund with enhanced scale** while retaining high-quality and target sector weightings
- › **Significant diversification of investor base**, providing potential to increase future liquidity prospects
- › **Strong support with both sets of investors voting in favour** following independent approval processes

c.\$16bn

Gross asset value¹

20+

ADPF investors onboarded



Voted in favour

Unique execution capability of the Dexus platform

- › **Executed large asset sale program** across sectors to provide liquidity for exiting ADPF investors
- › **Reduced investment management fee structure**, allowing both sets of investors to benefit from increased scale
- › **Minimal friction costs** with Dexus funding transaction costs on behalf of both funds

\$2.5bn

Asset sales at c.4% premium²



1. Based on gross asset value as at 31 December 2020 and prior to execution of \$2.5bn sale program. | 2. Based on sale price relative to book value as at 31 December 2020 adjusted for capital expenditure, incentives and leasing costs incurred subsequently.

Case study: Jandakot off-market acquisition

Integrated platform capability and a sizable balance sheet unlocking a unique opportunity of scale

A unique industrial portfolio with scale

› 49 industrial assets strategically located to benefit from structural tailwinds²

\$1.3bn
Equity value¹

› 80 hectares of developable land²

\$790m
Development underwrite^{2,3}

› Commercial airport operating business



› Ability to activate new opportunities through real asset and development expertise



Accessed via Dexu's integrated platform

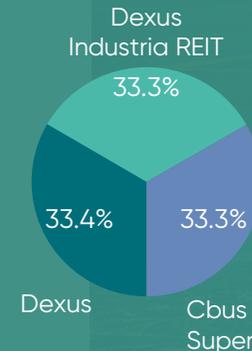
› Secured off-market utilising Dexu's balance sheet strength

› Execution required **co-ordinated effort** across multiple teams and geographies through COVID

› Sold down a one-third interest to Dexu Industria REIT (DXI) in a **transformation acquisition** for the fund

› Sold down an additional one-third interest to a **new joint venture investor** on platform to preserve capacity to fund other opportunities

Ownership



1. Gross price paid. | 2. At time of acquisition. | 3. Total development pipeline relating to 100% of the asset value.



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