

Dexus (ASX: DXS)

ASX release



27 April 2022

Dexus agrees to acquire Collimate's real estate and domestic infrastructure equity business

Dexus is pleased to announce that it has entered into a Share Sale and Purchase Agreement ("SPA") with Collimate Capital Limited ("Collimate"), a wholly owned subsidiary of AMP Limited, to acquire Collimate's real estate and domestic infrastructure equity business (the "Transaction"). The consideration comprises a \$250 million upfront cash payment and earn out consideration of up to \$300 million¹, which is subject to a range of factors including successful transition of assets under management ("AUM") and will be finally assessed nine months following completion of the Transaction.

In addition, Dexus will offer to acquire co-investment stakes in the platform for total cash consideration of up to approximately \$450 million², subject to discussions with investors, pre-emptive rights processes and relevant consents.

Collimate platform

Collimate's real estate and domestic infrastructure equity business comprises a high-quality platform of pooled funds and separately managed accounts ("SMAs"). The platform currently has \$27.9 billion of AUM³, split between:

- i. Real estate (\$18.2 billion³); and
- ii. Infrastructure (\$9.7 billion)

Dexus plans to hold consultation sessions with Collimate investors over the coming weeks to discuss the merits of the transaction and determine the Collimate AUM to be transferred to the Dexus platform as part of the Transaction.

Collimate holds co-investment stakes in the platform funds totalling circa \$180 million, which Dexus will offer to acquire as part of the Transaction, subject to pre-emptive rights processes and relevant consents. In addition, Collimate has provided a commitment to acquire a further circa \$270 million of units in AMP Capital Wholesale Office Fund ("AWOF"), which Dexus will also offer to acquire as part of the Transaction, subject to discussions with investors, pre-emptive rights processes and relevant consents. Total cash consideration payable by Dexus for these co-investments is dependent on their Current Unit Value at the time and is anticipated to be circa \$450 million².

Dexus intends to retain Collimate's key people as part of the Transaction, to continue to support the real estate business and entry into the infrastructure segment alongside a strongly credentialed and established team.

Investment rationale for Dexus

The transaction is in line with Dexus's strategy of expanding and diversifying its funds management business and will accelerate growth through the combination of two complementary platforms.

The transaction is underpinned by a compelling strategic rationale for Dexus:

1. Further diversifies Dexus's funds management platform with an expanded investor base
2. Expanded capabilities to drive an enhanced offering and asset performance
3. Provides a scalable platform for growth, underpinned by Dexus's best practice governance and risk management framework
4. Long-term value creation potential for Dexus Security holders and funds management partners

1 Subject to customary completion adjustments. Earn out consideration to be finally assessed at the end of nine months following completion of the Transaction. The maximum potential price of \$550 million will not be achieved given the known transition of circa \$3 billion of AUM from the Collimate platform.

2 Represents consideration for Collimate stakes held in AWOF, ACRT and WAPF, as well as a commitment from Collimate to offer to acquire an additional circa \$270 million in AWOF. While not a condition precedent under the SPA, Collimate must undertake reasonable steps to allow Dexus to acquire the stakes including activating pre-emptive processes and seeking trustee transfer approvals.

3 Based on Collimate AUM as at 31 December 2021 net of the known transition of circa \$3 billion of AUM from the Collimate platform.



Darren Steinberg, Dexus CEO said: “I am excited to announce this opportunity which positions Dexus as a leading real asset manager, with new capabilities and an expanded product offering, underpinned by our best practice governance and risk management framework. It delivers on our strategic objectives of being a real estate partner of choice and delivering resilient income streams, while enhancing our ability to leverage the key megatrends benefiting real assets. This alignment forges the pathway to creating long-term value for our Dexus Security holders and the investors across our funds management platform, both existing and new.

“Infrastructure is a logical next step for Dexus’s funds management business, underpinned by compelling sector fundamentals and a positive growth outlook. The Collimate team has a strong track record and well established relationships with investors. This will now be enhanced by the core skills across the Dexus platform.

“Our more than 35-year track record in funds management, alongside our experience in integrating funds management businesses and assets, supported by transition services from Collimate, will enable us to provide continuity of service to our investors and funds management partners during the transition.”

Strategic benefits for platform investors

The combined benefits for third party investors on both the Dexus and Collimate platforms are:

1. Integration of platform strengths and investment teams to create a leading real asset manager positioned to drive investment performance
2. Enhanced access to deal flow and ability to access large-scale opportunities that require significant capital commitments
3. Focus on governance, active asset management and long-term value creation for investors through the cycle. Dexus has a demonstrated track record as a trusted custodian delivering long-term outperformance
4. Potential ability to deliver positive ESG outcomes across the combined portfolio, with the Dexus platform globally recognised as an ESG leader
5. Access to liquidity through a breadth of investor relationships

Consideration and financial impacts

Under the SPA, the total consideration payable by Dexus is between \$250 million and \$550 million⁴, subject to a range of factors including successful transition of AUM. The consideration comprises a \$250 million upfront cash payment and earn out consideration of up to \$300 million⁴. In addition, Dexus will offer to acquire Collimate’s co-investment stakes in the platform for total cash consideration of up to approximately \$450 million⁵, subject to discussions with investors, pre-emptive rights and relevant consents. Dexus intends to debt fund the total consideration payable utilising existing balance sheet capacity.

The Transaction is expected to be accretive to Dexus Securityholders on an AFFO per security basis in the first full financial year post completion⁶.

Pro forma gearing is expected to remain within the target gearing range of 30 – 40%. A number of capital recycling initiatives are under consideration to reduce gearing and provide capacity for redeployment. Net Tangible Assets per security is expected to reduce as a result of the Transaction due to the recognition of intangible management rights, goodwill and associated transaction costs.

As the Transaction is expected to complete during the first half of FY23, it will not impact Dexus’s previously stated FY22 guidance.

Implementation

Collimate is required to use reasonable endeavours to undertake a restructuring process to deliver its real estate and domestic infrastructure equity business to Dexus and has agreed to indemnify Dexus in respect of the restructure as well as agreed risks including certain agreed liabilities related to divested businesses previously owned by Collimate.

The Transaction remains subject to the satisfaction of a number of conditions including: change of control processes being satisfied; receipt of specified consents; restructure steps being completed in accordance with agreed principles; and entry into a Transitional Services Agreement and related documents on acceptable terms.

Subject to satisfaction of the conditions precedent, Dexus expects the transaction to complete during the first half of FY23.

⁴ Subject to customary completion adjustments. Earn out consideration to be finally assessed at the end of nine months following completion of the Transaction. The maximum potential price of \$550 million will not be achieved given the known transition of circa \$3 billion of AUM from the Collimate platform.

⁵ Represents consideration for Collimate stakes held in AWOFF, ACRT and WAPF, as well as a commitment from Collimate to offer to acquire an additional circa \$270 million in AWOFF. While not a condition precedent under the SPA, Collimate must undertake reasonable steps to allow Dexus to acquire the stakes including activating pre-emptive processes and seeking trustee transfer approvals.

⁶ Transaction and integration costs will be excluded from AFFO in accordance with PCA guidelines.

Dexus has appointed Citigroup Global Markets Australia Pty Limited, J.P. Morgan Securities Australia Limited and MA Moelis Australia Advisory Pty Limited as financial advisers and Allen & Overy as legal adviser.



Authorised by the Board of Dexus Funds Management Limited

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About Dexus

Dexus (ASX: DXS) is one of Australia's leading fully integrated real estate groups, proudly managing a high-quality Australian property portfolio valued at \$45.3 billion. We believe that the strength and quality of our relationships will always be central to our success and are deeply committed to working with our customers to provide spaces that engage and inspire. We invest only in Australia, and directly own \$18.3 billion of office and industrial properties. We manage a further \$27.0 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$17.8 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. Sustainability is integrated across our business, and our sustainability approach is the lens we use to manage emerging ESG risk and opportunities for all our stakeholders. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange and is supported by more than 30,000 investors from 23 countries. With over 35 years of expertise in property investment, funds management, asset management and development, we have a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for investors.
www.dexus.com

Dexus Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS)
Level 25, 264 George Street, Sydney NSW 2000

Agreement to acquire Collimate's real estate and domestic infrastructure equity business

Investor presentation

27 April 2022



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, present and emerging.

Artist: Amy Allerton, Indigico Creative, a Gumbaynggir and Bundjalung woman.

Artwork: The Places Where We Thrive.

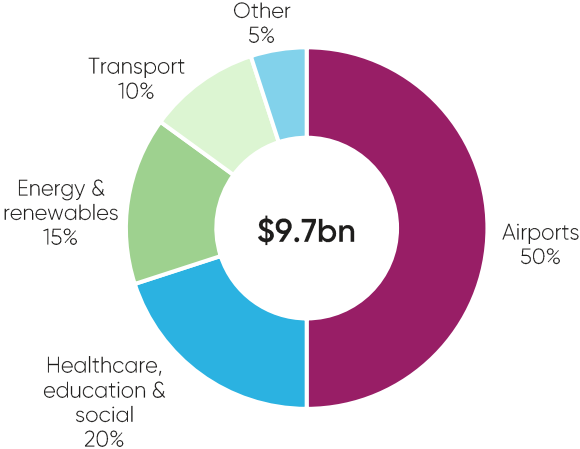
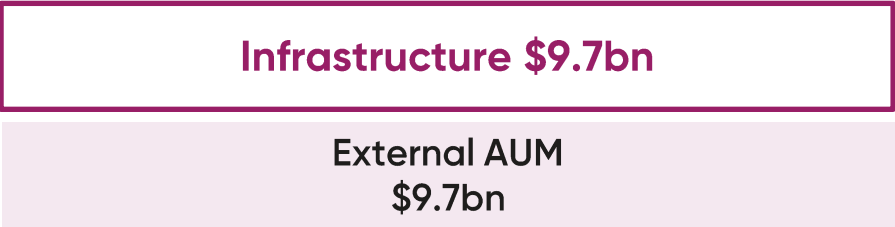
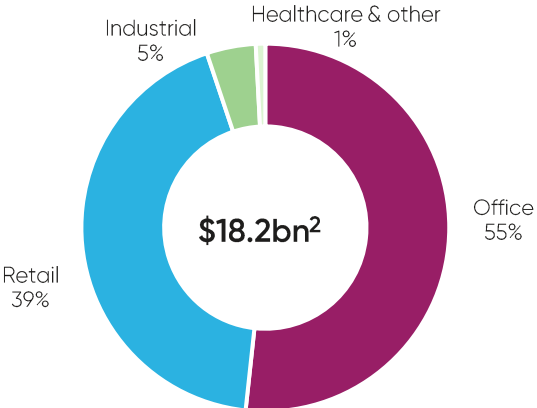
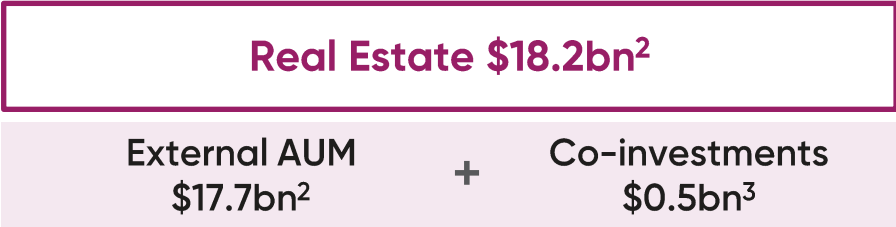
Artwork description: The artwork tells the story of a vision for our communities, both large and small, where they are all thriving and strong as they build lives, homes and legacies for present and future generations. Every community is connected by spirit and by country, surrounded by flourishing waterways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

A leading Australian real asset manager

Continued execution on strategy to expand Dexus’s funds management platform and capabilities

Dexus owns and manages a high-quality fully integrated **\$45.3bn¹ Australian real estate platform** with the objectives of generating sustainable income streams and being the real estate investment partner of choice, with deep access to pools of capital

Collimate’s \$27.9bn² real asset platform consists of high-quality funds and mandates



- **Real Estate:**
 - \$18.2bn² total AUM across over 70 assets in ANZ
 - 5 pooled funds
 - 7 separately managed accounts (SMAs)²
 - \$0.5bn co-investments in pooled funds
- **Infrastructure:**
 - \$9.7bn total AUM weighted to diversified and social infrastructure
 - 7 pooled funds
 - 5 SMAs

1. Dexus AUM at 31 December 2021 (pro forma for certain transactions as stated in Dexus’s HY22 result presentation).
2. Based on Collimate AUM as at 31 December 2021 net of the known transition of circa \$3bn of AUM from the Collimate platform.
3. Includes a commitment from Collimate to offer to acquire an additional circa \$270m in AWOFF.

Agenda

1**Transaction Overview****2****Strategic Rationale****3****Conclusion**

Transaction Overview

Transaction summary

Transaction overview	- Dexus has entered into a Share Sale and Purchase Agreement ("SPA") with Collimate Capital Limited ("Collimate"), a wholly owned subsidiary of AMP Limited, to acquire Collimate's real estate and domestic infrastructure equity business (the "Transaction") - Brings together two complementary platforms - Positions Dexus as a leading Australian real asset manager with substantial capabilities and product offerings across office, retail, industrial and healthcare real estate, and infrastructure - Enables entry into the infrastructure segment alongside a strongly credentialed and established team
Consideration	- Total purchase consideration comprising a \$250m upfront cash payment and earn out consideration of up to \$300m¹, subject to a range of factors including successful transition of assets under management ("AUM") and will be finally assessed nine months following completion of the Transaction - In addition, Dexus will offer to acquire Collimate's co-investment stakes in the platform for total cash consideration of up to approximately \$450m², subject to discussions with investors, pre-emptive rights and relevant consents - Consideration to be debt funded utilising existing balance sheet capacity
Governance and management	- Dexus intends to retain Collimate's key people and bring together areas of expertise to leverage our collective capabilities - Preserves Dexus's best practice governance and risk management framework
Financial impacts	- The Transaction is expected to be accretive to Dexus's Adjusted Funds From Operations ("AFFO") per security in the first full financial year post completion - Pro forma gearing to remain within target gearing range of 30–40% - Initiatives under consideration to recycle capital and replenish balance sheet capacity - Net Tangible Assets (NTA) per security is expected to reduce due to the recognition of intangible management rights, goodwill and associated transaction costs - As the Transaction is expected to complete during the first half of FY23, it will not impact Dexus's previously stated FY22 guidance
Implementation, timing and next steps	- Dexus plans to hold consultation sessions with Collimate investors over the coming weeks to determine the AUM to be transferred across to the Dexus platform - The Transaction remains subject to a number of conditions, including change of control processes being satisfied, receipt of specified consents, restructure steps being completed in accordance with agreed principles and entry into a Transitional Services Agreement and related documents on acceptable terms - The Transaction is expected to complete during the first half of FY23

1. Subject to customary completion adjustments. Earn out consideration to be finally assessed at the end of nine months following completion of the Transaction. The maximum potential price of \$550m will not be achieved given the known transition of circa \$3bn of AUM from the Collimate platform.

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Strategic Rationale

Strategic rationale

1

Further diversifies Dexus's funds management platform with an expanded investor base

2

Expanded capabilities to drive an enhanced offering and asset performance

3

Provides a scalable platform for growth, underpinned by Dexus's best practice governance and risk management framework

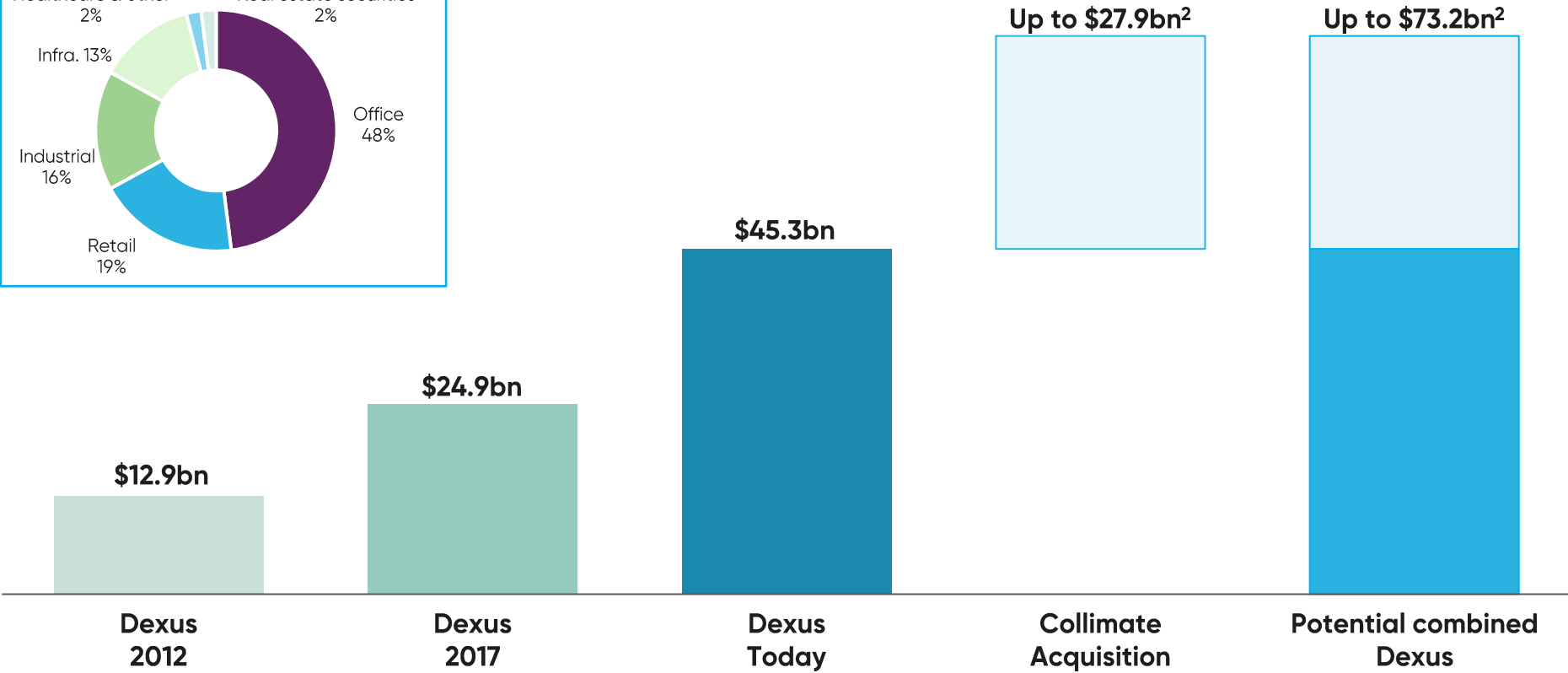
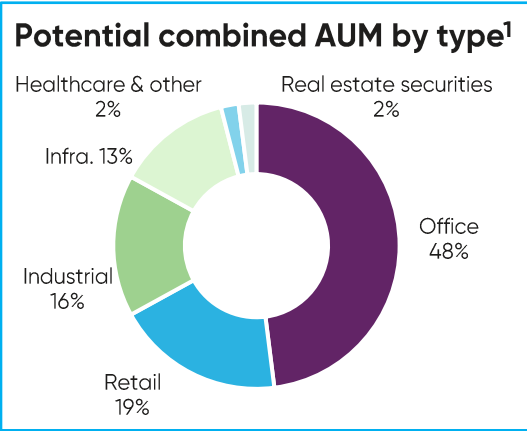
4

Long-term value creation potential for listed Dexus Security holders and funds management partners

Strong track record in growing assets under management

The Transaction significantly increases Dexus’s platform scale and market relevance

Asset management platform evolution



- ✓ Experience in successfully integrating funds management platforms and assets
- ✓ Benefits of scale shown in leading capabilities, operating efficiencies and strong performance
- ✓ Long track record in attracting and raising public and private capital through cycles and across products
- ✓ Recognised for a culture of best practice governance and risk management
- ✓ Opportunity to deepen investor relationships across the platform

Source: Company filings.

1. Based on Dexus AUM at 31 December 2021 (pro forma for certain transactions as stated in Dexus’s HY22 result presentation) and Collimate AUM as at 31 December 2021 net of the known transition of circa \$3bn of AUM from the Collimate platform.

2. Reflects maximum potential combined FUM based on the above.

Expands Dexus's fund management capabilities

Transition to a real asset platform enables Dexus to provide an enhanced offering to investors

Leading real asset platform		Enhanced service offering
Scale	AUM ¹ up to \$73bn	Scale benefits and enhanced ability to attract capital
Multiple products	Number of Funds ¹ up to 39	Expands product offering to deliver a wider range of investment options
Diverse offering	Sectors Real Estate & Infrastructure	Complementary asset classes, while run separately, provide opportunities and adjacencies to the benefit of investors
Access to capital	Broader pool of capital sources Retail & Institutional	Greater sector coverage and enhanced product offering, providing investors with more choice
Capability	Combination of two industry leading management teams	Complementary skill sets and sector expertise, with significant inhouse capabilities across all major sectors
People	Experienced RE & Infrastructure professionals	Enhanced ability to attract and retain talent

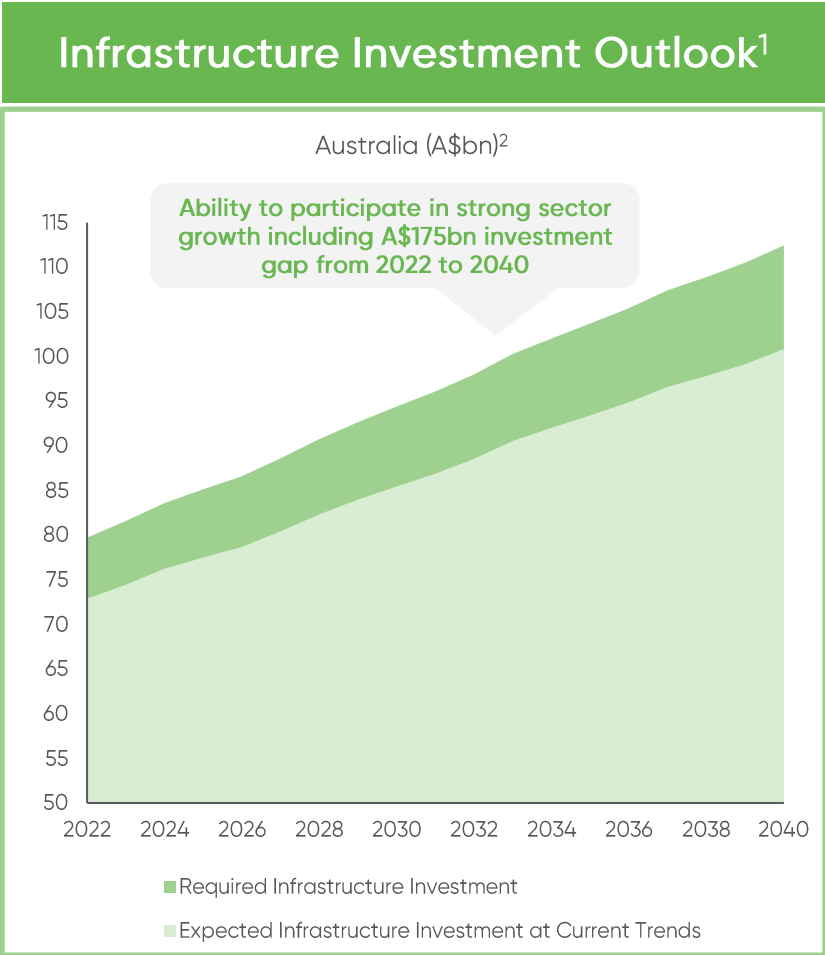
1. Dexus AUM as at 31 December 2021 (pro forma for certain transactions as stated in Dexus's HY22 result presentation) and Collimate AUM as at 31 December 2021 net of the known transition of circa \$3bn of AUM from the Collimate platform.

Building out an integrated real asset management platform

Infrastructure represents a complementary asset class, with a compelling growth outlook

Infrastructure Sector Universe	
	Electricity Generation, Transmission, and Distribution
	Telecommunications
	Airports / Shipping Ports
	Health
	Roads
	Rail
	Water

Collimate platform exposure



- ✓ Infrastructure represents a logical product extension for Dexus underpinned by positive sector fundamentals
- ✓ Michael Bessell and Michael Cummings will continue to lead the business as Co-Heads of infrastructure equity
- ✓ Cross-sector value creation opportunities
- ✓ Ability to access sector growth through utilising Dexus’s core skill set
- ✓ Dexus has strong relationships with State governments
- ✓ Significant overlap with existing Health strategy

1. Sourced from Global Infrastructure Outlook. Dataset includes electricity generation, transmission and distribution, telecommunications, airports, ports, roads, rail and water.
2. Assumes 0.75USD/AUD.

Strategic benefits for third party investors

Combined benefits for third party investors on both the Dexus and Collimate platforms



- ✓ Integration of platform strengths and investment teams to create a **leading real asset manager** positioned to drive investment performance



- ✓ Enhanced access to deal flow and ability to **access large-scale opportunities** that require significant capital commitments



- ✓ Focus on best practice **governance, active asset management and long-term value creation for investors** through the cycle
 - ✓ Demonstrated **track record** as a **trusted custodian delivering long-term outperformance**



- ✓ Potential ability to deliver **positive ESG outcomes** across the combined portfolio
 - ✓ Dexus platform **globally recognised as an ESG leader**



- ✓ **Access to liquidity** through a breadth of investor relationships



Long-term value creation potential

Expected to be AFFO per security accretive in first full financial year post completion

Earnings

- ✓ The Transaction is expected to be accretive to Dexus Security holders on an AFFO per security basis in the first full financial year post completion¹
- ✓ Potential to realise scale procurement benefits to drive portfolio-wide opex and capex savings
- ✓ As the Transaction is expected to complete during the first half of FY23, it will not impact Dexus’s previously stated FY22 guidance

Balance Sheet

- ✓ Pro-forma gearing to remain within target gearing range of 30% – 40%
- ✓ A number of capital recycling initiatives under consideration to reduce gearing and provide capacity for redeployment
- ✓ Focus remains on preservation of A- /A3 (S&P/Moody’s) credit rating
- ✓ Net Tangible Assets (NTA) per security is expected to reduce due to the recognition of intangible management rights, goodwill and associated transaction costs

1. Transaction and integration costs will be excluded from AFFO in accordance with PCA guidelines.

Conclusion

Conclusion

A leading Australian real asset manager

- ✓ Combines two complementary platforms and management teams
- ✓ Expands funds management capabilities and product offering to the benefit of investors
- ✓ Delivers growth opportunities across the combined platform
- ✓ Expected to be AFFO per security accretive in the first full financial year post completion for Dexus Security holders with long-term value creation potential

The Transaction represents a compelling opportunity to enhance Dexus's existing platform and capabilities for the benefit of all stakeholders



One Farrer Place, Sydney NSW



Atlassian, Sydney NSW



Jandakot Airport, Perth WA



Westfield Miranda, NSW

Appendix

Royal
Adelaide
Hospital

Positioned to benefit from long-term megatrends

Trends will drive integration of real asset classes and customer uses

1

Urbanisation

Population growth and infrastructure investment will support the on-going urbanisation of major Australian cities and the development of vibrant communities around major transport nodes.

2

Technology advances

Technological advancements in artificial intelligence, automation, big data, and analytics will drive the continual evolution in how individuals and groups work, live and play.

3

Growth in pension capital flows

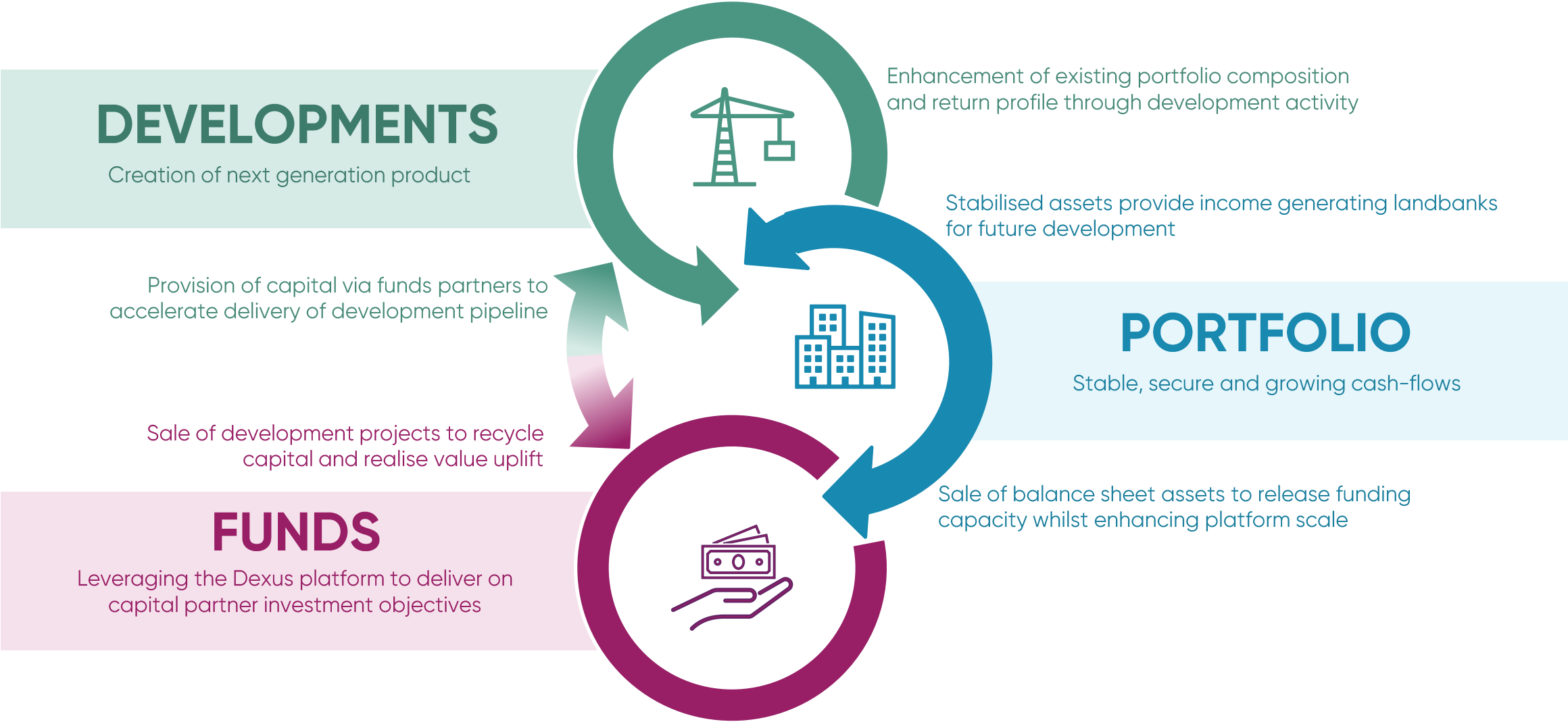
Assets under management from pension funds are expected to increase significantly as populations in developed nations continue to age and allocations to alternatives continue to increase.



Australian Bragg Centre, Adelaide, SA

Accelerates achievement of Dexus's business model evolution

Constant flow of product and capital will drive superior risk adjusted returns



High quality and diversified portfolio

Collimate's portfolio expands Dexus's product offering better positioning Dexus to meet investor needs

Real estate (AUM \$18.2bn) and Infrastructure (AUM \$9.7bn)

Office



600 Bourke Street, Melbourne, VIC

Retail



Macquarie Centre, NSW

Airports



Melbourne Airport, VIC

Energy



Macarthur Wind Farm, VIC

Industrial



Acacia Gate Industrial Estate, QLD

Healthcare & Other



Royal Adelaide Hospital, SA

Student Accommodation



ANU Student Accommodation, ACT

Other



Perth Stadium, WA

Core infrastructure and real estate senior leadership teams

Highly experienced teams with values-driven culture



Industry leading capabilities across major sectors, including social infrastructure, airports, energy and transport



~26 years average experience per Infrastructure Managing Director



Macarthur Wind Farm



~20 years average experience per Real Estate senior leader



Macquarie Centre



Integrated functions including investment management, acquisitions, capital and origination, property and asset management, development management and leasing

An integrated approach to ESG

Continuation of best practice governance and leading recognition in ESG

