

Macquarie Australia Conference

2 May 2023

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

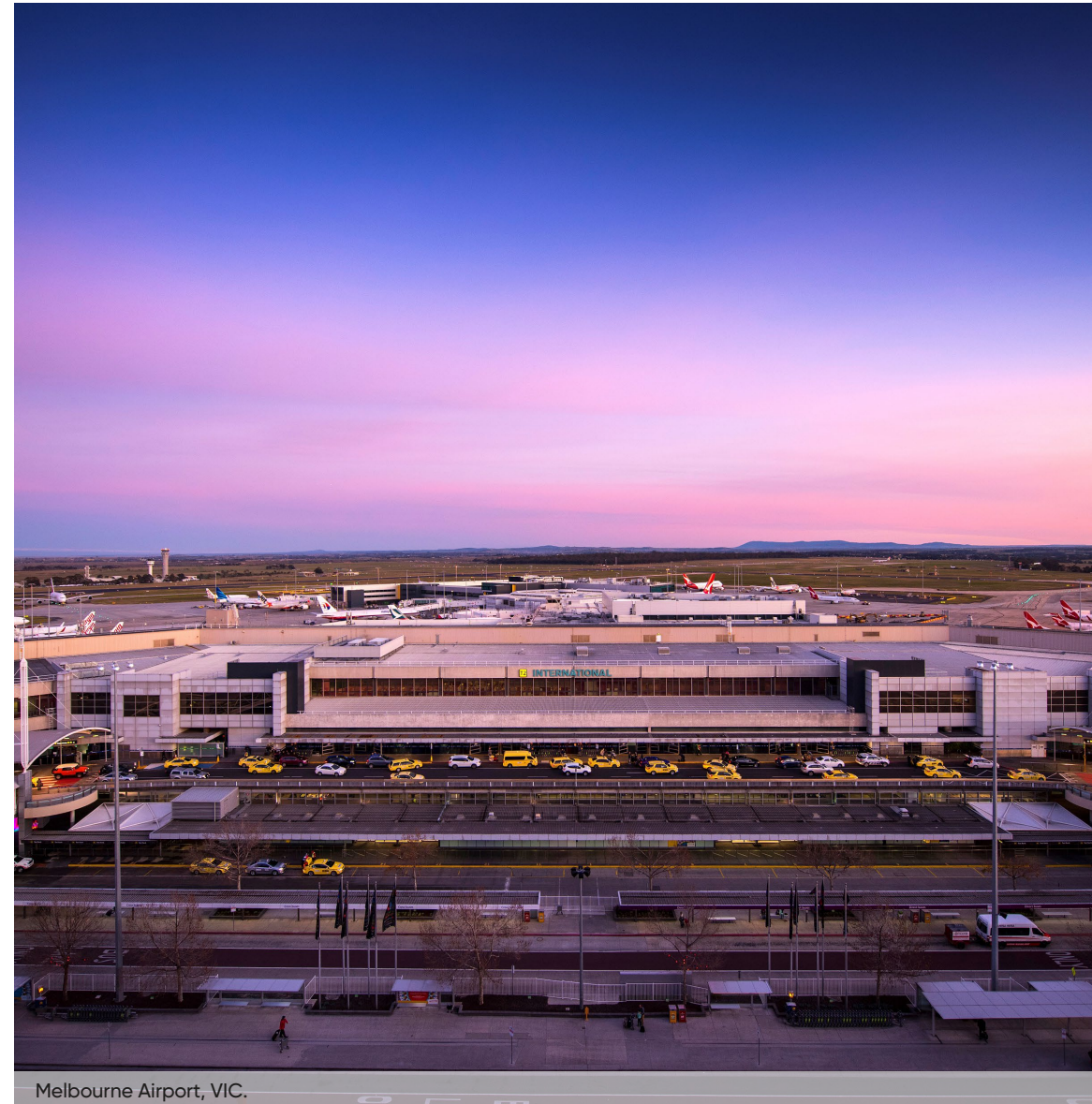
Artwork: The Places Where We Thrive

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 find new ways to build and expand, as they dream and innovate to create the places where we thrive.



A resilient, Australia-focused real asset business with clear avenues for growth

- › Circa **\$62.3 billion** diversified real asset business of scale with significant **growth potential**
- › Demonstrated **portfolio resilience** and management focus on cashflow generation
- › **Strong balance sheet**
- › Longstanding focus on **ESG**
- › **Operating conditions** challenging, albeit continuing to execute on strategy

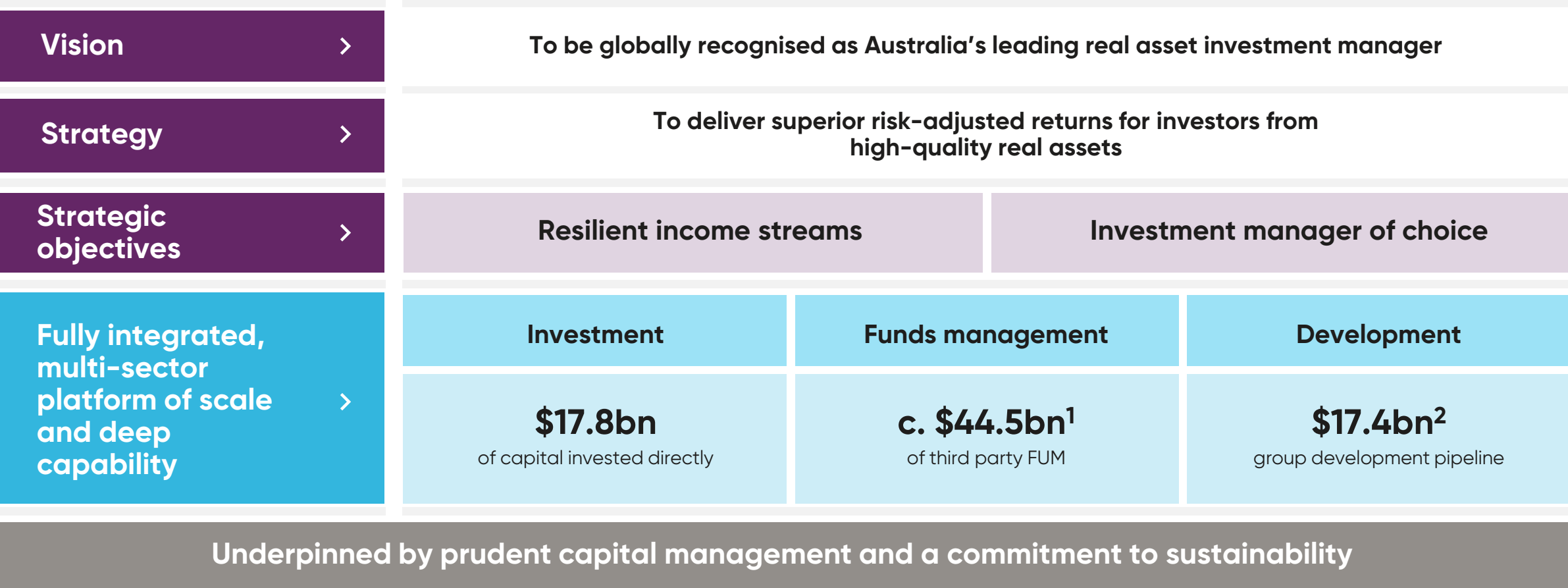


Melbourne Airport, VIC.

Strategy



Our strategy



1. Includes AMP Capital FUM at 31 December 2022.
2. Includes \$15.8 billion Dexus development pipeline and estimated AMP Capital development pipeline of circa \$1.6 billion at 31 December 2022.

A real asset manager with deep sector expertise

Supported by strong governance, a robust balance sheet and leading ESG credentials



Data at 31 December 2022, excludes \$1.4 billion FUM relating to Real Estate Securities and Dexus Real Estate Partnership 1.

Long term opportunity for growth



Multiple pools of capital

Diversified across sector, product type and capital base

circa \$62.3 billion under management across the Dexus platform				
Diverse platform across multiple capital sources	Real estate \$17.8bn	Real estate circa \$34.3bn	Infrastructure circa \$10.2bn	Combined third-party FUM circa \$44.5bn
Pooled	Dexus balance sheet \$17.8bn	\$19.4bn 4 Funds	\$3.3bn 2 Funds	circa \$22.7bn 6 Funds
JV / Mandates		\$9.1bn 12 Funds	\$6.1bn 9 Funds	circa \$15.2bn 21 Funds
Listed / Retail		\$5.8bn 11 Funds	\$0.8bn 1 Fund	circa \$6.6bn 12 Funds

1. Includes Dexus and AMP Capital FUM at 31 December 2022.

Artist impression: Atlassian Central, Sydney NSW.

Wide opportunity set

	Real estate			Alternative real assets			Infrastructure		
	<u>Office</u>	<u>Industrial</u>	<u>Retail</u>	<u>Living</u>	<u>Health</u>		<u>Communication</u>	<u>Energy & Utilities</u>	<u>Transport</u>
Primary exposure	– Premium – Prime CBD	– Distribution – Warehouse – Manufacturing	– Lifestyle centres – Community centres	– Student Accommodation	– Medical centres – Hospitals – Medical mixed use		– Data centres	– Power generation – Power distribution	– Airports – Railways
No material exposure	– Secondary – Metropolitan – Office park – R&D	– Unit estate – Business park	– City retail – Convenience stores	– Hotels – Build to Rent – Retirement liv	– Aged care – Mental health – Life sciences		– Telecommunication towers – Information networks	– Water processing & distribution – Gas distribution – Waste management	– Ports – Highways/toll roads – Bridges
			– Large format		– Specialist clinics				
					<u>Social & Natural</u>				
					– Education – Sports infrastructure – Other				
					– Agriculture				

Funds growth case studies

Recent platform achievement in social infrastructure:

Student accommodation acquisition

- › Two infrastructure funds acquired **a newly developed 731-bed facility** from the Australian National University in Canberra
- › Benefiting from strong international demand, with visa applications in the second half of 2022 **exceeding record levels set between 2017–2019**
- › Dexus is Australia's **largest investor** in on-campus student accommodation with **over 7,000 beds across leading Australian universities**



Opportunistic series to enhance returns and generate growth:

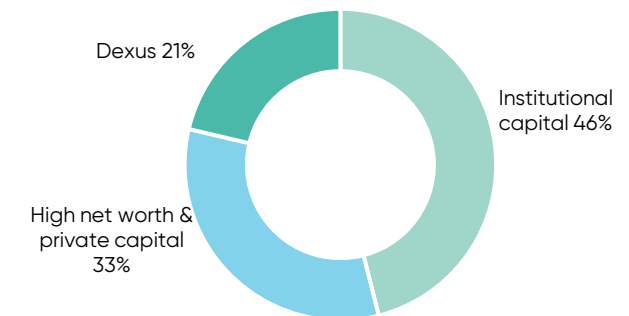
Dexus Real Estate Property Partnership 1 (DREP1)

- › Launched in 2021
- › **Circa \$1 billion investment capacity** including leverage
- › Mandate includes property repositioning, development, special situation opportunities and alternative credit
- › Leveraging **Dexus's integrated platform and proven trading capabilities**
- › **Strong interest** across global institutional and private investors

\$475m

total equity
raised since
2021¹

Diversified investor base



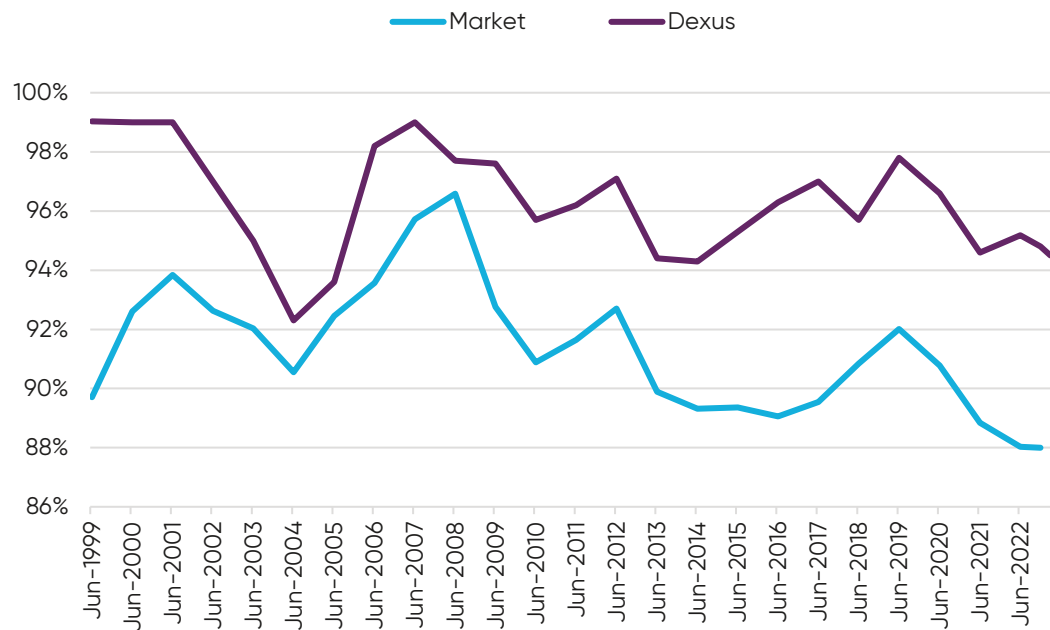
1. Total equity raised for DREP1 includes circa \$100m co-investment from Dexus.

Portfolio resilience

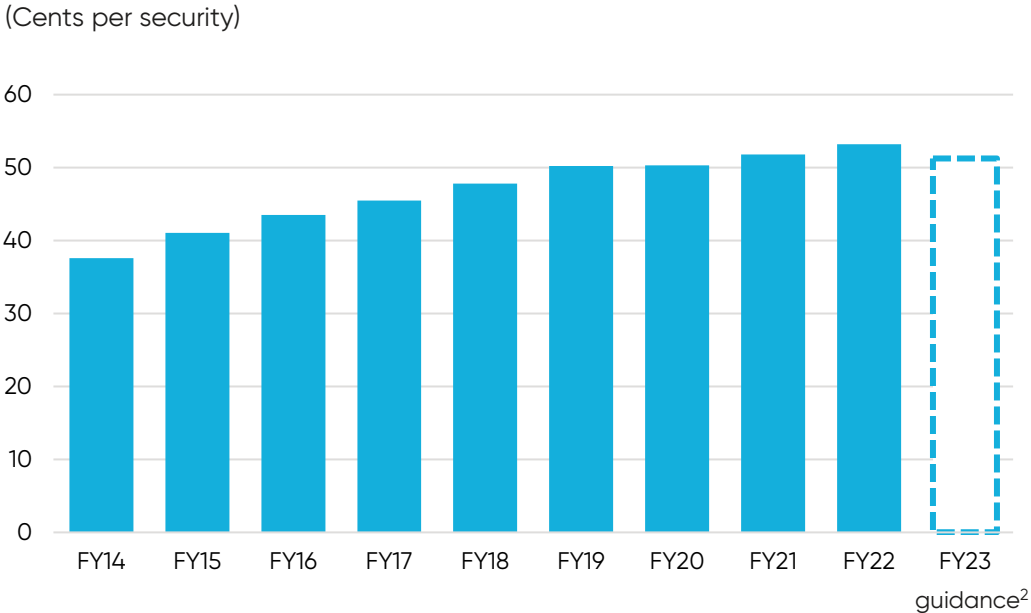
Management focus on cashflow

Consistent high portfolio occupancy and DPS growth

Historic Dexus office occupancy vs market¹



DPS: consistently held or grown throughout Covid years

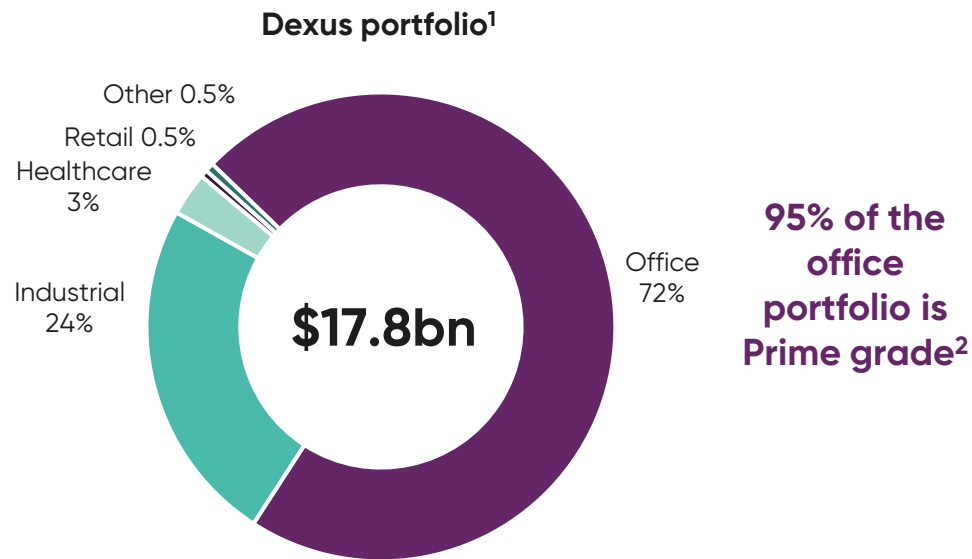


1. Historic Dexus occupancy by area. Market occupancy refers to Australian CBD average by Property Council of Australia.
 2. Barring unforeseen circumstances, Dexus reaffirms its guidance to deliver distributions of 51.0 - 51.5 cents per security for the 12 months ended 30 June 2023.

Strong balance sheet

Resilience through a high quality portfolio and prudent capital management

**A \$17.8 billion high quality portfolio,
across prime grade office, industrial, healthcare and retail**



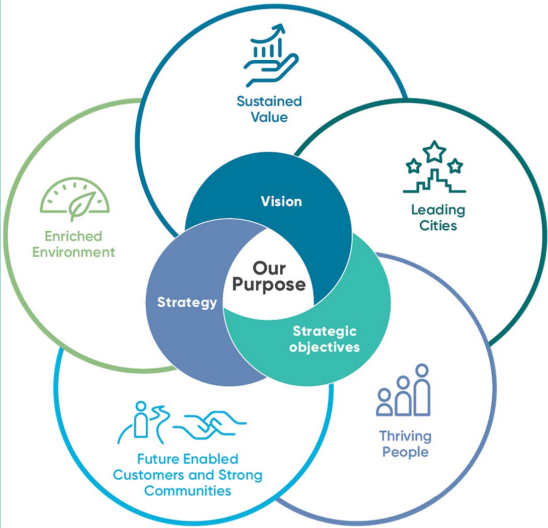
Robust financial position

- › 25.6% gearing (look-through)³
- › 5.2 years average debt maturity
- › \$3 billion headroom⁴
- › 85% hedged⁵ with a 4.8-year average maturity
- › 5.0x interest cover (covenant⁶ >2.0x)
- › Strong credit ratings: A-/A3 by S&P/Moody's
- › Less than \$400 million debt expiring by the end of FY24 (look-through)⁷

1. Includes co-investments in pooled funds.
 2. Excludes assets held for sale and includes development-affected assets.
 3. Adjusted for cash and debt in equity accounted investments, excluding Dexus's share of co-investments in pooled funds. Look-through gearing including Dexus's share of co-investments in pooled funds was 26.4% at 31 December 2022.
 4. Undrawn available facilities plus cash.
 5. Average for the period, including caps.
 6. As per public bond covenants.
 7. As at 31 March 2023.
 As at 31 December 2022.

Long standing ESG mindset

ESG is integral to creating sustained value



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Operating conditions

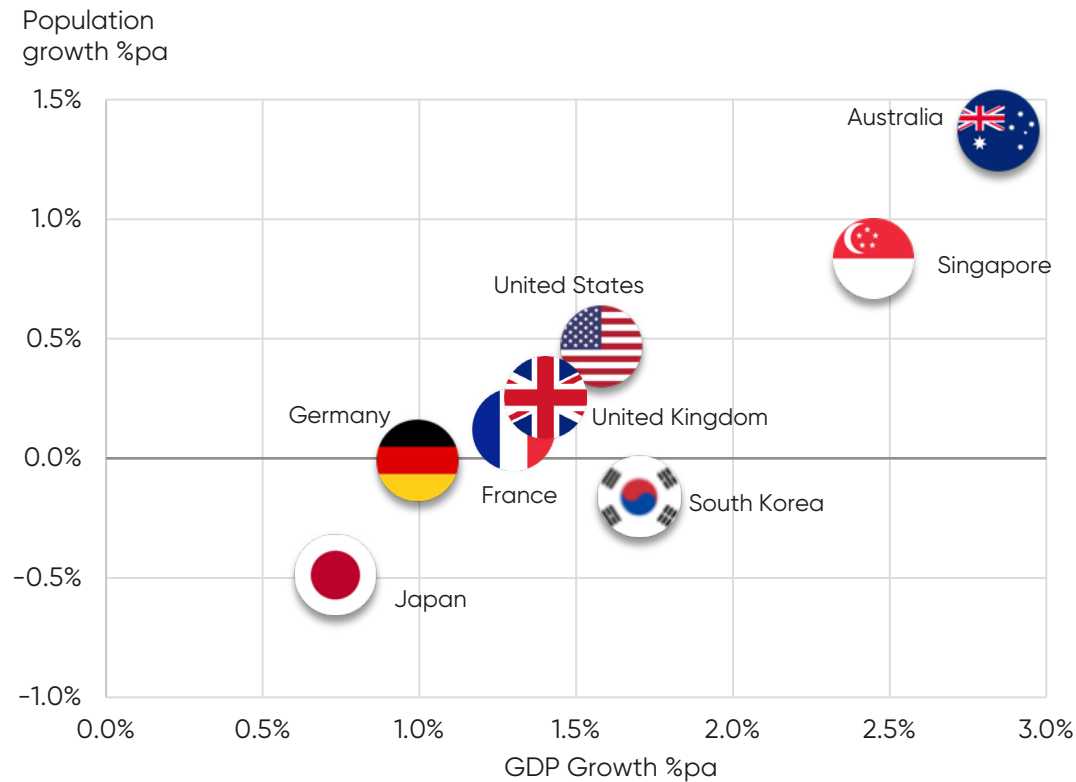


Underlying drivers positive

Migration and economic growth outlook should underpin positive investment and leasing fundamentals

GDP and population growth: Advanced economies

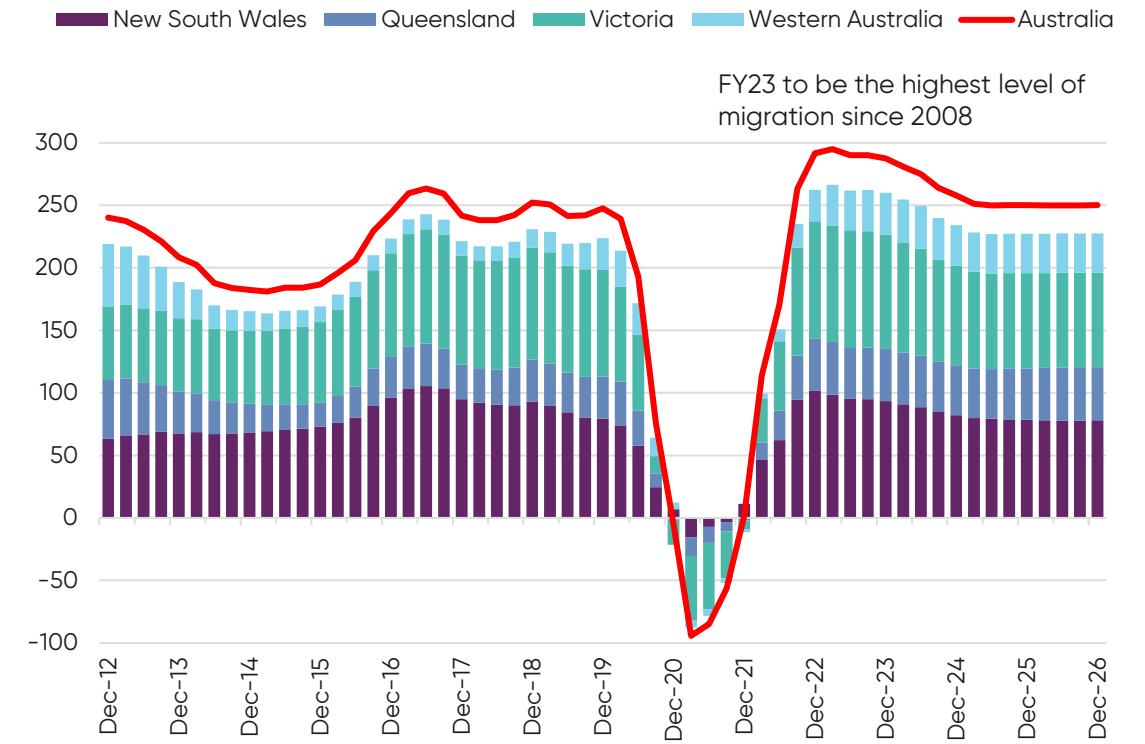
(2022 to 2032)



Source: Oxford Economics.

Net overseas migration by state

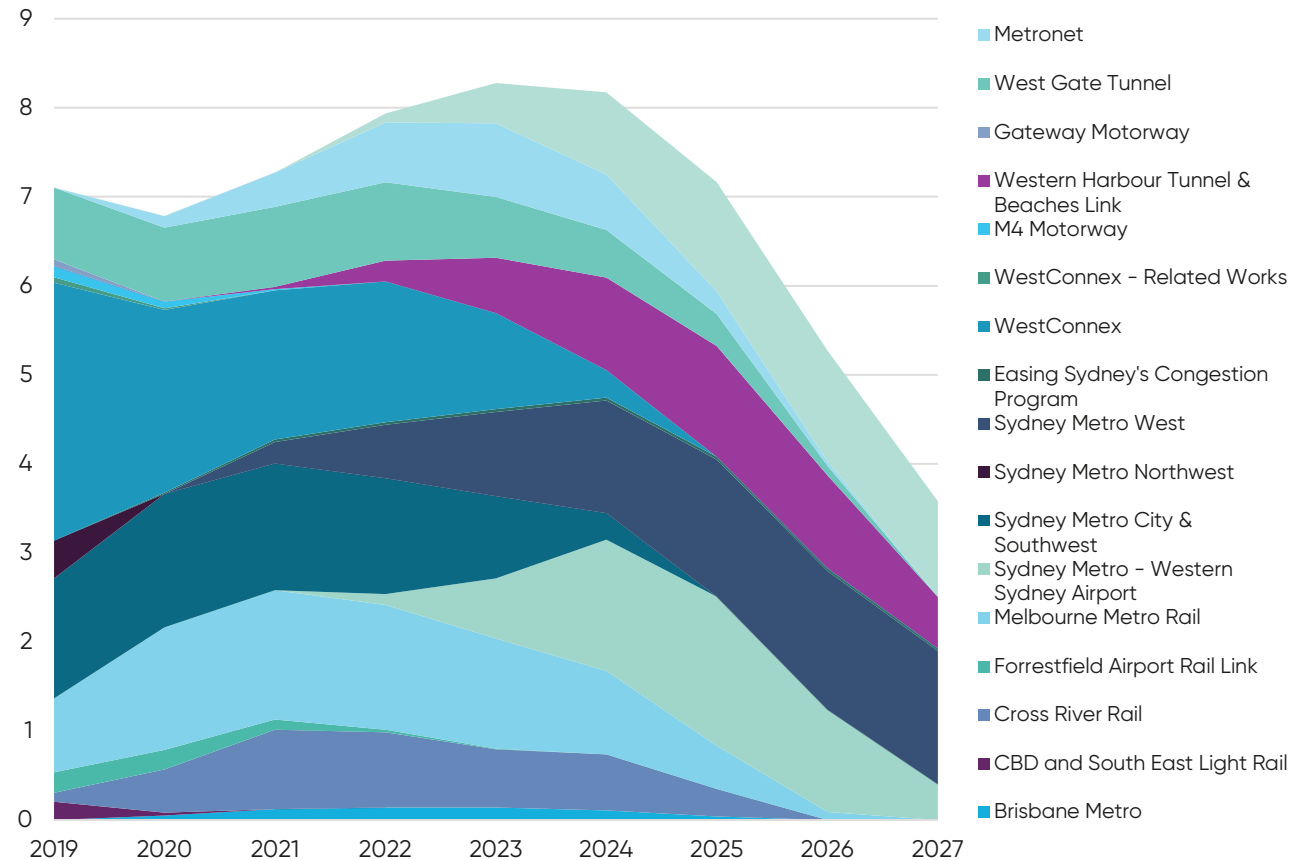
(12 months rolling, '000 p.a.)



Long term outlook for Australian cities positive

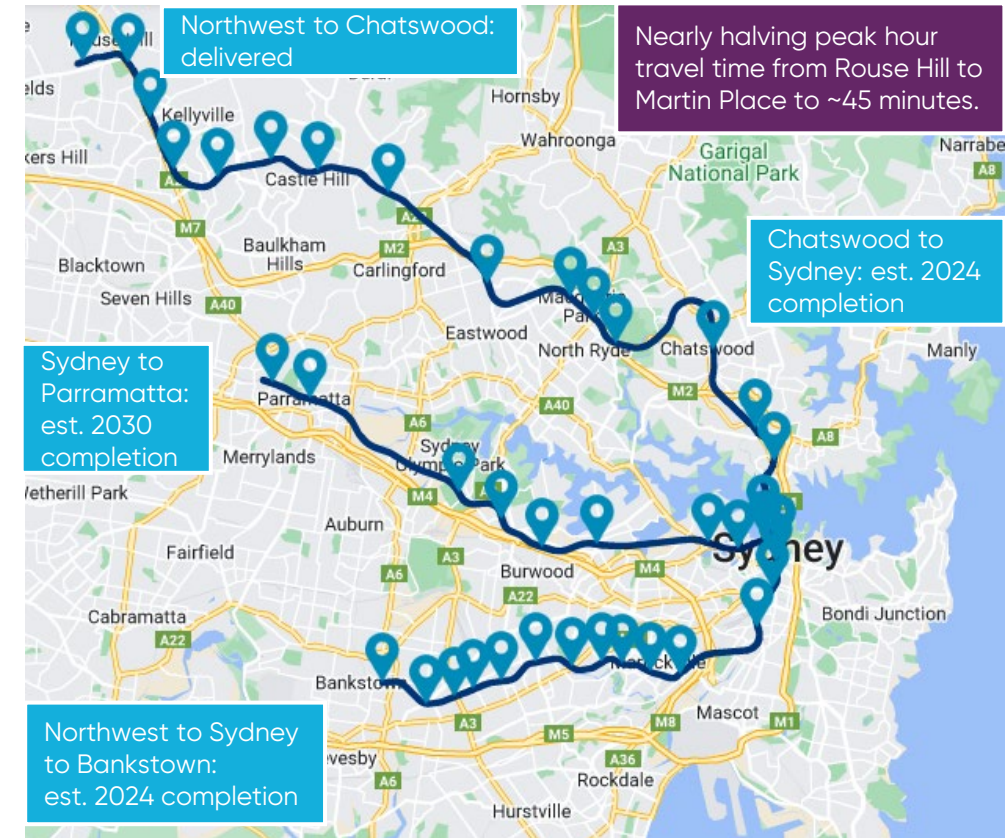
40% of infrastructure spend is focused on improving CBD connectivity¹

\$bn (constant prices)



1. Across Sydney, Melbourne, Brisbane and Perth CBDs.
Source: BIS Oxford Economics, NSW government.

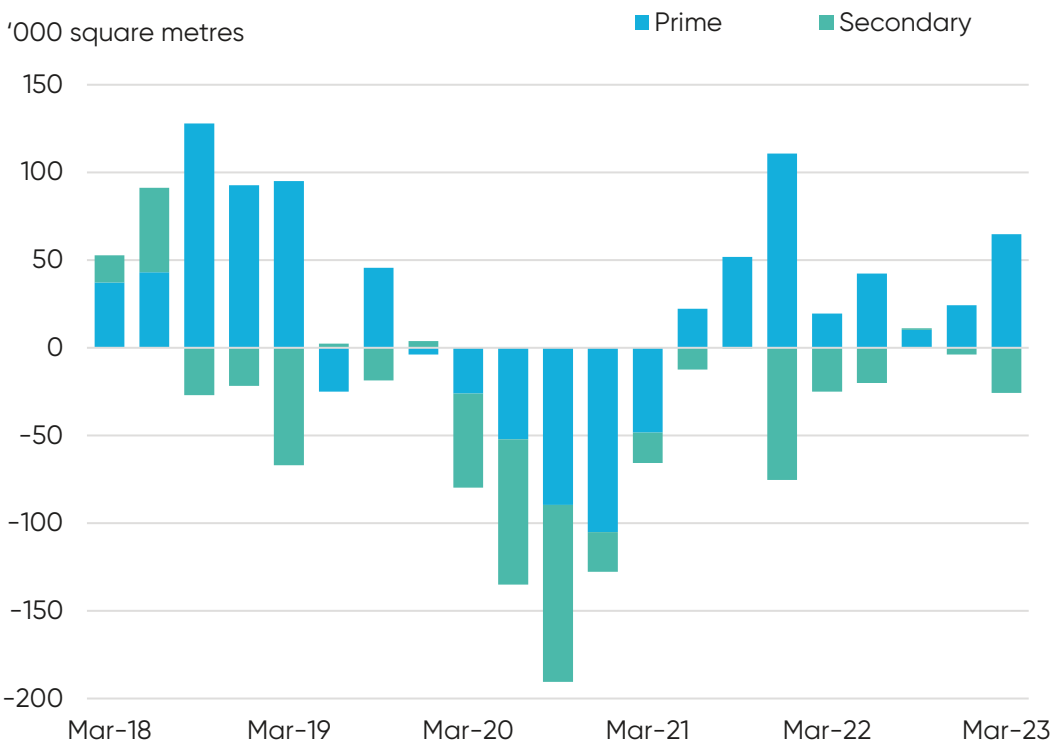
Sydney metro planned stations



Office market leasing demand and trends

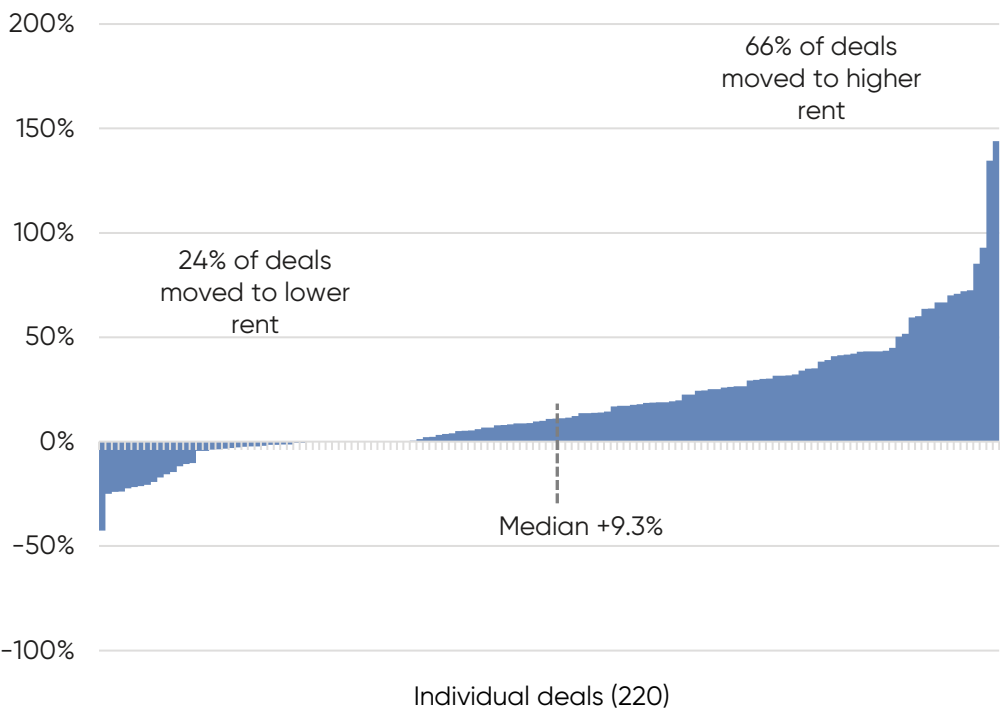
Tenants upgrading not a new trend

CBD net absorption by grade¹



CBD tenant relocation premium²

(Jan 2021 to Dec 2022)

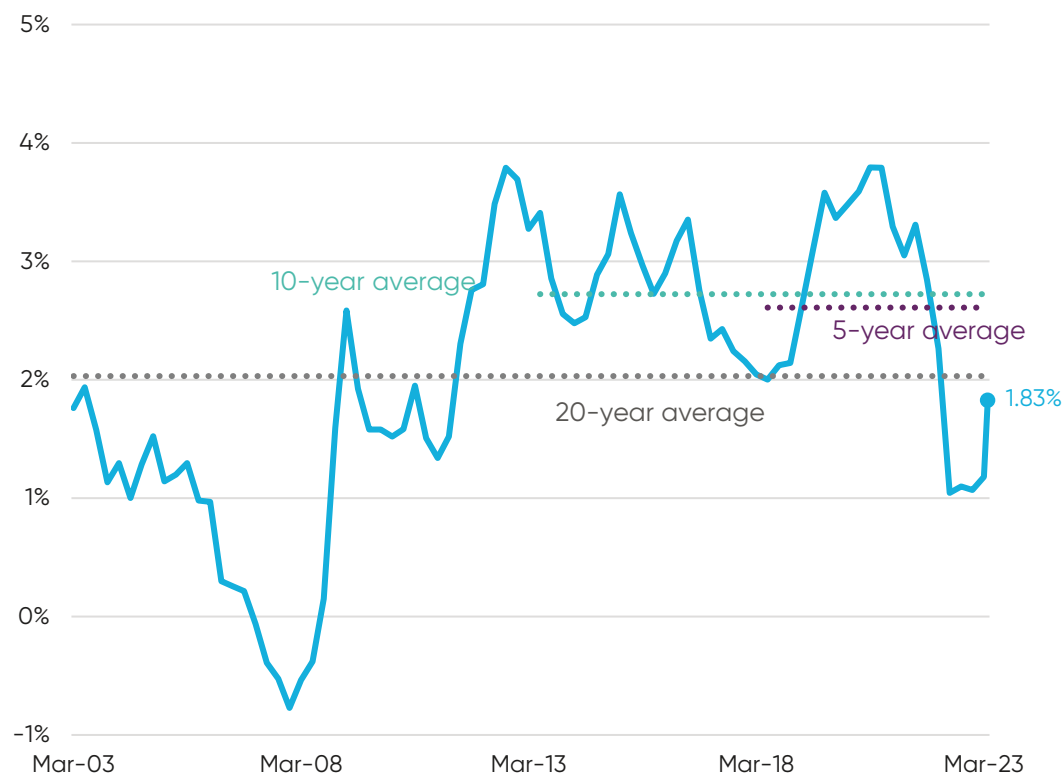


1. Sydney, Melbourne, Brisbane and Perth CBDs.
2. Sydney, Melbourne, Brisbane, Perth and Adelaide CBDs.
Source: Dexus Research, JLL Research, CBRE Research.

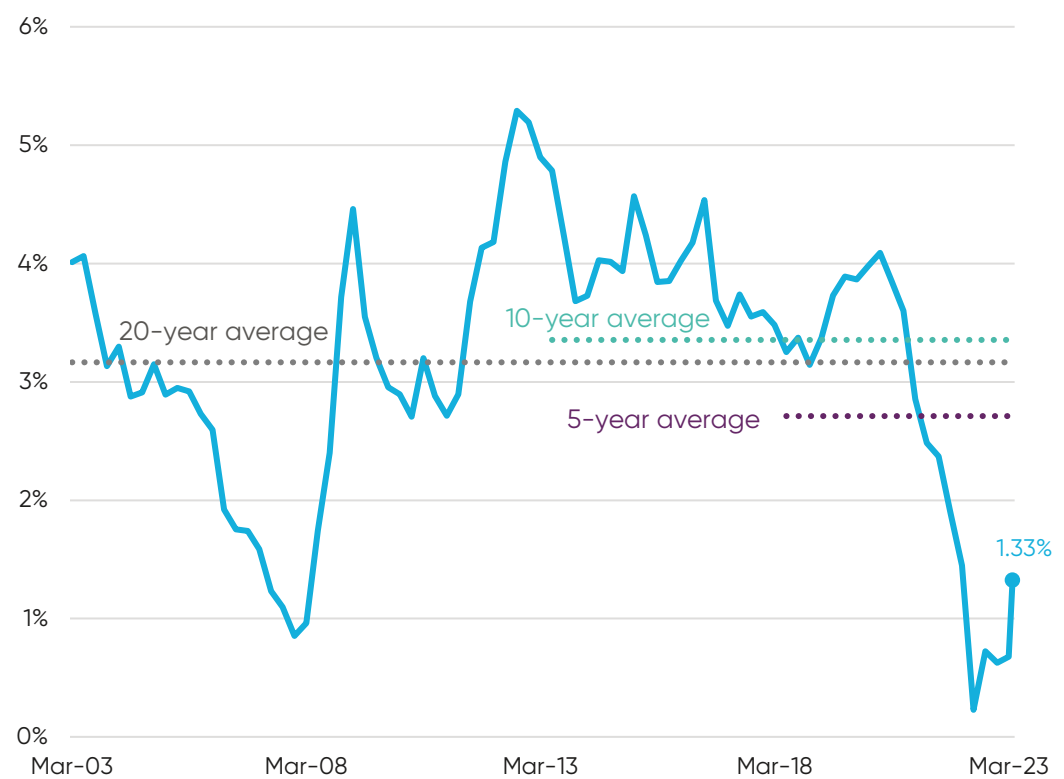
Outlook for values

Yield spreads back to 20-year average in office, industrial spreads imply above trend rental growth to continue

Prime spread over 10-year bond yield: Office



Prime spread over 10-year bond yield: Industrial

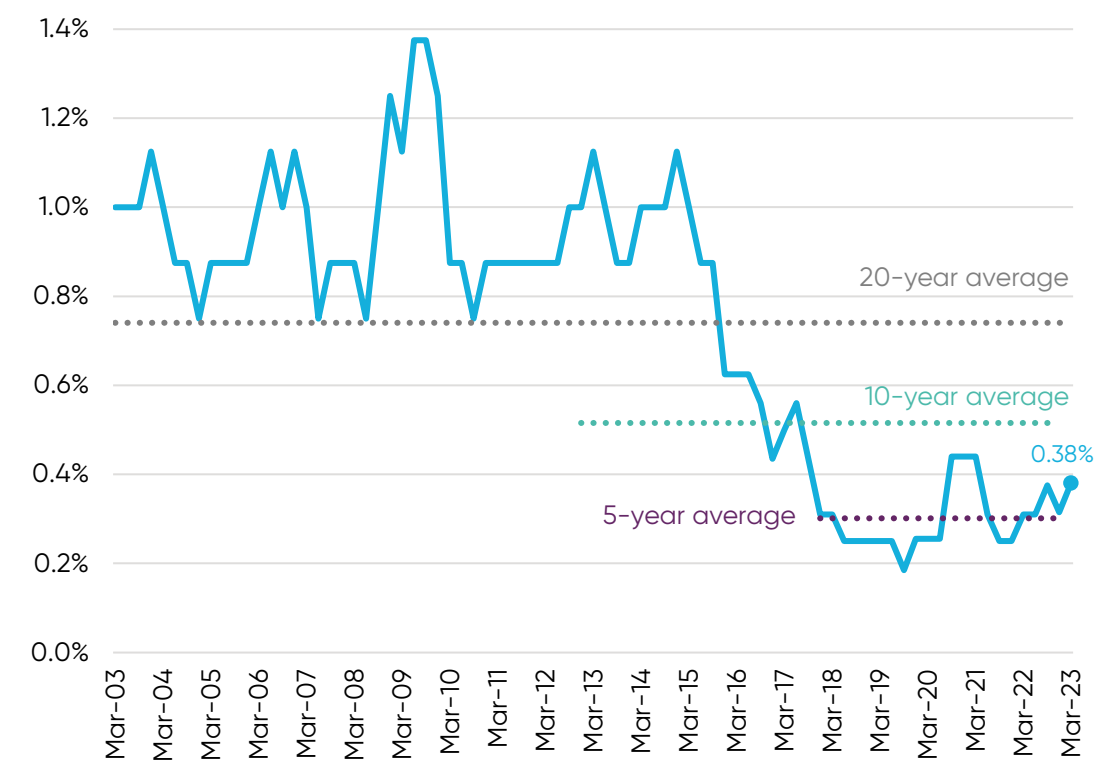


Source: JLL, Oxford Economics. Office refers to Sydney CBD, Industrial refers to West Melbourne.

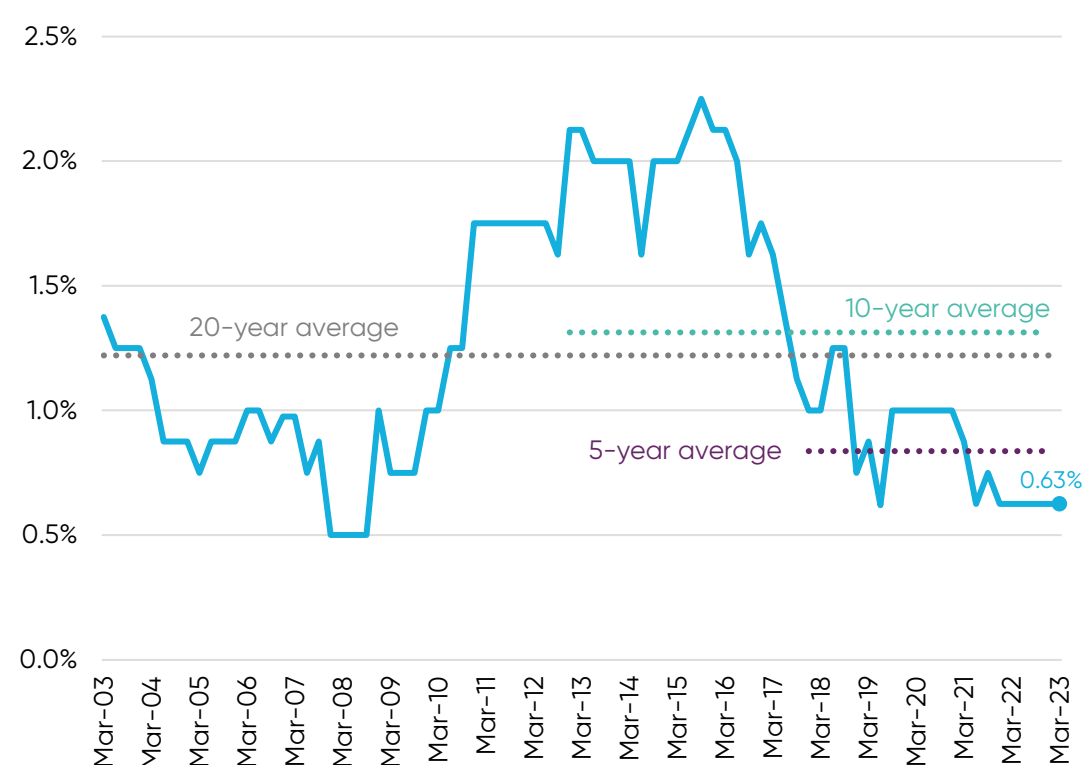
Outlook for values (prime vs secondary)

Spreads between grades remain close to historical lows, cautious secondary assets outlook

Prime to secondary yield spread: Office



Prime to secondary yield spread: Industrial



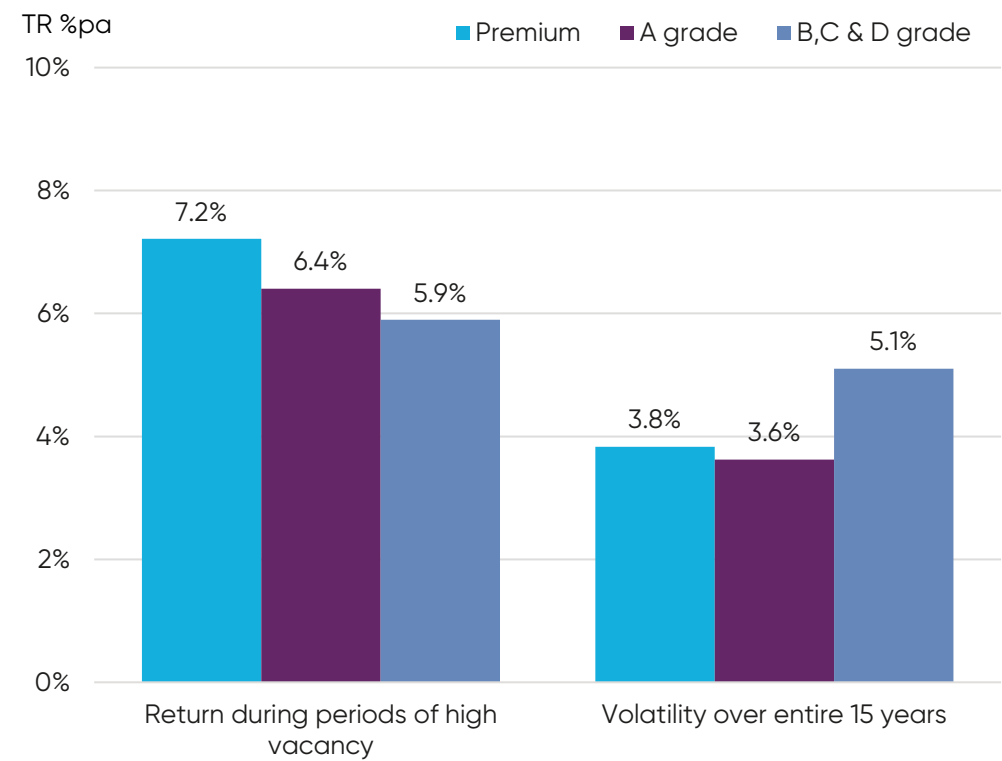
Source: JLL. Office refers to Sydney CBD, Industrial refers to West Melbourne.

Outlook for returns (prime vs secondary)

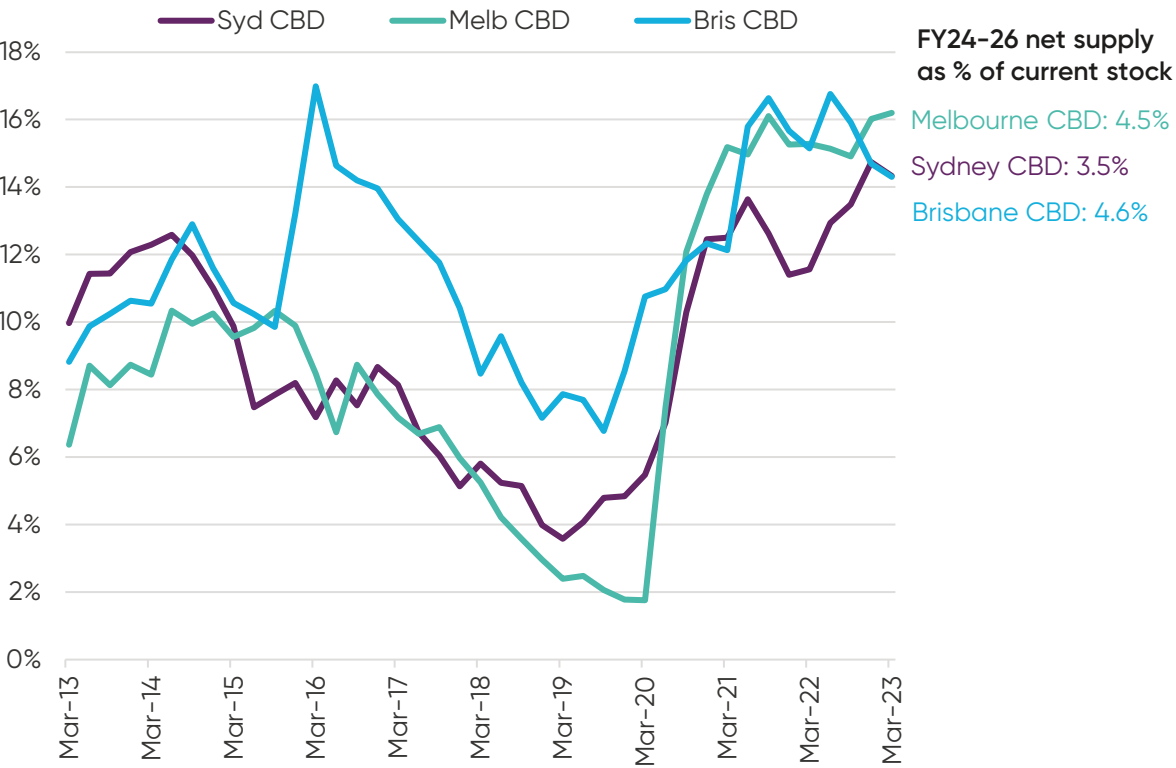
Period of high vacancy for office markets likely to persist near-term, return experience will be variable

Office returns – periods of high vacancy

(15 years to September 2022)



CBD prime vacancy



Source: Dexus Research, JLL Research, MSCI.

March 2023 quarter highlights

Strong balance sheet and resilient portfolio

- › **Property portfolio remains resilient**
 - Portfolio occupancy > 95%, collections at 99.3%, WALE maintained at ~4.5 years
 - Office – well-located quality space experiencing stronger demand
 - Industrial – 10.5% under-rented, benefiting from continued strong market rent growth
- › **Achieved first stage completion of AMP platform acquisition** – immediate focus on integration and stabilisation
- › Completed an **additional circa \$400 million debt extensions** (look-through), no material debt maturities across the remainder of CY23, substantial headroom, debt duration at 5.2 years¹
- › **Progressed asset recycling** options to further enhance growth funding capacity
- › Barring unforeseen circumstances, Dexus **reaffirms its guidance** to deliver distributions of 51.0 – 51.5 cents per security for the 12 months ended 30 June 2023

1. As at 31 December 2022.



Jandakot Airport precinct, WA.

Summary

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- › **Strong balance sheet**
- › Longstanding focus on **ESG**
- › **Operating conditions** challenging, albeit continuing to execute on strategy
- › Current security price reflects:
 - a **36% discount to NTA** (Dec 2022) which excludes value of the circa \$44.5 billion funds management business¹
 - an **implied circa 240bps cap rate expansion**^{1,2}

1. Based on DXS close price of \$7.74 on 26 April 2023.

2. Assumes broker consensus valuation on management operations, group corporate and trading and adjusts for divestments announced at HY23 but not settled by 31 December 2022.



Melbourne Airport, VIC.

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