

Dexus (ASX: DXS)

ASX release



16 August 2023

2023 Annual Report

Dexus provides its 2023 Annual Report including sustainability reporting. This report should be read in conjunction with the reports in our 2023 Annual reporting suite.

The report will be mailed to Security holders who have elected to receive a hard copy in late-September 2023.

Authorised by the Board of Dexus Funds Management Limited

For further information please contact:

Investors

Rowena Causley
Head of Listed Investor Relations
+61 2 9017 1390
+61 416 122 383
rowena.causley@dexus.com

Media

Louise Murray
Senior Manager, Corporate Affairs and Communications
+61 2 9017 1446
+61 403 260 754
louise.murray@dexus.com

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 \$61.0 billion (pro forma post final completion of the AMP Capital acquisition). 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 \$17.4 billion of office, industrial, healthcare, retail and infrastructure assets and investments. We manage a further \$43.6 billion of investments in our funds management business (pro forma post final completion of the AMP Capital acquisition) 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 group's \$17.4 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 34,000 investors from 25 countries. With four decades of expertise in property 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)
Level 30, 50 Bridge Street, Sydney NSW 2000

Unlock potential,
Create tomorrow





Dexus is a leading Australasian fully integrated real asset group, managing a high-quality Australasian real estate and infrastructure portfolio valued at \$61.0 billion¹.

Our purpose

**Unlock potential
Create tomorrow**

How our purpose connects to our strategy

Page 14

Our purpose articulates Dexus's unique capability in pioneering the path forward, expanding the possibilities for our people, places, assets and capital to deliver value for investors, third party capital partners, customers and communities.

1. Pro forma post final completion of the AMP Capital acquisition.

Contents

Overview	2	FY23 highlights
	4	About Dexus
	6	Chair & CEO review
Approach	10	How we create value
	12	Megatrends
	14	Strategy
	18	Key resources
	20	Key business activities
	22	Key risks
Performance	30	Financial
	40	Real assets
	52	People and capabilities
	58	Customers and communities
	64	Environment
Governance	74	Governance
	78	Board of Directors
	81	Group Management Committee
Directors' report	82	Remuneration report
	82	Directors' report
Financial report	108	Financial report
Investor information	180	Investor information
	186	Integrated Reporting Content Elements Index

Dexus 2023 Annual Reporting suite



Key information	Annual Report	Annual Results Presentation	Financial Statements	Corporate Governance Statement	Sustainability Approach & Data Pack	Modern Slavery Statement
Strategy	●	●				
Financial performance	●	●	●		●	
Operational performance	●	●			●	●
Governance	●			●	●	●
Risk	●					●
People and communities	●	●			●	●
Environment and climate action	●	●			●	
Security holder information	●					

About this Report

The 2023 report is a consolidated summary of Dexus's performance for the financial year ended 30 June 2023. It should be read in conjunction with the reports that comprise the 2023 Annual Reporting Suite available from www.dexus.com/investor-centre.

In this report, unless otherwise stated, references to 'Dexus' 'the group', 'we', 'us' and 'our' refer to Dexus comprising the ASX listed entity and the funds management business. Any reference in this report to a 'year' relates to the financial year ended 30 June 2023.

All dollar figures are expressed in Australian dollars unless otherwise stated.

The Board acknowledges its responsibility for the 2023 Annual Report and has been involved in its development and direction from the beginning. The Board reviewed, considered and provided feedback during the production process and approved the Annual Report at its August 2023 board meeting. The 2023 Modern Slavery Report will be available later in 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 Bundjalung, and Gamilaraay 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 and find new ways to build and expand, as they dream and innovate to create tomorrow.

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Throughout the year we continued investing in assets that provide resilience through-the-cycle while expanding and diversifying the funds management business.



Financial

Focus on delivering distribution guidance and strategy

[See more](#)

[Page 30](#)

\$555.0m

Adjusted Funds From Operations
FY22: \$572.2m

51.6 cents

AFFO and Distribution
per security
FY22: 53.2 cents

\$(752.7)m

Statutory net profit/(loss) after tax
FY22: \$1,615.9m

27.9%

Pro forma gearing¹
FY22 gearing: 26.9%



Real assets

Developing, managing and transacting real assets to create a high-quality portfolio across Australia's key cities

[See more](#)

[Page 40](#)

\$61.0bn

Value of group portfolio²

95.9%

Dexus office
portfolio occupancy

\$17.4bn

Group development pipeline

99.4%

Dexus industrial
portfolio occupancy

1. Pro forma gearing details available on page 8.
2. Pro forma post final completion of the AMP Capital acquisition.



People and capabilities

Attracting, retaining and developing an engaged and capable workforce, within an inclusive environment that delivers on our strategy

[See more](#)

[Page 52](#)

70%

Employee engagement score
FY22: 70%

38.3%

Females in senior and executive management roles
FY22: 36%



Customers and communities

Supporting the success of our customers, the wellbeing of building occupants, the strength of our local communities and the capabilities of our suppliers

[See more](#)

[Page 58](#)

+40

Customer Net Promoter Score
FY22: +43

>\$0.6m

Community contribution value
FY22: >\$0.8m



Environment

Assessing the efficiency and resilience of our portfolio to minimise our environmental footprint and ensure it is positioned to thrive in a climate-affected future

[See more](#)

[Page 64](#)

9.5%

Reduction in energy intensity across the managed office portfolio since 2019

34.6%

Reduction in water intensity across the managed office portfolio since 2019

4.8 stars

Average NABERS Indoor Environment rating across the group office portfolio

100%

of electricity sourced from renewable sources in FY23 across the group managed portfolio

Dexus is a leading Australasian fully integrated real asset group, managing a high-quality Australasian real estate and infrastructure portfolio valued at \$61.0 billion¹.

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 \$17.4 billion of office, industrial, healthcare, retail and infrastructure assets and investments.

We manage a further \$43.6 billion¹ 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 group's \$17.4 billion 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 listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 34,000 investors from 25 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.

\$61.0bn

Funds under management¹
FY22: \$44.3bn

1,079

Employees

\$17.4bn

Dexus Balance sheet
FY22: \$18.4 billion

452

Assets

\$43.6bn

Funds Management¹
FY22: \$25.9 billion

\$8.4bn

Dexus market capitalisation
at 30 June 2023

Darwin

Port Hedland

Perth

1. Pro forma post final completion of the AMP Capital acquisition.

Group portfolio composition



Office
\$24.3bn



Industrial
\$12.1bn



Infrastructure
\$10.9bn



Retail
\$9.9bn



Healthcare
\$1.7bn



Real estate securities
and investments
\$2.1bn

Our real assets portfolio
spans key cities across
Australia and New Zealand





Warwick Negus (Left), Chair
and Darren Steinberg (Right),
Chief Executive Officer.

We have created a leading, diversified Australasian real asset group positioned to capitalise on underlying structural trends in the Australasian market to generate long-term investment performance.

The acquisition of the AMP Capital business has expanded and diversified our funds management business, positioning Dexu as a leading real asset manager of scale.

Over the past decade, Dexu has continued to grow and evolve. This year we added circa \$18 billion¹ to funds under management following the acquisition of AMP Capital's real estate and infrastructure equity business (of which infrastructure represents \$10.9 billion).

First Completion of the AMP Capital transaction in March 2023 enabled the integration of the AMP Capital real estate and infrastructure equity business onto the Dexu platform, with Final Completion remaining dependent on the transfer of AMP's ownership interest in China Life AMP Asset Management out of entities being acquired by Dexu.

The acquisition of the AMP Capital business has expanded and diversified our funds management business, positioning Dexu as a leading real asset manager of scale with new capabilities in infrastructure. Prior to First Completion of the transaction, we laid the foundations for the integration of people, assets and systems onto the Dexu platform and have since successfully integrated 430 employees and the human resources and corporate finance systems. In June 2023 we combined our workforce, relocating our Sydney office to Quay Quarter Tower (QQT), which has been globally recognised as the world's best office building.

Impacts from rising interest rates, inflation and broader market uncertainty are being felt across the economy and business sector. Operating in this environment remains challenging, with capitalisation rates expanding and valuations declining across the real estate sector this year, and the expectation of more to come in the next 12 months.

In this environment, our focus is on our strategic objectives of investing in assets that provide resilient income streams through the cycle and being the real asset investment manager of choice.

There is continued demand to occupy well-located, high quality buildings and our office leasing and occupancy remain strong. Flexible working, where employees choose to work in the office or at another location like their home, is becoming embedded in the operations of businesses across the world.

Businesses are now turning their focus to the impact of working from home on productivity and the positive impact that workplace can have on culture and collaboration, with some mandating days in the office.

Our industrial portfolio continues to benefit from strong rental reversions and underlying structural trends, supported by the growing e-commerce trend and the strong customer preference to be located in well-connected logistics hubs.

We also continue to transition the portfolio into higher returning investment opportunities, selectively recycling assets and making investments to support future growth, which involved the sale of \$1.8 billion of assets from the balance sheet and a total of \$5.4 billion transactions across the group.

Sustainability is embedded in our strategy, our business and our culture and we continue to be globally recognised for our leadership in sustainability, achieving a Top 5% ESG Score for real estate in the S&P Global Sustainability Yearbook and retaining leadership in the Dow Jones Sustainability Index.

People are fundamental to any business, and at Dexu our people are core to our success. The capability we have across the spectrum of real estate and infrastructure through our diverse and engaged workforce enables us to drive investment performance.

As we welcomed our new employees from AMP Capital, we took the opportunity to review our company purpose and the values of our people. Our new purpose "Unlock potential, create tomorrow" captures our unique capability to expand what is possible and use that potential to deliver long-term value for our people, customers, investors and communities. Our new set of values, "rally to achieve together" and "build trust through action" describes the behaviours and mindsets that bring to life our evolving culture.

We continue our active commitment to inclusion and diversity across our workforce, delivering initiatives focused on achieving gender diversity, LGBTQ+ inclusion and reconciliation with Aboriginal and Torres Strait Islander peoples as part of our Reflect Reconciliation Action Plan.

As we integrate the AMP Capital assets onto our platform, we are implementing initiatives across the expanded portfolio to continue the net zero journey for the building operations of the assets we manage across our group property portfolio. We remain committed to act to limit global warming to 1.5°C and delivering on our customers' and investors' desire for strong climate action and low carbon investments and are excited about the opportunities presented by our city-shaping projects and industrial developments to reduce our environmental footprint.

This year we undertook a comprehensive materiality assessment to understand the key sustainability topics that are the most important to our business and our stakeholders. The material issues identified in the assessment prioritise our focus, while also helping inform our stakeholders about how material sustainability issues impact Dexu's ability to create value and mitigate risk.

1. Pro forma post Final Completion of the AMP Capital transaction.

Chair & CEO review continued

Alongside the materiality assessment, we renewed our sustainability strategy with an aspiration to “unlock the potential of real assets to create lasting positive impact and a more sustainable tomorrow”, that is supported by the priority areas where we believe we can make significant impact: Customer Prosperity, Climate Action and Enhancing Communities. As a result, we are likely to reduce our focus on some of the sustainability benchmark surveys going forward. We look forward to the new sustainability strategy being rolled out across the business in the coming year.

New opportunities

Over the past couple of years we have continued to diversify our business. The acquisition of AMP Capital's business has transformed our product offering to investors, expanding our existing real estate capability set and enabling entry into the highly attractive infrastructure sector which gives us exposure to assets like airports, energy and student accommodation. Over the next 12 months, we will take the opportunity to refine our model and where we want to make a significant impact as a real asset manager.

We now manage a high-quality Australasian real assets portfolio valued at \$61.0 billion² with significant scale across real estate and infrastructure assets.

Our capital is invested in a \$17.4 billion high quality portfolio located in major cities which generates stable returns from office, industrial, healthcare and infrastructure assets. Our balance sheet supports our capacity to invest in new initiatives alongside third party clients. Our \$43.6 billion² funds management business has access to diversified sources of capital that will organically fuel growth over the next decade.

Our real asset portfolio is underpinned by strong demand drivers. We are positioned to benefit from sustained long-term growth from demographic and social megatrends such as population growth and an ageing population.

Infrastructure is a natural extension of the Dexus platform and capability, and synergies across infrastructure and real estate provide existing and new avenues for Dexus to create value. For instance, our experience and expertise in healthcare positions us well as state and federal governments signal increased spending in this sector.

In May 2023 we acquired a combined 30.6% interest in the Celsus consortium that manages and maintains the Royal Adelaide Hospital under a Public-Private Partnership on behalf of two infrastructure funds and our flagship healthcare property fund, taking the total stake in Celsus held by Dexus funds to 72.8%. This transaction demonstrates the unique opportunity created from an enhanced Dexus platform for our funds investors to grow their exposure to healthcare.

In June 2023, we launched a Wholesale Airport Fund³ (WAF) following a successful capital raising to provide a stake in Australia Pacific Airports Corporation, the unlisted holding company of Melbourne Airport and Launceston Airport. WAF offers a rare opportunity for wholesale investors to obtain exposure to a key piece of privately owned infrastructure, which up until now had been tightly held by institutional clients. The oversubscribed equity raising highlights our capability to access capital in a challenging environment and continued strong wholesale investor interest in high quality real assets.

These transactions continue our evolution as a leading Australasian real asset manager, and we expect to continue to unlock further opportunities like these over the coming year.

Our opportunity fund, Dexus Real Estate Partnership 1 (DREP1), has been active throughout the year executing transactions across value-add, development and credit. DREP2 is expected to launch post further deployment of DREP1.

The projects in the group's \$17.4 billion real estate development pipeline are expected to deliver attractive long-term returns and provide the opportunity to grow the core property portfolio and those portfolios managed on behalf of our third party capital partners.

During the year we achieved key milestones across the development pipeline, with construction commencing at our city-shaping developments Waterfront Brisbane (now 52% leased) and Atlassian Central (100% leased). We invest for the long-term, and these projects will produce iconic, irreplaceable assets that will deliver superior returns over the long-term.

Our committed industrial pipeline is active across three development projects owned by Dexus and its third-party capital partners, of which the majority have secured leases.

Financial result

As expected, Dexus's financial result this year was impacted by higher interest rates, partly offset by higher trading profits and Management operations FFO. Dexus achieved a distribution of 51.6 cents per security for FY23, reflecting a decline of 3.0% on FY22.

The result was delivered at the top end of our initial market guidance range of 50.0 to 51.5 cents per security. The distribution payout ratio remains in line with free cash flow for which AFFO is a proxy, and in accordance with Dexus's distribution policy. Distributions have grown at an average 4.4% compound annual growth rate since FY12.

Real estate sector valuations have declined in response to higher interest rates and some transactional evidence. The portfolio valuations (including assets held for sale) have resulted in a total \$1.2 billion or circa 6.9% decrease on prior book values for the 12 months to 30 June 2023. The value of the office portfolio decreased 8.8% on prior book values driven by higher capitalisation rates and discount rates, partially offset by market rental growth. The industrial portfolio decreased by 0.2% on prior book values, with strong rental growth largely offsetting the impact of higher capitalisation rates and discount rates.

While capitalisation rates are expected to expand further in FY24, we expect well-located quality assets to continue to outperform secondary assets and locations in this environment.

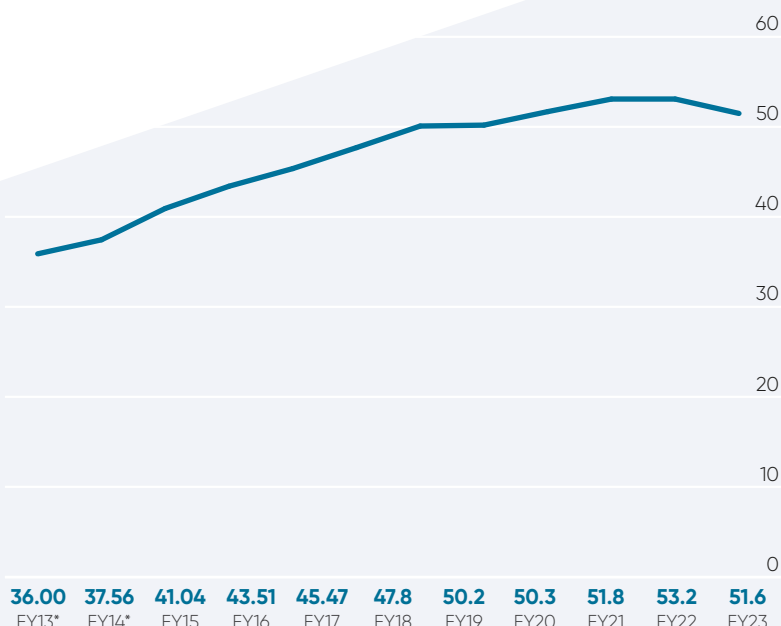
After declining by 12.3% in FY22 in response to rising bond yields, the S&P/ASX 200 Property Accumulation (A-REIT) Index recovered to deliver an 8.1% Total Securityholder Return in FY23. Dexus underperformed the A-REIT index in FY23 (with a (6.3)% Total Security holder Return) as news flow out of the US market, in particular, negatively affected stocks with material office exposure globally. Over the past 10 years, Dexus has delivered an annual compound return of 7.4%, marginally underperforming the A-REIT index at 7.7% over the same time period.

Pro forma gearing (look-through)⁴ of 27.9% sits below our target range of 30–40%, which reflects a conservative approach to gearing in an uncertain economic outlook. We actively managed our debt position, achieving \$2.6 billion of new and refinanced facilities with an average tenor of 4.5 years, including the \$500 million exchangeable notes issue to diversify funding sources in a volatile environment and secure five-year fixed rate debt.

2. Pro forma post Final Completion of the AMP Capital transaction.

3. The trustee of WAF is AMP Investment Services Limited, a Dexus Group member. WAF is managed by AMP Capital Investors Limited.

4. Adjusted for cash and debt in equity accounted investments, excludes Dexus's share of co-investments in pooled funds. Pro forma including proceeds and payments for transactions post 30 June 2023 that have settled before 16 August 2023. Excluding these impacts, look-through gearing is 30.3% at 30 June 2023. Look-through gearing including Dexus's share of co-investments in pooled funds is 31.7% at 30 June 2023.



History of Dexs distribution per security (Cents per security)

* Adjusted for the one-for-six security consolidation completed FY15.

Dexs has \$2.5 billion of undrawn cash and debt facilities, a weighted average hedge maturity of 4.8 years and was 86% hedged on average for FY23.

Further details in relation to our financial result can be found on pages 30–39.

Governance

Dexs is a trusted custodian of our investors' capital with a reputation for strong corporate governance and highly regarded sustainability credentials. We have well established frameworks, processes and policies developed over decades that underpin our standing as a leading real asset investment manager. We recognise the importance of sustainability principles to all our stakeholders, including our investors, customers, our people and the broader community. The business has strong governance and risk management practices, and the Board actively seeks feedback from our people to ensure it stays connected to the culture of the organisation and collects deeper insights into our operations.

Our Board comprises seven non-executive directors and one executive director, and we seek to maintain Board diversity across gender, skills and experience.

During the year, we welcomed Elana Rubin AM, Rhoda Phillippo and Paula Dwyer to the Board as non-executive directors. Patrick Allaway retired from the Board on 30 March 2023. Patrick has been a valuable member of various committees including the Board Nomination Committee, Board Audit Committee and Board Risk Committee.

Further details relating to the Board and our governance practices can be found on pages 74–81, as well as in the Corporate Governance Statement available at www.dexs.com/corporategovernance.

Summary and outlook

Our priorities in the year ahead include finalising the integration of the AMP Capital business onto the Dexs platform and pursuing our strategic objectives of generating resilient income streams and being identified as the investment manager of choice. We will continue our active leasing strategies to maximise portfolio cash flow generation and progress our development pipeline.

We are half way through a challenging period which will continue into FY24 as capital flows and market sentiment continue to be impacted by inflation, rising interest rates and geopolitical risks, which all contribute to prolonged economic uncertainty. This environment is expected to put further pressure on the valuations of real assets.

Higher interest rates will continue to impact our result in FY24, along with the impact of cycling a strong year of trading profits in FY23. Barring unforeseen circumstances, for the 12 months ended 30 June 2024⁵:

- Dexs expects distributions of circa 48.0 cents per security, below the 51.6 cents per security delivered in FY23 predominantly driven by lower trading profits
- AFFO excluding trading profits is expected to be broadly in line with that delivered in FY23

Over the past few years, we have worked to diversify our capital sources and grow and diversify our funds management business, while we re-weight the Dexs portfolio. Our disciplined approach to capital management has enabled us to maintain a strong balance sheet, and as the world reverts to a normalised rates regime, we are well positioned as a leading real asset manager.

On behalf of the Board and management, we extend our appreciation to our people across Australia and New Zealand for their commitment and significant contribution to this year's result. We also thank our third party capital partners for entrusting us with the management of their real asset investments, and our customers for their loyalty and commitment across our property portfolio.

Importantly, we thank you, our investors, for your continued investment in Dexs and we look forward to continuing to delivering sustained performance.

Warwick Negus
Chair

Darren Steinberg
Chief Executive Officer

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

How we create value

Our value drivers

Financial

Our financial resources are the pool of funds available to us for deployment.

- Financial performance
- Capital management
- Corporate governance

Real assets

Our properties and infrastructure assets are central to how we create value.

- Portfolio scale and occupancy
- Economic contribution
- Development pipeline
- Industry collaboration

People and capabilities

Our people's knowledge and expertise are key inputs to how we create value.

- Employee engagement
- Inclusion and diversity
- Health, safety and wellbeing

Customers and communities

Our capacity to create value depends on strong relationships with our customers, local communities and suppliers.

- Customer experience
- Community contribution
- Supply chain focus

Environment

The efficient use of natural resources and sound management of environmental risks.

- Resource efficiency
- Climate resilience
- Green buildings

Our purpose

Unlock potential,
Create tomorrow

We create value through our key business activities

Page 20

Our key areas of operation

Investing

Transacting

Our values

Rally to achieve together
Build trust through action

Megatrends

Page 12

Megatrends shape our operating environment, generating both risks and opportunities that impact how we create value through our business model.

Urbanisation

Growth in pension capital

Our strategy

Page 14

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

Strategic objectives:

- Resilient income streams
- Investment manager of choice

Our sustainability strategy

Page 16

Unlock the potential of real assets to create lasting positive impact and a more sustainable tomorrow.

Priorities:

- Customer prosperity
- Climate action
- Enhancing communities

Social and demographic change

Sustainability revolution

The value we create

Sustained value

Page 30

- Distribution per security
- Adjusted Funds From Operations (AFFO) per security
- Return on Contributed Equity (ROCE)
- Performance against ESG benchmarks

Leading cities

Page 40

- Scale: value of real assets
- Customer demand and space use: property portfolio occupancy
- Economic contribution: construction jobs supported and Gross Value Added (GVA) to the economy from development projects
- Development pipeline: value of group development pipeline

Thriving people

Page 52

- Employee engagement: Employee Engagement Score
- Gender diversity: female representation in senior and executive management roles
- Health and safety: workplace safety audit score

Future enabled customers and strong communities

Page 58

- Customer experience: customer Net Promoter Score
- Community contribution: total value contributed
- Supply chain economic contribution: number of supplier partnerships

Enriched environment

Page 64

- Climate resilience: Greenhouse gas emissions reductions
- Resource efficiency: energy and water reductions and waste management
- Performance ratings: NABERS and Green Star ratings

Materiality and risk

Page 28

Identifying and understanding our material matters and risks is critical in the development and delivery of our strategy.

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Megatrends shape our operating environment, generating both risks and opportunities that impact how we create value through our business model.



Megatrend

Urbanisation

Description

Sustained population growth in major Australian cities will underpin demand for infrastructure and real estate investment. Population growth and investment tends to be focused around key transport nodes, driving densification and the need for vibrant communities, creating challenges for social equity, the environment, transport systems and city planning.

Connection to key resources



Financial



Real assets



Environment

Implications for our business model and how we are responding

Our investments in quality properties in key CBD locations benefit from the concentration of knowledge industries. In addition, we are undertaking city-shaping developments to serve vibrant communities. Our active industrial development pipeline also supports the expansion of e-commerce businesses which is driving significant growth in demand for industrial property. The infrastructure investments we manage enable us to support the requirements of the growing populations of the cities in which we operate. We work closely with our third party capital partners, public authorities, real estate consultants, technology providers and the wider community in undertaking these activities.



Growth in pension capital

Funds under management within pension funds are expected to increase as populations in developed nations continue to age. Real estate and infrastructure sectors are expected to receive a higher share of capital allocation and benefit from cross border capital flows.



Financial



Real assets

Dexus is a leading Australasian real asset investment manager. Our funds management business provides third party capital with exposure to quality, sector-specific and diversified real estate and infrastructure investment products. These funds have a strong track record of performance and benefit from leveraging the investment management capabilities of the overall Dexus platform. In response to the growth in pension capital fund flows, we are strengthening our funds management business by attracting new third party capital, expanding existing investment products and by launching new products where we believe a competitive advantage can be obtained.

There are various megatrends that could impact Dexus's strategy and outlook, and we actively review them as the nature and potential of these trends can change over time.



Social and demographic change

Australia's population is growing and changing, becoming more diverse by culture and age grouping. The working age population is reducing in proportion to those of retirement age and new entrants to the workforce have different expectations and experience from prior generations. These trends have significant implications for how society works, lives and plays as well as the products and services required to support these activities.



Real assets



People and capabilities



Customers and communities

Workforce composition is increasingly diverse, and expectations for a seamless experience that enables collaboration and flexibility has never been greater. Ageing demographics will continue to underpin strong growth in healthcare spending and demand for healthcare services such as hospitals, medical centres and medical office buildings. As our customers adapt to these changes, they are increasingly adopting mobile technology and focusing on health and wellbeing.

In response, our focus is on delivering 'simple and easy' experiences and developing new services that reduce pain points for customers and promote the health and wellbeing of people and communities.

Since 2019, we have aligned our Annual Report with the Integrated Reporting Framework to meet increasing market demands to demonstrate how Dexus leverages sustainability to create long-term value. The material topics from our materiality assessment (page 29) inform the 'value drivers' within the value creation framework on pages 10–11 and are aligned to the megatrends identified in the table on this page.



Sustainability revolution

A growing recognition that environmental, social and governance (ESG) factors are also economic issues driving a sustainability revolution. There are increasing opportunities for sustainability related investments and, to gain access to sustainable investment flows, businesses need to address the environmental, social and governance issues that are material to their ability to create value. Investors are also demanding better, more transparent ESG measurement and reporting.



Financial



Customers and communities



Environment

We have welcomed the increasing interest from our investors, third party capital partners and customers about how we are managing ESG issues. The Dexus Sustainability Strategy has been integrated with the Dexus Strategy and has been designed to address emerging ESG risks and opportunities. We have integrated the reporting of our ESG performance into our Annual Report to enhance communication with our stakeholders and support the further integration of ESG into our business model. We benchmark our ESG approach using investor surveys and have established globally leading positions in these surveys.

Our strategy remains focused on our core strengths of owning, managing and developing high-quality assets to deliver returns for investors.

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

Scaleable, efficient platform

Transactions, Product creation, Capital sourcing, Asset management, Development

Underpinned by

Commitment to Environmental, Social & Governance (ESG) principles

Prudent Capital Management

Our purpose

**Unlock potential
Create tomorrow**

Our purpose captures our unique capability to expand what is possible and use that potential to deliver long-term value for our people, customers, investors and communities.

Our values

**Rally to achieve together
Build trust through action**

Our values describe the behaviours and mindsets that bring to life our culture.

We have built a fully integrated real asset investment platform and are focused on leveraging our cross-sector investment, asset management and development expertise to enhance capital efficiency of returns for Dexus investors, while remaining true to our identity as a long-term investor in high-quality Australian assets.

Execution of the Dexus strategy is enabled by our dual objectives of generating resilient income streams and being identified as the investment manager of choice.

These objectives complement each other and are both supported by a concentrated focus on factors that will position Dexus well through economic cycles.

These factors include: investing and managing high-quality assets, access to a broad range of capital sources, maintaining a balance sheet of scale and strength, commitment to Environmental, Social and Governance (ESG) outcomes, and an agile, solution-based culture.

We view scale as a key differentiator. Operational scale supports asset level performance by broadening our customer insights, enhancing our ability to attract high-quality team members and providing capacity to invest in leading systems and technology.

Our scale and capability across healthcare, industrial, office and retail real estate and infrastructure provides Dexus and its partners with exposure to a significant range of large, growing markets from which to secure attractive investments. This sets the basis for delivery of the Dexus strategy via the creation of a 'virtuous cycle' of capital raising in our Funds business, deployment of proceeds and delivery of returns for investors.

What sets Dexus apart?



Quality real asset portfolio located across key Australian cities



High-performing funds management business with diverse sources of capital



Globally recognised leader in sustainability



City-shaping development pipeline



Superior transaction sourcing and execution capabilities



Talented, engaged, inclusive and diverse workforce

25 Martin Place, Sydney NSW



The Dexus Strategy is underpinned by a commitment to Environmental, Social and Governance (ESG) principles.

We acknowledge the impact that ESG-related risks and opportunities can have on the value of the assets we invest in and the financial success of our business.

In 2023, we refreshed our sustainability strategy. This focused on increased alignment with the Dexus strategy and evolved operations, including integration of AMP Capital funds and assets, and the changing expectations of our stakeholders.

There has been a significant uptake of the consideration of ESG issues across corporate Australia as the 'sustainability revolution' megatrend (see page 13) accelerates. Sustainability is increasingly a key consideration for our customers and investors. To both manage risk and unlock future value, it is important that our approach to sustainability evolves to meet these changing expectations.

With the integration of the AMP Capital business into Dexus, and in response to the evolving expectations of key stakeholders on sustainability, this year we completed a strategic review of our approach to sustainability. This review has resulted in the development of a new Dexus Sustainability Strategy.

The Dexus Sustainability Strategy has been developed with consideration of Dexus's strategy, the latest Dexus materiality assessment (see pages 28–29), research into social and environmental issues and industry best practice. We consulted and engaged with key stakeholders (both internal and external), including the Board, Group Management Committee, employees, investors and customers. Two key guiding principles were applied to the new strategy: that it supports Dexus's strategic objectives of delivering resilient income streams and being an investment manager of choice, and that it prioritises and focuses effort on the issues that are most material to Dexus to drive greater sustainability impact in a targeted and effective way.

The new strategy has an aspiration to unlock the potential of real assets to create lasting positive impact and a more sustainable tomorrow.

It prioritises three areas for greater focus and investment, while identifying the foundational sustainability activities that will support a social licence to operate for Dexus.

Sustainability Priority Areas

The strategic review built on the materiality assessment and material topics to identify three priority areas whereby utilising our core business and assets, we could create greater sustainability impact while unlocking increased commercial value. The three priority areas have elevated the importance of customers to sustainability outcomes and provide a balance across economic, social and environmental sustainability.

Customer Prosperity

Supporting the prosperity of our customers through the investment, design, development and management of real assets. Dexus's products and services aim to support occupant wellbeing and sustainability performance.

Climate Action

Focusing on climate action to accelerate the transition to a decarbonised economy, while also safeguarding and advancing our people, assets, property and financial returns.

Enhancing Communities

Helping the communities around our assets through inclusive and accessible design and placemaking, and investment in infrastructure that creates social value.

Foundations

Effective management of sustainability risks and opportunities requires a level of attention to material sustainability issues that our business interacts with. We are committed to meeting stakeholder expectations in these foundational areas and creating the platform on which greater impact and value can be created through the priority areas. The Foundations are:

Circularity

First Nations Engagement

Health and Wellbeing

Nature

Diversity, Equity and Inclusion

Human Rights

Governance and Reporting



Implementing our Sustainability Strategy

Key outcomes and programs (existing and potential new ones) are being developed for the Sustainability Priority Areas. Roadmaps and action plans to support execution and delivery across Dexus will be developed. Further detail will be provided in future Dexus disclosures.



We rely on our key resources and relationships to create value now and into the future.

Our key resources and how they are linked to value creation



Financial

Our financial resources are the pool of funds available to us for deployment, which includes debt and equity capital, as well as profits retained from our investments, funds management, development and trading activities. This also includes the financial capital from our third party capital partners which we invest on their behalf.

Our prudent management of financial capital underpins the delivery of returns to Dexus investors. Our policy is to pay distributions to Security holders in line with free cash flow for which AFFO is a proxy.



Real assets

Our real estate and infrastructure assets are central to how we create value. We actively manage our portfolio to enhance its potential, while unlocking value through development to further enhance quality or for higher and better uses.

Our real assets portfolio is concentrated in Australia and New Zealand's major cities, which we contribute to shaping as leading destinations to live, work and play.



People and capabilities

Our people's knowledge and expertise are key inputs to how we create value.

We are a passionate and agile team who want to make a difference. We focus on sustaining a high-performing workforce supported by an inclusive and diverse culture.

Our intellectual capital enables us to instil strong corporate governance, sound risk management and maintain a focus on health, safety and wellbeing at all levels of our business.



Customers and communities

Our capacity to create value depends on strong relationships with our customers, local communities and suppliers.

We work in partnership with our customers to provide engaging and productive spaces in our buildings that satisfy their evolving needs.

We support the communities in which we operate in recognition of their contribution to the activity and vibrancy of our spaces.

We partner with our suppliers to deliver our development projects and manage our properties more efficiently, while maintaining a proactive focus on health and safety.



Environment

The efficient use of natural resources and sound management of environmental risks supports our creation of value through delivering cost efficiencies and operational resilience.

We understand, monitor and manage our environmental impact, setting short-term and long-term measurable environmental performance targets.

We prepare for the physical impacts of climate change, while harnessing opportunities that support the transition to a low carbon economy.

The value that is created

How we measure value



Sustained value

Page 30

Superior long-term performance for our investors and third party capital partners, supported by integration of ESG issues into our business model.

- Distribution per security
- Adjusted Funds From Operations (AFFO) per security
- Return on Contributed Equity (ROCE)
- Performance against ESG benchmarks



Leading cities

Page 40

A high-quality portfolio that contributes to economic prosperity and supports sustainable urban development across Australia's key cities.

- Scale: value of real assets
- Customer demand and space use: property portfolio occupancy
- Economic contribution: construction jobs supported and Gross Value Added (GVA) to the economy from development projects
- Development pipeline: value of group development pipeline



Thriving people

Page 52

An engaged, capable and inclusive workforce, adopting high-performance ways of working to deliver on our strategy.

- Employee engagement: Employee Engagement Score
- Gender diversity: female representation in senior and executive management roles
- Health and safety: workplace safety audit score



Future enabled customers and strong communities

Page 58

Satisfied and successful customers supported by high-performing workspaces and a comprehensive customer product and service offering. Well connected, prosperous and strong communities within and around our assets.

A network of capable and effective supplier relationships that ensures ESG standards, including modern slavery compliance, are maintained throughout our supply chain.

- Customer experience: customer Net Promoter Score
- Community contribution: total value contributed
- Supply chain economic contribution: number of supplier partnerships



Enriched environment

Page 64

An efficient and resilient portfolio that minimises our environmental footprint and is positioned to thrive in a climate-affected future.

- Climate resilience: Greenhouse gas emissions reductions
- Resource efficiency: energy and water reductions and waste management
- Performance ratings: NABERS and Green Star ratings

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Key business activities

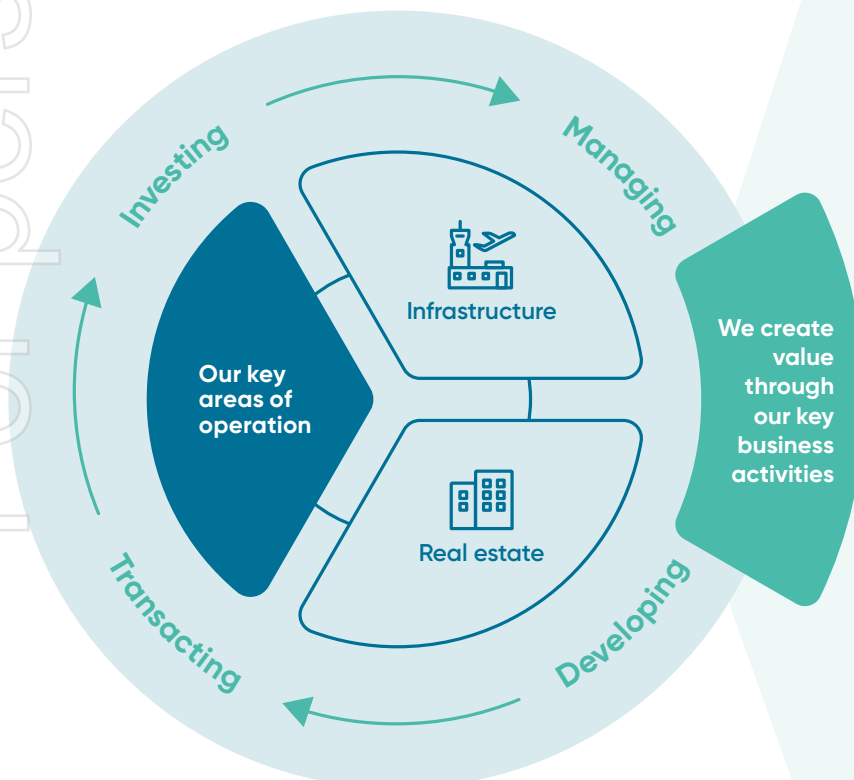
We create value for all our stakeholders through utilising our investment and asset management, development and transaction capabilities.

Our operations comprise the key business activities of investing in, managing, developing and transacting high-quality real assets located in Australasia's major cities. These activities seek to maximise cash flow and unlock value over the investment lifecycle for each asset in the Dexus platform.

Our deep capability set and track record of performance has enabled Dexus to attract capital from third parties. Attracting third party capital provides the opportunity to develop incremental scale in our target markets and capacity to invest in evolving our platform.

We believe having a scalable, efficient platform provides increased capacity to invest in people, systems and technologies, enhancing customer experience, creating business efficiencies and enabling us to leverage data to improve decision-making and ultimately generate sustained long-term investment performance for both Dexus and our third party capital partners.

We create value through our key business activities



Investing

Dexus invests its balance sheet capital directly and indirectly into a portfolio of high quality assets (Investment Portfolio). Dexus's Investment Portfolio is the largest driver of financial value for Dexus security holders (83%¹ of Funds From Operations (FFO) for the financial year ended 30 June 2023). The Investment Portfolio primarily comprises ownership interests in high quality office and industrial, and also includes interests in third party funds that are managed by Dexus. These interests provide Dexus with both a broadened set of investment opportunities and direct alignment with third party capital partners. At 30 June 2023, Dexus's Investment Portfolio was valued at \$17.4 billion.

1. FFO contribution is calculated before net finance costs, group corporate costs and non-trading related tax.
2. Pro forma post Final Completion of the AMP Capital acquisition.



Quay Quarter Tower, 50 Bridge Street, Sydney NSW

Overview

Approach

Performance

Managing

Dexus manages \$61.0 billion² of Australasian real estate and infrastructure investments. This includes \$43.6 billion² of assets under management on behalf of third capital partners.

We utilise our asset and property management expertise to maximise cash flow for real estate managed across the group. This active approach seeks to add value through leasing to diversify the customer mix and capitalise on the stage that we are at in the cycle. Our in-house project delivery group assists in effectively managing downtime and delivering capital works projects in a timely manner.

The acquisition of AMP Capital's real estate and domestic infrastructure business in FY23 has repositioned Dexus as a real asset investment manager, bringing with it capability and expertise in managing infrastructure investments on behalf of third party capital, with meaningful exposure in transport, energy, social and health infrastructure.

Our ability to attract key strategic capital partners is testament to our experience and leading market position. We seek to be identified as the investment manager of choice and have a strong track record of driving investment performance for our third party capital partners. We believe this track record positions us well to continue to attract like-minded investors into our funds management business.

Developing

Dexus focuses on development opportunities that will enhance future returns and improve portfolio quality and diversification through leveraging our integrated real estate platform.

At 30 June 2023, the group has a \$17.4 billion group real estate development pipeline. The pipeline includes committed and uncommitted projects across major Australian cities that support long-term growth for Dexus and our third party capital partners.

Development also delivers on our third party capital partners' strategies and provides organic growth in assets under management, and therefore revenue potential to Dexus. Dexus's direct share of the development pipeline is \$8.6 billion with the remaining \$8.8 billion spread across our funds management portfolio.

Transacting

Dexus utilises its multi-disciplinary expertise to identify, evaluate, and execute acquisition and divestment opportunities across a range of sectors and asset types. We invest alongside our third capital partners to access real asset investments with the objectives of improving portfolio quality and performance and achieving scale in our core markets. We have a strong track record of investing capital through the cycle, acting quickly to capitalise on opportunities and evolving our approach as market conditions change while adhering to strict investment criteria. This includes recycling capital into higher returning opportunities.

Our in-house trading capabilities support the identification, origination, evaluation and execution of opportunities across the office, industrial, healthcare and retail sectors and leverages our capabilities to achieve trading profits. Trading activities are undertaken with the intention of realising profits from the packaging and sale of assets in the short to medium term, and are undertaken in the Dexus portfolio as well as our opportunity fund, DREP1.

Governance

Directors' report

Financial report

Investor information

We recognise that effective risk management requires an understanding of risks during all phases of the investment life cycle.

Effective risk management is critical to our vision, achieving our strategy and delivering high-quality products and services to customers and maximising investor returns.

We are committed to high standards of risk management in the way we conduct business and actively identify and manage risks that may impact the realisation of our strategy.

Dexus brought this risk management focus to the integration of the AMP Capital business in FY23.

Our key risks incorporate insights and material topics relating to ESG from our materiality assessment process, described on pages 28–29.

Key risks¹

Health, safety and wellbeing

Providing an environment that ensures the safety and wellbeing of employees, customers, contractors and the community at Dexus-managed assets and responding to events that have the potential to disrupt business continuity.

Potential impacts

- Death or injury (physical or psychological) at Dexus properties
- Loss of broader community confidence
- Costs or sanctions associated with regulatory response, remediation and/or restoration, and criminal or civil proceedings
- Inability to sustainably perform or deliver objectives
- Increased employee turnover or absenteeism
- Reduction in employee wellbeing, engagement and performance
- Business disruption

Link to key resources



Real assets



Customers and communities



People and capabilities

How Dexus is responding

As a priority, we focus on the health, safety and wellbeing of our employees and the people in our buildings. We adopt measures to ensure building and workplace health and safety is maintained in and around our properties.

These include ongoing monitoring and testing at existing assets and regular training provided to our employees and service providers.

We apply comprehensive work health and safety programs and enforce compliance requirements by site contractors and employees, in accordance with Dexus's ISO 45001 certified Occupational Health and Safety Management System.

We engage external consultants to identify and remediate health and safety issues relating to the fabric of properties across the portfolio, including facades.

We maintain a business continuity management framework to mitigate safety threats, including the adoption of plans relating to crisis management, business continuity and emergency management. Responsiveness at each Dexus-managed property is regularly tested through scenario exercises. Key performance indicators for reporting and resolution of security issues are embedded into contractor agreements at Dexus-managed assets. Our Safe & Well program supports the mental, physical, financial and work wellbeing of our people. Safe & Well provides a breadth of resources, designed to help our people to develop and maintain a healthy level of wellbeing.

For personal use only

Board Focus

The Board Risk Committee is responsible for overseeing the group's risk management practices and strategic risks and opportunities. This includes the review of the Risk Management Framework, key risks, controls, mitigants and measures set out in the Dexus Risk Appetite Statement and the adequacy and implementation of risk management processes and risk management resources.

Key areas of focus in FY23 included:

- Risks and opportunities relating to health, safety and wellbeing of our people, culture (including engagement), talent and capability were considered with the Board People and Remuneration Committee
- Cyber and data security including the adequacy of controls and disaster recovery testing to mitigate these risks
- Project integration for corporate acquisitions and projects
- Focus on the Dexus Culture Measurement Approach alongside the People & Remuneration Committee

Strategic and financial performance

Ability to meet market guidance, achieve the group's strategic objectives, generate value and deliver risk-adjusted performance.

- Reduced investor sentiment (equity and debt)
- Loss of broader community confidence
- Reduced credit ratings and availability of debt financing
- Sustained inflation and recessionary pressures on the economy which could impact performance

Capital management

Positioning the capital structure of the business to withstand unexpected changes in equity and debt markets.

- Constrained capacity to execute strategy
- Increased cost of funding (equity and debt)
- Fluctuations in interest rates which could impact the cost of debt
- Fluctuations in foreign exchange rates which could impact profitability
- Reduced investor sentiment (equity and debt)
- Reduced credit ratings and availability of debt financing



Financial



Customers and communities



Financial



Real assets

We have processes in place to monitor and manage performance and risks that may impact on performance. Our strategy and risk appetite are approved annually by the Board and reviewed throughout the year by management.

The Investment Committee is responsible for the consideration, approval or endorsement, subject to delegated authority, of material investment decisions.

Detailed due diligence is undertaken for all investment and divestment proposals and major capital expenditure before approval or endorsement of each investment decision.

Major capital projects are monitored by control groups to assess delivery and performance outcomes.

Our prudent management of capital, including regular sensitivity analysis and periodic independent reviews of the Treasury Policy, assists in positioning Dexus's balance sheet in relation to unexpected changes in capital markets.

We maintain a strong balance sheet with diversified sources of capital. Ongoing monitoring of capital management is undertaken to ensure metrics are within risk appetite thresholds benchmarks and/or limits outlined within the Treasury Policy.

Further information relating to financial risk management is detailed in Note 13 of the Financial Statements.

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Key risks

Development

Achieving strategic development objectives that provides the opportunity to grow Dexus's and our third party capital partners' portfolios and enhance future returns.

Institutional and retail investors

Real asset manager of choice for third party capital. Ability to deliver on strategic objectives to meet the financial and non-financial expectations of listed and unlisted investors.

Potential impacts

- Fund mandates negatively impacted
- Leasing outcomes and capitalisation rates impacting on completion valuations
- Fluctuations in construction costs
- Negative impacts on supply chain channels (cost and availability of resources)
- Reputational damage
- Change in strategy and/or capacity of existing third party capital
- Inability to attract new third party capital
- Loss of confidence in governance structure and service delivery
- Loss of funds management income

Link to key resources



Financial



Real assets



Financial



Real assets



Customers and communities

How Dexus is responding

Dexus has a strong development capability with a proven track record of delivering projects with a focus on quality, sustainability and returns that satisfy the evolving needs of our growing customer base.

We have platform-wide expertise that drives our development performance and objectives, including design and costing, leasing, risk and compliance and insurance coverage.

The Investment Committee includes the Chief Executive Officer, Chief Investment Officer, Chief Financial Officer and other executive representatives who are responsible for the consideration, approval or endorsement, subject to delegated authority, of material investment decisions. Detailed due diligence is undertaken for all developments before approval or endorsement of each investment decision.

Our funds management model includes strong governance principles and processes designed to build and strengthen relationships with existing and prospective third party capital investors.

Our active approach to engagement across the business enables employees to understand the interests of third party capital investors and design strategies to maintain investor satisfaction.

Our Funds Management team also undertakes a periodic client survey to understand perceptions and identify areas for improvement.

Cyber and data security

Ability to access, protect and maintain systems and respond to major incidents including data loss, cyber security threats or breaches to information systems.

- Lack of resilience in our response to cyber security threats
- Impact to our customers and/or investors
- Loss of broader community confidence
- Financial losses
- Data integrity compromised
- Loss or damage to systems or assets



Real assets



People and capabilities



Customers and communities

We aim to have the most efficient systems and processes, including financial accounting and operational systems. Regular reviews of policies and procedures on information security are undertaken.

We have comprehensive Business Continuity and Disaster Recovery plans in place which are tested annually.

Regular training, testing and disaster recovery activities are conducted, along with the employment of data security software, to assist in reducing the risk of threats or breaches to data. We also educate and train our people on how to best protect their data.

Additional reviews have been undertaken in response to the increased frequency and nature of cyber attacks experienced across the broader Australian corporate landscape. Mitigation strategies are in place to address potential cyber security threats to, or via, our assets.

Environmental and social sustainability

Commitment to climate resilience and responding to the impacts of climate change, as well as focusing on having a positive social impact in the communities in which we operate.

- Increased costs associated with global and domestic energy crisis
- Increased challenges and climate transition impacts in leasing assets due to heightened customer demand for sustainability and climate change performance in real assets
- Increased costs associated with physical risks (e.g. asset damage from extreme weather)
- Increased costs associated with transition risks (e.g. carbon regulation, requirements for building efficiency)
- Inability to maintain access to capital due to reputational damage
- Increased reputational risk for not supporting the community and social causes



Customers and communities



Environment

We use scenario analysis to understand the broad range of climate-related issues that may impact our business and focus on enhancing the resilience of our properties while implementing energy efficiency initiatives and renewable energy projects.

Dexus's approach to climate change risk management is disclosed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures across our Annual Reporting Suite (see pages 70–73 in this report).

We are committed to a streamlined approach to social impact and designing community activities that maximise the value created for Dexus and the communities in which it operates.

We are committed to ensuring our operations provide quality jobs with the right conditions and collaborate with our suppliers to understand how we can contribute to upholding human rights across our supply chain, including addressing modern slavery.

Key risks

Compliance and regulatory

Maintaining market leading governance and compliance practices.

Organisational culture

Ability to maintain a respectful, open and transparent culture which supports diversity of opinion and values acting honestly, ethically and with integrity.

Potential impacts

- Sanctions impacting on business operations
- Reduced investor sentiment (equity and debt)
- Loss of broader community confidence
- Increased compliance costs
- Decreased business performance
- Inappropriate conduct leading to reputational or financial loss
- Reduced investor sentiment (equity and debt)
- Inability to attract and retain talent due to a perception of poor corporate culture

Link to key resources



People and capabilities



People and capabilities



Customers and communities

How Dexus is responding

Our compliance monitoring program supports our comprehensive compliance framework policies and procedures that are regularly updated to ensure the business operates in accordance with regulatory expectations.

Our employees and service providers receive training on their compliance obligations and are encouraged to raise concerns where appropriate.

We maintain grievance, complaints and whistleblower mechanisms for employees and stakeholders to safely, confidently and anonymously raise concerns. Independent industry experts are appointed to undertake reviews where appropriate.

We foster a culture and employee experience that aligns and continually reinforces the group's purpose statement, including our aspirations, values and behaviours.

Our employee listening strategy enables employees to provide real-time feedback on their experience, as well as anecdotal and anonymous feedback via regular pulse surveys throughout the year. Insights gained are used to understand our culture and employee experience, to identify strengths and areas of opportunity that require additional focus.

Our employee reference groups are empowered to implement organisational initiatives to build an inclusive workplace, such as our LGBTQ+ employee network and the RAP Working Group.

We also invest in our employees' development and reward their achievement of sustainable business outcomes that add value to our stakeholders.

Talent and capability

Ability to attract and retain the best talent to deliver business results.

- Decreased business performance
- Negative impact to customer relationships
- Decline in workforce productivity
- Increased workforce costs
- Loss of corporate knowledge and experience
- Poor employer branding leading to inability to attract talent
- Unplanned employee turnover and associated increased costs and time to resource



People and capabilities

We aim to attract, develop and retain an engaged and capable workforce that can deliver our business results both today and in the future. Professional development is undertaken at all organisational levels to drive continuous learning and engagement of our employees.

Talent reviews are conducted at regular intervals to monitor and respond to emerging talent risks and opportunities and to inform succession plans for key talent and critical roles. External talent mapping is undertaken for critical roles.

As a part of the employment value proposition, our people are offered the opportunity to have an ownership interest in Dexu and in doing so, promote a tangible link between the interests of employees, Dexu and its investors. All eligible employees are allocated a number of DXS securities with an aggregate equivalent cash value of \$1,000 each year.

1. While this section highlights key risks, we are unable to foresee all risks, opportunities and outcomes that will materially affect our ability to create value over the long term.



Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

The concept of materiality is central to our approach to sustainability.

Materiality provides the means to prioritise and focus on the issues of greatest importance to our business, while also helping inform our stakeholders about how material sustainability issues impact our ability to create value and mitigate risk.

Dexus has completed regular materiality assessments since 2011 to inform its approach to sustainability and reporting. We continuously seek to improve the information we report on, including reviewing material issues and key megatrends to ensure relevance.

In 2023, we conducted a comprehensive materiality assessment, informed by consultation with a wide range of internal and external stakeholders. The materiality assessment considered the expanded set of priorities and stakeholders that are now on the Dexus platform following the acquisition of the AMP Capital business.

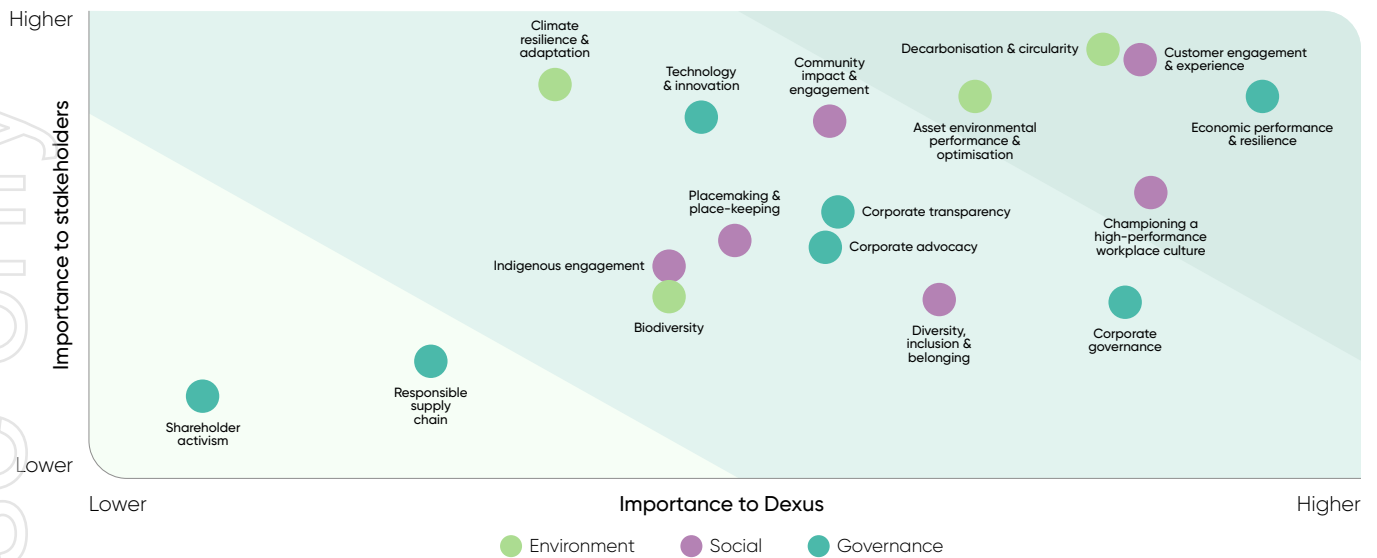
Our materiality assessment identified 17 potential material sustainability topics. The five sustainability topics that were identified as being the most material in terms of importance both to the Dexus business and its stakeholders included:

- Customer engagement and experience
- Decarbonisation and circularity
- Economic performance and resilience
- Asset environmental performance and optimisation
- Championing a high-performance workplace culture

Dexus's 2023 materiality assessment used a five-stage process:



Dexus 2023 Materiality Matrix



Dexus's most material sustainability topics

Material topic	Sub-topics	Definition	Value drivers
Customer engagement and experience	<ul style="list-style-type: none"> Customer engagement and experience Customer attraction and retention Customer health and wellbeing 	Providing safe and healthy spaces while responding to changing customer needs and identifying new opportunities.	<ul style="list-style-type: none"> Customer experience Health, safety & wellbeing
Decarbonisation and circularity	<ul style="list-style-type: none"> Embodied carbon Electrification Future-fit buildings Materials selection Smart buildings 	Supporting the transition to a low carbon economy through innovation and partnering across the value chain to accelerate decarbonisation. Incorporates deployment of renewables, exploring new opportunities for electrification, and minimisation of embodied carbon in construction. Consideration of circular principles in design and construction to build smart and 'future-fit' buildings that offer flexibility and adaptability of use and de-fit/re-fit processes.	<ul style="list-style-type: none"> Resource efficiency Supply chain focus
Economic performance and resilience	<ul style="list-style-type: none"> Economic performance Sustainable growth and investment Market volatility Responsible investment 	Delivering returns for investors from high-quality real assets over the long term.	<ul style="list-style-type: none"> Financial performance Capital management Corporate governance Portfolio scale and occupancy
Asset environmental performance and optimisation	<ul style="list-style-type: none"> Energy efficiency Waste management Water use efficiency Indoor environment quality Environmental management systems 	Proactively managing asset performance and promoting and embracing innovation solutions to advance resource management and reduce environmental impacts.	<ul style="list-style-type: none"> Green buildings Resource efficiency Development pipeline Climate resilience
Championing a high-performance workplace culture	<ul style="list-style-type: none"> Talent attraction, retention and engagement Employee skills and development Employee health, safety and wellbeing 	Embracing new opportunities to attract and retain high calibre talent with a range of skills, experience and creativity. Building and empowering high performing teams through career development opportunities and flexibility in ways of working. Continuing to prioritise the safety and wellbeing of employees.	<ul style="list-style-type: none"> Employee engagement Inclusion and diversity Health, safety and wellbeing

Dexus reports in accordance with the GRI Standards reporting guidelines. The 2023 GRI Index provides a comprehensive reference specifying the disclosure of material topics across our 2023 Annual Reporting Suite. More information on the 2023 GRI Index can be found within the Sustainability Approach and Data Pack.

Our conservative and active management of financial capital underpins the delivery of returns to investors.



Financial performance

\$555.0m

Adjusted Funds
From Operations
FY22: \$572.2m

51.6 cents

AFFO and Distribution
per security
FY22: 53.2 cents

27.9%

Pro forma gearing¹
FY22 gearing: 26.9%

\$(752.7)m

Statutory net profit/(loss)
after tax
FY22: \$1,615.9m

8.0%

Return on Contributed
Equity

Our capacity to sustain financial performance depends on our ability to leverage our key resources to create value, underpinned by a high standard of corporate governance.

Our financial resources are the pool of funds available to us for deployment, which includes debt and equity capital, as well as asset recycling activities and profits retained from our property, funds management, co-investments, development and trading activities. This also includes the financial capital from our third party capital partners which we invest on their behalf.

During the year, we maintained our focus on the strategic objectives of investing in income streams that provide resilience through the cycle and expanding and diversifying the funds management business.

The scale of our balance sheet and deep access to pools of capital are key enablers of our strategy, supported by our prudent approach to capital management.

Earnings drivers

Our earnings are driven by three key areas:

- **Investment portfolio:** the largest driver of financial value, comprising revenue from the Dexus owned office and industrial portfolio, as well as income from investments in pooled property, real estate securities and infrastructure funds
- **Funds management:** a driver of financial value, providing access to predominantly wholesale sources of financial capital, and enabling a growing income stream as well as enhancing returns for Dexus investors
- **Trading:** an established driver of financial value that involves the packaging and sale of properties to generate trading profits

How we measure financial performance

When measuring financial performance, we focus on growth in Adjusted Funds From Operations (AFFO) and distribution per security, as well as Return on Contributed Equity to measure the returns achieved for our Security holders.

Group performance

Impacts from rising interest rates, inflation and broader market uncertainty are being felt across the economy and business sector.

Operating in this environment remains challenging, with capitalisation rates expanding and valuations declining across the real estate sector this year, and the potential for more to come in the next 12 months.

In this environment, Dexus's focus is on its strategic objectives of investing in assets that provide resilient income streams through the cycle and being the real asset investment manager of choice. Dexus delivered a full year distribution of 51.6 cents per security, at the top end of the guidance range of 50.0–51.5 cents per security that was initially provided at the FY22 result and subsequently tightened to 51.0–51.5 cents per security at the HY23 result.

Strategically, Dexus achieved First Completion of the AMP Capital real estate and domestic infrastructure equity business on 24 March 2023. This acquisition expanded and diversified our funds management business, positioning Dexus as a leading real asset manager of scale with \$61.0 billion of funds under management and new capabilities in infrastructure.

Dexus's group real estate development pipeline now stands at a cost of \$17.4 billion, of which \$8.6 billion sits within the Dexus portfolio and \$8.8 billion within third party funds.

1. Adjusted for cash and debt in equity accounted investments and excludes Dexus's share of co-investments in pooled funds. Pro forma gearing includes proceeds and payments for transactions post 30 June 2023 that have settled before 16 August 2023. Excluding these impacts, look-through gearing is 30.3% at 30 June 2023. Look-through gearing including Dexus's share of co-investments in pooled funds is 31.7% at 30 June 2023.

Board Focus



Financial performance is a key focus area for the Board and Board Audit Committee. In FY23, the Board and Board Audit Committee were involved in considering and approving Dexus's financial reports, audit reports, market guidance, distribution details, funding requirements and liquidity, as well as property portfolio valuation movements and the implementation of the internal audit program.

Key areas of focus in FY23 included:

- Approving the group's Financial KPIs and scorecard
- Approving Dexus's annual and half year results materials
- Approving the group's capital management initiatives
- Approving the addition of DBS Bank, Australia Branch and UBS AG, Australia Branch as new Approved Counterparties
- Approving up to \$600 million of new bank facilities and \$1.1 billion in aggregate of bank facility extensions in FY23²
- Approving the divestment by DXS of a 50% interest in SAHMR12 comprising the units in the SAHMR12 Holding Trust to DHPF
- Approving DPT to acquire ~\$129 million in foundation units in Wholesale Airport Fund to purchase a ~1.0% interest in Australia Pacific Airports Corporation, with the intention to sell down the interest to third party capital. WAF was launched oversubscribed and Dexus is no longer warehousing this position




2. Excludes funding arranged in FY23 that was approved by the Board during FY22.

Delivering FY23 Sustained Value commitments

FY23 commitment	Status	FY23 progress
Based on expectations regarding interest rates, continued asset sales and barring unforeseen circumstances, Dexus expected distributions of 50.0–51.5 cents per security for the 12 months ended 30 June 2023, below the 53.2 cents per security delivered in FY22.		Dexus delivered AFFO and distributions of 51.6 cents per security for the 12 months ended 30 June 2023, at the top end of the guidance range.
Maintain a strong and diversified balance sheet.		Dexus maintained a strong and conservative balance sheet with pro forma gearing (look-through) ¹ at 27.9%, below our target range of 30–40%, while maintaining conservative debt maturities and hedging levels.

Focus area

Maintaining leadership in ESG benchmarks.	Dexus recognised as a global leader, achieving a Top 5% S&P Global ESG Score in the S&P Global Sustainability Yearbook and retaining its leadership on the Dow Jones Sustainability Index. In addition, Dexus Office Trust was named a Global Sector Leader in the 2022 Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment.
---	---

 Achieved  Not achieved  Progressed

Dexus delivered a net loss after tax of \$752.7 million, compared to a statutory net profit of \$1,615.9 million in FY22. This movement was primarily driven by \$1,175.1 million of fair valuation losses on investment property on the back of capitalisation rates softening across the portfolio, compared to \$926.0 million of fair valuation gains recognised in the prior year.

The portfolio valuations resulted in a circa 6.9% decrease on prior book values for the 12 months to 30 June 2023. These revaluation losses primarily drove the \$1.40 or 11.4% decrease in net tangible asset (NTA) backing per security during the year to \$10.88 at 30 June 2023. The AMP Capital platform acquisition impacted NTA by 26 cents per security as a result of transaction costs incurred and management rights and goodwill which are classified as intangible assets.

Operationally, Underlying Funds From Operations (excluding trading profits) of \$688.3 million was 6.3% below the prior year, driven predominantly by higher floating interest rates.

The negative impact of higher interest rates was partly offset by higher trading profits, growth in management operations FFO (assisted by contribution from development milestones being achieved) and industrial development completions.

Key drivers included:

- Total Investments FFO reduced by \$40.1 million driven by divestments, partly offset by fixed rent increases, recently completed industrial developments, a full-period contribution from the Jandakot industrial precinct and increased income from co-investments in pooled funds
- Management operations FFO increased by \$30.9 million supported by the contribution from development milestones being achieved and growth in the funds platform (including the AMP Capital platform acquisition)
- Net finance costs increased by \$18.8 million, primarily due to higher floating rates alongside a higher average debt balance
- Other FFO expenses were \$13.8 million higher, predominantly driven by higher tax on Underlying FFO

- Group corporate costs increased by \$4.1 million, predominantly driven by an increase in costs post the AMP acquisition. AMP-related transaction costs are excluded from FFO in accordance with Property Council Australia (PCA) guidelines

AFFO of \$555.0 million was 3.0% lower than the prior year driven by the reduction on Underlying FFO, partly offset by higher trading profits:

- Trading profits of \$50.2 million (net of tax) were \$26.8 million above the prior year, with two trading projects contributing to the FY23 result
- Maintenance capex and incentives of \$183.5 million were \$1.9 million below the prior year

On a per security basis, AFFO and distributions per security were 51.6 cents, down 3.0% on the prior year. The distribution payout ratio remains in line with free cash flow for which AFFO is a proxy, in accordance with Dexus's distribution policy

We continued to maintain a strong and conservative balance sheet with pro forma gearing (look-through)¹ of 27.9% remaining below the lower end of our target range of 30–40%.

1. Adjusted for cash and debt in equity accounted investments and excludes Dexus's share in co-investments in pooled funds. Pro forma gearing included proceeds and payments for transactions post 30 June 2023 that have settled before 16 August 2023. Excluding these impacts, look-through gearing is 30.3% at 30 June 2023. Look-through gearing including Dexus's share of co-investments in pooled funds is 31.7% at 30 June 2023.

Valuation movements	Total FY23	30 Jun 2023	31 Dec 2022
Office portfolio	(\$1,177.8m)	(\$941.7m)	(\$236.1m)
Industrial portfolio	(\$6.6m)	(\$0.3m)	(\$6.3m)
Total portfolio²	(\$1,183.9m)	(\$941.8m)	(\$242.2m)

Weighted average capitalisation rate	30 Jun 2023	30 Jun 2022	Change
Office portfolio	5.21%	4.75%	+46bps
Industrial portfolio	4.76%	4.29%	+47bps
Total portfolio	5.11%	4.64%	+47bps

We continued to maintain a strong financial position with low gearing and enhanced liquidity.

Key financials	FY23	FY22	Change
Statutory net profit/(loss) after tax (\$m)	(752.7)	1,615.9	(146.6)%
Funds From Operations (FFO) (\$m)	738.5	757.6	(2.5)%
AFFO (\$m)	555.0	572.2	(3.0)%
AFFO per security (cents)	51.6	53.2	(3.0)%
Distribution per security (cents)	51.6	53.2	(3.0)%
Net tangible asset backing per security (\$)	10.88	12.28	(11.4)%
Return on Contributed Equity (%)	8.0	9.7	(1.7)ppt
Gearing (look-through) ³ (%)	27.9 ⁴	26.9	1.0ppt

FFO composition	FY23 \$m	FY22 \$m	Change %
Office property FFO	597.6	655.6	(8.8)%
Industrial property FFO	163.5	152.4	7.3%
Co-investments in pooled funds ⁵	35.9	29.1	23.4%
Total Investments FFO	797.0	837.1	(4.8)%
Management operations ⁶	112.6	81.7	37.8%
Group corporate	(48.8)	(44.7)	9.2%
Net finance costs	(137.2)	(118.4)	15.9%
Other (including tax) ⁷	(35.3)	(21.5)	64.2%
Underlying FFO⁸	688.3	734.2	(6.3)%
Trading profits (net of tax)	50.2	23.4	114.5%
FFO	738.5	757.6	(2.5)%
Maintenance and leasing capex	(183.5)	(185.4)	(1.0)%
Adjusted Funds From Operations (AFFO)	555.0	572.2	(3.0)%

- Valuation movement excludes co-investments in pooled funds. Includes other property revaluation gain of \$0.5m and excludes leased assets and right of use assets revaluation gain of \$0.1m.
- Adjusted for cash and debt in equity accounted investments, excluding Dexu's share of co-investments in pooled funds.
- Pro forma including proceeds and payments for transactions post 30 June 2023 that have settled before 16 August 2023. Excluding these impacts, look-through gearing is 30.3% at 30 June 2023. Look-through gearing including Dexu's share of co-investments in pooled funds is 31.7% at 30 June 2023.
- Includes distribution income from Dexu's co-investment stakes in pooled funds and excludes joint venture and partnership income which is proportionately consolidated in Note 1 Operating Segments within Dexu's Financial Statements.
- Management operations FFO includes development management fees.
- Other FFO includes non-trading related tax expense, directly owned healthcare property and other miscellaneous items.
- Underlying FFO excludes trading profits (post-tax).

83% of FFO from Investments portfolio⁷



● 62%

Office property FFO

● 17%

Industrial property FFO

● 12%

Management operations

● 4%

Co-investments in pooled funds

● 5%

Trading profits (net of tax)

FY24 Commitments

Barring unforeseen circumstances, for the 12 months ended 30 June 2024⁹:

- Dexu expects distributions of circa 48.0 cents per security, below the 51.6 cents per security delivered in FY23 predominantly driven by lower trading profits
- AFFO excluding trading profits is expected to be broadly in line with that delivered in FY23

Maintain a strong and diversified balance sheet.

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

Financial continued

	FY23 \$m	FY22 \$m
Statutory profit reconciliation		
Statutory AIFRS net profit/(loss) after tax	(752.7)	1,615.9
Gains from sales of investment property	0.6	2.0
Fair value (gain)/loss on investment property	1,175.1	(926.0)
Fair value (gain)/loss on the mark-to-market of derivatives	67.6	37.8
Incentives amortisation and rent straight-line ¹	153.6	152.6
Non-FFO tax expense/(benefit)	(42.7)	(20.3)
Share of co-investment adjustments	29.8	(39.2)
Amortisation and impairment	62.2	4.3
Other unrealised or one-off items	45.0	(69.2)
Funds From Operations (FFO)²	738.5	757.6
Maintenance capital expenditure and lessor works	(48.5)	(72.4)
Cash incentives and leasing costs paid	(52.9)	(37.0)
Rent free incentives	(82.1)	(76.0)
Adjusted Funds From Operations (AFFO)³	555.0	572.2
Distribution	555.0	572.2
AFFO Payout ratio (%)	100.0	100.0

1. Including cash, rent free and fit out incentives amortisation.
2. Including Dexs share of equity accounted investments.
3. AFFO is in line with the Property Council of Australia definition.
4. Subject to no material deterioration in conditions and assumes circa \$10 million of trading profits (post-tax).

Group outlook

Dexus has demonstrated resilience, maintaining high portfolio occupancy and recycling assets which has enabled us to maintain a strong balance sheet, giving us capital to fund our development pipeline and growing funds management business.

As we forecast 12 months ago, we anticipate that FY24 will remain a challenging period as capital flows and market sentiment continue to be impacted by inflation, higher interest rates and geopolitical risks. This environment is expected to put further pressure on the valuations of real assets.

Higher interest rates will continue to impact our result in FY24, along with the impact of cycling a strong year of trading profits in FY23.

Barring unforeseen circumstances, for the 12 months ended 30 June 2024⁴:

- Dexus expects distributions of circa 48.0 cents per security, below the 51.6 cents per security delivered in FY23 predominantly driven by lower trading profits
- AFFO excluding trading profits is expected to be broadly in line with that delivered in FY23



Funds management performance

Dexus manages \$43.6 billion⁵ of funds on behalf of a diversified mix of investors.

Our strategic objective of being the Australasian real asset investment partner of choice and track record of driving investment performance enables us to attract long-term and stable capital partners to invest alongside through the cycle.

Management operations FFO grew significantly in FY23, driven by the contribution from development milestones being achieved during the period and growth in the funds platform including the AMP Capital platform acquisition.

In January this year, Dexus opened a Singapore office to support the growth to Dexus's funds business and its expanding relationships across the region, capitalising on the attractiveness of Australasian real asset investments to international capital partners.

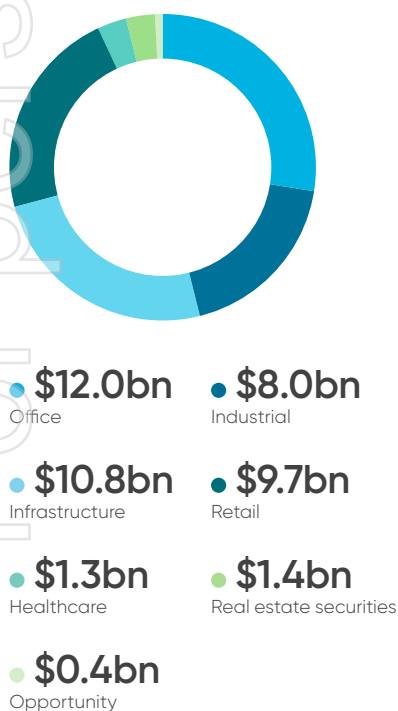
Opportunity fund DREP1 completed its final close and has raised \$475 million⁶ of equity since inception, approximately 60% above its initial target and taking its investment capacity to circa \$1 billion (including gearing).

The fund is now circa 60% allocated, having secured eight opportunities across healthcare, industrial, office, residential sectors and across the capital stack. Dexus expects to launch the second fund in this series post further deployment of DREP1.

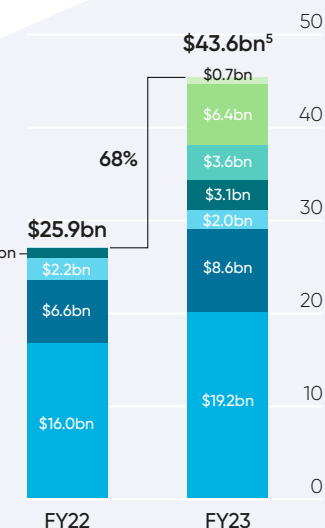
DHPF raised an additional \$220 million of new equity in the second half of FY23, bringing total FY23 equity raised to \$440 million. In December 2022, the fund acquired the remaining 50% interest of the Australian Bragg Centre in Adelaide from Dexus. DHPF's funds under management now stands at circa \$1.6 billion across 11 assets with an on-completion value of \$1.8 billion⁷.

In May 2023, Dexus Community Infrastructure Fund (CommIF), Dexus Healthcare Property Fund (DHPF) and Dexus Core Infrastructure Fund (DCIF) acquired a combined 30.6% interest in Celsus Holding Pty Ltd (Celsus), the consortium that manages and maintains the Royal Adelaide Hospital under a Public-Private Partnership (PPP) taking the total stake in Celsus held by Dexus funds to 72.8%.

Dexus funds management business composition



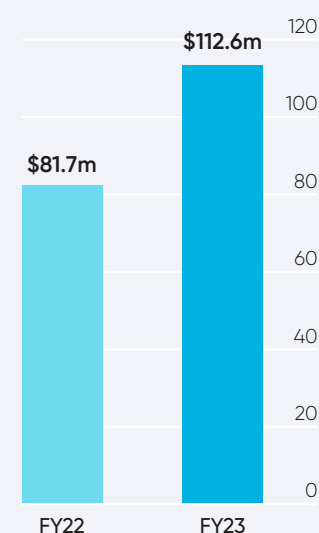
Investor location



Third party FUM

- Real estate wholesale pooled funds
- Real estate joint ventures
- Listed REITs
- Real estate securities and other
- Infrastructure pooled funds
- Infrastructure JV/Mandates
- Infrastructure retail fund

Management operations FFO



5. Pro forma post Final Completion of the AMP Capital transaction.
 6. Includes circa \$100 million co-investment by Dexus.
 7. Includes on completion value of assets under construction.



Diversified and expanded funds management business

\$61.0bn¹

Under management across the Dexus platform

Our expanded funds management platform offers a spectrum of investment products across real estate and infrastructure sectors, including pooled funds, listed funds, joint ventures or partnerships and real estate securities funds.

Our diverse capital base includes domestic and global institutional investors, as well as a growing presence of retail and high net worth investors.




In June, Dexus launched a new fund Wholesale Airport Fund² (WAF) and successfully raised \$185 million in equity. The fund owns a circa 1% investment in Australia Pacific Airports Corporation (APAC), the unlisted holding company of Melbourne Airport and Launceston Airport, and has the capacity to grow its stake in APAC.

DWPF and AMP Capital Diversified Property Fund (ADPF) successfully merged, after having fulfilled circa \$2.3 billion in legacy ADPF redemption requests. DWPF continues to outperform its benchmark over one, three, five, seven and ten-year time periods. DWPF also attained a 5 Star rating for 2022 in GRESB.

The expanded funds platform is now Australia's largest investor in on-campus student accommodation, a sector benefiting from strong international demand. During FY23, Dexus Diversified Infrastructure Trust (DDIT) and the Dexus Core Infrastructure Fund (DCIF) acquired a newly developed 731-bed facility from the Australian National University in Canberra, bringing the total portfolio of on campus beds to over 7,000 beds across leading Australian universities.

Dexus balance sheet

Third Party FUM

	 Diverse platform across multiple capital sources	 Real estate	 Infrastructure	Combined third-party FUM
Pooled	Real assets \$17.4bn	Real estate \$32.8bn	Infrastructure \$10.8bn	Combined third-party FUM \$43.6bn¹
		\$19.2bn <small>4 Funds</small>	\$3.6bn <small>3 Funds</small>	\$22.8bn <small>7 Funds</small>
JV/Mandates	\$17.3bn <small>Real estate</small> \$0.1bn <small>Infrastructure</small>	\$8.6bn <small>12 Funds</small>	\$6.4bn <small>8 Funds</small>	\$15.0bn <small>20 Funds</small>
Listed/Retail		\$5.1bn <small>11 Funds</small>	\$0.7bn <small>1 Fund</small>	\$5.8bn <small>12 Funds</small>

1. Pro forma post final completion of the AMP Capital acquisition.

2. The trustee of WAF is AMP Investment Services Limited, a Dexus Group member. AMP Capital Investors Limited continues to be the manager of WAF, APAC Funds 1-4, DDIT, DCIF, ASCF and various Joint Ventures and Mandates.

Investment portfolio performance

We remained focused on maximising the performance of our investments and continuing to enhance our portfolio composition.

Our resilient property portfolio maintained high occupancy, contributing to 83% of FFO in FY23¹.

Office portfolio performance

Dexus manages a high-quality \$24.3 billion group office portfolio, \$12.3 billion of which sits in the Dexus portfolio.

During the year, we leased 196,998 square metres of office space across 306 transactions, as well as 24,703 square metres of space across 14 office development deals, locking in future income streams.

Across our stabilised portfolio, occupancy remains high at 95.9%. The average term of new leases and renewals was circa 6.2 years and 57% of new leases were represented by customers upgrading their space.

Incentives increased slightly to 30.0% largely due to a higher proportion of leasing done in Brisbane, a higher incentive market, partially offset by a higher proportion of effective deals. In the Sydney CBD, while vacancy is higher in the Barangaroo and Western corridor markets than the Core CBD, market incentives are expected to remain elevated in the near term.

Office portfolio like-for-like income growth was +5.6% (FY22: +2.7%) excluding the impact of rent relief measures and provisions for expected credit losses (including these impacts: FY23 +8.3% and FY22 +4.4%).

Office portfolio key metrics

95.9%

Occupancy
FY22: 95.6%

4.8 years

WALE
FY22: 4.7 years

196,998sqm

Space leased²

+5.6%

Effective LFL income³
FY22: +2.7%

30.0%

Average incentives²
FY22: 29.4%

Dexus's high quality portfolio continues to demonstrate resilience against a challenging operating environment, with occupancy of 95.9% and the average terms of new leases signed at circa 6.2 years.

1. FFO contribution is calculated before net finance costs, group corporate costs and non-trading related tax.
2. Excluding development leasing of 24,703 square metres across 14 transactions.
3. Excluding rent relief measures and a provision for expected credit losses.



Financial continued

Industrial portfolio performance

Dexus manages a growing, high-quality \$12.1 billion group industrial portfolio, \$4.1 billion of which sits in the Dexus portfolio.

During the year, we leased 272,059 square metres of industrial space across 71 transactions, as well as 68,609 square metres of space across eight industrial developments.

Portfolio occupancy increased to 99.4%, reflecting the sale of Axxess Corporate Park and continued leasing success.

Driven by strong market rent growth, Dexus's industrial portfolio is now 13.6% under-rented, with circa 17% of the stabilised portfolio set to access rental reversion upon expiry by FY25.

Industrial portfolio like-for-like income growth² was +2.4% (FY22: +3.1%) excluding rent relief measures and provisions for expected credit losses (including these impacts: FY23 +4.0% and FY22 +2.4%).

Like-for-like growth was impacted by reversions and downtime at two of our larger facilities. Like-for-like was +3.6% excluding divestments.

1. Excluding development leasing of 68,609 square metres across 8 transactions.
2. Excludes rent relief and provision for expected credit losses.

Industrial portfolio key metrics

99.4%

Occupancy
FY22: 98.1%

4.8 years

WALE
FY22: 4.7 years

272,059sqm

Space leased¹

+2.4%

Effective LFL income²
FY22: +3.1%

10.7%

Average incentives
FY22: 13.5%

Property market outlook

The office sector is expected to experience elevated vacancy rates in the short term due to a mixed outlook for demand in a slowing economy. Demand in Sydney and Melbourne has been characterised by continued leasing and expansion among small-medium firms, offset by consolidation among larger firms. Flight-to-quality is a major theme for office markets as occupiers seek high quality centrally located offices with amenity that appeals to staff.

The fundamentals of the Australian industrial sector remain positive with strong rental growth over the past year and low vacancy rates. In an environment of easing retail activity, industrial demand is expected to moderate but remain supported by non-discretionary categories such as medical, supermarkets and materials supporting infrastructure investment, underpinned by the tailwind of population growth.

Co-investment income

Dexus receives distribution income from investments in pooled property and real estate securities funds. Investments in pooled funds are predominantly represented by attractive yielding investments in quality real asset portfolios.

In FY23, Dexus received \$35.9 million in co-investment income, an increase from \$29.1 million in FY22. This was driven by new investments in a number of AMP funds including DWAPF, CPF, CommIF and DCIF.

Trading performance

Trading is a capability that involves the identification of opportunities, repositioning to enhance value, and realising value through packaging and sale.

Trading properties are either acquired with the direct purpose of repositioning or development, or they are identified in Dexus's existing portfolio as having value-add potential and subsequently transferred into the trading trust to be repositioned, packaged and sold.

FY23 was a strong year for trading profits, with \$50.2 million realised (post-tax) through the sale of:

- 12 Frederick Street, St Leonards in December 2022
- Dexus's 50% interest in Australian Bragg Centre, North Terrace to DHPF in December 2022

We expect trading profits to be lower in FY24, with circa \$14 million of pre-tax trading profits already secured across two projects.



Financial position

- Look-through net tangible assets decreased by \$1,501 million primarily due to property devaluations (\$1,184 million) and transaction costs incurred and management rights and goodwill recognised in connection with the AMP Capital transaction (\$278 million)
- 86% of debt was hedged on average across FY23, with a weighted average hedge maturity of 4.8 years

	30 Jun 2023 \$m	30 Jun 2022 \$m
Office investment properties	12,152	13,295
Industrial investment properties	3,686	3,956
Other properties	23	137
Co-investment assets	1,452	874
Borrowings	(5,478)	(5,050)
Other ³	(129)	(4)
Net tangible assets	11,706	13,207
Total number of securities on issue	1,075,565,246	1,075,565,246
NTA (\$ per security)	10.88	12.28

3. Adjusted for cash and debt in equity accounted investments. Excludes the \$168.4m (FY22: \$117.4m) deferred tax liability on management rights.

Capital management

We continued to maintain a strong and conservative balance sheet with pro forma gearing (look-through)⁶ of 27.9% below our target range of 30–40%, and \$2.5 billion of cash and undrawn debt facilities.

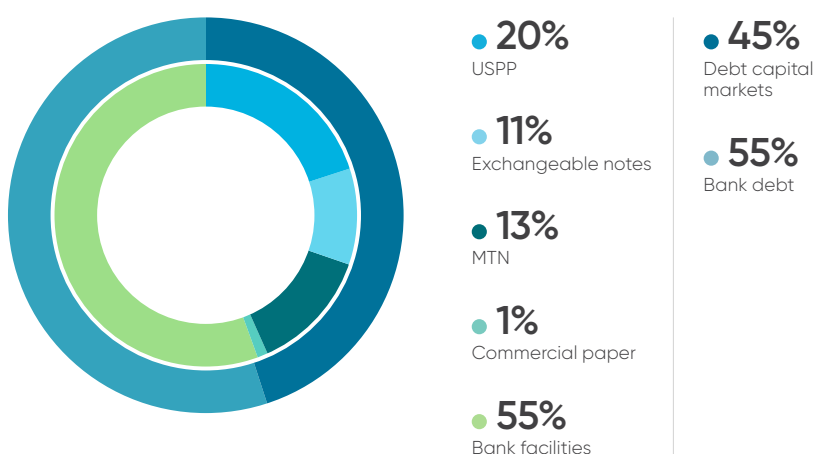
Dexus has manageable debt expiries over the next 12 months. We remain within all of our debt covenant limits and continue to retain our strong credit rating of A-/A3 from S&P and Moody's respectively.

Our balance sheet strength combined with continued focus on strategic asset recycling provides capacity to deliver on our strategic objectives and capitalise on future opportunities.

Key metrics	30 Jun 2023	30 Jun 2022
Gearing (look-through) ⁵ (%)	27.9 ⁶	26.9
Cost of debt ⁷ (%)	3.7	2.7
Average maturity of debt (years)	5.1	5.5
Hedged debt (incl caps) ⁸ (%)	86	65
Average maturity of hedged debt (years)	4.8	5.9
S&P/Moody's credit rating	A-/A3	A-/A3

5. Adjusted for cash and debt in equity accounted investments and excludes Dexus's share of co-investments in pooled funds.
6. Pro forma including proceeds and payments for transactions post 30 June 2023 that have settled before 16 August 2023. Excluding these impacts, look-through gearing is 30.3% at 30 June 2023. Look-through gearing including Dexus's share of co-investments in pooled funds is 31.7% at 30 June 2023.
7. Weighted average for the year, inclusive of fees and margins on a drawn basis.
8. Average for the year. Hedged debt (excluding caps) was 69% for the 12 months to 30 June 2023 and 58% for the 12 months to 30 June 2022.

Diversified sources of debt



Dexus is a leading Australasian real asset group with a high-quality real estate and infrastructure portfolio.



How we are creating
Leading Cities

Artist Impression: Waterfront Brisbane QLD

95.9%

Dexus office
portfolio occupancy

99.4%

Dexus industrial portfolio
occupancy

14,859

Construction jobs
supported

\$61.0bn

Value of group real
asset portfolio¹

\$17.4bn

Group real estate
development pipeline

\$2.5bn

Gross value added to
the Australian economy

1. Pro forma post final completion of the AMP Capital acquisition.

Our real asset portfolio provides the opportunity to make a significant contribution to the prosperity and liveability of our cities.

Contributing to leading cities

The contribution of our real estate and infrastructure investments and their potential to create value are closely linked to the success of Australasia's major cities.

Our scale and strategic focus on Australasian cities means we can play a leading role in delivering world-class urban precincts, helping shape our cities for the future as desirable places to live, work and play, while contributing to job creation and economic growth.

The assets in our infrastructure portfolio connect our cities and bring us together. They include essential services that underpin the operation of society such as airports, schools and aged care facilities.

A commitment to ESG principles underpins the Dexus strategy. Our focus on climate action is embedded in the operations of our real estate portfolio and complemented by the renewable energy investments in our infrastructure portfolio.

Our Approach to Leading Cities

Our Leading Cities approach involves:

- Developing and managing world-class office properties that deliver customer focused, sustainable workspaces, and which enhance the amenity and vibrancy of CBDs
- Developing high-quality industrial facilities to meet the growing demands of ecommerce business and other growth industries
- Creating vibrant and thriving retail destinations that support our communities and generate social and economic value
- Contributing to the long-term viability of cities through investing in infrastructure assets that deliver much-needed services to the community including healthcare
- Building mutual city partnerships through collaboration with industry associations and supporting events that celebrate our cities.

Board Focus

From a real asset perspective, the Board approves acquisitions, divestments, and developments. In FY23, the Board was involved in:

- Approving the divestment of 44 Market Street, Sydney; One Margaret Street, Sydney; 12 Frederick Street, St Leonards; Axxess Corporate Park, Mount Waverley; 8 Nicholson Street, Melbourne; The Mill, 41-43 Bourke Road, Alexandria NSW and 141 Anton Road, Hemmant QLD
- Approving the commencement of construction of the first stage of Waterfront Brisbane

Real assets continued

Delivering FY23 Leading Cities commitments

Our commitments indicate how we will deliver on our value creation outcome of Leading Cities.

FY23 commitment	Status	FY23 progress
Maintain office portfolio occupancy above the Property Council of Australia market average.	●	Dexus office portfolio occupancy of 95.9% exceeded the Property Council of Australia's national occupancy rate of 87.2% at 30 June 2023.
Grow industrial precincts by more than 200,000 square metres in FY23 to meet the demand for high-quality, highly accessible logistics facilities across Australia.	●	Delivered 248,900 square metres of industrial space across VIC, NSW, WA and QLD.
Progress city-shaping precinct projects to improve the amenity and vibrancy of Australia's CBDs.	●	Commenced construction at Atlassian Central, Sydney and Waterfront Brisbane.
Focus area		
Contribute to economic growth through the generation of employment and contribution to gross value added from development projects.		Dexus's group development pipeline generated \$2.5 billion GVA to the Australian economy and supported 14,859 construction jobs in FY23.

● Achieved ○ Not achieved ● Progressed

Urbanisation of our cities

Key investment vehicles take advantage of megatrends

The top city centres across the world are recognised for their amenity, ease of access, and place to do business that draw individuals to work and connect. They are diversified locations that attract and maintain talent while also providing tourists and residents with distinct experiences.

They are also the drivers of economic growth and opportunity. In Australia, our major cities contribute around 80% to national GDP and are all ranked in the top 20 most liveable cities globally. CBDs are the engine room for most of this economic activity, supporting businesses and jobs.

Our business model is underpinned by the megatrends of urbanisation and social and demographic change which, in turn, are supported by the growth drivers of strong long-term population growth, an ageing population and high levels of infrastructure investment enabling Dexus to contribute towards our cities' accessibility, liveability and sustainability.

Investment segments benefitting from megatrends



Workplace

Enabling productivity

- Office
- Retail
- Industrial



Transport

Connecting people and our economy

- Airports
- Rail
- Ports



Health

Improving quality of life

- Hospitals
- Aged care



Social

Bringing communities together

- Living
- Stadiums



Energy

Powering our cities

- Renewables
- Utilities

Delivering city-shaping projects

Our group \$17.4 billion real estate development pipeline includes iconic, irreplaceable office buildings in premium locations in the CBDs of Australia and connected logistics hubs that service our customers across their national footprint.

Many of our projects are being undertaken in partnership with funds management capital partners, who along with our customers, have an increasing focus on sustainability credentials and ensuring the built form and location supports evolving ways of working.

There is significant activity and growth in our development business beyond the major CBD projects. Our industrial development business delivered 248,900 square metres of gross lettable area in FY23 in partnership with our funds. We are also making good progress on healthcare projects, securing exclusive positions on key parcels of land in current and emerging health precincts.

Collaborating with city partners

We work alongside industry partners and city stakeholders to evolve the experience and economies of our CBDs around Australia by creating vibrant destinations where people come together to socialise and collaborate. Across the year we celebrated our cities and communities through activations that supported festivals and events such as WorldPride 2023, Vivid Sydney and Melbourne Cup.

Enhancing our approach to sustainability within developments

Across the development pipeline, our ambition is to develop assets that are fit-for-purpose, high-performing, inclusive workplaces that support customer prosperity, enhanced communities and are resilient to the impacts of climate change.

As our development pipeline diversifies, we are enhancing our approach towards integrating sustainability through a new sustainable development standard. The standard is a framework to provide guidance for project teams on our sustainability ambitions across key ESG themes and principles.

The framework includes a combination of universal and sector-specific approaches and practices, project deliverables, performance standards and measurement approaches. In developing the standard, we engaged with internal and external subject matter experts across a wide range of subjects that impact the sustainable delivery of projects including health and wellness, operational and embodied carbon, facilities management, and occupant experience.

The enhanced standard brings together the development track record of Dexu and AMP Capital to provide consistency in approach, yet flexibility in application to consider sustainability and commercial outcomes. Transitioning to the new standard will set the foundation for future Dexu developments through enhanced focus on the issues that create positive impact and value for Dexu and our stakeholders.



FY24 Commitments

Maintain office portfolio occupancy above the Property Council of Australia market average.

Grow industrial precincts by more than 220,000 square metres in FY24 to meet the demand for high-quality, highly accessible logistics facilities across Australia.

Progress city-shaping precinct projects in FY24 to improve the amenity and vibrancy of Australia's CBDs.

Focus areas

Contribute to economic growth through employment generation and contribution to gross value added from development projects.

Real assets continued

Office

Our high-quality office portfolio is located across Australia's major CBDs. Our \$12.3 billion owned office portfolio comprises 53% Premium grade and 42% A grade properties (including developments at book value).

Our office portfolio is located in Australia's gateway cities and includes some of the country's most iconic buildings.

Our portfolio consists of properties held for the long term and leased to derive resilient income streams through property cycles. We partner with our third party capital partners on developments to enhance the quality and value of the portfolio. As an active manager, we are deeply committed to working with our customers to deliver spaces that engage and inspire, offering destinations that support our customers' prosperity.

\$24.3bn

Group office Funds Under Management

62

Number of office properties

2.1m sqm

Office space



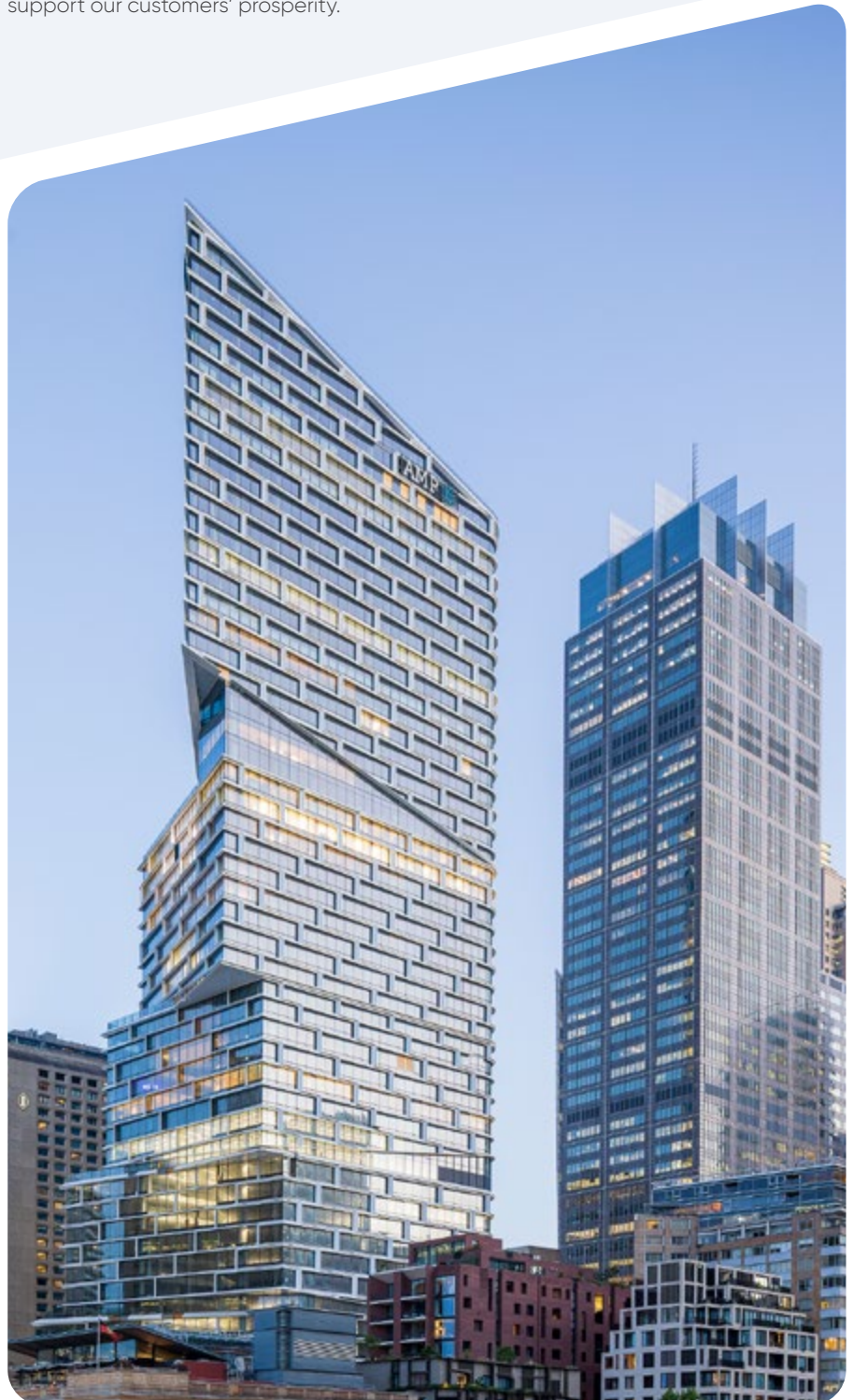
Quay Quarter Tower, Sydney

Quay Quarter Tower (QQT) is the home of Dexus's new Sydney headquarters, with Dexus Wholesale Property Fund also owning a 33% stake in the property. Spanning two blocks, Quay Quarter Tower is designed as a world first vertical village that redefines how people work. The building is focused on promoting human interactions and smart technologies, encouraging creativity and connectivity to drive business success. In what is considered a world-first innovation, rather than demolish and rebuild the 50 Bridge Street tower, QQT was upcycled, retaining 60% of the existing core structure. The design optimises the embodied energy and resources in the existing building, resulting in a saving of 12,079 metric tons of embodied carbon.

Ownership – 33% Dexus Wholesale Property Fund, 33% Mirvac Wholesale Office Fund, 33% REST

Grade – Premium

Environmental Ratings – 6 Star Green Star Building Design & Construction, targeting WELL Gold Certification



Atlassian Central, Sydney

Dexus is a co-investor and the developer of Atlassian Central, the new Sydney headquarters of leading global tech firm, Atlassian. Together with the adjoining Central Place Sydney, Atlassian Central will anchor the government-backed Tech Central, Sydney's global innovation and collaboration precinct.

This world-leading project, which is currently under construction, will be a catalyst for change, setting new standards in sustainability and innovation for office buildings globally. Atlassian Central will be a 39 level Premium grade office tower, incorporating a new hotel owned by YHA at its base. It will offer an activated retail destination with an integrated public domain and enhanced accessibility connecting to Central Station. Atlassian Central is leading the way in low carbon construction and sustainable initiatives, including 50% reduction in embodied carbon in construction and 100% renewable energy from the first day of operation. The building is targeting 6 Star Green Star As Built and 5.5 Star NABERS Commitment Agreement.

Expected project cost – Circa \$1.4 billion

Projected ownership – Circa 60–65% Dexus, 35–40% Atlassian

Expected Completion – Late 2026

Grade – Premium

Waterfront Brisbane

A major project that will transform the Eagle Street Pier and Waterfront Place precinct sites, making way for two office towers and unlocking the considerable potential of this Brisbane CBD gateway site. Waterfront Brisbane will be a great outcome for Brisbane with the renewal of the city's premium business district, a vibrant retail and public space, activation of the river and improvements to the Riverwalk.

The project has adopted circular economy principals, setting a target to divert 90% of construction and demolition waste from landfill. Other de-fit materials have been upcycled and donated to charity. Waterfront Brisbane is aiming to achieve a 6 Star Green Star Design & As Built, 5.5 Star NABERS Energy, 4.5 Star NABERS Water, 4 Star NABERS Waste ratings, WELL Platinum Certification and Climate Active Carbon Neutral Building.

Expected project cost – Circa \$2.5 billion across two office towers

Ownership – 50% Dexus, 50% DWPF

Expected completion of the first tower – Early 2028

Grade – Premium



Real assets continued

Industrial

Dexus owns and manages 4.3 million square metres of premium industrial property across key growth corridors for logistics across Australia.

Our industrial portfolio is strategically located in highly accessible markets, servicing the growing demand of e-commerce customers.

We take a collaborative approach, partnering with our customers to design and deliver high quality, innovative logistics spaces to meet business and growth requirements. Sustainability is front and centre of our industrial developments, with facilities designed to meet our customers' environmental goals.

\$12.1bn

Group industrial Funds Under Management

220

Number of industrial properties

4.3m sqm

Industrial space



Quarry Industrial Estate, Greystanes

Quarry Industrial Estate spans over 310,000 square metres of premium purpose-built facilities for logistics, warehousing, manufacturing and storage customers. The estate is serviced by extensive motorway connections and has been internationally recognised for its innovative and sustainable design.

Ownership – 26% Dexus, 50% Australian Industrial Partner, 24% Dexus Australian Logistic Partner



Horizon 3023, Ravenhall

Located in Melbourne's Western growth corridor, Horizon 3023 is a 134-hectare master planned estate, offering custom built, high-quality warehouses and located in close proximity to key transport links. Dexus is partnering with customers at the estate to reduce carbon emissions and source cost-effective solutions for energy supply, including solar PV arrays on the roof top of their facilities.

Expected project cost – Circa \$780 million

Ownership – 50% Dexus Australian Logistic Trust, 50% DWPF

Expected completion – Mid 2025



Jandakot Airport, Perth

Jandakot Airport is the major general aviation airport in Western Australia. Adjacent to the airport is a fully serviced commercial and industrial precinct across 620 hectares comprising 55 properties and circa 55 hectares of developable land, with construction underway. The location appeals to both first mile and last mile industrial customers due to its proximity to major road networks and Fremantle Port.

Expected project cost – Circa \$790 million

Ownership – 33.4% Dexus, 33.3% Dexus Industria REIT, 33.3% Cbus Super

Expected completion – Early 2028



Real assets continued

Retail

Dexus manages a diverse retail portfolio of 25 shopping centres across Australia and New Zealand. Our shopping centres are strategically located to support population growth into the future.

We continue to evolve our retail destinations to provide engaging experiences for our customers, delivering thriving community hubs that support our communities and generate social and economic value. Our vibrant city retail precincts deliver world class food, beverage and entertainment offerings and customer activations that enhance the experience for our office community, residents and visitors to our CBDs.

\$9.9bn

Retail Funds Under Management¹

25

Number of retail properties²

1.6m sqm

Retail space²



25 Martin Place, Sydney

Located in the heart of the Sydney CBD, 25 Martin Place is an office tower with a significant city retail precinct at its base that has been transformed into a vibrant retail, dining and entertainment destination. The precinct, which includes the refurbished Theatre Royal, has been designed to create a generous public space for visitors to socialise and connect through a restaurant and bar alfresco setting. The addition of world-renowned luxury fashion houses Valentino, Missoni and Brunello Cucinelli join contemporary boutiques in Sydney's premium luxury retail precinct. The transformation of 25 Martin Place has continued the legacy of an iconic precinct in the heart of the Sydney CBD that contributes to the city's day and night time economy.

Ownership – 50% Dexus, 50% DWPF



¹ Including convenience retail and excluding city retail assets.

² Excluding convenience retail and city retail assets.

Macquarie Centre, Sydney

Macquarie Centre is located north of the Sydney CBD, offering a premium shopping experience with more than 320 specialist stores and kiosks over four levels across 134,500 square metres of retail space. The centre is anchored by two major department stores, Myer and David Jones, and a strong stable of international and domestic brands including H&M, Sephora, UNIQLO, Zara, Country Road, General Pants, Gorman, JD Sports, Lululemon, M.J Bale, Sass and Bide, Scanlan Theodore and Zimmerman.

Ownership – 50% AMP Capital Shopping Centre Fund (ASCF)



Indooroopilly Shopping Centre, Brisbane

Situated in the heart of Brisbane's premium Western suburbs, Indooroopilly Shopping Centre provides an inspiring shopping experience to residents. The centre has evolved over time with multiple redevelopments, with 116,200 square metres of retail space and a mix of retail tenants reflecting the changing face of fashion and lifestyle. Indooroopilly Shopping Centre is anchored by David Jones, Myer, Kmart, ALDI, Target, Coles, Woolworths and Event Cinemas, and offers more than 270 specialty stores along with an automall, an Australian first car experience destination featuring car brands, servicing and maintenance.

Ownership – 25% AMP Capital Shopping Centre Fund (ASCF), 25% DWPF



Real assets continued

Healthcare

Our portfolio of high-quality healthcare assets is meeting the demand of a growing and ageing population and contributing to the long-term future of the Australian healthcare sector.

As we expand our footprint in healthcare real estate, we are meeting the demand of a growing population for quality healthcare infrastructure.

Our existing healthcare developments focus on delivering resilient facilities predominantly located within precincts where education, research and medical treatment are delivered. The completion of these projects will enhance the portfolio and deliver exceptional health care facilities to service growing community needs.

\$1.7bn

Healthcare Funds Under Management

11

Number of healthcare properties

0.1m sqm

Healthcare space



North Shore Health Hub, St Leonards

North Shore Health Hub is a new mixed-use specialist healthcare facility located in Sydney's North Shore Hospital precinct. The facility includes two buildings across 16,220 square metres of lettable space comprising an integrated cancer centre, day surgery unit, radiology, pathology and medical centre. A bridge link connects the North Shore Health Hub to the North Shore Private Hospital Day surgery unit, facilitating the integration of healthcare services across two facilities.

Ownership – Dexis Healthcare Property Fund



Australian Bragg Centre, Adelaide

Australian Bragg Centre is a 32,000 square metre purpose-built 15-storey biomedical development that will become a leading cancer research institute, offering the first proton therapy unit in the Southern Hemisphere. This state-of-the-art clinical and research facility within Adelaide's BioMed City Precinct is currently under development and is 77% pre-leased.

Expected project cost – Circa \$460 million

Ownership – Dexis Healthcare Property Fund

Expected completion – Late 2023



Infrastructure

Infrastructure is a natural extension of the Dexus real asset platform and capability. The investments we manage underpin the fabric of our society and are essential to achieving sustainable economic growth.

\$10.9bn¹

Group infrastructure funds under management

29¹

Infrastructure investments

Dexus's infrastructure portfolio supports communities to thrive and is focused around the four pillars of health, transport, energy and social.



Health

- Royal Adelaide Hospital
- Royal North Shore Hospital
- Victorian Comprehensive Cancer Centre
- Opal Health Care²



Transport

- Melbourne International Airport²
- Port Hedland International Airport
- Reliance Rail



Energy

- PowerCo New Zealand
- Macarthur Wind Farm
- Endeavour Energy²



Social

- Optus Stadium
- NSW Schools, SA Schools, SEQ Schools, VIC Schools
- ANU Student Accommodation
- University of Melbourne Student Accommodation
- Sydney University Village

Transport



Melbourne Airport^{2,3}

Melbourne Airport has one of the world's largest airport land holdings across a 2,741 hectare site, servicing 39 million passengers annually pre-COVID. Its commercial revenues are derived from a range of aviation ground transport, retail and other property activities. Melbourne is now Australia's largest city with 77 million passengers expected to pass through Melbourne Airport by 2042. A planned third runway, future terminal development, land access upgrades and ongoing property development represent medium term opportunities of scale.

Energy



Macarthur Wind Farm

Located in Victoria, Macarthur Wind Farm spans 5,500 hectares and is the largest wind farm in the southern hemisphere. The wind farm comprises 140 wind turbines capable of generating 420 MW of energy, enough to power the equivalent of 180,000 Australian homes every year. Energy generated from the wind farm is fully committed under a fixed price contract until 2038.

Social



Australian National University student accommodation, Canberra

Our student accommodation portfolio comprises more than 7,000 student beds across some of Australia's top universities, including Australian National University (ANU). Dexus Diversified Infrastructure Trust and Dexus Core Infrastructure Fund jointly own ANU's purpose-built student accommodation portfolio. This portfolio is the largest of its type in Australia and includes 4,915 beds across 11 residences. Our long-term partnership with ANU allows us to support the University's continued growth.

1. Pro forma post final completion of the AMP Capital acquisition.

2. Investments in Melbourne Airport, Endeavour and Opal are managed by AMP Capital Investors Limited ('AMPCI'). Dexus Funds Management Limited as responsible entity of Dexus Property Trust and Dexus Operations Trust has entered into a conditional agreement to acquire AMPCI, with completion of the acquisition expected to occur following receipt of a required regulatory consent.

3. Australia Pacific Airports Corporation is the unlisted holding company of Melbourne Airport.

Our strength as an organisation is intrinsically linked to our ability to leverage the diverse thinking, expertise, experience and leadership strengths of our people.



How we are creating
Thriving People

70%

Employee
engagement score

38.3%

Female representation in senior
and executive management roles

100%

Safety audit score across
Dexus workspaces

1,079

Dexus employees

Our people are central to how we deliver on our strategy and their knowledge and expertise are key inputs to how we create value.

By understanding the diverse demographic profile of the communities we serve, we can better meet the needs and preferences of our customers and their stakeholders.

Our people are also central to implementing our approach to sustainability in our operations and across our projects. Our goal is to provide an inclusive and meaningful employee experience, with our people contributing to impactful environmental and social outcomes in their daily work.

Realising the potential of an integrated workforce

This year we brought together two highly capable workforces through the acquisition of AMP Capital's real estate and infrastructure equity business (AMPC), helping to create a leading real asset manager of scale, that brings unique opportunities for our people, our customers and our investors. Dexus's workforce is similar to the legacy AMP Capital business including complementary portfolios, skills and expertise. Our joint capability enables us to create long-term value for investors and customers, both existing and new. For our people, this is the opportunity to be part of a leading organisation and everything that goes with it.

In the lead up to First Completion of the AMPC transaction in March 2023, we focused our efforts on preparations for the integration of the AMPC business onto the Dexus platform. For our people, this involved a series of spotlight sessions to educate integrating employees on Dexus and preparing our workforce for the onboarding experience. The integration has been supported by cross-functional working teams led by Dexus and AMPC resources to support the design of the foundational elements of our future organisation.

We recognise the uncertainty created because of the delay experienced achieving First Completion of the AMPC transaction, particularly for integrating employees. An unexpected benefit of this delay has been the ability for us to invest time in integration preparations and cultural connections. Our Whole of Company Connects conference in November 2022 was attended by the combined workforce across Australia and New Zealand and represented an occasion of unity and celebration.

On First Completion of the AMPC transaction in March 2023, all AMPC employees transferred to Dexus. By May 2023 we had completed the first phase of integration, with key human resources, corporate finance and operating systems transitioned to the Dexus platform. In June 2023, our Sydney employees came together in our new company headquarters at the globally recognised Quay Quarter Tower. This was an exciting milestone for our people and culture. Being co-located in our new workplace has provided a place to connect and collaborate to create great outcomes for our investors, customers and communities.

Addressing change in our business

The integration represents a transformational change for Dexus as a business. Recognising this, we launched a change leadership program for all executives, people managers and 'integration champions' to help them lead through the change. The six-month program included presentations from external subject matter experts and enabled leaders to consider the human aspects of change.

Throughout the integration, we checked in with our employees through a series of integration employee surveys. These surveys provided management with further insights into the impact of the integration on employee experience.

Board Focus

The Board People & Remuneration Committee oversees all aspects of human resource management as well as Director and Executive remuneration. In FY23 the Board was involved in overseeing the AMP Integration process.

For further details on the key focus areas during FY23, refer to the Remuneration Report starting on page 82 or the 2023 Corporate Governance Statement available at www.dexus.com

People and capabilities continued

Delivering FY23 Thriving People commitments

FY23 commitment	Status	FY23 progress
Target an employee engagement score at or above 70% at the end of FY23.	●	The average overall engagement score in FY23 was 70%, in line with the target of at or above 70%. Scores varied across the survey questions, with 90% of employees indicating a strong understanding of the impact of their roles on the customer and investor experience.
Achieve 40:40:20 gender representation in senior and executive management roles by FY25.	●	Dexus progressed towards its 40:40:20 target with 38% female representation across senior and executive management roles at 30 June 2023, a 2% increase in representation since 30 June 2022.

Focus area

Enhancing our approach to employee wellbeing, including education and benefits.	Wellbeing remained a focus in FY23, with Safe and Well benefits and training continuing to be delivered to Dexus employees.
Increasing workforce diversity and a culture of inclusion, including setting targets beyond gender.	Dexus was again recognised as a Bronze Employer by Pride in Diversity's Australian Workplace Equality Index. In response to the demographic profile of the Dexus workforce changing with the integration, new targets will be set in FY24.

● Achieved ○ Not achieved ● Progressed

Evolving our culture

Our culture is critical to the foundation of our operating model. The AMPC transaction significantly changed our workforce size and profile and highlighted the need for cultural alignment to support the successful integration and delivery of the business strategy.

This year, we undertook an approach to define our aspirational culture and have launched a new purpose, set of values and employee value proposition. This incorporated top-down and bottom-up insights to bring the desired future cultural qualities to life through the articulation of target mindsets and behaviours. (Refer to page 14 for more information on our purpose and values).

The insights gained from consultation with employees and senior executives across our combined workforce includes the importance of diversity of thought, as well as recognition and respect for the unique value everyone contributes to the Dexus purpose. Commencing in early FY24, our new purpose and culture will be activated to further enable the inclusive behaviours we desire and reinforce our commitment to the 'culture' pillar in the Diversity Equity and Inclusion strategy. Our focus for FY24 is to embed our evolved culture throughout the year.

Building strength and resilience through diverse thinking

Our approach to inclusion and diversity allows us to actively encourage different perspectives for better decision-making, as well as build a diverse workforce that reflects our customers and communities.

The integration of new employees into Dexus this year impacted our workforce profile, including gender diversity at all levels. Female representation at senior and executive management roles is 38.3% at 30 June 2023, representing a material increase from the prior year (36%). Dexus is an Employer of Choice for Gender Equality and we remain focused on achieving gender balance at all levels of the organisation, including our senior leadership and Board in the medium and long term.

The Dexus Board takes an active role in understanding and building organisational culture. One of the business touchpoints is the Director listening sessions series. In 2023, Directors led roundtable sessions with employees, enabling them to gain insights into employees' views on a range of topics, including gender-specific issues and other factors that were important to employees in attracting, engaging and retaining talent.

Further supporting our commitment to enhance gender diversity within the property sector, we participate in the Property Council of Australia's Girls in Property Program. This program is an industry partnership that aims to raise awareness among high school students of the various career paths available across the property industry, ultimately encouraging greater female participation. Our own Future Leaders in Property Program (FLIP) remains an impactful program and provides opportunities for mentoring of female school students on the many pathways in property. Further details are available at www.dexus.com/casestudies.

Ensuring the safety and wellbeing of our people

Our Safe & Well employee health and wellness framework focuses on the pillars of mental, physical, financial, and work wellbeing as the key to a thriving workforce.

We continue to support our employees with young families and other caring responsibilities. Just under half of our people are parents or guardians of a child aged between 0–17, or act as a carer for someone. Our parental leave policy entitlements support families by providing inclusive parental leave assistance for employees.

Our people have responded well to our hybrid work approach and leave policies. At 30 June 2023, 72% of our people feel their manager supports a combination of work and care.

In recognition of our commitment to LGBTQ+ inclusion, in July 2023 Dexus was recognised as a Bronze Employer by Pride in Diversity's (PiD) Australian Workplace Equality Index for the third consecutive year. Led by our LGBTQ+ employee network TRIBE, we continued to raise awareness and celebrate LGBTQ+ inclusion across our workforce and customer community, while working on initiatives including gender neutral bathrooms. Further details are available at www.dexus.com/casestudies.

Through our partnership with PiD, we sponsored the development of an eLearning module called Foundations of LGBTQ+ inclusion. In February, the module was launched to all employees, and accompanied by a donation drive for Wear it Purple, with \$8,000 donated as at 30 June 2023.

Working with Aboriginal and Torres Strait Islander peoples

The implementation of Dexus's Reconciliation Action Plan (RAP) is an important early step in our contribution to Australia's reconciliation journey with Aboriginal and Torres Strait Islander peoples. The Dexus RAP was launched in March 2022 and since then we have been undertaking activities to support its delivery.

We have continued to build awareness and understanding across employees. The cultural awareness training was designed in partnership with PwC Indigenous Consulting Pty Limited with 89% of employees participating in the training as at 30 June 2023.

The referendum on an Aboriginal and Torres Strait Islander Voice is a prominent issue for all Australians regardless of their background. We acknowledge the importance of the referendum and are focused on supporting our people to have access to information about the referendum and the proposed recognition of Aboriginal and Torres Strait Islander Peoples in the constitution. To raise awareness, we held an all-employee webinar hosted by the Dexus RAP Working Group, where Dexus Directors, Penny Bingham-Hall and Nicola Roxon answered questions. They were joined by a trusted advisor from PwC Indigenous Consulting Pty Ltd to reflect on the referendum and its potential impacts.

We took further opportunities to raise awareness on the referendum during National Reconciliation Week. Aligning with this year's theme of 'Be a Voice for Generations', we celebrated National Reconciliation Week through shared information and learning opportunities, encouraging employee engagement to Listen, Act and Learn about the upcoming referendum.

This year's theme 'For our Elders' for NAIDOC Week recognised the prominent place Elders continue to hold in Aboriginal and Torres Strait Islander communities and families. NAIDOC Week was celebrated across our properties through a range of customer activations. At Indooroopilly Shopping Centre, local Indigenous artist Matt Robert was commissioned to create the artwork *Ngalin Ayeye (Our Yarn)*, narrating the connection of the lands on the site of the shopping centre and surrounding areas to the local Aboriginal and Torres Strait Islander people. The artwork has been incorporated in tenancy fit out hoardings at the centre to communicate the story to centre visitors.

In recognition of our commitment to LGBTQ+ inclusion, in July 2023 Dexus was recognised as a Bronze Employer by Pride in Diversity's Australian Workplace Equality Index for the third consecutive year.

People and capabilities continued

We recognise the value of taking our time to build a strong foundation of reconciliation action. We acknowledge that AMP was further advanced in their reconciliation journey through their Innovate RAP and as a result, the AMPC business as a subsidiary was more advanced in their reconciliation journey. The integration of AMPC and the changing face of our business has prompted us to extend the delivery of some actions within Dexus's RAP to enable appropriate consideration and care to be applied. We are taking the opportunity to engage with Reconciliation Australia to re-align our approach.

More information on our Reflect Reconciliation Action Plan is publicly available at www.dexus.com.

Investing in our people to foster an engaged workforce

An engaged workforce is critical to delivering on our strategy. Listening to our people and curating inspiring workspaces and experiences will help motivate our people to deliver on our new purpose "unlock potential, create tomorrow".

The average overall engagement score in FY23 was 70% in line with FY22.

The engagement survey was held around the time of the first completion of the AMPC transaction, and too early for many transitioning employees to comment on their overall employee experience.

Engagement surveys conducted in FY24 will capture the employee engagement for the integrated team. We will continue to engage with our people in building our new culture and improving our engagement scores over time.

We will continue to use the feedback and insights from our engagement surveys to inform further action. This includes incorporating our new values into the behaviours and mindset that has been developed for our integrated organisation and continuing to actively support internal career planning, development and learning opportunities for our people.

Our Lead @ Dexus is a program designed to instil self-awareness, motivation and strategies required for our people to improve their leadership skills. In FY23, we progressed our commitment to roll out the program to all people managers and new and emerging leaders, with 54% of people managers participating in the program as at 30 June 2023.

We also extended our internal learning program to include Grow @ Dexus, a program that provides inclusive development opportunities for all employees.



At 30 June 2023, 43% of employees have attended the program. The program was launched following feedback received in regular engagement surveys and has included topics related to sustainability and ESG megatrends, and personal branding and executive presence.

Our hybrid working model is driven by work requirements, empowering our people to make decisions about work time and location. Our engagement survey results reported 92% of employees agreeing their manager supported flexible working and 83% of employees stating that they have found effective ways to collaborate as a team while working flexibly.

While flexibility is a key element of our hybrid working model, we recognise the role our workplace continues to play in collaboration, learning and culture. The integration provided the opportunity to further standardise our workplace environments across Australia and New Zealand to ensure everyone has an equally engaging experience while working in the office or remotely. A valuable tool is a new desk booking app developed through internal collaboration across business units that helps teams to co-locate and colleagues to easily find each other.

Strengthening and aligning our approach to risk management

Our vision is to achieve a workplace where our people and communities care for each other, everyone goes home safe and well and the environment is preserved, in the successful operation of our business. During the year comprehensive Work, Health, Safety & Environment training programs were diligently delivered across all departments, ensuring our workforce remains equipped with the necessary knowledge and skills to maintain a safe and well work environment. We believe that investing in Work, Health, Safety & Environment training is essential in fostering a culture of safety and operational excellence.

To further upskill our people on current risk-related matters, we also partnered external specialists including the Pink Elephants Support Network, Parents at Work, Wear it Purple, MinterEllison and FM Global to host webinars throughout the year and delivered Directors and Officers WHS due diligence training.

Every quarter at our all-staff town hall events, we celebrate safe work practices with our Safety Awards. An example of the recognition we awarded this year includes the exceptional response to a code blue medical emergency by our Willows Shopping Centre management team, and a partnership established with Mates in Construction, delivering suicide awareness training sessions at multiple industrial development sites.

Our comprehensive workplace health and safety program was re-certified this year under ISO 45001:2018, confirming our continued and comprehensive monitoring of health and safety for our employees and workplaces. We engaged external consultants KPMG to conduct an internal audit of our Wellbeing practices, with action items to be rolled out during FY24.



FY24 Commitments

Continued commitment to gender equity and progress against our gender diversity targets including to achievement of gender balance (40:40:20) in senior management and executive roles by FY25.

Focus areas

Enhancing our approach to employee wellbeing, including education and benefits.

Embed the new values and behaviours into business operations and ways of working.

We create long-term value by supporting the success of our customers, the strength of our local communities and the capabilities of our suppliers.



How we are creating Future Enabled Customers and Strong Communities

+40

Customer Net Promoter Score

6,763

Customers

>\$0.6m

Value of community contribution

The spaces we create and experiences we provide enable us to positively impact our customers, communities and suppliers. We also aim to extend our positive impact through influencing the sustainability practices of our supply chain partners.

Customers

We create workplaces with customer productivity in mind and offer a range of supporting products and services that are aimed at enhancing the customer experience and support their wellbeing. Our focus is on delivering 'simple and easy' experiences and reducing the pain points for customers.

Each year we survey our customers to get feedback on our people and properties, and to better understand their evolving business needs. Our Customer Net Promoter Score of +40 indicates Dexus is effectively supporting and helping our customers across our portfolio.

Supporting customer wellbeing with healthy buildings

There is a growing emphasis on wellbeing and how the built environment plays a pivotal role in people's health and safety. We measure the operational performance of our assets via the NABERS Indoor Environment rating tool. This is a well-established program utilised by asset owners nationally to benchmark indoor environment quality across property portfolios.

+40

Customer Net Promoter Score

This year, we achieved a group office portfolio weighted-average NABERS Indoor Environment rating of 4.8 Stars in line with our 5 Star target by FY25. Notable highlights include four of our office assets achieving a 6 Star rating (*Market leading performance*) and 11 of our office assets achieving a 5.5 Star rating (*Excellent performance*).

In addition, last year, we nominated 45 Dexus owned and managed office assets to undertake the Health and Safety Rating as part of the International WELL Building Institute's Building Standards. This is an evidence-based standard that supports the health and wellbeing of our customers. All the office assets submitted for a WELL Health and Safety rating were certified, with 39 assets remaining under Dexus ownership following divestments throughout the year. WELL certification has enabled us to define what healthier buildings look like and demonstrate the customer benefits with well documented and evidence-based health and wellbeing outcomes.

As well as pursuing the highest standards in our existing assets, we are integrating WELL ratings into the design of Waterfront Brisbane and Atlassian Central, Sydney. These leading projects commenced construction this year and are committed to delivering WELL certifications.

Board Focus

Our customers and communities are a focus area for the Board. In FY23 the Board was involved in:

- Reviewing and discussing the annual customer survey results and associated actions
- Reviewing customer complaints
- Overseeing healthy buildings' initiatives, including system upgrades and technology pilots
- Discussing actions to prevent modern slavery and overseeing supplier engagement on modern slavery risk
- Overseeing RAP commitments

Customers and communities continued

Delivering FY23 Future Enabled Customers and Strong Communities commitments

FY23 commitment	Status	FY23 progress
Maintain a Customer Net Promoter Score for the portfolio at or above +40.	●	Our Customer Net Promoter Score of +40 indicates Dexus is effectively supporting our customers across our portfolio.
Harness technology and innovation to improve customer experience in FY23 by progressing advanced indoor air quality filtration and mobile access control customer offerings.	○	Trialled bipolar ionisation to enhance indoor air quality however this yielded limited commercial benefits above the high levels of existing indoor environment quality. We progressed future readiness for the rollout of mobile access for our customers, driven by the need for a standardised approach to mobile access and wallet features.
Advise customers on nature and effective implementation of hybrid work practices by completing a workplace research project in FY23 and developing five tailored workplace strategies.	●	Completed our research project on hybrid collaboration and completed tailored workplace strategies for a range of clients including CSIRO, University of Melbourne, City of Whitehorse, Curtin University and the National Archives of Australia.
Continue to support customer wellbeing by delivering initiatives such as a WELL health and safety portfolio certification.	●	Certified 45 Dexus owned and managed office assets with a WELL Health & Safety rating, with 39 of these assets remaining under Dexus ownership.
Implement EcoVadis supplier verification across preferred suppliers, targeting coverage of 80% of preferred supplier spend engaged on the platform by FY24.	●	Assessed 68 suppliers, relating to approximately 63% of preferred supplier operational expenditure.
Focus area		
Progressing the implementation of our Reflect RAP.		Progressed against all 13 activities set out in our Reflect RAP. We are engaging with Reconciliation Australia to realign our approach for the next iteration of Dexus's RAP.
Delivering supply chain engagement and risk assessment activities across Tier 1 suppliers and beyond.		Key Tier 2 subcontractors identified with attestations provided against Dexus's Sustainable Procurement policy and Supplier Code of Conduct. Trial of EcoVadis IQ Supplier ESG risk assessment platform undertaken.
Delivering anti-modern slavery initiatives including a pilot audit against the Cleaning Accountability Framework.		Completed Modern Slavery Pilot CAF Audit of Cleaning Supplier. Anti-Modern Slavery Posters updated on all Dexus managed assets, and Anti-Modern Slavery training included in Supplier inductions and Spot Checks.
<div> ● Achieved ○ Not achieved ● Progressed </div>		

Smart building technology

We are investing in smart building technology solutions to create data driven insights to enhance the customer's experience and promote productive working environments.

This year, our primary focus has been our data strategy for assets. Our standardised approach supports greater access and engagement with real time energy and environmental data from our buildings in a secure and structured format.

It also enables successful partnerships between our asset teams, contractors and the customers they serve.

By taking ownership of this data, and through low-cost solutions we are able to gain direct insights into our operations, which in turn drive improved value for us and our customers. This initiative will enable data driven maintenance programs, including reduced HVAC and BMS contractor costs, and reductions in reactive maintenance costs, as we have already seen from our integrating assets.

For our developments, we implemented a smart buildings delivery strategy and model to build transparency around minimum standards for technology requirements and data infrastructure. This approach means challenges relating to technology compatibility and future-proofing can be addressed. This new process has identified both financial and operational benefits for our Waterfront Brisbane project.

Supply chain

Our approach to collaborating with our suppliers recognises that our supply chain is an extension of our business and forms part of our social licence to operate.

Our capacity to create value depends on understanding and influencing our suppliers of products and services. Investors and customers also increasingly expect us to monitor, measure and manage ESG factors in our supply chain.

Supply chain monitoring and relationship management

Dexus is responsible for ensuring that standards relating to people, environment and communities are maintained and continuously improved throughout our supply chain.

We recognise the central role that suppliers play in optimising asset performance, managing risk and delivering customer amenity. As a result, we are focused on collaborating with our suppliers to improve sustainability outcomes.

This year, we commenced a partnership with EcoVadis to deploy their global supplier sustainability ratings methodology across our preferred suppliers. EcoVadis's enables us to proactively identify risks and opportunities within our supply chain via evidenced-based supplier scorecards.

Suppliers also benefit from access to academy training materials that support their continuous improvement. Topics include Environmental, Labour & Human Rights, Ethics and Sustainable Procurement impacts.

In its first year of adoption, 68 suppliers were assessed by EcoVadis which relates to approximately 63% of preferred supplier operational expenditure across the Dexus platform. As part of this process, strategic suppliers with higher ESG risks have been prioritised including areas such as cleaning, security, property management and construction.

The findings to date have demonstrated that our preferred suppliers are outperforming the EcoVadis benchmarks across all areas that were benchmarked. Benchmarking results also showed 70% of assessed suppliers have the ISO 14001 certified Environmental Management System and 95% have implemented policies regarding diversity, equity and inclusion.

Leveraging the supplier scorecards to enhance engagement with suppliers on their areas of strength and areas of improvement provides an external reference point of the effectiveness of our procurement and supply chain management program.

We continue to engage with our priority suppliers on scope, process and pricing, and have introduced new KPIs for FY24 with more ambitious ESG targets. This engagement on ESG is strengthening our supplier relationships and we will continue to extend this program in FY24 to other suppliers across the business.

We continued to deliver our RAP commitments creating procurement opportunities for indigenous owned and operated businesses. This year we engaged ARA Indigenous Services as part of a competitive tender exercise for cleaning services in Industrial and health assets in NSW, QLD and VIC.

ARA Indigenous Services is creating community impact by supporting Indigenous youth through work placement opportunities, social procurement initiatives and educational opportunities.

Throughout the year, we utilised our on-site Contractor Work Health Safety sign-in system to engage directly with our suppliers' employees that attend Dexus properties.

Integrating with the sign-in system has helped us to engage with more third-party contractors and has provided them the opportunity to 'give their voice' to matters they might observe within the supply chain, such as human rights issues. This widespread approach helps us validate representations from suppliers through their annual attestation of compliance with the Dexus Sustainable Procurement Policy and Supplier Code of Conduct. It also provides a way for third party contract workers to reach out for assistance if required.

There is a strong correlation with Dexus's preferred suppliers to those suppliers integrating from AMPC. This has shown us that there is good alignment between tendering processes and we have been able to leverage existing relationships to harmonise, build and maintain continuity across the platform. Divergences in suppliers have given us the opportunity to evaluate different providers offering similar services which will assist us in future procurement rounds. In FY24 our focus will shift to rationalising suppliers, and aligning contracts with a view to a balanced platform of preferred, key and critical suppliers assessed against key elements of our sustainable procurement policy.

Learn more

More information on our Modern Slavery Management Framework is available in our 2022 Modern Slavery Statement available at www.dexus.com. Our 2023 Modern Slavery Statement will be available in December 2023.



Customers and communities continued

Communities

>\$0.6m

contributed to communities
across Australia

592 hours

of employee volunteering

\$7.7m

spent with Supply Nation Certified
or Registered Companies

**Our ability to create value
and maintain a social
license to operate hinges
on successfully engaging
local communities in and
around our properties.**

Leveraging development projects to support our communities

With 6,763 customers across our real estate platform, investment in important community enhancing infrastructure and a transformative development pipeline, we have a growing opportunity to drive positive social change.

We are proud to have brought Australia's oldest theatre institution back to life with the launch of Theatre Royal Sydney at 25 Martin Place. As part of a vibrant new precinct, the rejuvenated Lyric theatre is attracting a range of new shows to Sydney, providing a boost for the economy and extending night-time entertainment options for the community.

More information on this development can be found at www.dexus.com/casestudies

Promoting reconciliation across our operations and communities

As a leading Australian real estate owners and managers, we have a unique opportunity to promote reconciliation across our operations and communities. In our Reflect RAP we have committed to improving our processes and approach to empower Aboriginal and Torres Strait Islander peoples.

At our Waterfront Brisbane project, we engaged Blaklash as First Nations Design Consultant in a cultural visioning capacity. Blaklash's engagement has focused on opportunities to Design with Country to ensure culturally relevant and integrated placemaking strategies are expressed throughout the development. Given the scale of the project, it is anticipated that further works will be required to ensure community engagement is undertaken and a co-design process enacted to allow Aboriginal and Torres Strait Islander culture to be represented throughout the built environment at Waterfront Brisbane.

Further information about Dexus's RAP is available at www.dexus.com



Amplifying our social impact through community partnership

This year, we have continued to engage and support our customers in partnership with our various charity partners.

Our partnership with the Black Dog Institute is focused on their vision to create a mentally healthier world. Our partnership has enabled the promotion of the Black Dog Institute's programs and content across our customer base through lift screens, events and wider communications, all with the aim of helping to reduce the stigma and support mental health in the workplace. The programs included the NSW Government initiative for free mental health training for businesses with less than 200 employees and the MyCompass online self-help program.

Dexus's ongoing partnership with Planet Ark gives our customers access to several opt-in programs to support their own recycling initiatives, such as Batteries 4 Planet Ark and BusinessRecycling Planet Ark. This year, we promoted their Seedling Bank and National Tree Day, to amplify their message.

Across our retail centres, our focus was on serving our communities and localising activations to create compelling experiences within our spaces. Our activations throughout FY23 included the Adopt-a-pet initiative at Willows Shopping Centre where half of the revenue was returned to a pet rehoming not-for-profit; and a ticketed dinner event at Casula Shopping Centre to celebrate Eid al-Fitr and the end of Ramadan.

This year, our employees took part in community volunteering events across Australia including the Eat Up Australia Sandwich challenge, Cerebral Palsy Alliance's STEPtember and Christmas present wrapping, and the Balmoral Swim where our sponsorship raised funds for the Children's Cancer Institute.

Over the year we contributed over \$637,800 million financially and in-kind to communities across Australia through initiatives such as:

- Flower auctions: Each week properties across our portfolio auction the decorative flowers in our lobbies rather than sending them to landfill, resulting in over \$70,000 being donated to our charity partners this year
- STEPtember: A great way for building communities to collaborate in a fitness challenge, while raising money for our charity partner Cerebral Palsy Alliance. Over 510 Dexus customers and employees participated in the challenge, raising over \$66,000

- Black Dog Institute: Dexus donated a total of \$27,000 to the Black Dog Institute from customer engagement activities and NAIDOC week events
- Planet Ark: Dexus donated \$18,000 of the funds raised from its weekly flower auctions to Planet Ark during FY23
- Food Bank: Every December, in the lead up to Christmas, Dexus supports Foodbank who work with front line charities to feed vulnerable Australians. Non-perishable goods and donations are collected, with customers and staff donating over 870kgs of non-perishable items and raising over \$6,600 in monetary donations. This equates to over 14,000 meals for people in need

More information on our community partnership events and initiatives can be found at www.dexus.com/casestudies



FY24 Commitments

Maintain a customer net promoter score for the portfolio at or above +40.

Continue to implement EcoVadis supplier verification across preferred suppliers, targeting coverage of 80% of preferred supplier spend engaged on the platform by FY24.

Focus areas

Continue to progress the delivery of our Reflect RAP and set the next Dexus RAP.

Develop a revised community investment approach as part of the Enhancing Communities priority area in the new Dexus Sustainability Strategy.

Our capacity to create value depends on our ability to develop and manage assets which have a positive impact on the health of both people and the natural environment.



How we are creating
an Enriched Environment

4.9 stars

NABERS Energy average
rating across our group
office portfolio

4.5 stars

NABERS Water average
rating across our
group office portfolio

3.3 stars

NABERS Waste average
rating across our
group office portfolio

4.8 stars

NABERS Indoor
Environment average
rating across our
group office portfolio

Our Environment objective recognises the central role the built environment must play in responding to climate change. In a rapidly changing physical environment, the efficient use of natural resources is a crucial element in building resilience to environmental risks in the locations where we operate. We also aim to demonstrate leadership in the transition to a low carbon economy, with our operations and managed real estate assets operating on a net zero basis.

Decarbonising our value chain

Maintaining a low carbon portfolio remains a top priority for Dexus and we have continued to work with the operations and managed real estate portfolio to maintain net zero emissions in operations across each asset while looking upstream and downstream for opportunities to decarbonise our value chain.

In March 2023, Dexus was awarded Climate Active carbon neutral certification across its management operations and managed portfolio for the FY22 period.

However, our portfolio has evolved and this year our priority has been to integrate the AMP Capital portfolio. We have worked closely with the funds that have joined the platform this year together with their co-owners to accelerate their commitments to net zero emissions, to deliver positive climate action at scale and proactively respond to increasing investor and customer demand for low carbon real estate to invest in or occupy.

Through this advocacy and action, Dexus has maintained net zero emissions for its entire managed real estate portfolio, including the incoming AMP Capital assets across Australia and New Zealand from their day of transition.

Reducing our own emissions is only part of our journey towards positive climate action, and we continue to look ahead at the emerging challenges and opportunities across a new, broader value chain encompassed by our expanded platform.

Looking towards 2030 and beyond, the following areas are being explored across our value chain:

- Operational emissions: continuing to seek ways to reduce emissions across the portfolio through optimising asset performance, leveraging new technology partnerships to transition away from fossil fuels and decarbonising our supply chains, ultimately reducing the purchase of offsets
- Upfront emissions: tackling the embodied emissions within materials and during the construction process by leveraging learnings from exemplar live projects such as Atlassian Central, Sydney
- Downstream tenancy emissions: supporting our customers with their own emissions journey through insights and solutions towards smarter workspaces, low carbon fit outs, minimising material waste and sourcing renewable electricity
- Financed emissions: collaborating with investors to access sustainable finance linked to delivering on decarbonisation goals, including through the infrastructure assets we invest in that will support the energy transition
- Investing in nature: continuing to invest in accredited offset projects in line with our needs, with a view to prioritise domestic carbon removal projects that seek to provide biodiversity and social benefits, with the option to progress our own projects

Board Focus

Environmental sustainability is a focus area for the Board and Board ESG Committee. In FY23, the Board and Board ESG Committee were involved in:

- Overseeing the maintenance of Dexus's net zero commitment and transition to net zero emissions
- Overseeing progress on Dexus's approach to climate resilience
- Overseeing Dexus's waste target to deliver a NABERS Waste 4 star office portfolio average rating by FY25
- Reviewing the Dexus Sustainability Strategy
- Overseeing Dexus's target to deliver a 10% reduction in energy and water intensity across its group office portfolio by FY25 against a 2019 baseline

Environment continued

Delivering FY23 Enhanced Environment commitments

FY23 commitment	Status	FY23 progress
Ongoing commitment to reduce energy intensity by 10% across the managed office portfolio by FY25 against a 2019 baseline.	●	Office energy intensity rose by 6.4% year-on-year and remains 9.5% below the 2019 baseline.
Ongoing commitment to reduce water intensity by 10% across the managed office portfolio by FY25 against a 2019 baseline.	●	Office water intensity rose by 30.8% year-on-year and remains 34.6% below the 2019 baseline.
Ongoing commitment to deliver an average 5 star NABERS Indoor Environment rating across the group office portfolio by FY25, delivering initiatives to enhance occupant health and wellbeing.	●	Achieved a 4.8 star portfolio average NABERS Indoor Environment rating measured across 84% of our office portfolio in FY23.
Ongoing commitment to achieve an average 4 star NABERS waste rating by FY25 across the group office portfolio.	●	Improved our rating to 3.3 stars across 79% of the portfolio as at 30 June 2023, in response to active waste program management and factoring in greater physical occupancy.

Focus area

Looking beyond net zero to amplify impact across our value chain including our 1.5 degree decarbonisation journey and 2030 Science Based Target trajectories.

Dexus worked closely with the real estate funds that have joined the platform this year to accelerate their commitment to net zero emissions. We also supported our customers to decarbonise their tenancy through programs including our rooftop solar program and GreenPower Buyer Group.

Aim to source 100% of electricity from renewable sources by 2030 across the group's managed portfolio in the longer-term as a RE100 signatory.

Continued exploration through AMP Capital assets renewable energy purchasing and advancing uptake of solar and electrification.

● Achieved ○ Not achieved ● Progressed



Dexus is a signatory to RE100 and has been purchasing renewable electricity in the form of GreenPower since 2008 in line with our own targets for sourcing 100% renewable electricity and achieving net-zero emissions.

Reducing financed emissions

This year, Dexus has supported a third-party capital investor in Dexus-managed Joint Venture to establish a green debt facility for the capital partner which incorporates performance incentives linked to the delivery of sustainability target outcomes across the fund.

Powered by renewable electricity

Dexus is a signatory to RE100 and has been purchasing renewable electricity in the form of GreenPower since 2008 in line with our own targets for sourcing 100% renewable electricity and achieving net-zero emissions.

Sourcing of renewable energy through a combination of on-site renewable energy installations and purchasing off-site renewable energy sources, is embedded as standard within our energy tendering process.

For incoming assets to the platform, AMP Capital established renewable electricity supply agreements (for its east coast assets) with CS Energy in Queensland, Red Energy in NSW/ACT and SmartestEnergy in Victoria, which sees them transition to 100% clean energy from January 2023.

The new agreements cover 20 major real estate assets that were managed by AMP Capital when the agreements were finalised in late 2022. These new supply contracts establish a long term renewable energy offtake arrangement at preferential rates compared to the current market, which was achieved through leveraging the portfolio size and having a well-timed market engagement. As importantly, switching to 100% renewable electricity is a critical step in transitioning to net-zero emissions and Dexus has applied its approach to balance other emissions from fossil fuels and water, waste generated from operations and air conditioning refrigerants through investment in accredited carbon credit units.

Supporting our customers to increase renewable energy uptake

Dexus's primary downstream Scope 3 emissions are from customers' tenancy electricity, and we recognise the role we play in decarbonising our value chain.

This year we saw increased interest from customers looking to take action to reduce their carbon footprint. We welcomed new members to our GreenPower Buyers Group program, which brings together like-minded customers with strong greenhouse gas emission reduction goals to collectively purchase renewable electricity for their premises. Dexus initiated the group in 2021, with the goal to support customers within Dexus buildings to overcome the challenge of sourcing renewable electricity for their tenancy and to help make the process straightforward and lower cost by working together. The program is available to Dexus customers receiving electricity via our embedded network, with Dexus leveraging its scale to purchase renewable electricity in the form of accredited GreenPower.

Since commencing the buying group members have collectively purchased over 1,600 megawatt-hours of renewable electricity and avoided over 1,000 tonnes of greenhouse gas emissions.

Dexus continues to seek opportunities to increase renewable energy generation, and this year we expanded our rooftop solar program across industrial properties to support customers to increase their renewable energy uptake and lower their carbon emissions.

The Horizon 3023 Estate at Ravenhall in Victoria is a leading example of this partnership where Dexus has worked with Scalzo, Amazon, Nike and HelloFresh to deploy over 4.43MW. 31% of the group industrial portfolio has rooftop solar PV.

Exploring on electrification

As we look beyond net zero towards a fossil fuel free economy, we are exploring options to electrify our portfolio.

We completed our first major electrification project at GP Plus Healthcare Centre in Adelaide, which undertook a retrofit of its gas-powered air conditioning system with all electric air conditioning units, in combination with a rooftop solar array. The new, all-electric air conditioning will eliminate the release of direct greenhouse gas emissions and will improve the system's reliability, while the solar provides the added benefit of powering the system from cost-effective, renewable electricity generated on-site.

Our key office developments at Waterfront Brisbane, Atlassian Sydney, and our uncommitted projects at Central Place in Sydney and 60 Collins Street in Melbourne are being designed to operate all electric.

Dexus continues to evaluate the feasibility of electrifying its buildings, despite the technical challenges that currently exist.

Valuing resources and materials

Efficient use of resources and appropriate stewardship of materials remains an ongoing priority, helping to conserve natural resources while benefiting customers through lower occupancy costs.

This year we have seen a gradual return by workers to cities and offices as the disruptive impacts and social distancing stemming from the COVID pandemic recedes. Overall our office properties have maintained their NABERS Energy ratings despite increasing physical occupancy, and our office portfolio has achieved a 9.5% reduction in energy intensity in FY23 versus our 2019 baseline. Water intensity is higher this year compared to FY22 in response to greater physical occupancy, yet it remains well below our 2019 baseline, with a 34.6% reduction since 2019.

We continue to invest in fault detection analytics to optimise building operations on a daily basis, and this approach is also well established across the incoming AMP Capital assets. We are preparing to further embed analytics and data driven maintenance within upcoming mechanical works, which will be supported by a new, centralised approach. This will standardise, simplify and reduce the cost of bringing together building metrics, as well as positioning Dexu at the centre of our building data ecosystem.

While we remain on track to meet our FY25 energy and water efficiency targets, yet we acknowledge that our managed office portfolio has seen significant changes to its composition since these targets were established. In view of these organic changes, together with the addition of the new AMP Capital assets, in the coming year we will review and update these commitments.

Optimising waste management practices and embracing the circular economy creates important collaboration opportunities with our customers. Taking action to maintain the value of materials by extending their life, using, or recycling them helps protect our natural environment by reducing our reliance on raw materials and the need for waste management services.

This year we made progress towards our FY25 4 star NABERS waste targets, with 16 properties recording gains of 0.5 stars or more. By actively engaging with customers and cleaners, we have improved awareness of our waste management system which will help drive improved recycling performance moving forward. Organics has been a key focus for the year, and at the QV precinct in Melbourne, we are partnering with Bardee who are collecting and transforming food waste from the precinct into protein and fertiliser using insects in support of a circular, carbon positive future for agriculture and the built environment.

Building climate and nature resilience

In FY23 we conducted a health check of our climate resilience program to reflect on the progress Dexu has made against its Climate Resilience Strategy to date and its near term objectives, and to prepare for our transition to reporting against the International Sustainability Standards Board reporting guidelines. The external review validated Dexu's sound foundation and robust governance approach and the strong progress we have made on our decarbonisation and risk mitigation activities. As our portfolio evolves and we incorporate infrastructure assets, the review highlighted the potential for strategic transformation by further integrating climate action through financial quantification as well as the opportunity to integrate nature-related impacts.

We aim to deliver a positive impact on biodiversity through enhancing and managing biodiversity outcomes across properties that we develop and operate. In addition to our direct initiatives, we continued to support local and international carbon projects, forest preservation, reforestation and tree planting that deliver carbon reduction and biodiversity co-benefits.

We recognise the importance of the Taskforce for Nature-related Financial Disclosure guidelines and acknowledge the impact we have on nature through our operations and supply chain, and we aim to align our approach to nature with how we address climate resilience.

Dexu's refreshed sustainability strategy incorporates Climate Action as a key priority and in the coming year we will develop the next phase of our new Climate Action Plan.

Enhancing our approach to sustainability within developments and fit outs

Recognising the impacts and opportunities across developments and capital works, during FY23 we progressed a review of our frameworks and standards to enhance how we integrate sustainability into these activities. Standards for developments and fit outs will guide project teams on Dexu's sustainability ambitions across key ESG themes and principles and guide them to incorporate these within their projects through a combination of universal and sector-specific approaches and practices, project deliverables, performance standards and measurement approaches. In developing the standard, Dexu has engaged with internal and external subject matter experts across a wide range of subjects that impact the sustainable delivery of projects including health and wellness, operational and embodied carbon, facilities management, and occupant experience.

Green building certifications

Building certifications are an important tool for us to integrate leading practice into our developments and operation, to benchmark property performance, and to confirm our standing in the market.

Green Star

We have expanded coverage of Green Star performance to 90 properties across the group office, retail, industrial and healthcare assets, including six assets from AMP Capital with a 4 Star portfolio Green Star performance certification maintained across the Dexu group portfolio. The group office portfolio maintained its 5 Star certification.

From a development perspective, Dexu progressed the following ratings:

- Quay Quarter Tower achieved a 6 Star As Built rating (Office v3)
- 33 Alfred Street Sydney received a 6 Star Design Review outcome (Office v3)
- Spring Hill Medical Centre in Brisbane received a 5 Star Design Review outcome (Design and As Built v1.3)
- Heke Rua Archives in Wellington achieved a 5 Star Design review outcome (Design & As Built NZ v1.0)

NABERS

Dexus has a well-established NABERS program to benchmark energy and water performance nationally, using a rating scale from 1 to 6 stars.

The portfolio average NABERS Energy rating for office reduced slightly from 5.0 stars to 4.9 stars. This was influenced by several high performing assets being divested during the year. The portfolio NABERS Water average also reduced from 4.7 stars to 4.5 stars, as increased water use associated with increased physical occupancy has begun to reduce abnormally high water ratings towards pre-COVID levels.

The group's office NABERS Indoor Environment average was 4.8 stars (reducing by 0.1 stars), while overall coverage increased. Dexus remains on track to deliver its FY25 commitment for a 5 star NABERS Indoor Environment portfolio average.

Key highlights from the office portfolio include:

- Kings Square 2 in Perth achieved a 6 star NABERS Energy rating and is one of three Dexus-managed assets that hold a 6 star rating
- Improved NABERS Energy ratings across seven office properties, which was offset by reductions across nine properties
- Recorded NABERS Water improvements across nine assets including 480 Queen Street in Brisbane, Australia Square Tower, Sydney and 100 Mount Street, North Sydney each recording half-star improvements. These were offset by decreases across several assets due to increased water use
- Four properties including Kings Square 2, Capital Square and 240 St Georges Terrace in Perth each achieved the maximum 6 star NABERS Indoor Environment rating, demonstrating best practice indoor environment conditions
- Eleven properties have achieved NABERS Waste ratings of 4 stars or higher, with standout performers 360 Collins Street in Melbourne and Capital Square in Perth both achieving 5 stars

NABERS portfolio averages (stars)

Asset type	Energy	Water	Waste	Indoor Environment
Group office	4.9	4.5	3.3 79% coverage	4.8 84% coverage
Group retail	4.6	3.5		



FY24 Commitments

Reduce energy intensity by 10% across the managed office portfolio by FY25 against a 2019 baseline.

Reduce water intensity by 10% across the managed office portfolio by FY25 against a 2019 baseline.

Deliver an average 5 star NABERS Indoor Environment rating across the group office portfolio by FY25, delivering initiatives to enhance occupant health and wellbeing.

Achieve an average 4 star NABERS waste rating by FY25 across the group office portfolio.

Focus areas

Looking beyond net zero to amplify impact across our value chain in line with our 1.5 degree decarbonisation journey and 2030 Science Based Target trajectories.

Aim to source 100% of electricity from renewable sources by 2030 across the group's managed portfolio in the longer-term as a RE100 signatory.

Climate-related issues present risks and opportunities across our operations, along with potential strategic opportunities.

Addressing climate-related risks and opportunities contributes to meeting our strategic objectives, and we remain committed to disclosing in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Being a real asset investment manager of choice requires us to understand how both the physical and transitional risks posed by climate change will impact our ability to create and maintain value. Our climate resilience strategy enables us to proactively respond to climate-related risks and opportunities and broadly aligns with the requirements of the TCFD.

Governance

We take a collaborative approach to managing climate-related impacts across the group's operations. Climate change has been incorporated into relevant group policies and procedures to provide guidance to employees and inform all stakeholders of our commitment to managing climate-related issues.

Our corporate governance framework supports a culture that understands the importance of sustainability and ensures that climate-related issues are addressed appropriately at board and management levels:

- The Dexs Board oversees all strategic risks including climate change
- The Board ESG Committee oversees the group's approach to addressing climate-related issues

- The Board Risk Committee oversees the group enterprise risk management practices and key risk register, which includes climate change
- The Group Management Committee has management oversight accountability for Dexs's climate strategy and delivery, with delegated accountability to the Corporate Executive Committee (CEC)
- The Sustainability team oversees the group's management response and reporting, presenting regularly to the CEC and, on a quarterly basis, to the Board ESG Committee on progress against targets, and to the Board as key topics emerge

ESG objectives are integrated into the roles and responsibilities of executives, management and other employees through inclusion in the Group Scorecard. Remuneration is linked to the successful delivery of these objectives through the evaluation of progress against ESG-related commitments and targets within the Scorecard.

Strategy

Climate-related issues present risks and opportunities across our entire operations, along with potential strategic opportunities. To support a comprehensive understanding of climate-related issues, we have incorporated a wide range of scenarios into our climate risk management approach.

Dexs's [Towards Climate Resilience](#) report explains the use of scenario analysis, summarises the identified climate-related risks and opportunities, and explores ways that we can evolve our strategy to enhance the resilience of our operations and meet our strategic objectives.

Our climate resilience strategy responds to a range of climate-related issues that have been identified through our scenario analysis and risk management processes.



The strategy comprises four themes:

1. Reducing our impact through decarbonisation, energy efficiency and renewable energy with the remaining emissions achieved by nature-based offsets. These elements underpinned our achievement in FY22 of net zero emissions for building operations across our group managed portfolio.

We are undertaking a range of programs and initiatives that contribute to reducing our climate impact, including:

- Implementing energy efficiency measures at the asset level
- Activating opportunities for rooftop solar PV across industrial properties
- Entering into Renewable Electricity Supply Agreements (also known as Power Purchase Agreements) across Australia to source renewable Electricity
- Operating a robust waste management system to promote waste recycling
- Consistently achieving 80% materials diversion across office tenancy de-fit projects by repurposing items in other assets across the portfolio, and offering items for free to customers or for sale to outside businesses for a fee or charitable donation

2. Adapting to climate change through addressing physical and transition risks relevant to our properties, people, and operations, and leveraging climate change-related opportunities.

We adopt a risk-based approach to managing climate change resilience which considers assets across acquisition, development and operations stages, and have integrated climate resilience within our Environment Management System, which is certified to ISO 14001:2015. We seek to mitigate climate-related impacts from:

- Direct physical risks to property and infrastructure as a result of extreme weather events such as floods, storms and heatwaves, potentially resulting in significant impacts to operations
- Indirect physical climate risks where climate events disrupt systems upon which an asset relies (e.g. energy supplies, communications, transport), resulting in impacts on both building operations and customers
- Transitional risks such as the potential impacts of technological and market shifts, business model risks and political decision-making on operational goals for both individual properties and the overall Dexu business

3. Influencing our value chain by engaging and working with customers, suppliers and other key stakeholders to reduce climate impacts. We collaborate across our value chain to broaden our positive impact and to enhance climate resilience by:

- Designing a climate responsive precinct at Waterfront Brisbane, which goes beyond being net zero in operation to:
 - Incorporate a passive-façade, electrified design to harness renewable electricity and maximises on-site renewables to reduce grid-demand
 - Include flood resilience initiatives to respond to the threat of rising sea levels and increasing catastrophic weather events
 - Divert over 80% of waste away from landfill by adopting a circular economy approach to waste management
 - Employ responsible construction and environmental management procedures, including sustainable procurement, life cycle impacts optimisation, and minimisation of embodied carbon
- Partnering with Atlassian to deliver their visionary headquarters in Sydney, which includes:
 - A goal to achieve 50% reduction in embodied carbon for structure, superstructure and façades for the 'cradle to gate' phases of the development
 - Operating using 100% renewable electricity
 - All-electric design, eliminating the need for fossil fuels to retail and commercial kitchens
- Partnering with office customers in Queensland and Western Australia to access renewable electricity for their tenancies by trialing a GreenPower buyers group

4. Climate governance to support a culture that understands and appropriately acts on climate-related issues at board and management levels.

We recognise the importance of ensuring effective governance and risk management procedures are implemented to integrate climate risks and opportunities across the group's operations.

Risk management

To ensure climate-related issues are identified and managed in a systematic and timely way, we address climate change in risk assessments conducted in accordance with our Risk Management Framework.

Our climate-related risks are assessed based on an overall risk evaluation informed by likelihood, consequence, and effectiveness of controls.

The Risk team supports the execution of the Group's Risk Management Framework which includes Dexu's risk appetite for ESG, including climate change, and the inclusion of climate as a key risk. The Sustainability team is responsible for strategy and planning to operationalise carbon reduction and climate resilience activities across the group, including regular review of climate-related risks and opportunities through scenario analysis. The Property Operations and Development teams are responsible for applying the Dexu risk management framework and environmental management system to appropriately manage and plan for property-related risks including climate change, with support from the Risk and Sustainability teams.

Addressing physical risk

Since 2011, Dexu has conducted periodic group-wide physical climate risk assessments to determine the magnitude of climate risks across the portfolio. Properties which have been identified as high risk through the portfolio-wide climate risk assessment have site-specific climate risk assessments undertaken to evaluate significant climate-related vulnerabilities and adaptation actions. During the year, we expanded our site-specific climate risk assessments to evaluate, mitigate and manage significant climate-related vulnerabilities and adaptation activities at high-risk properties. A total of six site specific climate risk assessments were carried out across the group in FY23.

The assessment process involves sensitivity analysis and determination of climate risk level based on the inherent risk, with reference to recent and historical natural disaster events and geographical factors, while factoring in climate change projections and data on previous economic losses. Site specific climate risk assessments consist of a site inspection, on-site risk and adaptation assessment workshop and development of a detailed climate risk register for the property.

Management of physical risks at the asset level is undertaken through Dexu's Environmental Management System (EMS), which is certified to ISO 14001:2015. Climate change is listed as an aspect within the EMS, which provides a structured framework for considering physical risk factors, such as higher temperatures, into the day-to-day business activities across the group.

Addressing transition risk

We recognise that to understand how climate change will impact our business model, and build resilience against these impacts, we must evaluate the impact of climate-related transition events on the economy and our customers.

In 2020, we expanded our use of scenario analysis to test how the business could enhance our resilience to climate impacts that extend beyond our individual properties. Scenario analysis enables us to examine possible impacts related to these futures to enhance our preparedness. The outcomes and detailed strategic directions for Dexus from the scenario analysis are detailed in Dexus's report, [Towards Climate Resilience](#). Leveraging our existing climate risk approach and the climate scenario analysis disclosed in our Towards Climate Resilience report, in 2021 we commissioned an economic advisory firm to conduct an economic analysis of the climate-related transition impacts relevant to our customer base over the next 10 years. The economic analysis explored the implications of transition risks to our customer base and the drivers of financial performance relating to specific economic indicators, such as white-collar employment, industry output, interest rates and Consumer Price Index.

The analysis focused on the risk and opportunity to rental income by evaluating how customer sector outlooks are economically impacted based on their exposure to physical and transitional climate impacts. This analysis was undertaken to understand changes in customer demand for space and the economic outlook of all sectors (based on their sectoral impacts to climate change), highlighting which industry sectors are the climate winners and losers, and what is the associated impact on their demand for office space.

The economic modelling aligns with the "Dedication and delivery" and "Delay and disruption" scenarios from Dexus's Towards Climate Resilience report and modelled climate-adjusted changes to the macro economic environment. The climate-adjusted economic analysis is being used to:

- Better understand potential future financial impacts to revenue arising from customer-related transition risks and opportunities
- Integrate into our broader strategy – Identify suitable metrics for ongoing monitoring of climate transition risk
- Indicate a pathway to future climate-related financial disclosures (such as climate-adjusted valuations and integration into the financial statements)

Metrics and targets

We are committed to enhancing operational efficiency across our property portfolio to deliver savings in resource consumption and associated greenhouse gas emissions, and to meet current and future environmental targets. We monitor and report on absolute, like-for-like greenhouse gas emissions and emissions intensity for all properties under our operational control.

In 2019 we set a science based target to achieve a 70% reduction in Scope 1 and 2 emissions by 2030 against our FY18 baseline. This goal is certified by the Science Based Targets initiative as being aligned with a global warming trajectory of under 1.5°C and we have also committed to reducing customer-related emissions by 25% over this timeframe.

Since these goals were set, we have accelerated our approach to achieve net zero Scope 1 and 2 emissions in FY22 and look to maintain this position as our portfolio evolves.

Dexus has pledged to the World Green Building Council's Net Zero Carbon Buildings Commitment and is a member of RE100, the global corporate leadership initiative of businesses committed to 100% renewable energy.

We have set FY25 improvement targets for energy, water and waste which drive continuous improvement over the short to medium term. The table below outlines metrics, goals and targets that we use to measure environmental performance and the related impacts of our performance:

Topic and goals	Metrics and targets	Impact
Energy consumption and greenhouse gas emissions		
Reduce like-for-like portfolio energy use and greenhouse gas emissions and maximise portfolio energy efficiency	<ul style="list-style-type: none"> – Maintain net zero greenhouse gas emissions (t. CO₂-e) across the group-managed portfolio – Reduce energy intensity (MJ/sqm) by 10% across the Group-managed office portfolio by FY25 against a FY19 baseline 	<ul style="list-style-type: none"> – Better utilisation of natural resources – Reduced energy costs – Lower greenhouse gas emissions in buildings – Improved resource efficiency – Manage transition risks
Resource consumption and efficiency		
Target Australian best practice in building energy and water performance	<ul style="list-style-type: none"> – NABERS Energy portfolio star rating – NABERS Water portfolio star rating 	<ul style="list-style-type: none"> – Reduction in use of energy and potable water through better utilisation – Reduced resource management cost
Waste management		
Maximise data collection coverage across office and retail portfolio	<ul style="list-style-type: none"> – NABERS Waste portfolio star rating 	<ul style="list-style-type: none"> – Understanding of Dexus waste management impacts
Increase recycling rate and reduce the percentage of waste sent to landfill across office and retail portfolio	<ul style="list-style-type: none"> – Consistently divert 80% of deficit waste during fit out projects 	<ul style="list-style-type: none"> – Reduced volumes of waste sent to landfill and associated avoided greenhouse gas emissions – Diverted materials available for reuse, repurposing or recycling, reducing reliance on new raw materials – Reducing waste management cost
Biodiversity		
Net positive impact and have integrated biodiversity management within the business	<ul style="list-style-type: none"> – Green Star rating of ecological value/nature credits for new developments – Biodiversity KPIs/SLA in landscaping contract – Investments in 'nature-based' carbon credit offsets 	<ul style="list-style-type: none"> – Protect and promote local ecology, enhancing ecosystem productivity and agriculture, and maintaining ecological diversity

We obtain external assurance over selected sustainability performance data, with progress against environmental targets and other climate metrics being disclosed in the 2023 Sustainability Approach and Data Pack.

TCFD Content Index

The table below provides an index of Dexus's climate-related disclosures in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

TCFD recommendation	Reporting reference
Governance	
Disclose the organisation's governance around climate-related risks and opportunities:	
a) Describe the Board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> – 2023 Annual Report (page 65) – Towards Climate Resilience (page 15)
b) Describe management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> – 2023 Annual Report (pages 65–73) – Towards Climate Resilience (page 15)
Strategy	
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material:	
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	<ul style="list-style-type: none"> – Towards Climate Resilience (pages 19–21) – 2023 Sustainability Approach and Data Pack (pages 51–58)
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	<ul style="list-style-type: none"> – 2023 Annual Report (pages 65–73) – Towards Climate Resilience (pages 9–14, 19–21)
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> – Towards Climate Resilience (pages 4–14) – 2023 Sustainability Approach and Data Pack (pages 51–58)
Risk Management	
Disclose how the organisation identifies, assesses, and manages climate-related risks:	
a) Describe the organisation's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> – 2023 Annual Report (pages 71–72) – Towards Climate Resilience (page 16) – 2023 Management Approaches and Procedures (pages 51–58)
b) Describe the organisation's processes for managing climate-related risks.	<ul style="list-style-type: none"> – 2023 Annual Report (pages 71–72) – Towards Climate Resilience (page 16) – 2023 Sustainability Approach and Data Pack (pages 51–58)
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	<ul style="list-style-type: none"> – 2023 Annual Report (pages 71–72) – Towards Climate Resilience (page 16) – 2023 Sustainability Approach and Data Pack (pages 51–58)
Metrics and Targets	
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material:	
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> – 2023 Annual Report (pages 70–72) – 2023 Sustainability Approach and Data Pack (pages 51–58)
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	– 2023 Sustainability Approach and Data Pack (Data Pack – GHG emissions)
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	<ul style="list-style-type: none"> – 2023 Annual Report (pages 70–72) – 2023 Sustainability Approach and Data Pack (pages 51–58)

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

A high standard of corporate governance is the foundation for the long-term success of the group.

Our Board and Group Management Committee are committed to excellence in corporate governance and aspire to the highest standards of conduct and disclosure. To support this aspiration, we have embedded a framework that enhances corporate performance and protects the interests of all key stakeholders. Our Board believes that a high standard of corporate governance supports:

- A culture of ethical behaviour resulting in an organisation that acts with integrity
- Improved decision-making processes
- Better controls and risk management
- Improved relationships with stakeholders
- Accountability and transparency

We continue to focus on organisational culture by encouraging an environment where our people and stakeholders feel comfortable in raising issues and ensuring our Board and Management are kept informed of incidents that may impact the business.

Our Board and Board delegated committees have overall responsibility for corporate governance and are collectively focused on the long-term success of the group. Areas of specific responsibility include financial performance, setting strategy and overseeing its implementation, providing leadership and direction on workforce culture and values, and agreeing and overseeing the risk framework and risk appetite.

Our Board regularly reviews its corporate governance policies and processes to ensure they are appropriate and meet industry best practice, governance standards and regulatory requirements.

For the 2023 financial year, the group's governance practices complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (fourth edition) and addressed additional aspects of governance which the Board considers important.

Further details are set out in the Corporate Governance Statement, which outlines key aspects of our corporate governance framework and practices, which is available at www.dexus.com/corporategovernance.

Governance for Funds Management

Dexus uses its expertise, scale and knowledge of the Australian real estate and infrastructure markets to create and manage real asset investments for its third-party capital partners and investors.

A high standard of corporate governance is vital for attracting, retaining and reinforcing the confidence of these third party capital partners and investors. Demonstrating this importance, Dexus's unlisted funds have in place a best practice corporate governance model in consultation with their respective investor base. These funds have Responsible Entity Boards that are comprised wholly or predominantly of non-executive directors and are independent of the Dexus Board. In addition, these funds each have Advisory Committees in place comprising Unitholder appointed representatives.

The Responsible Entity Boards are responsible for reviewing and approving recommendations with respect to each Fund's major decisions, including acquisitions, divestments, developments, major capital expenditure and the annual Investment Plan.

Dexus also acknowledges the importance of effective corporate governance practices in relation to its third-party capital partners. Policies are in place to manage conflicts of interest and related party transactions. In managing conflicts of interest, Dexus has established a structure whereby the responsibility for the investment vehicle is separated from the other Funds or investment vehicles involved for which Dexus provides services. The Fund Manager for each Fund or investment vehicle will, at all times, act in the best interests of the Fund or investment vehicle. In addition, staff involved in managing a Fund are dedicated to the funds management business, rather than to other activities.

Dexus also manages two other listed funds, Dexus Convenience Retail REIT and Dexus Industria REIT, and applies many of the same governance arrangements. These funds also benefit from leveraging Dexus's funds and property management expertise to drive growth and performance.

Governing ESG

Our corporate governance framework integrates ESG across the breadth and depth of Dexus. We regularly review and update our policies and procedures to ensure our organisation adapts to shifting risks and opportunities.

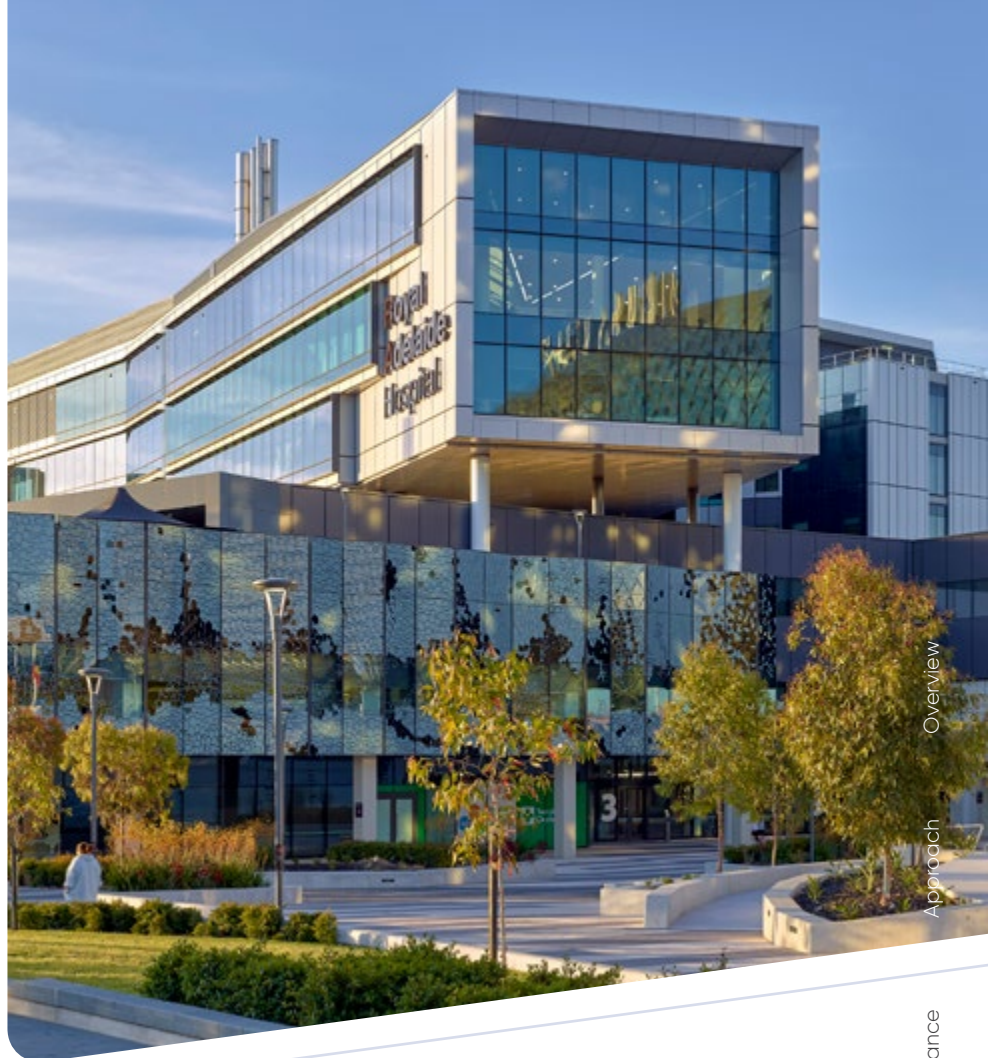
The Board ESG Committee considers material ESG issues relevant to the group and supports the maintenance of our position among the leaders in ESG performance and sustainability impact. The Board ESG Committee supports the Board in:

- Understanding the expectations of our key stakeholders
- Understanding how our ability to create value is impacted by ESG issues
- Monitoring external ESG trends and understanding associated risks and opportunities

The Board ESG Committee meets four times a year and during the year engaged with Dexus management teams on a range of ESG topics, including:

- Engagement on and approval of the Dexus Materiality Assessment and Material Topics
- Review and setting of the new Dexus Sustainability Strategy)
- Engagement on ESG and evolving investor and customer expectations, trends and market context and evolving competitor landscape
- Strengthening ESG in our supply chain through extended supply chain mapping and supplier assessments
- Progressing towards our net zero emissions target
- Renewable energy and energy efficiency initiatives
- Addressing climate risk across the portfolio

Effective 1 June 2023, the Chair of the Dexus Board joined the Board ESG Committee as a committee member.



Sustaining ESG leadership across the Dexus group

Dexus Board

Sets the corporate standard, establishes effective governance, oversees business performance and provides ultimate accountability for the group

Board ESG Committee

Oversees the implementation and management of ESG practices and initiatives throughout Dexus

Corporate Executive Committee

Oversees the implementation and management of ESG practices and initiatives throughout Dexus

Climate Resilience Working Group

Responsible for monitoring climate related risks and opportunities relevant to the group and coordinating climate related management activities.

Anti-Modern Slavery Working Group

Responsible for coordinating the group's approach to identifying, assessing, and addressing modern slavery risk in Dexus operations and supply chain.

Energy Procurement Working Group

Responsible for implementing a group-wide energy procurement approach and coordinating ongoing procurement practices for electricity and natural gas, while integrating a transition to clean energy.

Social Impact Working Group

Responsible for implementing the group's social impact strategy across communities, people, customers and suppliers.

Reconciliation Action Plan Working Group

Responsible for advancing the group's reconciliation journey with Aboriginal and Torres Strait Islander peoples and implementing initiatives aligned to Dexus's Reconciliation Action Plan.

Board of Directors

The Board currently consists of seven Independent Non-Executive Directors and one Executive Director. The Board renewal process over the past several years has produced an experienced Board of Directors with a broad and diverse skill set. Our Board has determined that, along with individual Director performance, openness, trust, integrity, teamwork, emotional intelligence, and diversity are important attributes to a well-functioning board. We also acknowledge that an effective Board relies on board members with different tenures.

The members of the Board of Directors and the relevant business and management experience the Directors bring to the Board is detailed on pages 78–81 and available at www.dexus.com.

Board skills and experience

Our Board has determined the skills, expertise and experience required as a collective to ensure diversity of thought and vigorous debate on key decisions. This is regularly reviewed when recruiting new Directors and assessed by the Board on an ongoing basis. The collective experience of the current Directors has been outlined against the areas of skill and expertise on page 77.

The Board believes that its composition meets or exceeds the minimum requirements in each category.

The Dexus Board and Board Committee membership at 30 June 2023

Director	Board	Audit Committee	Risk Committee	People & Remuneration Committee	Nomination Committee	Environmental Social and Governance Committee
Warwick Negus	●	●	●	●	●	●
Darren Steinberg	●					
Penny Bingham-Hall	●			●	●	●
Paula Dwyer	●	●	●		●	
Mark Ford	●	●			●	●
Rhoda Phillippo	●	●	●		●	
The Hon. Nicola Roxon	●			●	●	●
Elana Rubin AM	●		●	●	●	

● Member ● Chair & Member

Dexus Board skills matrix

Areas of skill, expertise and experience

Leadership and Governance	Extensive experience as a director and leader including in public listed companies of similar size and complexity. Deep understanding of relevant legal, compliance and regulatory frameworks and sound capability in governance and protecting and enhancing the company's reputation.
Strategy	Experience in developing, executing and successful delivery of strategy, and oversight against strategic objectives; includes extensive experience in merger and acquisition activities, integrations and organisational transformations.
Property and Infrastructure investment	Experience in and understanding of economic drivers and trends, markets and customer needs and driving returns from investment in real estate (including office, industrial, retail and health care) and infrastructure. Good understanding of the risks and opportunities of larger scale development projects.
Funds management	Experience in and good understanding of the drivers of the successful management of third party funds including a deep understanding of, and engagement with, institutional and other fund investors. Understanding of the global and local trends in the management of third party funds and sources of capital.
Capital management	Proficiency in and strong understanding of raising capital and investment banking including experience in allocating and managing equity and debt capital to optimise the organisation's returns whilst ensuring appropriate financial strength and liquidity.
Culture, People & Remuneration	Demonstrated experience in influencing organisation culture shaped by 'tone from the top' that promotes high engagement, diversity and inclusion. Deep experience in leadership development, talent management, succession planning, and in remuneration frameworks and reporting for large listed companies.
Sustainability and Stakeholder engagement	Experience and expertise in sustainability best practices relevant to the property sector; demonstrable understanding of environmental and social impacts of the business on communities. Good understanding of community and stakeholder engagement, as well as related governance.
Finance	Good understanding of accounting standards and trends and proficient at interpreting and analysing financial statements for organisations of similar size and complexity. Sound understanding of budgeting, forecasting and drivers of financial performance. Ability to evaluate the effectiveness of internal controls.
Risk management and Compliance	Experience in and understanding of risk management frameworks and controls; the identification, assessment and management of risks, including managing compliance across large, complex, regulated financial services organisations. Includes experience in workplace health and safety and understanding of cyber and technological risk management.

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Board Focus

The key areas of focus for the Board and Board Committees during FY23 are aligned to each of our key resources.

Risk

Pages 22–27

The Board and Risk Committee oversee the risk management practices.

Financial

Pages 30–39

The Board and Board Audit Committee are involved in reviewing and monitoring financial performance.

Real assets

Pages 40–51

The Board is involved in approving transactions and developments across the portfolio.

People and capabilities

Pages 52–57

The Board and Board People & Remuneration Committee are involved in aspects relating to employees.

Customers and communities

Pages 58–63

The Board and Board ESG Committee are involved in reviewing aspects relating to customers and community related activities.

Environment

Pages 64–73

The Board and Board ESG Committee are involved in reviewing aspects relating to climate change and the environment.



Warwick Negus

Chair and Independent Director
BBus, MCom, SF Fin

Appointed to the Board on 1 February 2021 as an Independent Director, Warwick Negus became Chair of Dexus Funds Management Limited on 27 October 2022. He is also Chair of the Board Nomination Committee, and a member of the Board Audit Committee, Board Environmental, Social & Governance Committee, Board People & Remuneration Committee and Board Risk Committee.

Warwick is Chair of the Bank of Queensland and a Non-Executive Director of Virgin Australia Holdings Limited, Terrace Tower Group, New South Wales Rugby Union Limited and Tantallon Capital Advisors. He is also Deputy Chancellor and a member of the Council of UNSW.

Warwick has more than 30 years of funds management, finance and property industry experience in Australia, Europe and Asia. Through his experiences as an executive and a non-executive director, Warwick brings expertise in the management and governance of complex organisations particularly in the fields of fund management and finance.

His most recent executive roles included Chief Executive Officer of Colonial First State Global Asset Management, Chief Executive Officer of 452 Capital, and Goldman Sachs Managing Director in Australia, London, and Singapore. Warwick was formerly Chair of UNSW Global and Pengana Capital Group, and a Non-Executive Director of Washington H. Soul Pattinson and FINSIA.



Penny Bingham-Hall

Independent Director
BA (Industrial Design), FAICD, SF Fin

Appointed to the Board on 10 June 2014, Penny Bingham-Hall is an Independent Director of Dexus Funds Management Limited, Chair of the Board People & Remuneration Committee and a member of the Board Nomination Committee and Board Environmental, Social & Governance Committee.

Penny is a Non-Executive Director of Fortescue Metals Group Ltd and Supply Nation. She is also Chair of Vocus Group Limited, Taronga Conservation Society Australia, the Advisory Committee for the Climate Governance Initiative, Australia and Deputy Chair of the Crescent Foundation.

Penny has broad industry experience in construction, property and infrastructure development and brings extensive experience as a company director in publicly listed, government and not-for-profit organisations. She has developed deep expertise in the oversight of people, culture and remuneration issues and has been a vocal advocate for sustainability, workplace safety and ESG issues for more than a decade.

Penny was a senior executive at Leighton Holdings Limited (now CIMIC Group) and is a former director of BlueScope Steel Limited, Australia Post, Port Authority of NSW and Macquarie Specialised Asset Management. Penny was also Chair of the NSW Freight and Logistics Advisory Council, the inaugural Chair of Advocacy Services Australia, Deputy Chair and Life Member of the Tourism & Transport Forum and a director of Infrastructure Partnerships Australia, SCEGGS Darlinghurst Limited and the Global Foundation.



Paula Dwyer

Independent Director
BCom, FCA, SF Fin, FAICD

Appointed to the Board on 1 February 2023, Paula Dwyer is an Independent Director of Dexus Funds Management Limited, Chair of the Board Risk Committee, and a member of the Board Audit Committee and Board Nomination Committee.

Paula is Chair of Allianz Australia Limited and Elenium Automation Pty Limited and a Non-Executive Director of AMCIL Limited and of Lion Pty Limited and Lion Global Beverages, where she is Chair of the Audit, Risk and Compliance committees. She is a member of the Committee of the Melbourne Cricket Club.

Paula has been a Non-Executive Director for over 20 years following an executive career in investment banking and funds management. She has significant experience across financial services, investment management, healthcare, energy, utilities and infrastructure, property and construction, corporate finance and mergers & acquisitions. Paula brings to the board her diverse leadership experience including in corporate strategy development and implementation across a broad range of industries and in navigating complex stakeholder relationships.

Previous roles include as Non-Executive Director of ANZ Banking Group Limited (where she was Chair of the Audit Committee), Suncorp Group Limited, Astro Japan Property Group Limited, Fosters Group Limited, David Jones Limited and Promina Group Limited. Paula was formerly Chair of Tabcorp Holdings Limited and Healthscope Limited and Deputy Chair of Leighton Holdings Limited.



Mark Ford

Independent Director
Dip. Tech (Commerce), CA, FAICD

Appointed to the Board on 1 November 2016, Mark Ford is an Independent Director of Dexus Funds Management Limited and Dexus Wholesale Property Limited, Chair of the Board Audit Committee and a member of the Board Environmental, Social & Governance Committee and Board Nomination Committee.

Mark is a Director of Prime Property Fund Asia.

Mark has extensive property industry experience and has been involved in real estate funds management for over 25 years. He was previously Managing Director, Head of DB Real Estate Australia, where he managed more than \$10 billion in property funds and sat on the Global Executive Committee for Deutsche Bank Real Estate and RREEF. Mark was also a Director in the Property Investment Banking division of Macquarie and was involved in listing the previous Macquarie Office Fund. His previous directorships include Comrealty Limited, Property Council of Australia, Deutsche Asset Management Australia and he was also Founding Chair of Cbus Property Pty Limited and Chair of Kiwi Property Group and South East Asia Property Company. Mark previously held senior roles with Price Waterhouse and Macquarie Bank.



Rhoda Phillippo

Independent Director
MSc Telecommunications
Business, GAICD

Appointed to the Board on 1 February 2023, Rhoda Phillippo is an Independent Director of Dexus Funds Management Limited and a member of the Board Audit Committee, Board Nomination Committee and Board Risk Committee.

Rhoda is Chair of Kinetic IT Pty Limited, a Non-Executive Director of APA Group (ASX: APA) where she chairs the Risk Committee and a Non-Executive Director of Waveconn Group Holdings Management Pty Ltd.

Rhoda has been a Non-Executive Director for over 15 years, following an extensive executive career leading operations across infrastructure, energy, telecommunications and technology in Australia, New Zealand and the UK. Her experiences have gained her deep skills in operational and change management, mergers & acquisitions, risk management, technology and cyber issues.

Previous Board roles include Non-Executive Director of Pacific Hydro, Datacom Group Limited, LINQ, Vocus Group Limited (ASX: VOC) and Managing Director of Lumo Energy. Rhoda also held the role of Chair of Snapper Services NZ and Deputy Chair of Kiwibank NZ.

Board of Directors continued



The Hon. Nicola Roxon

Independent Director
BA/LLB (Hons), GAICD

Appointed to the Board on 1 September 2017, Nicola Roxon is an Independent Director of Dexus Funds Management Limited, Chair of the Board Environmental, Social & Governance Committee and a member of the Board Nomination Committee and Board People & Remuneration Committee.

Nicola is the Independent Chair of large superannuation fund, HESTA, and of the statutory public health agency, VicHealth. She is also a non-executive director of ASX listed housing company, Lifestyle Communities, and on the board of the Murdoch Children's Research Institute.

Trained as an industrial lawyer, Nicola served in the Commonwealth Parliament for 15 years including a period as Minister for Health, and also as Australia's first female Attorney-General.

Nicola's skill set from more than 20 years' experience in government and law provides strong insights into strategy, public policy and accountability. Her non-executive career across not-for-profit, unlisted, government and listed organisations in the last decade has allowed her to develop further expertise in ESG, health, investor relations and remuneration.



Elana Rubin AM

Independent Director
BA (Hons), MA, SF Fin, FAICD

Appointed to the Board on 28 September 2022, Elana Rubin is an Independent Director of Dexus Funds Management Limited and Dexus Wholesale Property Limited, and a member of the Board Nomination Committee, Board People & Remuneration Committee and Board Risk Committee.

Elana is Chair of the Australian Business Growth Fund (ABGF) and Victorian Managed Insurance Authority, and a Non-Executive Director of Telstra Corporation. She is also a director of several infrastructure, private and social enterprises.

Elana has been a Non-Executive Director for over 20 years. She has extensive experience across technology, financial services, property, infrastructure and government sectors. Her non-executive directorships have spanned listed, unlisted, private and government companies.

Previous roles include having served as Chair of Afterpay, Chair of AustralianSuper and Chair of WorkSafe Victoria and as a director of Mirvac and ME Bank. Elana was formerly a member of the Federal Government's Infrastructure Australia Council and Climate Change Authority, and a member of the AICD Victorian Council.

Elana brings a strong investor and stakeholder focus and understands the positive role well managed real assets can play to create stronger communities. She has been a strong advocate for the benefits of diversity in the workplace and building strong cultures to drive performance.

Elana was awarded a Member of the Order of Australia in 2021 for services to corporate governance and community.



Darren Steinberg

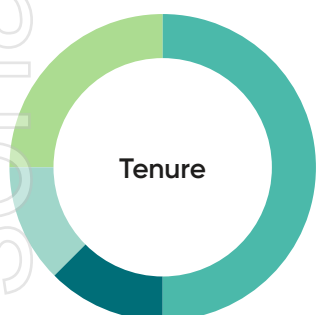
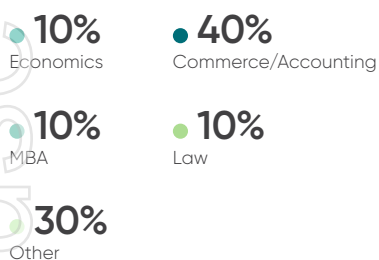
Chief Executive Officer
and Executive Director
BEc, FRICS, FAPI, FAICD

Appointed to the Board on 1 March 2012, Darren Steinberg is the CEO of Dexus and an Executive Director of Dexus Funds Management Limited.

Darren has over thirty years' experience in the property and funds management industry with an extensive background in property investment and development. He has a Bachelor of Economics from the University of Western Australia.

Darren is a Fellow of the Australian Institute of Company Directors, the Royal Institution of Chartered Surveyors and the Australian Property Institute. He is a Life Member and former National President of the Property Council of Australia, and a founding member of Property Champions of Change Coalition. He is also a Director of Sydney Swans Limited.

Board composition



1. Non-Executive directors only.

Group Management Committee

The Board has appointed a Group Management Committee (GMC) comprising Dexus's most senior executives. The GMC is responsible for implementing our strategy, maintaining our high standards of governance, driving culture and engagement, achieving objectives, and ensuring the prudent financial and risk management of the group.

Members of the GMC¹ in FY23 include:



Darren Steinberg
Chief Executive Officer
and Executive Director



Keir Barnes
Chief Financial
Officer



Michael Bessell
Co-Head of
Infrastructure



Melanie Bourke
Chief Operating
Officer



Brett Cameron
General Counsel and
Company Secretary



Deborah Coakley
EGM, Funds
Management



Andy Collins
EGM, Office



Michael Cummings
Co-Head of
Infrastructure



Ross Du Vernet
Chief Investment
Officer



Marco Ettore
EGM, Retail



Jonathan Hedger
EGM, Group Strategy



Stewart Hutcheon
EGM, Industrial,
Healthcare and
Alternates

1. Kevin George resigned from Dexus as at 3 July 2023.



Board Focus

The main objective of the Board People and Remuneration Committee (PRC) is to assist the Board in fulfilling its responsibilities of developing remuneration strategy, framework and policies for Board approval for the following groups:

- Non-Executive Directors (NEDs)
- Executive Key Management Personnel (Executive KMP), including the Chief Executive Officer (CEO)
- Group Management Committee (GMC)

In FY23, the PRC also undertook a range of activities relating to broader people and remuneration issues including:

- Endorsing the design of the FY23 Group Scorecard and LTI performance hurdles to the Board for approval
- Approving performance objectives and Key Performance Indicators for the CEO, Executive KMP and other executives
- Approving the Inclusion and Diversity strategic priorities and targets
- Approving the FY24 Fixed Remuneration parameters for all Dexus employees
- Monitoring the organisational culture, employee engagement and corporate culture metrics
- Reviewing talent development programs and succession planning
- Endorsing the Purpose Statement
- Approving the FY24 Fixed Remuneration increase budget, inclusive of the government-mandated superannuation increase
- Endorsing the GMC Remuneration Framework
- Endorsing the remuneration of AMPC appointees to GMC

Remuneration Report

Dear Security holder,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2023 (FY23).

Significant progress has been made in pursuing our refined vision to be globally recognised as Australasia's leading real asset manager. Dexis achieved first completion of the acquisition of AMP Capital's domestic real estate and infrastructure equity platform in March 2023 which contributed to the 37.7% increase in our funds under management (FUM) to \$61.0 billion. We have successfully onboarded the AMP Capital team and look forward to the successful integration of the business and realising the benefits of the deal.

Over the past few years, we have focused on growing and diversifying our funds business and maintaining resilient income streams from the ownership of high quality properties and investments on our balance sheet. However, our financial performance in FY23 reflected the impact of rising interest rates and a challenging economic environment:

- Adjusted Funds from Operations (AFFO) per Security of 51.6 cents was 3.0% below last year
- Office portfolio occupancy remained high at 95.9%, which is above the average Australian market occupancy (87.2%) as a result of the quality and location of our portfolio, with rent collections remaining strong at 99.6%
- Management operations FFO increased 37.5% to \$112.6 million
- Trading profits of \$50.2 million post-tax were realised, reflecting a strong year
- Capital continued to be recycled into higher returning opportunities with \$1.8 billion of balance sheet divestments announced during the year, with approximately \$775 million settled prior to 30 June 2023
- Balance sheet strength was maintained with pro forma gearing of 27.9% and 86% of our debt hedged, with an average maturity of 5.1 years

While distributions were slightly lower at 51.6 cents per security this year, they were delivered at the top end of the guidance range of 51.0–51.5 cents per security and is our third highest distribution ever. We recognise that our Total Security holder Return (TSR) for the year was (6.3)% negative, with listed office REITs being adversely affected by sentiment from the US market in particular, despite the strong performance of our high-quality office portfolio in Australian cities.

We continued to make significant progress on our environmental, social and governance (ESG) initiatives, with the key highlights for the year including:

- Being consistently recognised as a leader across a range of global ESG benchmarks including in the top 5% of the S&P Global Sustainability Yearbook 2023
- Achieving our first WELL Health and Safety rating across 45 properties
- Receiving our Climate Active certification, a government accredited carbon neutral certification scheme in Australia, which recognises our net zero achievement across our corporate business operations and managed portfolio in FY22
- Being ranked within the top 20 global organisations in Equileap's 2023 Global Report on Gender Equality, displaying our commitment to equality in the workplace

These financial and non-financial achievements serve as inputs to the Board's decision-making when assessing the appropriateness of remuneration outcomes.

FY23 remuneration outcomes

A short-term incentive (STI) outcome of 56% of maximum for the Chief Executive Officer (CEO) and 56–67% of maximum for other Executive key management personnel (KMP) has been approved by the Board. STIs for both the CEO and other Executive KMP are lower than last year reflecting lower returns to Security holders. The outcomes of other Executive KMP also reflect greater differentiation this year, following the introduction of role specific KPI's (20% weighting) to their scorecards and financial metrics aligned to operating accountabilities. Refer to section 4 for more detail on performance and STI outcomes.

For the long-term incentive (LTI) tranches tested on 1 July 2023, the vesting outcomes for the second tranche of the FY20 LTI was 38% and the first tranche of the FY21 LTI was 86% for the CEO, CIO and EGM Funds and 93% for other Executive KMPs. Over the past three years, our average LTI outcomes have been lower given the adverse impact of the COVID pandemic and interest rate increases on AFFO growth and return on capital employed (ROCE) performance. Refer to section 4.4 and 4.5 for more detail on LTI outcomes.

During the year, we benchmarked the remuneration of our Executive KMP and approved some fixed remuneration increases:

- For the Chief Financial Officer (CFO) – following a transitional increase to her fixed remuneration in FY22 upon her promotion to the CFO role, the Board set her fixed pay for FY23 at \$800,000 to bring her in line with her peers
- For the Executive General Manager, Funds Management and the Chief Investment Officer – an increase to \$900,000 from \$800,000 was approved following the completion of the AMP Capital acquisition in March 2023. This recognises increases to the scope and responsibility of their roles, their strong performance and to keep their remuneration packages in line with peers. Both had not received a fixed remuneration increase since 1 July 2021.

No changes were made to the CEO's remuneration. Refer to section 5.1 for further detail on fixed remuneration changes.

Changes to remuneration for FY24

As outlined in last year's Remuneration Report, we implemented a number of changes to our executive remuneration framework with effect from FY23 to ensure it remains fit-for-purpose to incentivise executives to achieve our long-term strategy. Most notably, we rebalanced our incentives to reduce cash STIs and increase the proportion offered as long-term equity, or LTI. Refer to section 2.2 for more detail on our FY23 remuneration framework.

No changes are proposed to the remuneration framework for our senior executives in FY24.

At the non-Executive level, Dexis is undergoing a remuneration harmonisation process across both legacy organisations that will build a new work force architecture and remuneration structures. These will be progressively implemented over a multi-year horizon.

We welcome your feedback on our remuneration framework and look forward to your support at our 2023 AGM.

Yours sincerely

Penny Bingham-Hall

Chair – People and Remuneration Committee

This Remuneration Report forms part of the Directors' Report and outlines the remuneration framework and outcomes for KMP in FY23.

This report has been prepared and audited in accordance with section 308(3C) of the *Corporations Act 2001*.

Contents

- | | |
|---|---|
| 1. Introduction | 6. Executive KMP contractual agreements |
| 2. Remuneration snapshot | 7. Remuneration governance |
| 3. Company performance | 8. NED remuneration |
| 4. FY23 performance and remuneration outcomes | 9. Statutory disclosures |
| 5. FY23 remuneration framework | |

1. Introduction

1.1 Key Management Personnel (KMP)

In this report, the KMP comprise the officers outlined below, as those individuals having the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly. The CEO and other Executives considered KMP are referred to collectively as "Executive KMP" in this report.

Name	Role	Term
Non-Executive Directors		
Warwick Negus ¹	Chair	Full year – Chair from 27 October 2022
Penny Bingham-Hall	Director	Full year
Paula Dwyer	Director	Part year – from 1 February 2023
Mark H Ford	Director	Full year
Rhoda Phillippo	Director	Part year – from 1 February 2023
The Hon. Nicola Roxon	Director	Full year
Elana Rubin AM	Director	Part year – from 28 September 2022
Executive Director and Executive KMP		
Darren J Steinberg	Executive Director & Chief Executive Officer (CEO)	Full year
Other Executive KMP		
Keir L Barnes	Chief Financial Officer (CFO)	Full year
Deborah C Coakley	Executive General Manager (EGM), Funds Management	Full year
Ross G Du Vernet	Chief Investment Officer (CIO)	Full year
Kevin L George ²	EGM, Office	Full year
Former KMP		
Richard Sheppard	Former Chair	Part year – until 26 October 2022
Patrick Allaway	Former Director	Part year – until 29 March 2023
Tonianne Dwyer	Former Director	Part year – until 26 October 2022

- Mr Negus was appointed to the Chair role on 27 October 2022. He served as a Director for the entire year.
- Mr Kevin George ceased employment with the Group on 3 July 2023.

2. Remuneration snapshot

2.1 Link between business strategy and remuneration framework

Our Vision	Our Strategy	Our Remuneration Strategy
To be globally recognised as Australasia's leading real asset manager.	To deliver superior risk-adjusted returns for investors from high-quality real assets: <ul style="list-style-type: none"> – Generating resilient income streams – Being identified as the investment manager of choice 	To attract, retain and motivate the best people to create a great culture that delivers our business strategy and contributes to sustainable long-term returns.

Remuneration principles



Culture

We align reward to our strong risk, high performance, diverse and inclusive culture



Alignment to performance

We reward for performance aligned to our business strategy with an emphasis on equity ownership



Market competitive

We position reward opportunity to attract and retain the best talent



Sustainable

We appropriately reward for both financial and non-financial outcomes



Simple and transparent

We keep it simple and set clear expectations

Overview

Approach

Performance

Governance

Directors' Report

Financial report

Investor information

2.2 Executive remuneration components

	Fixed Remuneration (FR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Purpose	Attract and retain Executives with the capability and experience to deliver our strategy.	Reward for performance against annual financial and non-financial, Group and individual objectives.	Align Executives' focus with the long-term business strategy to drive sustained earnings and Security holder returns.
Link to remuneration principles	Fixed remuneration should be market competitive.	<p>The STI is designed in a simple and transparent manner with a focus on rewarding sustainable performance, through an assessment of financial and non-financial measures. The STI is only awarded where behaviour standards align to our culture and values.</p> <p>Delivery of a portion of the award in equity places an emphasis on equity ownership to align executives with Security holder interests.</p>	<p>The LTI provides alignment with long-term performance and is delivered wholly in equity to align with Security holder interests.</p> <p>We reward sustainable performance by assessing performance against financial and non-financial measures.</p>
FY23 approach	Provide competitive fixed remuneration against our S&P/ASX100 A-REIT peers for similar roles.	<p>Subject to meeting a behavioural gateway, performance is assessed against Group/ Divisional and role specific KPIs, which are financial and non-financial.</p> <p>75% of the award is payable in cash and 25% is delivered in Security Rights deferred for one year.</p>	<p>Security rights are assessed over three (50%) and four years (50%) against three measures, subject to meeting minimum behavioural standards.</p> <div> <div>RTSR: 40%</div> <div>ROCE: 40%</div> <div>Strategic: 20%</div> </div>
Change from FY22 approach	No change.	<p>As foreshadowed in the FY22 Remuneration Report, we have:</p> <ul style="list-style-type: none"> Reduced STI opportunity for Executive KMP (except for the CEO) from 125% of FR to 100% of FR at maximum. In return we have re-weighted the Group Management Committee's (GMC's) remuneration packages to the long-term Introduced role specific KPI's (20% weighting) into individuals' scorecards to replace the Individual Contribution Factor (ICF), which previously acted as a modifier to a common Group Scorecard outcome Reduced the STI deferral period to one year to reflect a reduction in STI opportunity levels. Previously, deferred STI vested after one year (50%) and two years (50%) 	<p>As foreshadowed in the FY22 Remuneration Report we have:</p> <ul style="list-style-type: none"> Increased the LTI opportunity for Executive KMP (except for the CEO) from 75% of FR to 120% of FR Introduced a Relative Total Security holder Return (RTSR) measure assessed against our ASX 200 A-REIT peers, to replace our Absolute Total Security holder Return (ATSR) measure (40% weighting) Set target and stretch hurdles for the ROCE measure at 7% and 10%, respectively, which is at our historical "through the cycle" range rather than setting hurdles each year within the 7–10% range

Minimum Security holding requirement

CEO: 150% of Fixed Remuneration
Other Executive KMP: 75% of Fixed Remuneration

This requirement is to be met within five years of appointment to the Group Management Committee (GMC).

We have displayed the pay mix for the Executive KMP at maximum below. As we have reweighted other Executive KMP's packages towards the long-term, their pay mix more closely aligns with the CEO, whose pay mix was already weighted towards LTI.

CEO (FY23)



Other Executive KMP (FY23)



Other Executive KMP (FY22)



● Fixed Remuneration (Cash) ● Max STI (Cash) ● Max STI Deferred (Security Rights) ● Max LTI (Performance Rights)

2.3 Executive remuneration structure

Our FY23 remuneration structure for Executive KMP is outlined below, including the FY23 remuneration framework changes.

	Year One	Year Two	Year Three	Year Four
Fixed remuneration	Base Salary, Superannuation and Other Benefits.			
STI	Assessed against a scorecard over 12 months, subject to meeting a behavioural gateway.	<div> <div>Cash (75%).</div> <div>Deferred Security Rights (25%).</div> </div>	STI maximum is 125% of FR for CEO or 100% of FR for other Executive KMP.	
LTI	Performance Rights tested at end of Year Three against performance measures (50%).			LTI maximum is 150% of FR for CEO or 120% of FR for other Executive KMP.
	Performance Rights tested at end of Year Four against performance measures (50%).			

● Performance testing ● Payment/Vesting

Overview

Approach

Performance

Governance

Directors' Report

Financial report

Investor information

3. Company performance

3.1 Historical performance outcomes

The following table outlines Dexs's historical financial performance. These results flow into Scorecard outcomes for the STI and LTI vesting results.

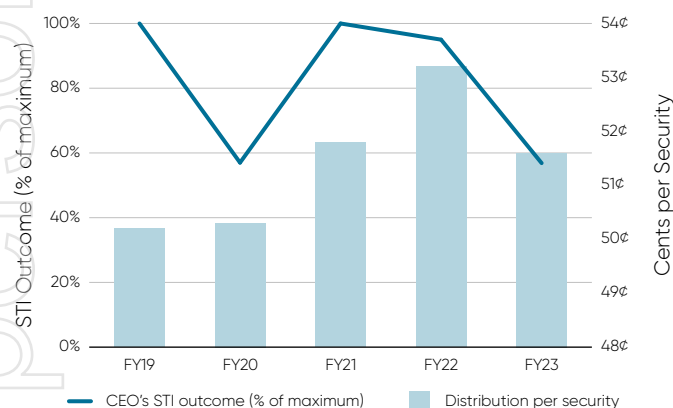
Five-year financial performance		FY23	FY22	FY21	FY20	FY19
FFO ¹	(\$m)	738.5	757.6	717.0	730.2	681.5
AFFO	(\$m)	555.0	572.2	561.7	550.5	517.2
Net Profit/(loss) After Tax (NPAT)	(\$m)	(752.7)	1,615.9	1,138.4	927.7 ²	1,281.0
AFFO per Security	(cents)	51.6	53.2	51.8	50.3	50.3
AFFO per Security growth	(%)	(3.0)	2.7	3.0	0	5.5
Distribution per Security (DPS)	(cents)	51.6	53.2	51.8	50.3	50.2
ROCE	(%)	8.0	9.7	8.3	9.0	10.1
Dexs's closing security price	(\$)	7.80	8.88	10.67	9.20	12.98
NTA per Security	(\$)	10.88	12.28	11.42	10.86	10.48
CEO's STI outcome (% of maximum)	(%)	56.0	94.8	100	57	100

1. FFO is a non-IFRS measure that is unaudited but derived from audited Financial Statements. Please refer to Note 1 operating segment of the financial statements for the disclosure of the basis of the calculations and adjusted items.

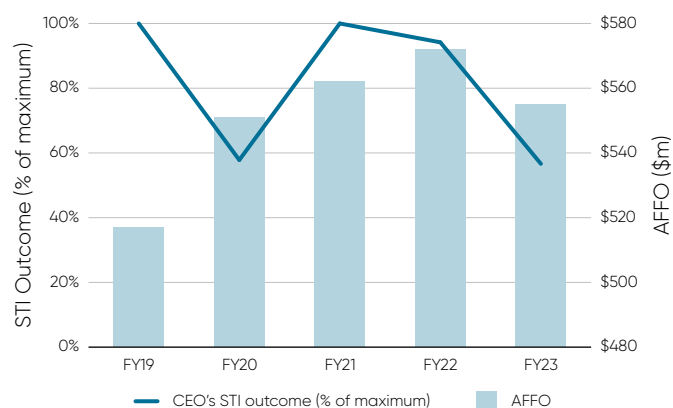
2. Includes a prior year \$10.3m (post tax) restatement of IFRIC SaaS customisation expenses.

Our STI outcomes are lower in FY23, reflective of our 3% decline in AFFO and distributions per security, at the top end of our guidance range. This displays a strong pay-for-performance link between company performance and senior executive reward.

Distribution per Security v CEO's STI outcome

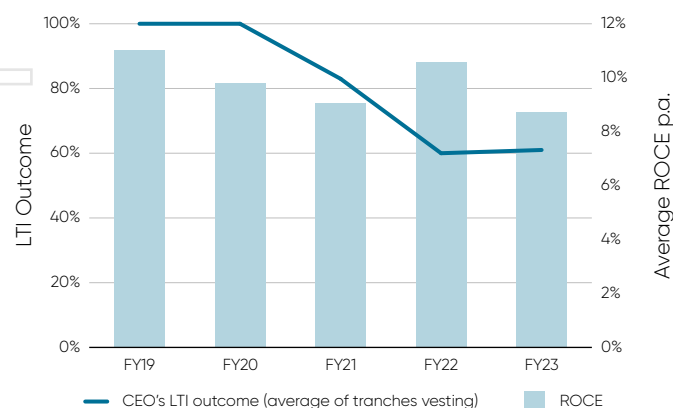


AFFO v CEO's STI outcome



Our average LTI outcomes over the past three years have been lower than historic levels, reflecting our lower ROCE performance during the COVID impacted years and in a rising interest rate environment.

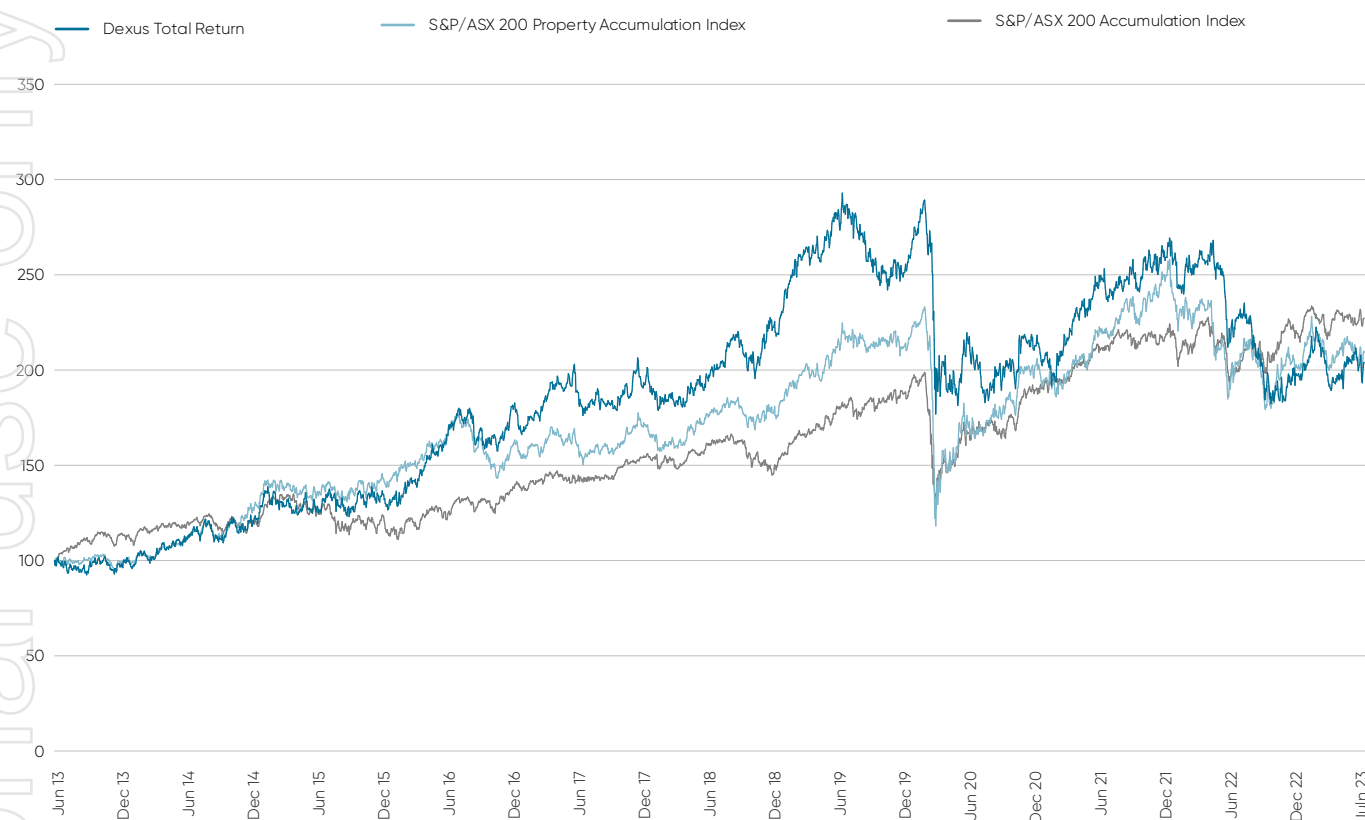
Average ROCE v CEO's LTI outcome



3.2 Dexu 10 year total return

The graph below provides an overview of Dexu's TSR performance over the past 10 years (indexed to 100), against the ASX 200 Property Accumulation (A-REIT) Index and the broader ASX 200 Accumulation Index over this time horizon.

DXS v Index – 2013–2023



4. FY23 performance and remuneration outcomes

The following section outlines Dexu's performance outcomes and subsequent remuneration outcomes for Executive KMP.

A summary of outcomes is provided below.

STI	LTI
<p>All Executive KMP met the behavioural gateway for FY23.</p> <p>The following STI outcomes were earned for performance against the FY23 STI scorecards:</p> <ul style="list-style-type: none"> – CEO: 56% of maximum – Other KMP: 56% to 67% of maximum <p>See Section 4.1 and 4.2 for details on performance outcomes against the STI scorecards.</p>	<p>The following LTI tranches were tested on 1 July 2023 against the AFFO per security growth and average ROCE measures, as follows:</p> <ul style="list-style-type: none"> – The second tranche of the FY20 LTI vested at 38% – The first tranche of the FY21 LTI vested at 86%. We note that for Executive KMP (excluding the CEO, CIO and EGM, Funds Management), 50% of the FY21 LTI was subject to a service condition, as a one-off measure in response to the uncertainty posed by the beginning of the COVID pandemic <p>See Section 4.5 for details on LTI vesting outcomes.</p>

4.1 CEO scorecard performance outcomes

In FY23, the Board changed its approach to the scorecard setting process. Previously, a Group Scorecard applied to all Executive KMP and individual performance was assessed via the individual contribution factor modifier. To better differentiate remuneration outcomes between individuals, different weightings were applied to the scorecard measures and role-specific KPIs were introduced to the FY23 scorecards of Executive KMP. The individual contribution factor (ICF) was removed.

At the end of FY23, upon assessment of whether each Executive KMP met Dexus's values and expectations, the Board determined that the behavioural gateway was met and each Executive was eligible to receive an STI award in FY23. The Board approved a Group AFFO per security vesting schedule for the FY23 STI, in light of rising interest rates and a challenging economic environment, where target was in-line with FY22 AFFO and threshold was 3% lower than FY22 at the top end of our guidance range. In light of this threshold, the Board capped non-financial measure outcomes to 'at target' if Group AFFO was below our FY22 outcome.

Detail on the CEO's performance against each measure in his scorecard has been provided below.

Measure & Rationale for Inclusion	Weighting	Threshold (50%)	Target (100%)	Maximum (125%)	Result (% of target)	Outcome
Group Financial (60%)						
Group AFFO growth vs budget Key financial measure to assess the growth of our overall business	50%	-3.0%	0.0%	3.0%	25.0%	Threshold AFFO per Security of 51.6 cents per Security is 3.0% lower than FY22, however marginally ahead of FY23 distribution guidance of 51.0–51.5 cents per security.
Funds' performance vs benchmark hurdle rate or investment plan objective To assess our ability to deliver competitive returns against our peers	10%	At least 60% of funds outperforming benchmarks	At least 70% of funds outperforming benchmarks	At least 80% of funds outperforming benchmarks	5.0%	Threshold 60% of strategic funds outperformed their relevant benchmark.
Group Non-Financial (20%)						
		Threshold (75%)	Target (100%)	Maximum (125%)	Result (% of target)	Highlights
Employee engagement score To ensure we provide a workplace that brings out the best in our people, helping them grow and develop their careers	10%	Engagement score of 70	Engagement score of 71–75	Engagement score of 76+	7.5%	Threshold Achieved an employee engagement score of 70.
ESG external benchmark performance and leadership To ensure we maintain our market-leading ESG credentials and deliver on the Group's ESG strategy	10%	Strong performance against all four benchmarks	Threshold plus leading performance against two of four benchmarks	Threshold plus leading performance against all four benchmarks	10.0%	Outperformance (capped at Target) Our leading performance across all four benchmarks and progress on our revised framework and strategy meant outperformance was achieved.
Role-specific (20%)						
Successful integration of the AMPC platform To assess key short-term milestones critical to achieving long-term synergies from the AMP Capital acquisition	20%	Delivery of Day 1 milestones	Delivery of Day 1 and 1.5 milestones	Delivery of Day 1 and 1.5 milestones and on track for Day 2 milestones	22.5%	Above Target Board assessment as between Target and Outperformance based on CEO's leadership of the complex transaction and integration program.
CEO's outcome (% of target)					70.0%	
CEO's outcome (% of maximum)					56.0%	

4.2 Other Executive KMP scorecard outcomes

While the Group measures (both financial and non-financial) outlined in relation to the CEO in section 4.1 apply in most instances to the other Executive KMP, each has individual role-specific performance measures which has resulted in differentiated STI outcomes in FY23.

Consistent with the CEO's scorecard, the Board capped a number of role-specific measures at target (despite outperformance being achieved by the relevant executive), in recognition that Group AFFO was lower in FY23 than FY22.

A summary of performance against non-Group measures is set out below, with the relevant measures applying to various other KMP.

Measures (not previously disclosed in the CEO's scorecard)	Outcomes	Description of performance outcome
Office sector AFFO	Outperformance (capped at Target)	Pleasingly, AFFO contribution from Office of \$965 million resulted in outperformance against a stretch target of \$852 million, highlighting the quality of our performance, notwithstanding the impact higher interest rates have had on our portfolio's valuations.
Office customer net promoter score (NPS)	Outperformance	Our Office NPS of +50 well exceeded our outperformance target of +45, resulting in the maximum outcome achieved.
Deliver off the market occupancy for the Office sector (platform-wide)	Outperformance (capped at Target)	Office occupancy was 95.9%, exceeding our outperformance target. This is well above Australian CBD average office market occupancy of 87.2%.
Funds contribution to FFO	Threshold	Management operations FFO delivered 37.8% growth from FY22, highlighting our commitment to growing our funds management business.
Secure pre-development leasing	Threshold	We have delivered strong leasing outcomes for our Waterfront development. However, targets for some developments were not met. Accordingly, threshold performance was achieved.
Capital recycling	Threshold	A record year of transaction volumes were achieved this year. However, given the difficult market conditions, a number of transactions that were being considered did not proceed.
Progressing the development pipeline	Outperformance (capped at Target)	Strong performance in both the Industrial and Office portfolios on progressing developments.

4.3 FY23 STI remuneration outcomes

Based on the FY23 performance assessment, this resulted in the Board awarding the CEO 56% of the maximum STI in FY23, which is lower than FY22's STI outcome of 95% and is a below-target outcome. For other Executive KMP, the STI awards ranged from 56% to 67% of maximum STI.

Executive KMP	STI target % of FR	STI max % of FR	Actual FY23 STI awarded \$	% of target STI awarded	% of maximum STI awarded	% of maximum STI forfeited
Darren J Steinberg	100%	125%	1,120,000	70.0%	56.0%	44.0%
Keir L Barnes	80%	100%	448,000	70.0%	56.0%	44.0%
Deborah C Coakley ¹	80%	100%	466,667	70.0%	56.0%	44.0%
Ross G Du Vernet ¹	80%	100%	516,667	77.5%	62.0%	38.0%
Kevin L George	80%	100%	502,269	83.5%	66.8%	33.2%

1. As fixed remuneration was only increased to \$900,000 on 1 March 2023, the FY23 STI has been pro-rated accordingly for their previous fixed remuneration (\$800,000) and the new fixed remuneration level.

4.4 LTI awards which vested at the beginning of FY23

On 1 July 2022, the second tranche of the FY19 LTI plan and the first tranche of the FY20 LTI plan were eligible for vesting for participating Executive KMP. As disclosed in last year's Report, the LTI vesting outcomes are materially lower than our pre-COVID LTI outcomes due to the adverse impact of COVID on AFFO growth and ROCE performance.

FY19 LTI Vesting Outcome

Results of each performance measure within tranche 2 of the FY19 LTI plan over the four-year performance period:

Performance measure	Weighting	Minimum (50% vests)	Maximum (100% vests)	Group result	Vesting outcome
AFFO per Security growth	50%	3.0%	4.0%	3.0%	50%
Average ROCE	50%	8.5%	9.5%	9.3%	90%
Overall result					70%

FY20 LTI Vesting Outcome

Results of each performance measure within tranche 1 of the FY20 LTI plan over the three-year performance period:

Performance measure	Weighting	Minimum (50% vests)	Maximum (100% vests)	Group result	Vesting outcome
AFFO per Security growth	50%	3.5%	4.5%	1.5%	0%
Average ROCE	50%	8.5%	9.0%	9.0%	100%
Vesting outcome					50%

4.5 LTI awards which will vest in FY24

On 1 July 2023, the second tranche of the FY20 LTI plan and first tranche of the FY21 LTI plan were eligible for vesting for participating KMP.

FY20 LTI Vesting Outcome

As foreshadowed in last year's Remuneration Report, vesting for LTI grants whose performance periods overlapped with COVID have a lower level of vesting than our historical LTI outcomes pre-COVID. Our overall FY20 LTI outcome (40% vesting) is the lowest in the past five years.

Results of each performance measure within tranche 2 of the FY20 LTI plan over the four-year performance period:

Performance measure	Weighting	Minimum (50% vests)	Maximum (100% vests)	Group result	Vesting outcome
AFFO per Security growth	50%	3.5%	4.5%	1.1%	0%
Average ROCE	50%	8.5%	9.0%	8.8%	75%
Vesting outcome					38%

FY21 LTI Vesting Outcome

For the FY21 LTI, due to the impact of the global pandemic creating a highly uncertain environment, we introduced a service condition for Executive KMP (excluding the CEO, CIO and EGM, Funds Management) as a one-off arrangement alongside AFFO growth and ROCE. In addition, given AFFO growth targets were set lower than historical targets, only 25% of the AFFO growth portion vests where minimum is achieved. ROCE continues to vest at 50% where minimum is achieved, consistent with prior years.

Results of each performance measure within tranche 1 of the FY21 LTI plan over the three-year performance period:

Performance measure	Weighting	Minimum (25%/50% vests)	Maximum (100% vests)	Group result	CEO, CIO and EGM FM vesting outcome	Other Executive KMP vesting outcome
AFFO per Security growth	CEO, CIO and EGM, Funds Management: 50% Other Executive KMP: 25%	0.0%	3.0%	1.9%	72%	72%
Average ROCE	CEO, CIO and EGM, Funds Management: 50% Other Executive KMP: 25%	7.0%	8.0%	8.6%	100%	100%
Service condition	CEO: N/A CIO, EGM, FM: N/A Other Executive KMP: 50%	N/A	N/A	Met	N/A	100%
Vesting outcome					86%	93%

4.6 Retention awards vesting in FY24

As disclosed in the FY21 Remuneration Report, one-off retention awards were granted to the CEO, CIO, and EGM Funds Management to secure our senior leadership talent for the long-term. The first tranche of the awards for the CIO and EGM Funds Management are due to vest in December 2023.

These awards have been effective in retaining these individuals. It should be noted that the current value of the awards is lower than their grant value (allocated at a Security price of approximately \$9.80), reflecting the link between the vesting value of the awards and Security holder returns.

4.7 Actual remuneration based on performance and service through FY23

These values differ from the Executive statutory remuneration table (provided in section 9.1), which has been prepared in accordance with statutory requirements and accounting standards. The table below is not measured in accordance with the Australian Accounting Standards and has been provided to disclose the actual value of remuneration received in FY23.

Incentive awards have been calculated as follows:

- Deferred STI vested – The value of the deferred STI from prior years that vested on 1 July 2022 (being the number of Security Rights that vested multiplied by the VWAP for the five days prior to the vesting date)
- LTI vested – The value of Performance Rights that vested in relation to the LTI on 1 July 2022 (being the number of Performance Rights that vested multiplied by the VWAP for the five days prior to the vesting date)

Executive KMP	Base salary (\$)	Super- annuation benefits (\$)	Non monetary benefits (\$)	STI cash payment (\$)	Deferred STI vested (\$)	LTI vested (\$)	Total (\$)
Darren J Steinberg	1,574,708	25,292	16,741	1,421,280	349,607	1,185,514	4,573,142
Keir L Barnes	774,708	25,292	9,590	488,565	59,814	71,133	1,429,102
Deborah C Coakley	808,041	25,292	11,038	710,640	154,188	231,818	1,941,017
Ross G Du Vernet	808,041	25,292	2,128	710,640	163,878	277,852	1,987,831
Kevin L George	726,608	25,292	22,378	584,424	161,344	277,852	1,797,898

5. FY23 remuneration framework

5.1 Fixed remuneration strategy

The Group's fixed remuneration strategy is to offer market competitive rates to attract and retain our experienced and accomplished management team. Remuneration levels are set based on role size, complexity, scope and leadership accountability. Dexus is committed to continue adhering to the principle of pay equity, which has achieved gender pay equity across like-for-like roles. To determine fixed remuneration levels, Dexus benchmarks externally against ASX100 companies for directly comparable roles, as well as other large ASX A-REIT peers for relevant roles.

CFO

As highlighted last year, the CFO's fixed remuneration was set at \$800,000 in FY23. This aims to recognise her strong performance in the role and our policy of paying in-line with market for like-for-like roles.

EGM, Funds Management and CIO

Following the successful completion of the AMP Capital transaction, the Board reviewed the fixed remuneration of Deborah Coakley (EGM, Funds Management) and Ross Du Vernet (CIO) in light of changes in the scope and responsibility of their roles. Market data indicated that both individuals' fixed remuneration levels were below their ASX 100 peers. In light of very tight labour markets, the Board believes paying market competitive fixed remuneration is important to ensure that our senior executives feel appropriately valued and rewarded. Fixed remuneration for both Ms Coakley and Mr Du Vernet was increased to \$900,000 per annum effective 1 March 2023.

No other Executive KMP members received a fixed remuneration increase.

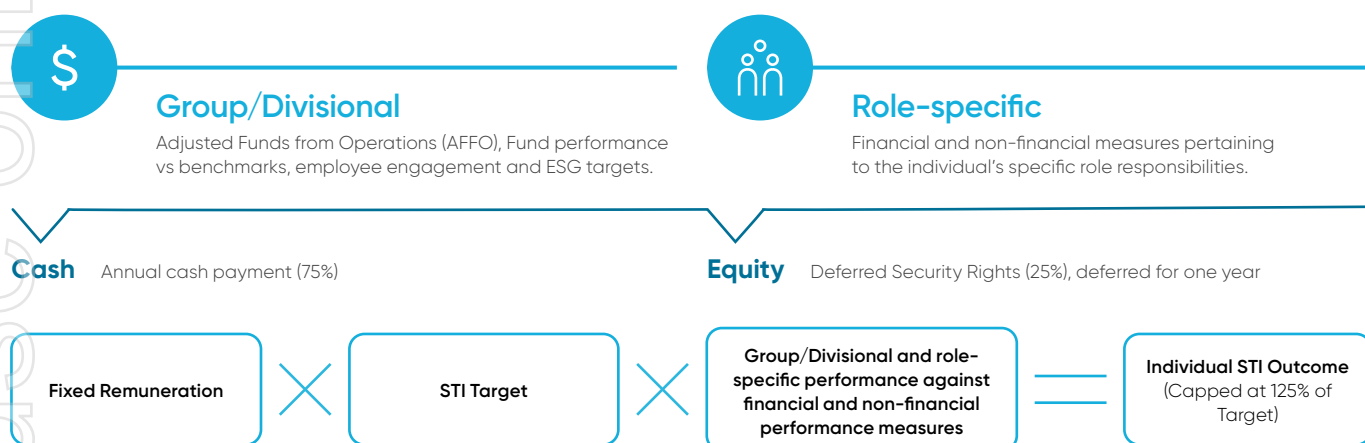
The annual fixed remuneration levels for Executive KMP in FY22 and FY23 were as follows:

Executive KMP	FY22 fixed remuneration (\$)	FY23 fixed remuneration (\$)
Darren J Steinberg	1,600,000	1,600,000
Keir L Barnes	550,000	800,000
Deborah C Coakley	800,000	900,000 (from 1 March 2023)
Ross G Du Vernet	800,000	900,000 (from 1 March 2023)
Kevin L George	751,900	751,900

5.2 Short-Term Incentive (STI)

The STI plan is aligned to Security holder interests by:

- Encouraging Executives to achieve year-on-year performance improvement in a balanced and sustainable manner aligned to our values; and
- Mandatory deferral of 25% of each STI award into Security Rights deferred for one year, acting as a retention mechanism and providing further alignment with Security holder interests.



Each Executive KMP is awarded an individual STI outcome between zero and 125% of their target.

Individual STI outcomes are based on a mix of Group/divisional performance measures and individual KPI's, subject to meeting a behavioural gateway.

The target STI opportunity for the CEO is 100% of FR and for other Executive KMP it is 80% of Fixed Remuneration.

The additional terms for the STI plan are outlined below.

Term	Detail
Behavioural gateway	For any STI award to pay out, a minimum standard of performance must be met by the individual via the behavioural gateway which includes no material financial misstatement and actions not keeping in line with the commercial or ethical standards expected by the Board or our stakeholders. This seeks to align Executive KMP performance with Dexus's values and expectations of Executives.
Scorecard assessment	Group/Divisional performance is measured against a scorecard comprising of Group/divisional and role-specific measures. See section 4.1 and 4.2 for disclosure on FY23 measures.
Allocation methodology	Face value. The number of Security Rights granted to Executive KMP for the deferred portion of the STI is determined by dividing the Deferred STI value by the VWAP of Dexus Securities 10 trading days either side of the first trading day of the new financial year.
Distribution rights	For the portion of STI deferred as Security Rights, participants are entitled to the benefit of distributions paid on the underlying Dexus Securities prior to vesting through the issue of additional Security Rights at the time of vesting.
Leaver provisions	If a participant's employment ends as a 'good leaver' (for example, retirement, redundancy, death, illness, serious disability, etc.) they will continue to be entitled to their Security Rights. All Security Rights will be forfeited should a participant's employment be terminated for cause or in other circumstances the Board determines should not be treated as a Good Leaver.
Malus provisions	The Board has the discretion to adjust STI outcomes upward or downward, including to zero, where: <ul style="list-style-type: none"> – There is any misalignment between the Executives conduct or performance, such as in the case of significant misconduct or material misstatement of performance – There have been unintended consequences or outcomes as a result of the Executive KMP's actions, including where the original performance outcomes are later found to have been unrealised or not in line with the original performance assessment – The STI outcomes are materially misaligned with the experience of Security holders

5.3 Long-Term Incentive (LTI)

The LTI plan is aligned to Security holders' interests in the following ways:

- Encourages Executives to make sustainable business decisions by assessing financial and non-financial performance; and
- Aligns the financial interests of Executives participating in the LTI Plan with Security holders through exposure to Dexus Securities.



- Equity**
- Performance Rights with allocation calculated at Face Value
 - 50% three-year Performance Period
 - 50% four-year Performance Period
 - Subject to behavioural standards being met, performance hurdles and continued employment during the vesting period



Each Executive KMP is allocated an LTI opportunity subject to performance hurdles. The award may vest between 0% to 100% of the allocation amount based on performance. LTI awards do not vest if performance targets are not met with no retesting permitted.

The maximum LTI opportunity for the CEO is 150% of Fixed Remuneration, and for other Executive KMP is 120% of Fixed Remuneration.

The additional terms of the LTI plan are outlined below.

Term	Detail		
Performance measures and vesting schedule	RTSR (40%)		
	RTSR has been selected to assess our ability to deliver Security holder returns relative to our industry peers. RTSR is measured by assessing Dexus's TSR against the TSR of each company in the ASX 200 A-REIT peer group, with distributions considered to be reinvested over the three- and four-year performance periods.		
	Vesting schedule	Performance target (50% of rights tested after three years)	Performance target (50% of rights tested after four years)
	Below Threshold Performance	Below the Index	Below the Index
	Threshold performance	Equal to the Index	Equal to the Index
	Between Threshold and Outperformance	Between the Index and Index + 9%	Between the Index and Index + 12%
	Outperformance	Index + 9% or greater	Index + 12% or greater
	Average ROCE (40%)		
	Average ROCE has been selected to ensure that management has a regard for generating returns on Security holder equity through a combination of improving earnings and capital management.		
	ROCE is measured as the simple average return on contributed equity, calculated as a percentage, comprising AFFO together with the net tangible asset impact from completed developments, divided by the weighted average contributed equity during the period. ROCE is measured as the per annum average at the respective conclusion of the three- and four-year performance periods.		
	Vesting schedule	Performance target (50%)	Vesting outcome
	Below Threshold Performance	<7% p.a.	0%
	Threshold performance	7% p.a.	50%
	Between Threshold and Outperformance	7–10% p.a.	Straight-line pro-rata vesting
	Outperformance	> 10% p.a.	100%

Term	Detail															
Performance measures and vesting schedule (continued)	Strategic (financial and non-financial) (20%)															
	Strategic measures continue to comprise a portion of the LTI to ensure management remains focused on Dexus's long-term growth ambitions. To highlight that the strategic measures are stretching and quantifiable, we have provided an annual progress update of performance against these measures below, with a formal assessment taking place at the end of the three- and four-year performance periods. The Board considered progress against the strategic measures and is satisfied that management is currently on track to achieve these targets.															
	While some of these measures appear to overlap with some of our STI measures, the LTI's strategic measures are assessed over a multi-year timeframe as opposed to over one year.															
	<table><tr><th>Category</th><th>Description</th><th>Key achievements in FY23</th></tr><tr><td>Funds Management</td><td>Diversification of capital partners and investor base, and overall growth in Funds Management.</td><td><ul style="list-style-type: none">First completion of the AMP Capital transaction was achieved on 24 March 2023. This significantly increases Dexus's funds under management by 69% (with AMP contribution of circa \$18 billion to this) and diversifies our funds management platform with access to real assets with immediate scale in the infrastructure asset classOpened our Singapore office to support the growth of the funds management business in Asia. This aims to attract international capital partners to invest in Australasian real assets</td></tr><tr><td>Transactions</td><td>Strategic acquisitions and divestments of assets across the Dexus investment portfolio.</td><td><ul style="list-style-type: none">Announced \$1.8 billion of balance sheet divestments to ensure we are effectively recycling assets and managing our gearing. This included realising a strong \$50.2 million in post-tax trading profits in FY23</td></tr><tr><td>Developments</td><td>Progressing the Group development pipeline.</td><td><ul style="list-style-type: none">Maintained a strong \$17.4 billion development pipeline, \$8.6 billion in the Dexus portfolio and \$8.8 billion via our funds management platformProgressed city-shaping developments at Atlassian Central and Waterfront Brisbane</td></tr><tr><td>Sustainability</td><td>To be globally recognised as an ESG leader in our industry.</td><td><ul style="list-style-type: none">Ranked within the top 20 global organisations by Equileap as part of its 2023 Global Report on gender equality, demonstrating our commitment to equality in the workplaceRecognised as a global leader in sustainability in the S&P Global Sustainability YearbookReceived our Climate Active certification which recognises Dexus's net zero achievement across its corporate business operations and management property portfolio in FY22Achieving our first WELL Health and Safety rating across 45 properties</td></tr></table>	Category	Description	Key achievements in FY23	Funds Management	Diversification of capital partners and investor base, and overall growth in Funds Management.	<ul style="list-style-type: none">First completion of the AMP Capital transaction was achieved on 24 March 2023. This significantly increases Dexus's funds under management by 69% (with AMP contribution of circa \$18 billion to this) and diversifies our funds management platform with access to real assets with immediate scale in the infrastructure asset classOpened our Singapore office to support the growth of the funds management business in Asia. This aims to attract international capital partners to invest in Australasian real assets	Transactions	Strategic acquisitions and divestments of assets across the Dexus investment portfolio.	<ul style="list-style-type: none">Announced \$1.8 billion of balance sheet divestments to ensure we are effectively recycling assets and managing our gearing. This included realising a strong \$50.2 million in post-tax trading profits in FY23	Developments	Progressing the Group development pipeline.	<ul style="list-style-type: none">Maintained a strong \$17.4 billion development pipeline, \$8.6 billion in the Dexus portfolio and \$8.8 billion via our funds management platformProgressed city-shaping developments at Atlassian Central and Waterfront Brisbane	Sustainability	To be globally recognised as an ESG leader in our industry.	<ul style="list-style-type: none">Ranked within the top 20 global organisations by Equileap as part of its 2023 Global Report on gender equality, demonstrating our commitment to equality in the workplaceRecognised as a global leader in sustainability in the S&P Global Sustainability YearbookReceived our Climate Active certification which recognises Dexus's net zero achievement across its corporate business operations and management property portfolio in FY22Achieving our first WELL Health and Safety rating across 45 properties
	Category	Description	Key achievements in FY23													
Funds Management	Diversification of capital partners and investor base, and overall growth in Funds Management.	<ul style="list-style-type: none">First completion of the AMP Capital transaction was achieved on 24 March 2023. This significantly increases Dexus's funds under management by 69% (with AMP contribution of circa \$18 billion to this) and diversifies our funds management platform with access to real assets with immediate scale in the infrastructure asset classOpened our Singapore office to support the growth of the funds management business in Asia. This aims to attract international capital partners to invest in Australasian real assets														
Transactions	Strategic acquisitions and divestments of assets across the Dexus investment portfolio.	<ul style="list-style-type: none">Announced \$1.8 billion of balance sheet divestments to ensure we are effectively recycling assets and managing our gearing. This included realising a strong \$50.2 million in post-tax trading profits in FY23														
Developments	Progressing the Group development pipeline.	<ul style="list-style-type: none">Maintained a strong \$17.4 billion development pipeline, \$8.6 billion in the Dexus portfolio and \$8.8 billion via our funds management platformProgressed city-shaping developments at Atlassian Central and Waterfront Brisbane														
Sustainability	To be globally recognised as an ESG leader in our industry.	<ul style="list-style-type: none">Ranked within the top 20 global organisations by Equileap as part of its 2023 Global Report on gender equality, demonstrating our commitment to equality in the workplaceRecognised as a global leader in sustainability in the S&P Global Sustainability YearbookReceived our Climate Active certification which recognises Dexus's net zero achievement across its corporate business operations and management property portfolio in FY22Achieving our first WELL Health and Safety rating across 45 properties														
Allocation methodology	Face value. The number of Performance Rights granted is equal to the participant's LTI opportunity (based on a percentage of Fixed Remuneration) divided by the VWAP of Dexus Securities 10 trading days either side of the first trading day of the new financial year.															
Distribution rights	No distribution rights on underlying Dexus Securities during the performance period prior to vesting.															
Leaver provisions	If a participant's employment ends as a 'good leaver' (for example, retirement, redundancy, death, illness, serious disability, etc.) they will continue to be entitled to their Performance Rights which will remain on foot to be tested against the applicable performance conditions at the end of the performance period. The Board may determine in any instance that a lesser number of performance rights (e.g. pro rata to the part of the performance period worked) will vest. All Performance Rights will be forfeited should a participant's employment be terminated for cause or in other circumstances the Board determines should not be treated as a Good Leaver.															
Malus provisions	The Board has the discretion to adjust LTI outcomes upward or downward, including to zero, where: <ul style="list-style-type: none">The LTI outcome does not reflect the participant's performance or conduct, such as in the case of significant misconduct or material misstatement of performanceThere have been unintended consequences or outcomes as a result of the Executive KMP's actions, including where the original performance outcomes are later found to be unrealised or not in line with the original performance assessmentThe LTI outcome is materially misaligned with the experience of Security holders															

6. Executive KMP contractual agreements

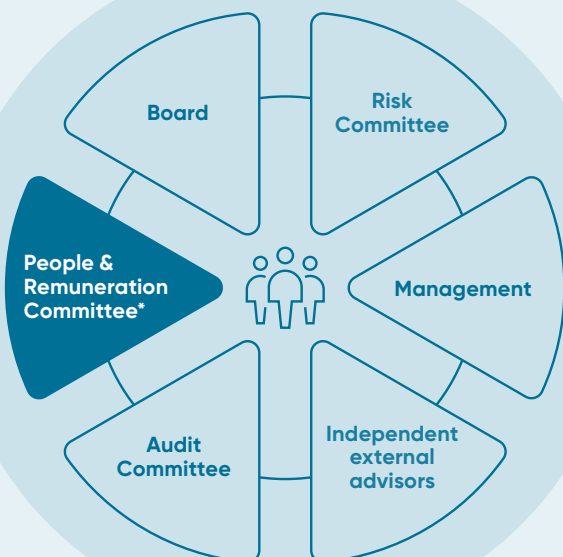
6.1 Terms of Executive KMP service agreements

Executive KMP service agreements detail the individual terms and conditions of employment applying to Executive KMP, with the termination scenarios and other key employment terms detailed below.

	CEO	Other Executive KMP
Employment agreement	An ongoing Executive Service Agreement.	An ongoing Executive Service Agreement or individual contract.
Termination by the Company or by Mutual Agreement	Twelve-month notice period.	Twelve-month notice period.
Resignation by the Executive	Six-month notice period. The Group may choose to place the CEO on leave or make a payment in lieu of notice at the Board's discretion.	Three-month notice period. The Group may choose to place the Executive on leave or make a payment in lieu of notice at the Board's discretion.
Incentives	If an Executive's employment ends as a 'good leaver' (for example, retirement, redundancy, death, illness, serious disability, etc.) they will continue to be entitled to any Security Rights granted under the STI Plan and any Performance Rights granted under the LTI Plan will remain on foot to be tested against the applicable performance conditions at the end of the performance period. The Board may determine in any instance that a lesser number of rights (e.g. pro rata to the part of the performance period worked) will vest. All rights will be forfeited should a participant's employment be terminated for cause or in other circumstances the Board determines should not be treated as a Good Leaver.	
Termination by the Group with cause	No notice or severance is payable. All unvested incentive awards are forfeited.	

7. Remuneration governance

The diagram below displays the interaction between the Board, Committees, management and external advisors, when discussing remuneration strategy, framework and outcomes.



• Members: Penny Bingham-Hall, The Hon. Nicola Roxon, Elana Rubin and Warwick Negus.

Board

Approves and has oversight of Dexus's Remuneration Policy, NED and Executive KMP remuneration and culture indicators.

Risk Committee

Advises the PRC of material risk issues, behaviours and/or compliance breaches.

Two joint meetings are held each year with the PRC to review Risk Culture frameworks, metrics, and audit information.

Management

Propose Executive appointments, succession plans, policies, remuneration structures and remuneration outcomes to the PRC for review and approval or recommendation to the Board.

Independent external advisors

The Board's independent remuneration advisor, SW Corporate, was engaged to provide benchmarking data, market practice information and advice on the remuneration framework in FY23. SW Corporate did not make any remuneration recommendations in FY23.

Audit Committee

Reviews the calculation of financial performance measures within incentive plans.

7.1 PRC Responsibilities

The PRC is responsible for developing the remuneration strategy, framework and policies for NEDs, Executive KMP and the GMC for Board approval.

The responsibilities of the PRC are outlined in the PRC's Terms of Reference, available at www.dexus.com/boardcommittees, which is reviewed and approved annually by the Board. The primary accountabilities of the PRC are:

- Reviewing and recommending to the Board for approval Dexus's remuneration practices, which covers Executive KMP, other GMC members and all other Dexus employees
- Reviewing and approving the Group Scorecard, annual performance objectives and KPIs for the CEO, Executive KMP and other GMC members
- Recommending to the Board for approval CEO, Executive KMP and other GMC members' base salary increases and annual incentive payments
- Reviewing, overseeing and approving aggregate base salary increases and annual incentive payments for all employees (other than the CEO, Executive KMP and other GMC members)
- Reviewing and recommending to the Board any Director fee changes, including proposals regarding the Directors' fee cap
- Reviewing and recommending to the Board for approval the Code of Conduct and other key policies
- Reviewing and recommending to the Board for approval, the Diversity Principles, including identification of measurable objectives for achieving gender diversity and progress towards those objectives
- Reviewing and approving processes and information on talent assessments, leadership development and succession planning
- Reviewing processes and metrics for measuring culture and behaviours, including risk culture areas
- Overseeing general people and culture practices including the risk of gender or other bias in remuneration.

7.2 Meetings

The PRC is required to meet at least four times per year. In FY23, the PRC met eight times to discuss and review remuneration, and people and culture related matters.

Committee papers are provided to all PRC members prior to meetings to enable timely, considered and effective decision making. The PRC may request additional information from management or external advisors where required.

7.3 Remuneration decision making

For remuneration concerning the Executive KMP, the CEO's input was sought to help guide discussions and provide input on performance throughout the year. The CEO's remuneration was considered separately to manage conflicts of interest.

The PRC uses a range of inputs when assessing Executive KMP performance and determining remuneration outcomes:

- Financial performance – measured using audited financial measures
- Management providing detailed examples of how non-financial outcomes have been achieved
- Demonstrated leadership of the Dexu values and behaviours
- External remuneration benchmarking and market practice provided by independent external advisors
- Under certain circumstances, the PRC and Board may adjust proposed remuneration outcomes for Executive KMP and the GMC members or require a forfeit of unvested Security Rights or Performance Rights issued under the Dexu LTI or STI Plans

8. NED remuneration

NED fees are reviewed annually by the Committee using information from a variety of sources, including:

- Publicly available remuneration data from ASX-listed companies with similar market capitalisation and complexity
- Publicly available remuneration data from ASX 100 A-REITs
- Information supplied by external remuneration advisors (where required)

Other than the Chair, who receives a single base fee, NEDs receive a base fee plus additional fees for membership of Board Committees. NEDs do not participate in incentive plans or receive any retirement benefits other than statutory superannuation contributions.

The total fees paid to NEDs for the year ended 30 June 2023 remained within the aggregate fee pool of \$2,500,000 per annum, which was approved by Security holders at the AGM in October 2017.

8.1 Fee structure

The Board fee structure (inclusive of statutory superannuation contributions) for FY23 is provided below. For FY24, the only NED fee change is that of the Board Chair. An increase to \$490,000 has been approved, in order to bring the Chair closer to a comparable ASX peer group.

	Chair (\$)	Member (\$)
Base fees	475,000 ¹	178,500
Risk Committee	35,700	17,850
Audit Committee	35,700	17,850
Nomination Committee ²	N/A	N/A
People & Remunerations Committee	35,700	17,850
Environmental, Social & Governance Committee	35,700	17,850
DWPL Board	N/A	50,000

1. The Board Chair receives a single fee for service, including service on Board Committees.

2. No fees applied to the Board Nomination Committee in FY23.

8.2 Minimum Security holding requirement

NEDs are expected to hold the equivalent of 100% of their base fees in Dexu Securities, to be acquired over five years from appointment date.

8.3 Security movements

The table below outlines the movement in NED Security holdings for FY23.

NED	Number of Securities held at 1 July 2022	Movement	Number of Securities held at 30 June 2023
Warwick Negus ¹	25,000	25,000	50,000
Penny Bingham-Hall	32,773	–	32,773
Paula Dwyer ²	–	25,000	25,000
Mark H Ford	17,339	–	17,339
Rhoda Phillippo ³	–	2,500	2,500
The Hon. Nicola Roxon	24,669	1,000	25,669
Elana Rubin AM ⁴	–	18,348	18,348
Former NEDs			Number of Securities held on date ceased Directorship
Richard Sheppard ⁵	100,000	20,000	120,000
Patrick Allaway ⁶	20,000	–	20,000
Tonianne Dwyer ⁷	22,500	–	22,500

1. Mr Warwick Negus was appointed to the Chair role on 27 October 2022 hence he is still within the five year timeframe to meet his MSR.
2. Ms Paula Dwyer was appointed as a Director on 1 February 2023 hence she is still within the five year timeframe to meet the MSR.
3. Ms Rhoda Phillippo was appointed as a Director on 1 February 2023 hence she is still within the five year timeframe to meet the MSR.
4. Ms Elana Rubin was appointed as a Director on 28 September 2022 hence she is still within the five year timeframe to meet the MSR.
5. Mr Richard Sheppard held the Chair role until 26 October 2022. His Security holdings at this date are shown.
6. Mr Patrick Allaway was a Director until 29 March 2022. His Security holdings at this date are shown.
7. Ms Tonianne Dwyer was a Director until 26 October 2022. Her Security holdings at this date are shown.

8.4 NED statutory remuneration

This summary of the benefits received by each NED for the year ended 30 June 2023 is prepared in accordance with the Australian Accounting Standards.

NED	Year	Short term benefits ¹ (\$)	Post-employment benefits (superannuation) (\$)	Other long-term benefits (\$)	Total (\$)
Current					
Warwick M Negus ¹	FY23	373,074	17,062	–	390,136
	FY22	209,332	4,868	–	214,200
Penny Bingham-Hall	FY23	232,050	–	–	232,050
	FY22	232,050	–	–	232,050
Paula Dwyer ²	FY23	71,346	7,491	–	78,837
	FY22	–	–	–	–
Mark H Ford	FY23	256,758	25,292	–	282,050
	FY22	258,482	23,568	–	282,050
Rhoda Phillippo ³	FY23	70,000	7,350	–	77,350
	FY22	–	–	–	–
The Hon. Nicola Roxon	FY23	232,050	–	–	232,050
	FY22	226,776	5,274	–	232,050
Elana Rubin AM ⁴	FY23	172,624	4,433	–	177,057
	FY22	–	–	–	–
Former					
Richard Sheppard ⁵	FY23	146,333	8,230	–	154,563
	FY22	463,216	11,784	–	475,000
Patrick Allaway ⁶	FY23	129,231	13,569	–	142,800
	FY22	194,727	19,473	–	214,200
Tonianna Dwyer ⁷	FY23	83,548	8,230	–	91,778
	FY22	260,556	23,568	–	284,124
Total	FY23	1,767,014	91,657	–	1,858,671
	FY22	1,845,139	88,535	–	1,933,674

1. Reflects pro-rated contribution as Non-Executive Director until 26 October 2022, then Chair.
2. Ms Paula Dwyer's remuneration has been pro-rated from her appointment date of 1 February 2023.
3. Ms Rhoda Phillippo's remuneration has been pro-rated from her appointment date of 1 February 2023.
4. Ms Elana Rubin's remuneration has been pro-rated from her appointment date of 28 September 2022.
5. Mr Richard Sheppard's remuneration has been pro-rated until 26 October 2022.
6. Mr Patrick Allaway's remuneration has been pro-rated until 29 March 2023.
7. Ms Tonianna Dwyer's remuneration has been pro-rated until 26 October 2022.

9. Statutory disclosures

9.1 Statutory remuneration

The total remuneration paid to Executive KMP for FY22 and FY23 is calculated in accordance with the Australian Accounting Standards.

Short term benefits					Long term benefits				Security-based benefits				
Executive KMP	Year	Base salary	STI award	Annual leave movement	Non-monetary benefits ¹	Super-annuation benefits	Termination benefits	Long service leave movement ²	Deferred STI plan accrual	LTI plan accrual	Once-off incentive awards accrual ⁴	Total	% Performance-based in FY23
Current													
Darren J Steinberg	FY23	1,574,708	840,000	(48,835)	16,741	25,292	–	25,629	416,529	1,031,221	1,031,490	4,912,775	67.56%
	FY22	1,576,432	1,421,280	39,458	6,116	23,568	–	41,843	441,946	1,405,767 ³	1,025,116	5,981,526	71.79%
Keir L Barnes	FY23	774,708	336,000	9,447	9,590	25,292	–	–	135,437	182,512	–	1,472,986	44.40%
	FY22	394,824	488,565	18,222	1,532	17,676	–	–	81,685	173,681 ³	–	1,176,185	63.25%
Deborah C Coakley	FY23	808,041	350,000	(11,783)	11,038	25,292	–	26,751	191,684	297,769	368,121	2,066,913	58.42%
	FY22	776,432	710,640	37,450	2,639	23,568	–	30,362	208,170	367,339 ³	368,224	2,524,824	65.52%
Ross G Du Vernet	FY23	808,041	387,500	(6,268)	2,128	25,292	–	31,197	199,681	303,437	368,121	2,119,129	59.40%
	FY22	776,432	710,640	34,426	2,665	23,568	–	29,479	213,154	388,395 ³	368,224	2,546,983	65.98%
Kevin L George ⁵	FY23	726,608	502,269	(16,855)	22,378	25,292	759,550	10,652	146,783	497,764	–	2,674,441	42.88%
	FY22	728,332	584,424	9,898	7,292	23,568	–	21,314	195,478	405,521 ³	–	1,975,827	60.00%
Former													
Alison Harrop	FY23	–	–	–	–	–	–	–	–	–	–	–	–
	FY22	182,083	–	16,900	2,209	11,784	370,058	–	25,348	314,293 ⁴	–	922,675	36.81%
Total	FY23	4,692,106	2,415,769	(74,294)	61,875	126,460	759,550	94,229	1,090,114	2,312,703	1,767,732	13,246,244	
	FY22	4,434,535	3,915,549	156,354	22,453	123,732	370,058	122,998	1,165,781	3,054,996	1,761,564	15,128,020	

1. Non-monetary benefits include any car parking, health insurance, relocation costs and FBT.
2. The accounting value of leave movements may be negative; for example, where an Executive's annual leave balance decreases as a result of taking more than the 20 days' annual leave they accrue during the current year. Long service leave accrues from five years of service and the accrual may seem high in the first year.
3. Increased by a total of \$1,158,259 in aggregate for all KMP to reflect the assumptions regarding the number of awards that were expected to vest at 30 June 2022.
4. Revised to reflect the acceleration of expense for those incentives retained by Alison C Harrop upon her cessation as KMP, resulting in an increase of \$281,247.
5. Kevin George was a Good Leaver under the terms of the STI and LTI plan rules and as such, any unvested deferred STI Security Rights and LTI Performance Rights were left on-foot to vest in the ordinary course.

9.2 Deferred STI and LTI awards which vested during FY23

The summary below outlines the number of Rights which vested under the Deferred STI and LTI plans during FY23. The vesting date for all Rights was 1 July 2022 and all deferred STI vested and the LTI vesting outcomes are in section 4.4.

Executive KMP	Plan name	Grant date ¹	Tranche	Number of Rights which vested ²	Market value at vesting ³ (\$)
Darren J Steinberg	Deferred STI	22.12.20	2	14,770	135,147
		29.11.21	1	23,438	214,460
	LTI	16.11.18	2	85,040	778,125
		12.12.19	1	44,523	407,390
Keir L Barnes	Deferred STI	22.12.20	2	2,500	22,875
		29.11.21	1	4,037	36,939
	Other	22.12.20	1	7,774	71,133
Deborah C Coakley	Deferred STI	22.12.20	2	6,231	57,014
		29.11.21	1	10,620	97,174
	LTI	16.11.18	2	15,944	145,889
		12.12.19	1	9,391	85,929
Ross G Du Vernet	Deferred STI	22.12.20	2	6,923	63,346
		29.11.21	1	10,987	100,532
	LTI	16.11.18	2	19,931	182,371
		12.12.19	1	10,435	95,481
Kevin L George	Deferred STI	22.12.20	2	6,646	60,812
		29.11.21	1	10,987	100,532
	LTI	16.11.18	2	19,931	182,371
		12.12.19	1	10,435	95,481

1. The Grant Dates disclosed are updated to reflect the Grant Date as defined by AASB 2 Share-based Payment.
2. All DSTI vested as this is only subject to a service condition and the LTI vesting outcome is detailed in section 4.4. All vested Rights are exercised immediately.
3. Market value at vesting is the VWAP of DXS Securities for the five-day period before the vesting date.

9.3 Deferred STI in respect of FY22 STI

The below table details the number of security rights granted to Executive KMP on 16 November 2022 based on the 2022 performance period.

Executive KMP	Number of Security Rights Granted	Fair Value per Performance Right	1st Vesting date	2nd Vesting date
Darren J Steinberg	51,839	\$7.57	1 July 2023	1 July 2024
Keir L Barnes	17,819	\$7.57		
Deborah C Coakley	25,919	\$7.57		
Ross G Du Vernet	25,919	\$7.57		
Kevin L George	21,316	\$7.57		

9.4 Deferred STI in respect of FY23 STI

The below details the number of Security Rights to be granted to Executive KMP based on performance during FY23 under the Deferred STI plan, using a VWAP of \$7.92.

Executive KMP	Value of deferred STI (\$)	Number of Security Rights granted	Vesting date (100%)
Darren J Steinberg	280,000	35,353	1 July 2024
Keir L Barnes	112,000	14,141	
Deborah C Coakley	116,667	14,730	
Ross G Du Vernet	129,167	16,308	

9.5 LTI grant with respect to the FY23 LTI

The table below details the number of Performance Rights granted to Executive KMP on 16 November 2022 under the FY23 LTI plan.

Executive KMP	Grant value as a % of FR	Performance measure	Number of Performance Rights granted	VWAP value per Performance Right ¹	Tranche 1 (50%) Vesting date 1 July 2025 ²	Tranche 2 (50%) Vesting date 1 July 2026 ²
Darren J Steinberg	150%	ROCE	105,044	\$9.14	\$6.47	\$6.09
		RTSR	105,044	\$9.14	\$0.85	\$0.93
		Strategic measures	52,522	\$9.14	\$6.47	\$6.09
Keir L Barnes	120%	ROCE	42,018	\$9.14	\$6.47	\$6.09
		RTSR	42,018	\$9.14	\$0.85	\$0.93
		Strategic measures	21,008	\$9.14	\$6.47	\$6.09
Deborah C Coakley	120%	ROCE	42,018	\$9.14	\$6.47	\$6.09
		RTSR	42,018	\$9.14	\$0.85	\$0.93
		Strategic measures	21,008	\$9.14	\$6.47	\$6.09
Ross G Du Vernet	120%	ROCE	42,018	\$9.14	\$6.47	\$6.09
		RTSR	42,018	\$9.14	\$0.85	\$0.93
		Strategic measures	21,008	\$9.14	\$6.47	\$6.09
Kevin L George	120%	ROCE	39,491	\$9.14	\$6.47	\$6.09
		RTSR	39,491	\$9.14	\$0.85	\$0.93
		Strategic measures	19,746	\$9.14	\$6.47	\$6.09

1. 10 trading days either side of the first trading day of the new financial year.

2. Fair value for the LTI reflects the grant date fair value in accordance with AASB 2 Share-based payment. Valuations were provided by EY under the Monte Carlo Simulation model.

9.6 LTI grant with respect to the FY24 LTI

The table below details the number of Performance Rights granted to Executive KMP under the FY24 LTI plan, noting the CEO grant is subject to Security holder vote at the 2023 Annual General Meeting and acceptance of Rights by KMP.

Executive KMP	Grant value as a % of FR	Performance measure	Number of Performance Rights granted	VWAP value per Performance Right ¹	Fair Value of Tranche 1 (50%) Vesting date 1 July 2026	Fair Value of Tranche 1 (50%) Vesting date 1 July 2027
Darren J Steinberg	150%	ROCE	121,212	7.92	\$6.53	\$6.16
		RTSR	121,212	7.92	\$2.46	\$2.18
		Strategic measures	60,606	7.92	\$6.53	\$6.16
Keir L Barnes	120%	ROCE	51,515	7.92	\$6.53	\$6.16
		RTSR	51,515	7.92	\$2.46	\$2.18
		Strategic measures	25,757	7.92	\$6.53	\$6.16
Deborah C Cookley	120%	ROCE	54,545	7.92	\$6.53	\$6.16
		RTSR	54,545	7.92	\$2.46	\$2.18
		Strategic measures	27,273	7.92	\$6.53	\$6.16
Ross G Du Vernet	120%	ROCE	54,545	7.92	\$6.53	\$6.16
		RTSR	54,545	7.92	\$2.46	\$2.18
		Strategic measures	27,273	7.92	\$6.53	\$6.16

1. Fair value for the LTI reflects the fair value at 30 June 2023. Valuations were provided by EY under the Monte Carlo Simulation model.

9.7 Executive KMP unvested Rights outstanding

The table below shows the number of unvested Rights held by Executive KMP as at 30 June 2023 under the Deferred STI and LTI plans. The STI and LTI awards in respect of which the elements below are deferred elements which were disclosed in prior year Remuneration Reports. Minimum total value of grant is nil.

Executive KMP	Plan name	Grant date ¹	Vesting date ²	Tranche	Number of Rights	Maximum Possible Value yet to Vest
Darren J Steinberg	Deferred STI	29.11.21	01.07.23	2	23,438	
		16.11.22	01.07.23	1	25,920	
		16.11.22	01.07.24	2	25,919	73,352
	LTI	12.12.19	01.07.23	2	89,047	
		22.12.20	01.07.23	1	124,381	
		22.12.20	01.07.24	2	124,380	135,720
		29.11.21	01.07.24	1	112,503	167,656
		29.11.21	01.07.25	2	112,502	243,367
		16.11.22	01.07.25	1	131,305	202,841
		16.11.22	01.07.26	2	131,305	233,035
	Retention Award	01.06.21	01.07.24	1	356,335	1,037,142
Keir L Barnes	Deferred STI	29.11.21	01.07.23	2	4,037	
		16.11.22	01.07.23	1	8,910	
		16.11.22	01.07.24	2	8,909	25,215
	LTI	29.11.21	01.07.24	1	19,336	28,815
		29.11.21	01.07.25	2	19,336	41,828
		16.11.22	01.07.25	1	52,522	81,136
		16.11.22	01.07.26	2	52,522	93,214
	Other ³	22.12.20	01.07.23	2	7,773	

Executive KMP	Plan name	Grant date ¹	Vesting date ²	Tranche	Number of Rights	Maximum Possible Value yet to Vest
Deborah C Coakley	Deferred STI	29.11.21	01.07.23	2	10,620	
		16.11.22	01.07.23	1	12,960	
		16.11.22	01.07.24	2	12,959	36,676
	LTI	12.12.19	01.07.23	2	18,783	
		22.12.20	01.07.23	1	28,180	
		22.12.20	01.07.24	2	28,179	30,749
		29.11.21	01.07.24	1	28,126	41,914
		29.11.21	01.07.25	2	28,125	60,842
		16.11.22	01.07.25	1	52,522	81,136
		16.11.22	01.07.26	2	52,522	93,214
	Retention Award	14.12.20	14.12.23	1	76,740	98,429
		14.12.20	14.12.24	2	76,740	223,411
Ross G Du Vernet	Deferred STI	29.11.21	01.07.23	2	10,986	
		16.11.22	01.07.23	1	12,960	
		16.11.22	01.07.24	2	12,959	36,676
	LTI	22.12.20	01.07.23	1	29,152	
		22.12.20	01.07.24	2	29,151	31,810
		29.11.21	01.07.24	1	28,126	41,913
		29.11.21	01.07.25	2	28,125	60,840
		16.11.22	01.07.25	1	52,522	81,136
		16.11.22	01.07.26	2	52,522	93,214
	Retention Award	14.12.20	14.12.23	1	76,740	98,429
		14.12.20	14.12.24	2	76,740	223,411
Kevin L George	Deferred STI	29.11.21	01.07.23	2	10,986	
		16.11.22	01.07.23	1	10,658	
		16.11.22	01.07.24	2	10,658	
	LTI	12.12.19	01.07.23	2	20,870	
		22.12.20	01.07.23	1	29,152	
		22.12.20	01.07.24	2	29,151	
		29.11.21	01.07.24	1	26,435	
		29.11.21	01.07.25	2	26,434	
		16.11.22	01.07.25	1	49,364	
		16.11.22	01.07.26	2	49,364	

1. The grant dates disclosed are updated to reflect the grant date as defined by AASB 2 Share-based Payment.
2. All awards are automatically converted to Securities upon vesting hence there is no expiry date.
3. Other refers to unvested plans (includes KTEP, however does not include DSTI or LTI) granted to Executive before becoming a KMP. The Key Talent Equity Plan (KTEP) is a mid-term incentive plan which aims to retain individuals identified as key talent and further align them to the interests of Dexu and its investors through an increased Security holding. KTEP participants are granted Performance Rights that do not receive distributions until vesting occurs. The plan vests in two tranches equally over a two and three-year period.

9.8 Equity investments – Security Rights and Performance Rights

The table below outlines the movement in Executive KMP's Security Rights and Performance Rights for FY23, noting that all vested Rights are automatically exercised.

Number of rights	Held at 1 July 2022	Granted during the year	Vested and exercised during the year	Cancelled during the year	Held at 30 June 2023
Darren J Steinberg	834,993	317,122	170,444	80,971	900,700
Keir L Barnes	64,794	123,320	14,768	–	173,346
Deborah C Coakley	353,905	132,128	43,351	16,226	426,456
Ross G Du Vernet	367,143	132,217	49,530	18,977	430,853
Kevin L George	210,004	121,270	49,225	18,977	263,072

9.9 Equity investments – Security holdings

The table below outlines the movement in Executive KMP's Security holdings for FY23. All Executive KMP currently meet or are on-track to meet their minimum Security holding requirement within five years from their date of appointment.

Number of Securities	Held at 1 July 2022	Granted during the year	Vested and exercised during the year	Acquired/ (disposed) during the year	Held at 30 June 2023
Darren J Steinberg	1,207,167	–	170,444	–	1,377,611
Keir L Barnes	2,811	–	14,768	–	17,579
Deborah C Coakley	108,907	–	43,351	–	152,258
Ross G Du Vernet	134,413	–	49,530	(29,530)	154,413
Kevin L George	90,104	–	49,225	(70,000)	69,329

9.10 Loans

No loans were provided to KMP or related parties.

9.11 Other transactions

There were no transactions involving an equity instrument (other than share based payment compensation) to KMP or related parties.

9.12 Dexu Securities Trading Policy

The Securities Trading Policy provides guidance to Directors, Employees (including KMP), Contractors and Associates for ongoing compliance with legal obligations relating to trading or investing in financial products managed by Dexu.

The Policy prohibits employees from trading in financial products while they are in possession of Inside Information (non-public price sensitive information) and hedging their exposure to unvested Dexu Securities. Trading in Dexu Securities or related products is only permitted with the permission of the Chair (for Directors and the CEO) or the CEO (for Other Executive KMP).

The Group also has Conflict of Interest and Insider Trading policies in place which extend to family members and associates of employees.

Contents

Directors' Report	109
Auditor's Independence Declaration	115
Consolidated Statement of Comprehensive Income	116
Consolidated Statement of Financial Position	117
Consolidated Statement of Changes in Equity	118
Consolidated Statement of Cash Flows	119
Notes to the Consolidated Financial Statements	120
Group performance	123
Note 1 Operating segments	123
Note 2 Property revenue and expenses	129
Note 3 Management operations, corporate and administration expenses	129
Note 4 Finance costs	130
Note 5 Taxation	130
Note 6 Earnings per unit	132
Note 7 Distributions paid and payable	133
Investments	134
Note 8 Investment properties	134
Note 9 Investments accounted for using the equity method	138
Note 10 Inventories	145
Note 11 Non-current assets classified as held for sale	145
Note 12 Financial assets at fair value through profit or loss	146
Capital and financial risk management and working capital	147
Note 13 Capital and financial risk management	147
Note 14 Lease liabilities	155
Note 15 Interest bearing liabilities	156
Note 16 Commitments and contingencies	158
Note 17 Contributed equity	159
Note 18 Reserves	159
Note 19 Working capital	160
Other disclosures	163
Note 20 Intangible assets	163
Note 21 Business combination	166
Note 22 Audit, taxation and transaction service fees	167
Note 23 Cash flow information	168
Note 24 Security-based payments	169
Note 25 Related parties	170
Note 26 Parent entity disclosures	171
Note 27 Subsequent events	172
Directors' Declaration	173
Independent Auditor's Report	174

Directors' report

The Directors of Dexus Funds Management Limited (DXFM) as Responsible Entity of Dexus Property Trust (DPT or the Trust) present their Directors' Report together with the Consolidated Financial Statements for the year ended 30 June 2023. The Consolidated Financial Statements represents DPT and its consolidated entities, which are referred to as Dexus (DXS or the Group).

The Trust, together with Dexus Operations Trust (DXO), form the Dexus stapled security.

Directors and Secretaries

Directors

The following persons were Directors of DXFM at all times during the year and to the date of this Directors' Report, unless otherwise stated:

Directors	Appointed
Warwick M Negus, BBus, MCom, SF Fin ¹	1 February 2021
Patrick N J Allaway, BA/LLB ²	1 February 2020
Penny Bingham-Hall, BA (Industrial Design), FAICD, SF Fin	10 June 2014
Paula J Dwyer, BCom, FCA, SF Fin, FAICD	1 February 2023
Tonianne Dwyer, BJuris (Hons), LLB (Hons) ³	24 August 2011
Mark H Ford, Dip. Tech (Commerce), CA, FAICD	1 November 2016
Rhoda Phillippo, MSc (Telecommunications Business), GAICD	1 February 2023
The Hon. Nicola L Roxon, BA/LLB (Hons), GAICD	1 September 2017
Elana Rubin AM, BA (Hons), MA, SF Fin, FAICD	28 September 2022
W Richard Sheppard, BEc (Hons), FAICD ³	1 January 2012
Darren J Steinberg, BEc, FAICD, FRICS, FAPI	1 March 2012

¹ Appointed as Chair of the Board, effective 27 October 2022.

² Retired, effective 30 March 2023. On 30 November 2022, Patrick N J Allaway was granted a temporary leave of absence until the date of retirement.

³ Retired, effective 27 October 2022.

Company Secretaries

The names and details of the Company Secretaries of DXFM as at 30 June 2023 are as follows:

Brett D Cameron LLB/BA (Science and Technology), GAICD, FGIA

Appointed: 31 October 2014

Brett is the General Counsel and a Company Secretary of Dexus companies and is responsible for the legal function, company secretarial services and compliance and governance systems and practices across the Group.

Prior to joining Dexus, Brett was Head of Legal for Macquarie Real Estate (Asia) and has held senior legal positions at Macquarie Capital Funds in Hong Kong and Minter Ellison in Sydney and Hong Kong. Brett has 25 years' experience as inhouse counsel and in private practice in Australia and in Asia, where he worked on real estate structuring and operations, funds management, mergers and acquisitions, private equity and corporate finance across a number of industries.

Brett graduated from The University of New South Wales and holds a Bachelor of Laws and a Bachelor of Arts (Science and Technology) and is a member of the Law Societies of New South Wales and Hong Kong. Brett is also a graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Scott Mahony BBus (Acc), Grad Dip (Business Administration), MBA (eCommerce), Grad Dip (Applied Corporate Governance) FGIA, FCIS

Appointed: 5 February 2019

Scott is the Head of Governance of Dexus and is responsible for the development, implementation and oversight of Dexus's governance policies and practices. Prior to being appointed the Head of Governance in 2018, Scott had oversight of Dexus's risk and compliance programs.

Scott joined Dexus in October 2005 after two years with Commonwealth Bank of Australia as a Senior Compliance Manager. Prior to this, Scott worked for over 11 years for Assure Services & Technology (part of AXA Asia Pacific) where he held various management roles.

Attendance of Directors at Board Meetings and Board Committee Meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below. The Directors met 13 times during the year, of which two were Board Sub-committee and special meetings.

	Main meetings held	Main meetings attended	Special meetings held	Special meetings attended
Warwick M Negus ¹	11	11	2	2
Patrick N J Allaway ²	4	4	1	1
Penny Bingham-Hall	11	11	1	1
Paula J Dwyer ³	5	5	-	-
Tonianne Dwyer ⁴	4	4	1	1
Mark H Ford	11	11	1	1
Rhoda Phillippo ³	5	5	-	-
The Hon. Nicola L Roxon	11	10	1	1
Elana Rubin AM ⁵	9	9	-	-
W Richard Sheppard ⁴	4	4	1	1
Darren J Steinberg	11	11	2	2

¹ Appointed as Chair of the Board, effective 27 October 2022.

² Retired, effective 30 March 2023. On 30 November 2022, Patrick N J Allaway was granted a temporary leave of absence until the date of retirement.

³ Appointed, effective 1 February 2023.

⁴ Retired, effective 27 October 2022.

⁵ Appointed, effective 28 September 2022.

Board Sub-committee and special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

The table below shows Non-Executive Directors' attendances at Board Committee meetings of which they were a member during the year ended 30 June 2023. All Non-Executive Directors have a standing invitation to attend any or all Board Committee meetings.

	Board Audit Committee		Board Risk Committee		Board Nomination Committee		Board People and Remuneration Committee		Board Environmental, Social and Governance Committee		Joint "Organisational Risk" Session	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Warwick M Negus ¹	4	4	4	4	2	2	5	5	3	3	2	2
Patrick N J Allaway ²	1	1	1	1	1	1	-	-	-	-	-	-
Penny Bingham-Hall	-	-	-	-	2	2	8	8	5	5	2	2
Paula J Dwyer ³	1	1	1	1	1	1	-	-	-	-	1	1
Tonianne Dwyer ⁴	1	-	1	-	1	1	-	-	-	-	-	-
Mark H Ford	4	4	-	-	2	2	-	-	5	5	2	2
Rhoda Phillippo ³	1	1	1	1	1	1	-	-	-	-	1	1
The Hon. Nicola L Roxon	-	-	-	-	2	2	8	8	5	5	2	1
Elana Rubin AM ⁵	-	-	3	3	2	2	3	3	-	-	2	2
W Richard Sheppard ⁴	-	-	-	-	1	1	4	3	-	-	-	-

¹ Appointed as Chair of the Board, effective 27 October 2022.

² Retired, effective 30 March 2023. On 30 November 2022, Patrick N J Allaway was granted a temporary leave of absence until the date of retirement.

³ Appointed, effective 1 February 2023.

⁴ Retired, effective 27 October 2022.

⁵ Appointed, effective 28 September 2022.

Directors' relevant interests

The relevant interests of each Director in DXS stapled securities as at the date of this Directors' Report are shown below:

Directors	No. of securities
Warwick M Negus ¹	50,000
Patrick N J Allaway ²	N/A
Penny Bingham-Hall	32,773
Paula J Dwyer ³	25,000
Tonianne Dwyer ⁴	N/A
Mark H Ford	17,339
Rhoda Phillippo ³	2,500
The Hon. Nicola L Roxon ⁵	25,669
Elana Rubin AM ⁶	18,348
W Richard Sheppard ⁴	N/A
Darren J Steinberg ⁷	1,377,611

¹ Appointed as Chair of the Board, effective 27 October 2022.

² Retired, effective 30 March 2023. On 30 November 2022, Patrick N J Allaway was granted a temporary leave of absence until the date of retirement.

³ Appointed, effective 1 February 2023.

⁴ Retired, effective 27 October 2022.

⁵ Includes interests held directly and through Non-Executive Director (NED) Plan rights.

⁶ Appointed, effective 28 September 2022.

⁷ Includes interests held directly and through performance rights (refer to note 24).

Operating and financial review

Information on the operations and financial position of the Group and its business strategies and prospects is set out on pages 30 to 39 of the Annual Report and forms part of this Directors' Report.

Remuneration Report

The Remuneration Report is set out on pages 82 to 107 of the Annual Report and forms part of this Directors' Report.

Directors' directorships in other listed entities

The following table sets out directorships of other ASX listed entities (unless otherwise stated), not including DXFM, held by the Directors at any time in the three years immediately prior to the end of the year, and the period for which each directorship was held.

Directors	Company	Date appointed
Warwick M Negus	Pengana Capital Group Limited (Chairman) ¹	1 June 2017
	Bank of Queensland	22 September 2016
	Washington H. Soul Pattison and Company Ltd ¹	1 November 2014
Patrick N J Allaway ²	Bank of Queensland	1 May 2019
Penny Bingham-Hall	BlueScope Steel Limited ³	29 March 2011
	Fortescue Metals Group Ltd	16 November 2016
Paula J Dwyer	AMCIL Limited	6 June 2023
	ANZ Group Holdings Ltd ⁴	1 April 2012
	Tabcorp Holdings Ltd ⁴	30 August 2005
Tonianna Dwyer ⁵	Metcash Limited ⁶	24 June 2014
	ALS Limited	1 July 2016
	Oz Minerals Limited	21 March 2017
	Incitec Pivot Limited	20 May 2021
Mark H Ford	Kiwi Property Group Limited ⁷	16 May 2011
Rhoda Phillippo	APA Group	1 June 2020
The Hon. Nicola L Roxon	Lifestyle Communities Limited	1 September 2017
Elana Rubin AM	Telstra Corporation	14 February 2020
	Slater and Gordon ⁸	6 March 2018
	Afterpay Ltd ⁹	30 March 2017
W Richard Sheppard ⁵	Star Entertainment Group	21 November 2012
Darren J Steinberg	VGI Partners Limited ¹⁰	12 May 2019

¹ Retired from the Board of Washington H. Soul Pattison and Company Ltd, effective 31 December 2022 and Pengana Capital Group Limited, effective 1 April 2023.

² Retired from the Board of DXFM, effective 30 March 2023. On 30 November 2022, Patrick N J Allaway was granted a temporary leave of absence until the date of retirement.

³ Retired from the Board of BlueScope Steel Limited, effective 31 October 2022.

⁴ Retired from the Board of ANZ Group Holdings Ltd, effective 16 December 2021 and Tabcorp Holdings Limited, effective 31 December 2020.

⁵ Retired from the Board of DXFM, effective 27 October 2022.

⁶ Retired from the Board of Metcash Limited, effective 28 June 2022.

⁷ Retired from the Board of Kiwi Property Group Limited, effective 28 June 2023 (listed for trading on the New Zealand Stock Exchange).

⁸ Delisted from the Australian Stock Exchange effective 28 April 2023.

⁹ Retired from the Board of Afterpay Ltd, effective 1 February 2022. Afterpay Ltd was delisted from the Australian Stock Exchange, effective 19 January 2022.

¹⁰ Retired from the Board of VGI Partners Limited, effective 3 June 2022.

Principal activities

During the year the principal activities of the Group were to:

- Own, manage and develop high quality real assets
- Invest in Australian managed funds
- Manage real asset funds on behalf of third party investors

Significant changes in the nature of the Group's activities during the year are detailed below.

Total value of Trust assets

The total value of the assets of the Group as at 30 June 2023 was \$18,480.2 million (2022: \$19,192.1 million). Details of the basis of this valuation are outlined in the Notes to the Consolidated Financial Statements and form part of this Directors' Report.

Likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and future developments or results of the Group, other than the information already outlined in this Directors' Report or the Consolidated Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Group.

Significant changes in the state of affairs

On 24 March 2023, Dexu reached First Completion on the acquisition of Collimate Capital's real estate and domestic infrastructure equity business from AMP Limited (AMP). First completion occurred under an alternative transaction structure with a two stage completion process. The alternative transaction structure allowed First Completion of the transaction without satisfaction of the condition precedent relating to the transfer of AMP's ownership interest in China Life AMP Asset Management ("CLAMP") out of entities being acquired by Dexu under the Transaction.

Under the alternative transaction structure, First Completion enables integration of the Collimate Capital business into the Dexu platform, with Dexu entitled to the economics from First Completion. Final Completion remains dependent on the ownership of CLAMP being transferred out of the relevant entities that Dexu has agreed to purchase.

A base purchase price of \$225 million was agreed. Payment of \$50 million of the base purchase price has been deferred until Final Completion. If Final Completion does not occur by 30 September 2024, this deferred amount will be forfeited by AMP.

As at 30 June 2023, it is expected that the full amount will be payable and accordingly it has been recorded as contingent consideration in the Consolidated Statement of Financial Position.

In addition, Dexu acquired associated co-investment stakes in the AMP Capital Core Property Fund (CPF), Wholesale Australia Property Fund (WAPF) and AMP Capital Core Infrastructure Fund (CIF) from AMP for total cash consideration of \$103.0 million.

Matters subsequent to the end of the financial year

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt with in their Directors' Report or the Consolidated Financial Statements that has significantly or may significantly affect the operation of the Group, the results of those operations, or state of the Group's affairs in future financial periods.

Distributions

Distributions paid or payable by the Group for the year ended 30 June 2023 were 51.6 cents per security which amounted to \$555.0 million (2022: 53.2 cents per security, \$572.2 million) as outlined in note 7 of the Notes to the Consolidated Financial Statements.

DXFM fees

Details of fees paid or payable by the Group to DXFM are eliminated on consolidation for the year ended 30 June 2023. Details are outlined in note 25 of the Notes to the Consolidated Financial Statements and form part of this Directors' Report.

Interests in DXS securities

The movement in securities on issue in the Group during the year and the number of securities on issue as at 30 June 2023 are detailed in note 17 of the Notes to the Consolidated Financial Statements and form part of this Directors' Report.

The number of interests in the Group held by DXFM or its associates as at the end of the financial year is nil (2022: nil).

The DXFM Board has approved a grant of performance rights of DXS stapled securities to eligible participants. Details of the performance rights awarded during the financial year are outlined in note 24 of the Notes to the Consolidated Financial Statements. The Group did not have any options on issue as at 30 June 2023 (2022: nil).

Environmental regulation

The Board Risk Committee oversees the policies, procedures and systems that have been implemented to ensure the adequacy of its environmental risk management practices. It is the opinion of this Committee that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Committee is not aware of any material breaches of these requirements.

The Group is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (NGER Act). The NGER Act requires the Group to report its annual greenhouse gas emissions and energy use.

The Group has implemented systems and processes for the collection and calculation of the data required. The Group submitted its 2022 report to the Greenhouse and Energy Data Officer on 27 October 2022 and will submit its 2023 report by 31 October 2023. During the 12 month period ending 30 June 2023, the Group complied with all the relevant requirements as set out by the NGER Act.

Information regarding the Group's participation in the NGER program is available at: www.dexu.com/sustainability

Indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, Officers and others (as defined in the relevant policy of insurance) is paid by DXFM's immediate parent entity, Dexus Holdings Pty Limited (DXH).

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against Directors and Officers in their capacity as Directors and Officers of DXFM, its subsidiaries or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings.

PricewaterhouseCoopers (PwC or the Auditor), is indemnified out of the assets of the Group pursuant to the Dexus Specific Terms of Business agreed for all engagements with PwC, to the extent that the Group inappropriately uses or discloses a report prepared by PwC. The Auditor is not indemnified for the provision of services where such an indemnification is prohibited by the *Corporations Act 2001*.

Audit

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*. In accordance with section 324DAA of the *Corporations Act 2001*, the Group's lead auditor and review auditor must be rotated every five years unless the Board grants approval to extend the term for up to a further two years.

Non-audit services

The Group may decide to employ the Auditor on assignments, in addition to its statutory audit duties, where the Auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out in note 22 of the Notes to the Consolidated Financial Statements.

The Board Audit Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the standard of independence for auditors imposed by the *Corporations Act 2001*.

The reasons for the Directors being satisfied are:

- All non-audit services have been reviewed by the Board Audit Committee to ensure that they do not impact the impartiality and objectivity of the Auditor
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*

The above Directors' statements are in accordance with the advice received from the Board Audit Committee.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 115 and forms part of this Directors' Report.

Corporate governance

DXFM's Corporate Governance Statement is available at: www.dexus.com/corporategovernance

Rounding of amounts and currency

As the Group is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the Directors have chosen to round amounts in this Directors' Report and the accompanying Financial Report to the nearest tenth of a million dollars, unless otherwise indicated. All figures in this Directors' Report and the Consolidated Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Consolidated Financial Statements were authorised for issue by the Directors on 15 August 2023.



Warwick M Negus
Chair
15 August 2023



Darren J Steinberg
Chief Executive Officer
15 August 2023



Auditor's Independence Declaration

As lead auditor for the audit of Dexu Property Trust for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dexu Property Trust and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'A S Wood'.

A S Wood
Partner
PricewaterhouseCoopers

Sydney
15 August 2023

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Note	2023 \$m	2022 \$m
Revenue from ordinary activities			
Property revenue	2	416.3	464.6
Development revenue	10	113.8	172.0
Interest revenue		10.7	2.4
Management fees and other revenue		307.6	235.3
Total revenue from ordinary activities		848.4	874.3
Net fair value gain of investment properties	8	—	437.0
Share of net profit of investments accounted for using the equity method	9	—	845.7
Net gain on sale of investment properties		—	0.1
Net fair value gain of foreign currency interest bearing liabilities		75.6	173.0
Net fair value gain of financial assets at fair value through profit or loss	12	—	6.5
Other income		12.8	10.1
Total income		936.8	2,346.7
Expenses			
Property expenses	2	(137.0)	(142.1)
Development costs	10	(61.0)	(138.6)
Finance costs	4	(174.1)	(141.8)
Impairment of intangibles	20	(60.0)	(1.9)
Impairment of investments accounted for using the equity method	9	(3.2)	(0.9)
Share of net loss of investments accounted for using the equity method	9	(213.4)	—
Net fair value loss of derivatives	13(c)	(67.6)	(40.2)
Net foreign exchange loss		—	(0.2)
Net fair value loss of investment properties	8	(623.5)	—
Net fair value loss of financial assets at fair value through profit or loss	12	(28.3)	—
Transaction costs		(87.8)	(63.8)
Management operations, corporate and administration expenses	3	(222.4)	(186.1)
Total expenses		(1,678.3)	(715.6)
(Loss)/profit for the year before tax		(741.5)	1,631.1
Income tax expense	5(a)	(11.2)	(15.2)
(Loss)/profit for the year		(752.7)	1,615.9
Other comprehensive (loss)/income:			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges	18	1.7	7.4
Changes in the foreign currency basis spread reserve	18	0.2	10.7
Total comprehensive (loss)/income for the year		(750.8)	1,634.0
(Loss)/profit for the year attributable to:			
Unitholders of the parent entity		(685.2)	1,583.0
Unitholders of other stapled entities (non-controlling interests)		(67.5)	32.9
(Loss)/profit for the year		(752.7)	1,615.9
Total comprehensive (loss)/income for the year attributable to:			
Unitholders of the parent entity		(683.3)	1,601.1
Unitholders of other stapled entities (non-controlling interests)		(67.5)	32.9
Total comprehensive (loss)/income for the year		(750.8)	1,634.0
		Cents	Cents
Earnings per unit on profit/(loss) attributable to unitholders of the Trust (parent entity)			
Basic earnings per unit	6	(63.71)	147.18
Diluted earnings per unit	6	(63.71)	145.38
Earnings per stapled security on profit/(loss) attributable to stapled security holders			
Basic earnings per security	6	(69.98)	150.24
Diluted earnings per security	6	(69.98)	148.36

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	2023 \$m	2022 \$m
Current assets			
Cash and cash equivalents	19(a)	123.9	75.3
Receivables	19(b)	151.8	166.5
Non-current assets classified as held for sale	11	1,354.0	385.0
Inventories	10	30.6	54.4
Derivative financial instruments	13(c)	98.6	45.4
Current tax receivable	5(c)	11.2	–
Other	19(c)	103.8	53.5
Total current assets		1,873.9	780.1
Non-current assets			
Investment properties	8	6,038.1	8,295.7
Plant and equipment		11.3	11.7
Right-of-use assets		6.5	16.9
Investments accounted for using the equity method	9	9,050.0	8,881.9
Derivative financial instruments	13(c)	385.5	425.1
Intangible assets	20	679.4	488.0
Financial assets at fair value through profit or loss	12	431.9	186.5
Loans with related parties	25	1.8	33.7
Other	25	1.8	72.5
Total non-current assets		16,606.3	18,412.0
Total assets		18,480.2	19,192.1
Current liabilities			
Payables	19(d)	196.3	180.4
Contingent consideration	21	50.0	–
Interest bearing liabilities	15	381.8	–
Lease liabilities	14	2.1	4.2
Derivative financial instruments	13(c)	32.6	1.2
Current tax liabilities	5(c)	–	16.0
Provisions	19(e)	314.1	315.9
Loans with related parties	25	21.5	33.1
Other		68.2	4.3
Total current liabilities		1,066.6	555.1
Non-current liabilities			
Interest bearing liabilities	15	4,927.9	4,882.3
Lease liabilities	14	12.5	22.7
Derivative financial instruments	13(c)	53.4	40.5
Deferred tax liabilities	5(f)	124.9	102.2
Provisions	19(e)	10.8	3.4
Other	19(f)	19.8	18.7
Total non-current liabilities		5,149.3	5,069.8
Total liabilities		6,215.9	5,624.9
Net assets		12,264.3	13,567.2
Equity			
Equity attributable to unitholders of the Trust (parent entity)			
Contributed equity	17	7,048.0	7,048.0
Reserves	18	19.2	17.3
Retained profits		4,969.2	6,159.4
Parent entity unitholders' interest		12,036.4	13,224.7
Equity attributable to unitholders of other stapled entities			
Contributed equity	17	107.1	107.1
Reserves	18	36.7	33.8
Retained profits		84.1	201.6
Other stapled unitholders' interest		227.9	342.5
Total equity		12,264.3	13,567.2

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Consolidated Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Equity attributable to unitholders of the Trust (parent entity)				Equity attributable to unitholders of other stapled entities				
		Con- tributed equity \$m	Reserves \$m	Retained profits \$m	Total \$m	Con- tributed equity \$m	Reserves \$m	Retained profits \$m	Total \$m	Total equity \$m
Opening balance as at 1 July 2021		2,341.4	(0.8)	1,463.9	3,804.5	4,813.7	37.4	3,853.4	8,704.5	12,509.0
Capital reorganisation ¹		4,706.6	—	3,634.7	8,341.3	(4,706.6)	—	(3,634.7)	(8,341.3)	—
Restated opening balance as at 1 July 2021		7,048.0	(0.8)	5,098.6	12,145.8	107.1	37.4	218.7	363.2	12,509.0
Net profit/(loss) for the year		—	—	1,583.0	1,583.0	—	—	32.9	32.9	1,615.9
Other comprehensive income/(loss) for the year	18	—	18.1	—	18.1	—	—	—	—	18.1
Total comprehensive income/(loss) for the year		—	18.1	1,583.0	1,601.1	—	—	32.9	32.9	1,634.0
Transactions with owners in their capacity as owners										
Purchase of securities, net of transaction costs	18	—	—	—	—	—	(15.1)	—	(15.1)	(15.1)
Security-based payments expense	18	—	—	—	—	—	11.5	—	11.5	11.5
Distributions paid or provided for	7	—	—	(522.2)	(522.2)	—	—	(50.0)	(50.0)	(572.2)
Total transactions with owners in their capacity as owners		—	—	(522.2)	(522.2)	—	(3.6)	(50.0)	(53.6)	(575.8)
Closing balance as at 30 June 2022		7,048.0	17.3	6,159.4	13,224.7	107.1	33.8	201.6	342.5	13,567.2
Opening balance as at 1 July 2022		7,048.0	17.3	6,159.4	13,224.7	107.1	33.8	201.6	342.5	13,567.2
Net profit/(loss) for the year		—	—	(685.2)	(685.2)	—	—	(67.5)	(67.5)	(752.7)
Other comprehensive income/(loss) for the year	18	—	1.9	—	1.9	—	—	—	—	1.9
Total comprehensive income/(loss) for the year		—	1.9	(685.2)	(683.3)	—	—	(67.5)	(67.5)	(750.8)
Transactions with owners in their capacity as owners										
Purchase of securities, net of transaction costs	18	—	—	—	—	—	(7.5)	—	(7.5)	(7.5)
Security-based payments expense	18	—	—	—	—	—	10.4	—	10.4	10.4
Distributions paid or provided for	7	—	—	(505.0)	(505.0)	—	—	(50.0)	(50.0)	(555.0)
Total transactions with owners in their capacity as owners		—	—	(505.0)	(505.0)	—	2.9	(50.0)	(47.1)	(552.1)
Closing balance as at 30 June 2023		7,048.0	19.2	4,969.2	12,036.4	107.1	36.7	84.1	227.9	12,264.3

¹ The simplification from a quadruple stapled trust structure to a dual stapled trust structure is viewed for accounting purposes as a capital reorganisation as it was merely a change in the legal structure of the Group. There was no change to the assets or liabilities of the Group on implementation of the Simplification, excluding the impact of transaction costs.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$m	2022 \$m
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		940.1	781.3
Payments in the course of operations (inclusive of GST)		(452.8)	(458.5)
Interest received		10.5	2.4
Finance costs paid		(177.0)	(159.2)
Distributions received from investments accounted for using the equity method		404.0	245.5
Income and withholding taxes paid		(56.8)	(8.6)
Proceeds from sale of property classified as inventory and development services		113.8	172.0
Payments for property classified as inventory and development services		(10.9)	(14.8)
Net cash inflow/(outflow) from operating activities	23	770.9	560.1
Cash flows from investing activities			
Proceeds from sale of investment properties		688.5	750.1
Proceeds from sale of investments accounted for using the equity method		68.5	1,528.9
Proceeds from sale of financial assets at fair value through profit or loss		130.1	—
Payments for capital expenditure on investment properties		(218.8)	(98.6)
Payments for investments accounted for using the equity method		(513.0)	(1,578.4)
Payments for financial assets at fair value through profit or loss		(402.3)	—
Payments for acquisition of investment properties		(134.4)	(202.5)
Payments for plant and equipment		(4.3)	(4.8)
Payments for intangibles		(3.7)	(1.5)
Payment for acquisition of subsidiary, net of cash acquired		(190.4)	(352.0)
Net cash inflow/(outflow) from investing activities		(579.8)	41.2
Cash flows from financing activities			
Borrowings provided to related parties		(0.9)	(0.8)
Repayment of loan with related party		(33.1)	—
Proceeds from borrowings		7,811.5	18,648.7
Repayment of borrowings		(7,392.5)	(18,681.0)
Proceeds from loan with related party		55.5	33.1
Payment of lease liabilities		(3.3)	(4.6)
Purchase of securities for security-based payments plans		(7.5)	(16.3)
Distributions paid to security holders		(572.2)	(548.6)
Net cash inflow/(outflow) from financing activities		(142.5)	(569.5)
Net increase/(decrease) in cash and cash equivalents		48.6	31.8
Cash and cash equivalents at the beginning of the year		75.3	43.5
Cash and cash equivalents at the end of the year		123.9	75.3

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Notes to the Consolidated Financial Statements

In this section

This section sets out the basis upon which the Group's Consolidated Financial Statements are prepared. Specific accounting policies are described in their respective Notes to the Consolidated Financial Statements.

Basis of preparation

These Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with the requirements of the Constitutions of the entities within the Group, the *Corporations Act 2001*, Australian accounting standards issued by the Australian Accounting Standards Board and the International Financial Reporting Standards adopted by the International Accounting Standards Board.

Unless otherwise stated the Consolidated Financial Statements have been prepared using consistent accounting policies in line with those of the previous financial year and corresponding interim reporting period. Where required, comparative information has been restated for consistency with the current year's presentation.

The Consolidated Financial Statements are presented in Australian dollars, with all values rounded to the nearest tenth of a million dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise stated.

The Consolidated Financial Statements have been prepared on a going concern basis using historical cost conventions, except for the following which are stated at their fair value:

- Investment properties
- Investment properties within equity accounted investments
- Non-current assets classified as held for sale
- Derivative financial instruments
- Security-based payments
- Financial assets at fair value through profit or loss
- Contingent consideration

Significant change from the previous annual financial report

During the year, the Group entered into a business combination to acquire Collimate Capital's real estate and domestic infrastructure equity business from AMP. Details of the acquisition are outlined in note 21 *Business combination*. The accounting policy for business combinations and related goodwill is outlined below.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date and adjusted for the amount of any non-controlling interests in the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets of the acquired entity. Acquisition related costs are expensed as incurred.

Goodwill is the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition date fair value of any previous equity interest in the acquired entity, less the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured at fair value with changes in fair value recognised in profit or loss.

Where the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses and is tested for impairment annually. Where a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Critical accounting estimates

The preparation of the Consolidated Financial Statements requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies.

In the process of applying the Group's accounting policies, management has considered the current economic environment including the impacts of inflation and rising interest rates.

Critical accounting estimates (continued)

Other than inflationary and interest rate impacts and the estimates and assumptions used for the measurement of items held at fair value such as:

- Investment properties;
- Investment properties within equity accounted investments;
- Non-current assets classified as held for sale;
- Derivative financial instruments;
- Security-based payments;
- Financial assets at fair value through profit or loss;
- Contingent consideration;
- Assumptions for assessing intangible assets for impairment; and
- Net realisable value for inventories;

no key assumptions concerning the future or other estimation of uncertainty at the end of each reporting period could have a significant risk of causing material adjustments to the Consolidated Financial Statements.

Climate change

The Group is continuing to develop its assessment of the impact of climate change in line with emerging industry and regulatory guidance in preparing the Consolidated Financial Statements. Refer to specific considerations relating to Investment Properties within note 8 to the Consolidated Financial Statements.

On 26 June 2023, the International Sustainability Standards Board (ISSB) released its new sustainability standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. With the standards now officially released, the Australian Government has announced its second round of consultation on Climate-related financial disclosures indicating an intention to adopt the new sustainability standards and potential to mandate for large businesses and financial institutions. The Group will assess the potential impact of these new standards on the Consolidated Financial Statements once they have been adopted by the Australian Accounting Standards Board (AASB).

Principles of consolidation

These Consolidated Financial Statements incorporate the assets, liabilities and results of all subsidiaries as at 30 June 2023.

a. Controlled entities

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

b. Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

Joint operations

Where assets are held directly as tenants in common, the Group's proportionate share of revenues, expenses, assets and liabilities are included in their respective items of the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income.

Joint ventures

Investments in joint ventures are accounted for using the equity method. Under this method, the Group's share of the joint ventures' post-acquisition profits or losses is recognised in the Consolidated Statement of Comprehensive Income and distributions received from joint ventures are recognised as a reduction of the carrying amount of the investment.

c. Employee share trust

The Group has formed a trust to administer the Group's security-based employee benefits. The employee share trust is consolidated as the substance of the relationship is that the trust is controlled by the Group.

Foreign currency

The Consolidated Financial Statements are presented in Australian dollars.

Foreign currency transactions are translated into the Australian dollars functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of financial assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income, except for qualifying cash flow hedges, which are deferred to equity.

On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

- Income and expenses: Average exchange rate
- Assets and liabilities: Reporting date
- Equity: Historical date
- Reserves: Reporting date

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to the Consolidated Statement of Comprehensive Income on disposal of the foreign operation.

Goods and services tax

Revenues, expenses and capital assets are recognised net of any amount of Australian Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as cash flows from operating activities.

Notes to the Consolidated Financial Statements

The Notes include information which is required to understand the Consolidated Financial Statements and is material and relevant to the operations, financial position and performance of the Group.

The Notes are organised into the following sections:

Group performance		Investments		Capital and financial risk management and working capital	Other disclosures
1.	Operating segments	8	Investment properties	13. Capital and financial risk management	20. Intangible assets
2.	Property revenue and expenses	9.	Investments accounted for using the equity method	14. Lease liabilities	21. Business combination
3.	Management operations, corporate and administration expenses	10.	Inventories	15. Interest bearing liabilities	22. Audit, taxation and transaction service fees
4.	Finance costs	11.	Non-current assets classified as held for sale	16. Commitments and contingencies	23. Cash flow information
5.	Taxation	12.	Financial assets at fair value through profit or loss	17. Contributed equity	24. Security-based payments
6.	Earnings per unit			18. Reserves	25. Related parties
7.	Distributions paid and payable			19. Working capital	26. Parent entity disclosures
					27. Subsequent events

Group performance

In this section

- This section explains the results and performance of the Group.
- It provides additional information about those individual line items in the Consolidated Financial Statements that the Directors consider most relevant in the context of the operations of the Group, including:
- Results by operating segment
 - Property revenue and expenses
 - Management operations, corporate and administration expenses
 - Finance costs
 - Taxation
 - Earnings per unit
 - Distributions paid and payable

Note 1 Operating segments

Description of segments

The Group’s operating segments have been identified based on the sectors analysed within the management reports reviewed in order to monitor performance across the Group and to appropriately allocate resources. Refer to the table below for a brief description of the Group’s operating segments.

Segment	Description
Office	Domestic office space with any associated retail space; as well as car parks and office developments owned directly or in joint ventures or partnerships.
Industrial	Domestic industrial properties, industrial estates and industrial developments owned directly or in joint ventures or partnerships.
Co-investments	Distribution income earned from investments in pooled real asset funds and funds invested in securities.
Property management	Property management services for third party clients and owned assets.
Funds management	Funds management of third party client assets.
Development and trading	Revenue earned and costs incurred by the Group on development services for third party clients and inventory.
All other segments	Corporate expenses associated with maintaining and operating the Group. This segment also includes the centralised treasury function and the direct real assets portfolio value of other investments.

Note 1 Operating segments (continued)

30 June 2023	Office \$m	Industrial \$m
Segment performance measures		
Property revenue	670.1	199.5
Property management fees	—	—
Development revenue	—	—
Management fee revenue	—	—
Co-investment income	—	—
Gain on sale of units in investments accounted for using the equity method	—	—
Total operating segment revenue	670.1	199.5
Property expenses and property management salaries	(196.1)	(48.4)
Management operations expenses	—	—
Development costs	—	—
Corporate and administration expenses	(14.1)	(4.7)
Foreign exchange gains/(losses)	—	—
Interest revenue	—	—
Finance costs	—	—
Incentive amortisation and rent straight line	137.8	15.9
Rental guarantees, coupon income and other	(0.1)	1.2
FFO tax expense	—	—
Funds From Operations (FFO)	597.6	163.5
Net fair value gain/(loss) of investment properties	(1,177.8)	(6.6)
Incentive amortisation and rent straight line	(137.8)	(15.9)
Net fair value gain/(loss) of financial assets at fair value	—	—
Net fair value gain/(loss) of derivatives	—	—
Net fair value gain/(loss) of interest bearing liabilities	—	—
Amortisation and impairment of intangible assets	—	—
Rental guarantees, coupon income and other	0.1	(1.2)
Non FFO tax benefit	—	—
Co-investment income	—	—
Transaction costs and other significant items	—	—
Share of net profit of investments accounted for using the equity method	—	—
Distribution income	—	—
Net profit/(loss) attributable to stapled security holders	(717.9)	139.8
Investment properties	4,927.3	1,080.9
Equity accounted investment properties	5,992.0	2,246.6
Equity accounted real estate security funds	—	—
Equity accounted infrastructure funds	—	—
Inventories	—	—
Non-current assets held for sale	1,000.0	354.0
Financial assets at fair value through profit or loss	206.8	—
Investments	12,126.1	3,681.5

Co-investments \$m	Property management \$m	Funds management \$m	Development and trading \$m	All other segments \$m	Eliminations \$m	Total \$m
—	—	—	—	—	(8.6)	861.0
—	52.5	—	—	—	—	52.5
—	—	—	113.8	—	—	113.8
—	38.3	148.8	35.0	—	—	222.1
35.9	—	—	—	—	—	35.9
—	—	—	18.9	—	—	18.9
35.9	90.8	148.8	167.7	—	(8.6)	1,304.2
—	(32.2)	—	—	—	—	(276.7)
—	(48.5)	(57.3)	(26.1)	—	—	(131.9)
—	—	—	(61.0)	—	—	(61.0)
—	—	—	—	(48.8)	8.6	(59.0)
—	—	—	—	0.4	—	0.4
—	—	—	—	20.9	—	20.9
—	—	—	—	(158.1)	—	(158.1)
—	—	—	—	(0.1)	—	153.6
—	—	2.1	—	0.5	—	3.7
—	—	—	(21.5)	(36.1)	—	(57.6)
35.9	10.1	93.6	59.1	(221.3)	—	738.5
—	—	—	—	9.3	—	(1,175.1)
—	—	—	—	0.1	—	(153.6)
—	—	—	—	(1.1)	—	(1.1)
—	—	—	—	(67.6)	—	(67.6)
—	—	—	—	75.6	—	75.6
—	—	—	—	(62.2)	—	(62.2)
—	—	—	—	(22.8)	—	(23.9)
—	—	—	—	42.7	—	42.7
(35.9)	—	—	—	—	—	(35.9)
—	—	—	—	(96.2)	—	(96.2)
(2.0)	—	—	—	—	—	(2.0)
8.1	—	—	—	—	—	8.1
6.1	10.1	93.6	59.1	(343.5)	—	(752.7)
—	—	—	—	29.9	—	6,038.1
1,073.6	—	—	—	62.2	—	9,374.4
12.6	—	—	—	—	—	12.6
136.9	—	—	—	—	—	136.9
—	—	—	30.6	—	—	30.6
16.3	—	—	—	—	—	1,370.3
225.1	—	—	—	—	—	431.9
1,464.5	—	—	30.6	92.1	—	17,394.8

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Note 1 Operating segments (continued)

30 June 2022	Office \$m	Industrial \$m
Segment performance measures		
Property revenue	728.2	188.5
Property management fees	—	—
Development revenue	—	—
Management fee revenue	—	—
Co-investment income	—	—
Total operating segment revenue	728.2	188.5
Property expenses and property management salaries	(220.0)	(46.8)
Management operations expenses	—	—
Development costs	—	—
Corporate and administration expenses	(13.7)	(4.6)
Interest revenue	—	—
Finance costs	—	—
Incentive amortisation and rent straight line	139.0	13.6
Rental guarantees, coupon income and other	22.1	1.7
FFO tax expense	—	—
Funds From Operations (FFO)	655.6	152.4
Net fair value gain/(loss) of investment properties	422.8	482.4
Incentive amortisation and rent straight line	(139.0)	(13.6)
Net fair value gain/(loss) of financial assets at fair value	—	—
Net fair value gain/(loss) of derivatives	—	—
Net fair value gain/(loss) of interest bearing liabilities	—	—
Net gain/(loss) on sale of investment properties	(2.0)	—
Amortisation and impairment of intangible assets	—	—
Rental guarantees, coupon income and other	(22.1)	(1.7)
Non FFO tax expense	—	—
Co-investment income	—	—
Transaction costs and other significant items	—	—
Share of net profit of investments accounted for using the equity method	—	—
Distribution income	—	—
Net profit/(loss) attributable to stapled security holders	915.3	619.5
Investment properties	6,459.5	1,807.0
Equity accounted investment properties	6,373.0	2,094.4
Equity accounted real estate security funds	—	—
Inventories	—	—
Non-current assets held for sale	462.2	—
Financial assets at fair value through profit or loss	—	—
Investments	13,294.7	3,901.4

Co-investments \$m	Property management \$m	Funds management \$m	Development and trading \$m	All other segments \$m	Eliminations \$m	Total \$m
—	—	—	—	—	(4.5)	912.2
—	45.0	—	—	—	—	45.0
—	—	—	172.0	—	—	172.0
—	25.8	119.3	20.8	—	—	165.9
29.1	—	—	—	—	—	29.1
29.1	70.8	119.3	192.8	—	(4.5)	1,324.2
—	(24.2)	—	—	—	—	(291.0)
—	(38.9)	(45.6)	(23.0)	—	—	(107.5)
—	—	—	(138.6)	—	—	(138.6)
—	—	—	—	(44.7)	4.5	(58.5)
—	—	—	—	18.4	—	18.4
—	—	—	—	(136.8)	—	(136.8)
—	—	—	—	—	—	152.6
—	—	2.5	—	4.0	—	30.3
—	—	—	(10.0)	(25.5)	—	(35.5)
29.1	7.7	76.2	21.2	(184.6)	—	757.6
—	—	—	—	21.6	—	926.8
—	—	—	—	—	—	(152.6)
—	—	—	—	6.5	—	6.5
—	—	—	—	(37.8)	—	(37.8)
—	—	—	—	173.0	—	173.0
—	—	—	—	—	—	(2.0)
—	—	—	—	(4.3)	—	(4.3)
—	—	—	—	(6.2)	—	(30.0)
—	—	—	—	20.3	—	20.3
(29.1)	—	—	—	—	—	(29.1)
—	—	—	—	(80.8)	—	(80.8)
60.7	—	—	—	—	—	60.7
7.6	—	—	—	—	—	7.6
68.3	7.7	76.2	21.2	(92.3)	—	1,615.9
—	—	—	—	29.2	—	8,295.7
687.3	—	—	115.3	52.8	—	9,322.8
10.4	—	—	—	—	—	10.4
—	—	—	54.4	—	—	54.4
—	—	—	—	—	—	462.2
186.5	—	—	—	—	—	186.5
884.2	—	—	169.7	82.0	—	18,332.0

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Note 1 Operating segments (continued)

Other segment information

Funds from Operations (FFO)

The Directors consider the Property Council of Australia's (PCA) definition of FFO to be a measure that reflects the underlying performance of the Group. FFO comprises net profit/loss after tax attributable to stapled security holders, calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments and reversal of impairments, derivative and foreign exchange mark-to-market impacts, fair value movements on financial assets held at fair value through profit or loss, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, non-FFO tax expenses, certain transaction costs, one-off significant items (including write off of IFRIC SaaS customisation expenses), amortisation of intangible assets, movements in right-of-use assets and lease liabilities, rental guarantees and coupon income.

Reconciliation of segment revenue to the Consolidated Statement of Comprehensive Income

	2023 \$m	2022 \$m
Property lease revenue	754.3	807.9
Property services revenue	106.7	104.3
Property revenue	861.0	912.2
Property management fees	52.5	45.0
Development revenue	113.8	172.0
Management fee revenue	222.1	165.9
Co-investment income	35.9	29.1
Gain on sale of units in investments accounted for using the equity method	18.9	—
Total operating segment revenue	1,304.2	1,324.2
Share of revenue from joint ventures	(466.5)	(452.3)
Interest revenue	10.7	2.4
Total revenue from ordinary activities	848.4	874.3

Reconciliation of segment assets to the Consolidated Statement of Financial Position

	2023 \$m	2022 \$m
Investments ^{1,2}	17,394.8	18,332.0
Right-of-use assets	6.5	16.9
Cash and cash equivalents	123.9	75.3
Receivables	151.8	166.5
Intangible assets	679.4	488.0
Derivative financial instruments	484.1	470.5
Plant and equipment	11.3	11.7
Prepayments and other assets ³	(371.6)	(368.8)
Total assets	18,480.2	19,192.1

1 Includes the Group's portion of investment properties accounted for using the equity method and the Group's investments in financial assets at fair value through profit or loss.

2 Includes Co-investments in unlisted real estate security and infrastructure funds. The principal activity of these funds is to invest in domestic and global real estate and infrastructure investment trusts. The Group is deemed to have significant influence over these funds, due to its ability to influence the decisions made by the Board of the Responsible Entities of these funds, which are wholly owned subsidiaries of the Group.

3 Other assets include the Group's share of total net assets of its investments accounted for using the equity method less the Group's share of the investment property value which is included in the property portfolio.

Note 2 Property revenue and expenses

Property rental revenue is derived from holding properties as investment properties and earning rental yields over time. Rental revenue is recognised on a straight line basis over the lease term for leases with fixed rent review clauses.

Prospective tenants may be offered incentives as an inducement to enter into operating leases. The costs of incentives are recognised as a reduction of rental revenue on a straight line basis from the lease commencement date to the end of the lease term. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

Within its lease arrangements, the Group provides certain services to tenants (such as utilities, cleaning, maintenance and certain parking arrangements) which are accounted for within AASB 15 Revenue from Contracts with Customers. A portion of the consideration within the lease arrangements is therefore allocated to services revenue within property revenue.

	2023 \$m	2022 \$m
Rent and recoverable outgoings	390.3	431.4
Services revenue	53.3	56.9
Incentive amortisation	(83.6)	(82.0)
Other revenue	56.3	58.3
Total property revenue	416.3	464.6

Property expenses

Property expenses include:

- Rates
- Taxes
- Expected credit losses on receivables
- Other property outgoings incurred in relation to investment properties

These expenses are recognised in the Consolidated Statement of Comprehensive Income on an accrual basis. If these items are recovered from a tenant by the Group, they are recorded within services revenue or direct recoveries within Property revenue.

	2023 \$m	2022 \$m
Recoverable outgoings	104.2	107.6
Other non-recoverable property expenses	32.8	34.5
Total property expenses	137.0	142.1

Note 3 Management operations, corporate and administration expenses

	2023 \$m	2022 \$m
Audit, taxation, legal and other professional fees	19.1	9.0
Depreciation and amortisation	8.4	9.6
Employee benefits expense	145.0	127.5
Administration expenses and other expenses	45.8	29.2
Software customisation expenses	4.1	10.8
Total management operations, corporate and administration expenses	222.4	186.1

Note 4 Finance costs

Finance costs include:

- Interest
- Amortisation or other costs incurred in connection with arrangement of borrowings
- Finance costs on lease liabilities
- Realised interest rate swaps

Finance costs are expensed as incurred unless they relate to qualifying assets which are capitalised to the cost of the asset.

A qualifying asset is an asset under development which takes a substantial period of time, where the works being carried out to bring it to its intended use or sale are expected to exceed 12 months in duration. Finance costs incurred for the acquisition and construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete the asset. To the extent that funds are borrowed generally to fund development, the amount of borrowing costs to be capitalised to qualifying assets must be determined by using an appropriate capitalisation rate.

	2023 \$m	2022 \$m
Interest paid/payable	194.4	123.6
Amount capitalised	(23.7)	(8.3)
Realised (gain)/loss of interest rate derivatives	(29.2)	11.0
Finance costs – leases and debt modification	23.9	1.1
Other finance costs	8.7	14.4
Total finance costs	174.1	141.8

The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 3.70% (2022: 2.73%).

Note 5 Taxation

Under current Australian income tax legislation, DPT is not liable for income tax provided it satisfies certain legislative requirements, which were met in the current and previous financial years. DXO is liable for income tax and has formed a tax consolidated Group with its wholly owned and controlled Australian entities. As a consequence, these entities are taxed as a single entity.

Income tax expense is comprised of current and deferred tax expense. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense represents the expense relating to the expected taxable income at the applicable rate of the financial year.

Deferred tax expense represents the tax expense in respect of the future tax consequences of recovering or settling the carrying amount of an asset or liability. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that future taxable profit will be available to utilise them.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting date.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

Attribution managed investment trust regime

Dexus made an election for DPT and its wholly owned subsidiaries (DDF, DIT and DOT) to be attribution managed investment trusts (AMITs) for the year ended 30 June 2017 and future years. The AMIT regime is intended to reduce complexity, increase certainty and minimise compliance costs for AMITs and their investors.

Note 5 Taxation (continued)

a. Income tax (expense)/benefit

	2023 \$m	2022 \$m
Current income tax expense	(30.6)	(45.2)
Deferred income tax benefit	19.4	30.0
Total income tax expense	(11.2)	(15.2)
Deferred income tax expense included in income tax (expense) / benefit comprises:		
Increase in deferred tax assets	3.6	3.4
Decrease in deferred tax liabilities	15.8	26.6
Total deferred tax benefit	19.4	30.0

b. Reconciliation of income tax (expense)/benefit to net profit

	2023 \$m	2022 \$m
(Loss)/profit before income tax	(741.5)	1,631.1
Add: loss/Less: (profit) attributed to entities not subject to tax	692.6	(1,582.7)
(Loss)/profit subject to income tax	(48.9)	48.4
Prima facie tax expense at the Australian tax rate of 30% (2022: 30%)	14.7	(14.5)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
(Non-assessable)/non-deductible items	(25.9)	(0.7)
Income tax expense	(11.2)	(15.2)

c. Current tax assets/liabilities

	2023 \$m	2022 \$m
(Decrease)/increase in current tax assets	11.2	(21.2)
Decrease/(increase) in current tax liabilities	16.0	(16.0)
(Decrease)/increase in current tax assets	27.2	(37.2)

d. Deferred tax assets

	2023 \$m	2022 \$m
The balance comprises temporary differences attributable to:		
Employee provisions	27.3	21.7
Software expenditure	9.8	13.0
Other	26.7	7.8
Total non-current assets - deferred tax assets	63.8	42.5
Movements:		
Opening balance at the beginning of the year	42.5	39.1
Deferred tax assets arising from employee provisions on business combination	17.7	—
Movement in deferred tax asset arising from temporary differences	3.6	3.4
Closing balance at the end of the year	63.8	42.5

Note 5 Taxation (continued)

e. Deferred tax liabilities

	2023 \$m	2022 \$m
The balance comprises temporary differences attributable to:		
Intangible assets	168.4	117.4
Investment properties	16.6	25.4
Other	3.7	1.9
Total non-current liabilities - deferred tax liabilities	188.7	144.7
Movements		
Opening balance at the beginning of the year	144.7	132.0
Deferred tax liabilities arising from management rights on business combination ¹	59.8	39.3
Movement in deferred tax liability arising from temporary differences	(15.8)	(26.6)
Closing balance at the end of the year	188.7	144.7

1. Balance represents the deferred tax recognised in relation to the acquisition of Collimate Capital's real estate and domestic infrastructure equity business from AMP Limited. Refer to note 21 Business combinations for further details.

f. Net deferred tax liabilities

	2023 \$m	2022 \$m
Deferred tax assets	63.8	42.5
Deferred tax liabilities	188.7	144.7
Net deferred tax liabilities	124.9	102.2

Note 6 Earnings per unit

Earnings per unit are determined by dividing the net profit or loss attributable to unitholders by the weighted average number of ordinary units outstanding during the year. Diluted earnings per unit are adjusted from the basic earnings per unit by taking into account the impact of dilutive potential units.

a. Net profit used in calculating basic and diluted earnings per security

	2023 \$m	2022 \$m
(Loss)/profit attributable to unitholders of the Trust (parent entity) for basic earnings per security	(685.2)	1,583.0
Effect on exchange of Exchangeable Notes	22.4	21.9
(Loss)/profit attributable to unitholders of the Trust (parent entity) for diluted earnings per security	(662.8)	1,604.9
(Loss)/profit attributable to stapled security holders for basic earnings per security	(752.7)	1,615.9
Effect on exchange of Exchangeable Notes	22.4	21.9
(Loss)/profit attributable to stapled security holders for diluted earnings per security	(730.3)	1,637.8

b. Weighted average number of securities used as a denominator

	2023 No. of securities	2022 No. of securities
Weighted average number of units outstanding used in calculation of basic earnings per security	1,075,565,246	1,075,565,246
Effect on exchange of Exchangeable Notes	53,412,698	28,333,333
Weighted average number of units outstanding used in calculation of diluted earnings per unit	1,128,977,944	1,103,898,579

Note 7 Distributions paid and payable

Distributions are recognised when declared.

a. Distribution to security holders

	2023 \$m	2022 \$m
31 December (paid 28 February 2023)	301.2	301.2
30 June (payable 30 August 2023)	253.8	271.0
Total distribution to security holders	555.0	572.2

b. Distribution rate

	2023 Cents per security	2022 Cents per security
31 December (paid 28 February 2023)	28.0	28.0
30 June (payable 30 August 2023)	23.6	25.2
Total distributions	51.6	53.2

c. Franked dividends

	2023 \$m	2022 \$m
Opening balance at the beginning of the year	114.3	132.5
Franking credits transferred in	—	1.5
Income tax paid during the year	61.7	1.7
Franking credits utilised for payment of distribution	(21.4)	(21.4)
Closing balance at the end of the year	154.6	114.3

Investments

In this section

The following table summarises the investments of the Group detailed in this section.

30 June 2023	Note	Leased assets \$m	Office \$m	Industrial \$m	Co- investment \$m	Other \$m	Total \$m
Investment properties	8	7.4	4,927.3	1,080.9	—	22.5	6,038.1
Investments accounted for using the equity method	9	62.2	5,992.0	2,246.6	1,073.6	—	9,374.4
Inventories	10	—	25.7	4.9	—	—	30.6
Non-current assets classified as held for sale	11	—	1,000.0	354.0	16.3	—	1,370.3
Financial assets at fair value through profit or loss	12	—	206.8	—	225.1	—	431.9
Total		69.6	12,151.8	3,686.4	1,315.0	22.5	17,245.3

Investments are used to generate the Group's performance. The assets are detailed in the following notes:

- **Investment properties:** relates to investment properties (including ground leases where relevant), both stabilised and under development.
- **Investments accounted for using the equity method:** provides summarised financial information on the joint ventures and investments with significant influence. The Group's interests in its joint venture portfolio assets are held through investments in trusts.
- **Inventories:** relates to the Group's ownership of industrial and office assets or land held for repositioning, development, and sale.
- **Non-current assets classified as held for sale:** relates to investment properties which are expected to be sold within 12 months of the reporting date and are being marketed for sale or contracts have already exchanged.
- **Financial assets at fair value through profit or loss:** relates to the fair value of investments in Australian trusts and managed funds.

Note 8 Investment properties

The Group's investment properties consist of properties held for long-term rental yields and/or capital appreciation and property that is being constructed or developed for future use as investment property. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently recognised at fair value.

The basis of valuations of investment properties is fair value, being the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Changes in fair values are recorded in the Consolidated Statement of Comprehensive Income. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Consolidated Statement of Comprehensive Income in the year of disposal.

Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property.

Leasing fees incurred and incentives provided are capitalised and amortised over the lease periods to which they relate.

Note 8 Investment properties (continued)

a. Reconciliation

	Note	Office \$m	Industrial \$m	Other \$m	2023 \$m	2022 \$m
Opening balance at the beginning of the year		6,459.5	1,807.0	29.2	8,295.7	8,476.8
Additions		103.8	114.8	0.2	218.8	112.5
Acquisitions		—	134.4	—	134.4	158.7
Lease incentives		56.3	6.0	0.2	62.5	61.4
Amortisation of lease incentives		(82.0)	(8.9)	—	(90.9)	(87.8)
Rent straightlining		(1.2)	(0.2)	0.5	(0.9)	0.4
Disposals		(0.2)	(579.2)	(0.1)	(579.5)	(479.0)
Transfer to non-current assets classified as held for sale	11	(1,000.0)	(354.0)	—	(1,354.0)	(385.0)
Transfer (to)/from inventories		(25.7)	—	—	(25.7)	—
Net fair value gain/(loss) of investment properties		(583.2)	(39.0)	(0.1)	(622.3)	437.7
Closing balance at the end of the year		4,927.3	1,080.9	29.9	6,038.1	8,295.7

Leased assets

The Group holds leasehold interests in a number of properties. Leasehold land that meets the definition of investment property under AASB 140 Investment Property is measured at fair value and presented within Investment property. The leased asset is measured initially at an amount equal to the corresponding lease liability. Subsequent to initial recognition, the leased asset is recognised at fair value in the Consolidated Statement of Financial Position. Refer to note 14 for details of the Lease liabilities.

Acquisitions

On 26 May 2023 and 7 June 2023, settlement occurred for the acquisition of 113-153 Aldington Road, Kemps Creek NSW for \$125.5 million excluding acquisition costs.

Disposals

On 4 November 2022, settlement occurred for the disposal of 47 Acanthus Street, Darra QLD for \$15.9 million excluding transaction costs.

On 16 December 2022, settlement occurred for the disposal of 19 Stoddart Road, Prospect NSW for \$76.2 million excluding transaction costs.

On 24 January 2023, settlement occurred for the disposal of 112 Cullen Avenue, Eagle Farm QLD for \$31.9 million excluding transaction costs.

On 1 February 2023, settlement occurred for the disposal of 145-151 Arthur Street, Flemington NSW for \$73.3 million excluding transaction costs.

On 24 March 2023, settlement occurred for the disposal of its 50% interest in 14 Felstead Drive, Laverton VIC for \$11.6 million excluding transaction costs.

On 15 June 2023, settlement occurred for the disposal of 586 Wickham Street & 10 Light Street, Fortitude Valley QLD for \$98.0 million excluding transaction costs.

On 30 June 2023, settlement occurred for the disposal of The Mill, 41-43 Bourke Road, Alexandria NSW for \$186.0 million excluding transaction costs.

On 30 June 2023, settlement occurred for the disposal of 141 Anton Road, Hemmant QLD for \$88.5 million excluding transaction costs.

b. Valuation process

It is the policy of the Group to obtain independent valuations for each individual property at least once every three years by a member of the Australian Property Institute of Valuers. It has been the Group's practice in most cases to have such valuations performed every six months. Each valuation firm and its signatory valuer are appointed on the basis that they are engaged for no more than three years except for properties under development and co-owned properties where it is deemed appropriate to extend beyond this term. Independent valuations may be undertaken earlier where the Responsible Entity believes there is potential for a change in the fair value of the property, being 5% of the asset value. At 30 June 2023, 173 out of 180 investment properties were independently externally valued.

The Group's policy requires investment properties, including those held within investments accounted for using the equity method, to be internally valued at least every six months at each reporting period (interim and full-year) unless they have been independently externally valued. Internal valuations are compared to the carrying value of investment properties at the reporting date. Where the Directors determine that the internal valuations present a more reliable estimate of fair value the internal valuation is adopted as book value. Internal valuations are performed by the Group's internal valuers who hold recognised relevant professional qualifications and have previous experience as property valuers from major real estate valuation firms.

Note 8 Investment properties (continued)

b. Valuation process (continued)

An appropriate valuation methodology is utilised according to asset class. In relation to office and industrial assets this includes the capitalisation approach (market approach) and the discounted cash flow approach (income approach). The valuation is also compared to, and supported by, direct comparison to recent market transactions. The adopted capitalisation rates and discount rates are determined based on industry expertise and knowledge and, where possible, a direct comparison to third party rates for similar assets in a comparable location. Rental revenue from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also built into each asset assessment of fair value.

In relation to development properties under construction for future use as investment property, where reliably measurable, fair value is determined based on the market value of the property on the assumption it had already been completed at the valuation date (using the methodology as outlined above) less costs still required to complete the project, including an appropriate adjustment for industry benchmarked profit and development risk.

c. Sustainability valuation considerations

The Group engages independent valuation firms to assist in determining fair value of the investment property assets at each reporting period. As qualified valuers, they are required to follow both the RICS Valuation – Global Standards and the Australian Property Institute's International Valuation Standards, and accordingly their valuations are required to take into account the sustainability features of properties being valued and the implications such factors could have on property values in the short, medium and longer term.

Where relevant, the Group's independent valuation firms note in their valuation reports that sustainability features are considered as part of the valuation approach and outline that sustainability features have been influencing value for some time.

Where the independent valuation firms give consideration to the impacts of sustainability, they are incorporating their understanding of how market participants include sustainability in their bids and the impact on market valuations, noting that valuers should reflect markets and not lead them.

d. Fair value measurement, valuation techniques and inputs

The following table represents the level of the fair value hierarchy and the associated unobservable inputs utilised in the fair value measurement for each class of investment property, including investment property held within investments accounted for using the equity method.

Class of property	Fair value hierarchy	Inputs used to measure fair value	Range of unobservable inputs	
			2023	2022
Office ¹	Level 3	Adopted capitalisation rate	4.25% – 6.75%	4.13% – 6.13%
		Adopted discount rate	5.75% – 8.00%	5.50% – 6.75%
		Adopted terminal yield	4.25% – 7.00%	4.50% – 6.50%
		Net market rental (per sqm)	\$459 – \$1,657	\$223 – \$1,589
Industrial	Level 3	Adopted capitalisation rate	4.00% – 10.00%	3.38% – 9.75%
		Adopted discount rate	5.75% – 10.00%	5.25% – 9.75%
		Adopted terminal yield	4.25% – 10.25%	3.63% – 9.75%
		Net market rental (per sqm)	\$50 – \$765	\$50 – \$709
Leased assets	Level 3	Adopted discount rate	3.51% – 8.50%	2.26% – 6.40%

¹ Includes office developments and excludes car parks, retail and other.

Key estimates: inputs used to measure fair value of investment properties

Judgement is required in determining the following significant unobservable inputs:

- **Adopted capitalisation rate:** The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence and the prior external valuation.
- **Adopted discount rate:** The rate of return used to convert cash flows, payable or receivable in the future, into present value. For industrial and office properties, it reflects the opportunity cost of capital, that is, the rate of return the cash can earn if put to other uses having similar risk. The rate is determined with regard to market evidence and the prior external valuation. For leased assets, the discount rate is determined with reference to the Group's incremental borrowing rate.
- **Adopted terminal yield:** The capitalisation rate used to convert the future net market rental revenue into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regard to market evidence and the prior external valuation.
- **Net market rental (per sqm):** The net market rent is the estimated amount for which a property should lease between a lessor and a lessee on appropriate lease terms in an arm's length transaction.

Note 8 Investment properties (continued)

e. Impact of the current economic environment on the fair value of investment properties

The elevated levels of economic uncertainty, coupled with a lack of recent comparable transactions in the market, has created heightened levels of judgment when deriving the fair value of the Group's investment property portfolio.

To address this increased estimation uncertainty, the Directors have reviewed relevant market information on an ongoing basis (including post year end and up until the date of signing this report).

Whilst the fair values of investment property can be relied upon at the date of valuation, a higher level of valuation uncertainty than normal is assumed. A sensitivity analysis has been included in note 8(f), showing indicative movements in investment property valuations should certain significant unobservable inputs differ by reasonably possible amounts from those assumed in the valuations.

f. Sensitivity information

Significant movement in any one of the inputs listed in the table above may result in a change in the fair value of the Group's investment properties, including investment properties within investments accounted for using the equity method, as shown below.

The estimated impact of a change in certain significant unobservable inputs would result in a change in the fair value as follows:

	Office		Industrial	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m
A decrease of 25 basis points in the adopted capitalisation rate	550.4	705.1	183.6	233.7
An increase of 25 basis points in the adopted capitalisation rate	(500.0)	(634.8)	(165.3)	(207.8)
A decrease of 25 basis points in the adopted discount rate	456.5	569.0	139.0	176.4
An increase of 25 basis points in the adopted discount rate	(421.3)	(522.3)	(128.2)	(161.2)
A decrease of 5% in the net market rental (per sqm)	(546.0)	(637.1)	(165.6)	(187.5)
An increase of 5% in the net market rental (per sqm)	546.0	637.1	165.6	187.5

Generally, a change in the assumption made for the adopted capitalisation rate is often accompanied by a directionally similar change in the adopted terminal yield. The adopted capitalisation rate forms part of the capitalisation approach while the adopted terminal yield forms part of the discounted cash flow approach.

Under the capitalisation approach, the net market rental has a strong interrelationship with the adopted capitalisation rate as the fair value of the investment property is derived by capitalising, in perpetuity, the total net market rent receivable. An increase (softening) in the adopted capitalisation rate may offset the impact to fair value of an increase in the net market rent. A decrease (tightening) in the adopted capitalisation rate may also offset the impact to fair value of a decrease in the net market rent. A directionally opposite change in the net market rent and the adopted capitalisation rate may increase the impact to fair value.

The discounted cash flow is primarily made up of the discounted cash flow of net income over the cash flow period and the discounted terminal value (which is largely based upon market rents grown at forecast market rental growth rates capitalised at an adopted terminal yield). An increase (softening) in the adopted discount rate may offset the impact to fair value of a decrease (tightening) in the adopted terminal yield. A decrease (tightening) in the discount rate may offset the impact to fair value of an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield may increase the impact to fair value.

A decrease (softening) in the forecast rental growth rate may result in a negative impact on the discounted cash flow approach value while a strengthening may have a positive impact on the value under the same approach.

g. Investment properties pledged as security

Refer to note 15 for information on investment properties pledged as security.

Note 9 Investments accounted for using the equity method

a. Interest in joint ventures and associates

The following investments are accounted for using the equity method of accounting in the Consolidated Financial Statements.

All entities were formed in Australia and their principal activity is either property or infrastructure investment related in Australia or investment in Australian and global listed real estate and infrastructure investment trusts.

Name of entity	Ownership interest		2023 \$m	2022 \$m
	2023 %	2022 %		
Dexus Office Trust Australia (DOTA)	50.0	50.0	2,159.7	2,408.4
Dexus 80C Trust	75.0	75.0	1,177.1	1,238.3
Dexus Martin Place Trust	50.0	50.0	919.0	993.0
Dexus Australian Logistics Trust (DALT)	51.0	51.0	730.1	703.1
Dexus Australian Logistics Trust No.2 (DALT2)	51.0	51.0	584.6	544.3
Bent Street Trust	33.3	33.3	378.3	386.3
Dexus 480 Q Holding Trust	50.0	50.0	357.1	382.1
AAIG Holding Trust	49.4	49.4	326.6	342.7
Dexus Wholesale Australian Property Fund (DWAPF) ¹	18.9	—	319.8	—
Jandakot City Holdings Trust (JCH)	33.4	33.4	317.8	253.0
Dexus Industrial Trust Australia (DITA)	50.0	50.0	301.7	300.1
Dexus Healthcare Property Fund (DHPF) ²	16.4	23.1	241.3	243.4
Dexus Kings Square Trust	50.0	50.0	231.5	250.3
Dexus Industria REIT (DXI)	17.5	17.5	193.0	202.8
Dexus Australian Logistics Trust No.3 (DALT3)	51.0	51.0	125.6	109.0
Site 7 Homebush Bay Trust ³	50.0	50.0	73.9	90.9
Dexus Community Infrastructure Fund (CommIF) ¹	5.1	—	73.1	—
Dexus Core Infrastructure Fund (DCIF) ¹	7.8	—	64.5	—
Dexus Australia Commercial Trust (DACT)	10.0	10.0	58.1	65.1
Dexus Eagle Street Pier Trust	50.0	50.0	53.1	39.4
Dexus Convenience Retail REIT (DXC)	9.0	9.0	46.5	49.9
Site 6 Homebush Bay Trust ³	50.0	50.0	42.1	55.3
Mercatus Dexus Australia Partnership (MDAP)	10.0	10.0	38.0	38.7
Dexus RBR Ravenhall Pty Limited ⁴	50.1	—	36.2	—
Dexus Real Estate Partnership 1 (DREP1) ⁵	21.3	36.6	35.3	8.2
Dexus Australian Logistics Trust No.4 (DALT4)	51.0	51.0	31.7	32.2
Dexus Chester Hill Trust ⁶	50.0	—	25.1	—
Jandakot Airport Holdings Trust (JAHT)	32.0	32.0	24.2	21.2
Dexus Moorebank Trust	50.0	50.0	22.7	22.6
Jandakot Airport Domestic Trust (JADT)	34.7	34.7	20.8	17.3
RealTech Ventures	62.1	62.1	16.7	13.7
APN Global REIT Income Fund (GREIT)	60.0	55.7	11.3	9.2
Dexus Walker Street Trust	50.0	50.0	7.7	9.1
Grosvenor Place Holding Trust ³	50.0	50.0	1.2	1.4
APN Asian REIT Fund	2.6	2.4	1.1	1.2
Dexus Mamre Road Trust	50.0	—	1.0	—
Dexus Regional Property Fund	3.3	3.3	1.0	1.4
Dexus Development Fund No. 2	4.8	4.8	0.8	1.2
Dexus Creek Street Trust	50.0	50.0	0.7	0.6
SAHMRI 2 Holding Trust ⁷	—	50.0	—	46.5
Divvy Parking Pty Limited	24.8	24.8	—	—
Total assets - investments accounted for using the equity method⁸			9,050.0	8,881.9

1 Acquired in connection with the AMP Capital transaction. Refer to note 21 for further details.

2 In December 2022 and June 2023, DHPF completed equity raisings resulting in a dilution of the Group's interest from 23.1% to 16.4%.

3 These entities are 50% owned by Dexus Office Trust Australia. The Group's economic interest is 75% when combined with the interest held by DOTA.

4 In August 2022, the Group acquired a 50.1% interest in Dexus RBR Ravenhall Pty Limited.

5 In December 2022, DREP1 had its final equity close resulting in a dilution of the Group's interest from 36.6% to 21.3%.

6 In October 2022, the Group acquired a 50.0% interest in Dexus Chester Hill Trust.

7 In December 2022, the Group exchanged and settled on the sale of units held in SAHMRI2 Holding Trust to Dexus Healthcare Property Fund (DHPF).

8 Group's share of investment properties in the investments accounted for using the equity method was \$9,374.4 million (June 2022: \$9,322.8 million).

Additionally, held for sale assets in the investments accounted for using the equity method was \$16.3 million (June 2022: \$77.2 million). These investments are accounted for using the equity method as a result of contractual arrangements requiring unanimous decisions on all relevant matters.

Note 9 Investments accounted for using the equity method (continued)

b. Impairment assessment on Investments accounted for using the equity method

At each reporting date, management assess whether there is any indication of impairment to the carrying value of Investments accounted for using the equity method, which in certain instances may include notional goodwill recognised on acquisition where relevant. As a result, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. During the year, impairment losses of \$3.2 million were recognised (30 June 2022: impairment losses of \$0.9 million were recognised).

c. Summarised financial information for individually material joint ventures and associates and equity accounted investments

The following table provides summarised financial information for the joint ventures and associates and equity accounted investments which, in the opinion of the Directors, are material to the Group. The information disclosed reflects the amounts presented in the Financial Statements of the relevant joint ventures and associates and not Dexu's share of those amounts.

Note 9 Investments accounted for using the equity method (continued)

c. Summarised financial information for individually material joint ventures and associates (continued)

	Dexus Office Trust Australia		Dexus 80C Trust		Dexus Martin Place Trust	
	2023	2022	2023	2022	2023	2022
Summarised Statement of Financial Position	\$m	\$m	\$m	\$m	\$m	\$m
Current assets						
Cash and cash equivalents	32.8	57.7	6.1	6.6	8.6	14.3
Non-current assets classified as held for sale	—	—	—	—	—	—
Other current assets	16.5	170.6	18.3	29.0	3.0	4.8
Total current assets	49.3	228.3	24.4	35.6	11.6	19.1
Non-current assets						
Investment properties	4,186.9	4,479.8	1,582.0	1,664.0	1,868.9	1,996.9
Investments accounted for using the equity method	117.1	147.5	—	—	—	—
Other non-current assets	8.4	49.3	—	—	2.0	1.8
Total non-current assets	4,312.4	4,676.6	1,582.0	1,664.0	1,870.9	1,998.7
Current liabilities						
Provision for distribution	6.1	30.0	6.2	3.9	4.6	0.3
Borrowings	—	22.9	—	—	—	—
Other current liabilities	36.2	35.2	30.7	44.6	40.0	31.6
Total current liabilities	42.3	88.1	36.9	48.5	44.6	31.9
Non-current liabilities						
Borrowings	—	—	—	—	—	—
Other non-current liabilities	—	—	—	—	—	—
Total non-current liabilities	—	—	—	—	—	—
Net assets	4,319.4	4,816.8	1,569.5	1,651.1	1,837.9	1,985.9
Reconciliation to carrying amounts:						
Opening balance at the beginning of the year	4,816.8	5,146.2	1,651.1	1,539.3	1,985.9	1,973.3
Additions	142.1	142.2	18.9	35.3	91.2	70.0
Profit for the year	(321.1)	321.5	(42.9)	122.0	(177.3)	30.6
Distributions received/receivable	(318.4)	(793.1)	(57.6)	(45.5)	(61.9)	(88.0)
Closing balance at the end of the year	4,319.4	4,816.8	1,569.5	1,651.1	1,837.9	1,985.9
Group's share in \$m	2,159.7	2,408.4	1,177.1	1,238.3	919.0	993.0
Capitalised transaction costs	—	—	—	—	—	—
Notional goodwill	—	—	—	—	—	—
Group's carrying amount	2,159.7	2,408.4	1,177.1	1,238.3	919.0	993.0
Summarised Statement of Comprehensive Income						
Property revenue	226.2	228.0	79.5	64.8	101.2	81.9
Property revaluations	(443.4)	143.5	(89.9)	88.8	(243.7)	(11.6)
Gain/(loss) on sale of investment properties	—	—	—	—	—	—
Interest income	1.5	—	0.7	—	0.2	0.1
Share of net profit of investments accounted for using the equity method	(25.8)	38.3	—	—	—	—
Other income	0.3	1.3	(0.1)	—	—	—
Property expenses	(62.5)	(72.8)	(23.7)	(22.6)	(23.8)	(28.7)
Finance costs	(0.8)	(1.5)	—	—	—	—
Income tax expense	—	—	—	—	—	—
Other expenses	(16.6)	(15.3)	(9.4)	(9.0)	(11.2)	(11.1)
Net profit/(loss) for the year	(321.1)	321.5	(42.9)	122.0	(177.3)	30.6
Total comprehensive income/(loss) for the year	(321.1)	321.5	(42.9)	122.0	(177.3)	30.6

Dexus Australian Logistics Trust		Dexus Australian Logistics Trust No.2		Bent Street Trust		Dexus 480 Q Holding Trust	
2023	2022	2023	2022	2023	2022	2023	2022
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
18.9	16.6	13.2	9.4	4.8	4.6	2.5	2.8
—	—	—	—	—	—	—	—
5.4	4.6	2.8	2.7	1.5	1.0	1.4	2.1
24.3	21.2	16.0	12.1	6.3	5.6	3.9	4.9
1,425.9	1,372.6	1,139.9	1,071.0	1,146.0	1,166.0	725.0	773.5
—	—	—	—	—	—	—	—
0.1	0.6	—	—	—	—	0.3	0.2
1,426.0	1,373.2	1,139.9	1,071.0	1,146.0	1,166.0	725.3	773.7
11.6	8.5	6.8	5.5	5.5	3.8	3.0	3.5
—	—	—	—	—	—	—	—
7.2	7.3	2.9	10.4	11.8	8.9	11.9	11.0
18.8	15.8	9.7	15.9	17.3	12.7	14.9	14.5
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
1,431.5	1,378.6	1,146.2	1,067.2	1,135.0	1,158.9	714.3	764.1
1,378.6	1,096.7	1,067.2	731.7	1,158.9	1,126.9	764.1	771.4
—	6.4	70.8	92.8	6.0	4.5	8.6	3.3
98.5	313.9	33.1	259.0	17.1	69.6	(14.3)	31.1
(45.6)	(38.4)	(24.9)	(16.3)	(47.0)	(42.1)	(44.1)	(41.7)
1,431.5	1,378.6	1,146.2	1,067.2	1,135.0	1,158.9	714.3	764.1
730.1	703.1	584.6	544.3	378.3	386.3	357.1	382.1
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
730.1	703.1	584.6	544.3	378.3	386.3	357.1	382.1
70.4	64.4	41.4	30.3	59.5	56.1	49.8	48.4
52.6	272.2	4.0	237.6	(22.2)	33.8	(43.9)	1.4
—	—	—	—	—	—	—	—
0.5	—	0.3	—	—	—	—	—
—	—	—	—	—	—	—	—
—	0.1	—	—	—	—	0.1	—
(19.0)	(16.9)	(8.7)	(5.8)	(14.5)	(14.8)	(16.0)	(14.4)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
(6.0)	(5.9)	(3.9)	(3.1)	(5.7)	(5.5)	(4.3)	(4.3)
98.5	313.9	33.1	259.0	17.1	69.6	(14.3)	31.1
98.5	313.9	33.1	259.0	17.1	69.6	(14.3)	31.1

Note 9 Investments accounted for using the equity method (continued)

c. Summarised financial information for individually material joint ventures and associates (continued)

	AAIG Holding Trust		Dexus Wholesale Australian Property Fund		Jandakot City Holdings Trust	
	2023	2022	2023	2022	2023	2022
Summarised Statement of Financial Position	\$m	\$m	\$m	\$m	\$m	\$m
Current assets						
Cash and cash equivalents	17.9	24.5	4.8	—	24.2	17.7
Non-current assets classified as held for sale	—	—	—	—	—	—
Other current assets	3.8	36.0	10.1	—	2.0	4.0
Total current assets	21.7	60.5	14.9	—	26.2	21.7
Non-current assets						
Investment properties	941.1	979.1	2,409.0	—	1,443.0	1,295.3
Investments accounted for using the equity method	—	—	—	—	—	—
Other non-current assets	172.4	160.7	1.0	—	0.5	0.3
Total non-current assets	1,113.5	1,139.8	2,410.0	—	1,443.5	1,295.6
Current liabilities						
Provision for distribution	13.1	47.7	23.8	—	8.8	39.9
Borrowings	—	—	—	—	—	—
Other current liabilities	10.4	8.4	20.2	—	16.2	64.2
Total current liabilities	23.5	56.1	44.0	—	25.0	104.1
Non-current liabilities						
Borrowings	450.0	450.0	690.3	—	318.7	318.9
Other non-current liabilities	—	—	—	—	174.9	146.5
Total non-current liabilities	450.0	450.0	690.3	—	493.6	465.4
Net assets	661.7	694.2	1,690.6	—	951.1	747.8
Reconciliation to carrying amounts:						
Opening balance at the beginning of the year	694.2	—	—	—	747.8	—
Additions	2.9	684.5	1,787.8	—	173.5	803.6
Profit for the year	3.8	58.3	(31.2)	—	62.0	(15.9)
Distributions received/receivable	(39.2)	(48.6)	(66.0)	—	(32.2)	(39.9)
Closing balance at the end of the year	661.7	694.2	1,690.6	—	951.1	747.8
Group's share in \$m	326.6	342.7	319.8	—	317.8	249.8
Capitalised transaction costs	—	—	—	—	—	3.2
Notional goodwill	—	—	—	—	—	—
Group's carrying amount	326.6	342.7	319.8	—	317.8	253.0
Summarised Statement of Comprehensive Income						
Property revenue	71.7	68.6	126.6	—	69.8	43.8
Property revaluations	(47.8)	0.2	(93.2)	—	33.7	(34.9)
Gain/(loss) on sale of investment properties	—	—	(0.1)	—	—	—
Interest income	15.3	14.0	0.4	—	0.5	—
Share of net profit of investments accounted for using the equity method	—	—	—	—	—	—
Other income	0.1	—	25.6	—	—	—
Property expenses	(13.7)	(12.8)	(62.1)	—	(11.9)	(9.5)
Finance costs	(19.6)	(9.2)	(27.3)	—	(22.7)	(11.8)
Income tax expense	—	—	—	—	—	—
Other expenses	(2.2)	(2.5)	(1.1)	—	(7.4)	(3.5)
Net profit/(loss) for the year	3.8	58.3	(31.2)	—	62.0	(15.9)
Total comprehensive income/(loss) for the year	3.8	58.3	(31.2)	—	62.0	(15.9)

Dexus Industrial Trust Australia		Dexus Healthcare Property Fund		Dexus Kings Square Trust		Dexus Industria REIT	
2023	2022	2023	2022	2023	2022	2023	2022
\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
7.4	7.6	77.3	1.9	4.5	2.3	5.7	5.6
—	—	—	—	—	—	89.8	—
2.1	1.2	7.4	4.4	0.8	1.1	14.5	22.1
9.5	8.8	84.7	6.3	5.3	3.4	110.0	27.7
601.6	598.0	1,536.8	1,140.1	466.0	504.7	1,054.4	1,319.4
—	—	—	46.4	—	—	391.7	317.0
—	0.2	81.9	33.0	—	—	5.7	51.6
601.6	598.2	1,618.7	1,219.5	466.0	504.7	1,451.8	1,688.0
5.1	4.8	9.8	9.6	2.3	2.9	13.0	13.7
—	—	—	—	—	—	0.4	0.3
2.5	2.0	23.1	7.1	6.0	4.5	21.6	20.9
7.6	6.8	32.9	16.7	8.3	7.4	35.0	34.9
—	—	177.0	131.0	—	—	379.3	475.9
—	—	22.1	20.9	—	—	45.8	51.4
—	—	199.1	151.9	—	—	425.1	527.3
603.5	600.2	1,471.4	1,057.2	463.0	500.7	1,101.7	1,153.5
600.2	477.1	1,057.2	683.3	500.7	502.7	1,153.5	—
—	—	440.0	250.0	2.3	1.3	—	1,034.8
23.0	142.0	16.1	162.5	(11.3)	25.0	0.2	169.4
(19.7)	(18.9)	(41.9)	(38.6)	(28.7)	(28.3)	(52.0)	(50.7)
603.5	600.2	1,471.4	1,057.2	463.0	500.7	1,101.7	1,153.5
301.7	300.1	241.3	243.4	231.5	250.3	193.0	202.8
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
301.7	300.1	241.3	243.4	231.5	250.3	193.0	202.8
25.2	24.5	55.0	50.3	38.2	37.5	75.1	72.5
4.9	124.2	(39.1)	110.9	(34.9)	1.5	(65.6)	114.7
—	—	—	—	—	—	—	—
0.2	—	1.2	2.2	—	—	0.1	—
—	—	21.2	19.8	—	—	28.9	—
—	(0.1)	—	—	—	—	—	17.8
(5.3)	(4.9)	(6.9)	(7.2)	(11.8)	(11.2)	(13.8)	(15.3)
—	—	(6.6)	(6.9)	—	—	(16.5)	(9.0)
—	—	—	—	—	—	2.1	(3.7)
(2.0)	(1.7)	(8.7)	(6.6)	(2.8)	(2.8)	(10.1)	(7.6)
23.0	142.0	16.1	162.5	(11.3)	25.0	0.2	169.4
23.0	142.0	16.1	162.5	(11.3)	25.0	0.2	169.4

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Note 9 Investments accounted for using the equity method (continued)

c. Summarised financial information for individually material joint ventures and associates (continued)

Summarised Statement of Financial Position	Dexus Australian Logistics Trust No.3		Other ¹		Total	
	2023 \$m	2022 \$m	2023 \$m	2022 \$m	2023 \$m	2022 \$m
Current assets						
Cash and cash equivalents	1.4	2.5	93.4	114.9	323.5	289.0
Non-current assets classified as held for sale	—	—	7.1	—	96.9	—
Other current assets	2.1	12.9	1,059.2	53.4	1,150.9	349.9
Total current assets	3.5	15.4	1,159.7	168.3	1,571.3	638.9
Non-current assets						
Investment properties	248.4	203.7	1,910.5	2,329.8	22,685.4	20,893.9
Investments accounted for using the equity method	—	—	586.4	518.5	1,095.2	1,029.4
Other non-current assets	—	—	1,993.7	117.5	2,266.0	415.2
Total non-current assets	248.4	203.7	4,490.6	2,965.8	26,046.6	22,338.5
Current liabilities						
Provision for distribution	1.3	1.8	51.4	29.6	172.4	205.5
Borrowings	—	—	70.7	12.6	71.1	35.8
Other current liabilities	3.7	2.8	242.8	91.1	487.2	350.0
Total current liabilities	5.0	4.6	364.9	133.3	730.7	591.3
Non-current liabilities						
Borrowings	—	—	422.1	442.1	2,437.4	1,817.9
Other non-current liabilities	—	—	106.9	82.9	349.7	301.7
Total non-current liabilities	—	—	529.0	525.0	2,787.1	2,119.6
Net assets	246.9	214.5	4,756.4	2,475.8	24,100.1	20,266.5
Reconciliation to carrying amounts:						
Opening balance at the beginning of the year	214.5	152.0	2,475.8	2,374.7	20,266.5	16,575.3
Additions	37.6	42.1	2,558.0	1,306.5	5,339.7	4,477.3
Profit for the year	2.5	27.0	(120.5)	224.2	(462.3)	1,940.2
Distributions received/receivable	(7.7)	(6.6)	(156.9)	(1,429.6)	(1,043.8)	(2,726.3)
Closing balance at the end of the year	246.9	214.5	4,756.4	2,475.8	24,100.1	20,266.5
Group's share in \$m	125.6	109.0	683.5	521.7	9,046.7	8,875.3
Capitalised transaction costs	—	—	—	—	—	3.2
Notional goodwill	—	—	3.3	3.4	3.3	3.4
Group's carrying amount	125.6	109.0	686.8	525.1	9,050.0	8,881.9
Summarised Statement of Comprehensive Income						
Property revenue	12.2	10.5	217.3	155.1	1,319.1	1,036.7
Property revaluations	(5.5)	20.7	(246.4)	76.1	(1,280.4)	1,179.1
Gain/(loss) on sale of investment properties	—	—	0.2	(4.0)	0.1	(4.0)
Interest income	0.1	—	3.2	18.0	24.2	34.3
Share of net profit of investments accounted for using the equity method	—	—	36.3	38.7	60.6	96.8
Other income	—	—	(1.2)	18.7	24.8	37.8
Property expenses	(3.5)	(3.4)	(41.4)	(42.9)	(338.6)	(283.2)
Finance costs	—	—	(31.9)	(4.5)	(125.4)	(42.9)
Income tax expense	—	—	(5.3)	0.2	(3.2)	(3.5)
Other expenses	(0.8)	(0.8)	(51.3)	(31.2)	(143.5)	(110.9)
Net profit/(loss) for the year	2.5	27.0	(120.5)	224.2	(462.3)	1,940.2
Total comprehensive income/(loss) for the year	2.5	27.0	(120.5)	224.2	(462.3)	1,940.2

1 The Group also has interests in a number of immaterial joint ventures that are accounted for using the equity method.

Note 10 Inventories

Development properties held for repositioning, construction and sale are recorded at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, and development and holding costs such as borrowing costs, rates and taxes. Holding costs incurred after completion of development are expensed.

Development revenue includes proceeds on the sale of inventory and revenue earned through the provision of development services on assets sold as inventory. Revenue earned on the provision of development services is recognised using the percentage complete method. The stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract. Where the project result can be reliably estimated, development services revenue and associated expenses are recognised in profit or loss. Where the project result cannot be reliably estimated, profits are deferred and the difference between consideration received and expenses incurred is carried forward as either a receivable or payable. Development services revenue and expenses are recognised immediately when the project result can be reliably estimated.

Transfers from investment properties to inventories occur when there is a change in intention regarding the use of the property from an intention to hold for rental income or capital appreciation purposes to an intention to develop and sell. The transfer price is recorded as the fair value of the property as at the date of transfer. Development activities will commence immediately after they transfer.

Key estimates: Net Realisable Value (NRV) of inventories

NRV is determined using the estimated selling price in the ordinary course of business less estimated costs to bring inventories to their finished condition, including marketing and selling expenses. NRV is based on the most reliable evidence available at the time and the amount the inventories are expected to be realised. These key assumptions are reviewed annually or more frequently if indicators of impairment exist. No impairment provisions have been recognised.

a. Properties held for sale

	2023 \$m	2022 \$m
Current assets		
Properties held for sale	30.6	54.4
Total current assets - inventories	30.6	54.4

b. Reconciliation

	Note	2023 \$m	2022 \$m
Opening balance at the beginning of the year		54.4	178.2
Transfer from investment properties	8	25.7	—
Disposals		(60.4)	(138.6)
Additions		10.9	14.8
Closing balance at the end of the year		30.6	54.4

Disposals

On 22 December 2022, settlement occurred for the disposal of 12 Frederick Street, St Leonards NSW for \$112.8 million.

Note 11 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable.

Non-current assets classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position. Non-current assets classified as held for sale relate to investment properties measured at fair value.

At 30 June 2023, the balance relates to 20 Distribution Drive, Laverton VIC, 8 Nicholson Street, Melbourne VIC, 84 Lahrs Road, Ormeau QLD, 44 Market Street, Sydney NSW, Axxess Corporate Park, Mount Waverley VIC, 1 Margaret Street, Sydney NSW and 130 George Street, Parramatta NSW.

At 30 June 2022, the balance related to 383-395 Kent Street, Sydney NSW.

Note 12 Financial assets at fair value through profit or loss

The Group's investments in financial assets consists of interests in Australian trusts and managed property funds. Financial assets are initially recognised at fair value, excluding transaction costs. Transaction costs are expensed as incurred in the Consolidated Statement of Comprehensive Income. Financial assets are subsequently measured at fair value with any realised or unrealised gains being recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

a. Classification of financial assets at fair value through profit or loss (FVPL)

	2023 \$m	2022 \$m
Non-current assets		
Equity investments in Australian managed funds	225.1	186.5
Investments classified as debt in Australian trusts	206.8	—
Total current financial assets at fair value through profit or loss	431.9	186.5

b. Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

	2023 \$m	2022 \$m
Fair value (loss)/gain on equity investments in Australian managed funds	(1.1)	6.5
Fair value (loss)/gain on investments classified as debt in Australian trusts	(27.2)	—
Total (losses)/gains at fair value through profit or loss	(28.3)	6.5

c. Fair value measurement

Equity investments in Australian managed funds are measured at Level 3 using unit prices which are based on the net assets of the relevant fund, which is largely comprised of investment property held at fair value. Recent arm's length transactions, if any, are also taken into consideration.

Investments classified as debt in Australian trusts are measured at Level 3 using a fair value model which references the underlying investment property held at fair value.

During the year, there were no transfers between Level 1, 2 and 3 fair value measurement.

d. Equity price risks

The Group is exposed to equity price risk arising from equity investments in Australian managed funds classified as financial assets at fair value through profit or loss. The exposure to equity price risk at the end of the reporting period, assuming equity prices had been 10% higher or lower while all other variables were held constant, would increase/decrease net profit by \$22.5 million (June 2022: \$18.6 million).

e. Valuation risks

The Group is exposed to valuation risk on underlying investment property arising from investments in Australian trusts classified as financial assets at fair value through profit or loss. The estimated impact of changes in valuations of underlying investment property at the end of the reporting period, assuming the adopted capitalisation rate had been 25 basis points lower or higher while all other variables were held constant, would increase/(decrease) net profit by \$77.0 million/(\$68.9 million) respectively (June 2022: nil).

Capital and financial risk management and working capital

In this section

The Group's overall risk management program focuses on reducing volatility from impacts of movements in financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Note 13 *Capital and financial risk management* outlines how the Group manages its exposure to a variety of financial risks (interest rate risk, foreign currency risk, liquidity risk and credit risk) and details the various derivative financial instruments entered into by the Group.

The Board of the Responsible Entity determines the appropriate capital structure of the Group, how much is borrowed from financial institutions and capital markets (debt), and how much is raised from security holders (equity) in order to finance the Group's activities both now and in the future. This capital structure is detailed in the following notes:

- **Debt:** *Lease liabilities* in note 14, *Interest bearing liabilities* in note 15, and *Commitments and contingencies* in note 16
- **Equity:** *Contributed equity* in note 17 and *Reserves* in note 18.

Note 19 provides a breakdown of the working capital balances held in the Consolidated Statement of Financial Position.

Note 13 Capital and financial risk management

Capital and financial risk management is carried out through a centralised treasury function which is governed by a Board approved Treasury Policy. The Group has an established governance structure which consists of the Group Management Committee and Capital Markets Committee.

The Board has appointed a Group Management Committee responsible for achieving Dexu's goals and objectives, including the prudent financial and risk management of the Group. A Capital Markets Committee has been established to advise the Group Management Committee.

The Capital Markets Committee is a management committee that is accountable to the Board. It convenes at least quarterly and conducts a review of financial risk management exposures including liquidity, funding strategies and hedging. It is also responsible for the development of financial risk management policies and funding strategies for recommendation to the Board, and the approval of treasury transactions within delegated limits and powers.

a. Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to security holders. The Group continuously monitors its capital structure and it is managed in consideration of the following factors:

- The cost of capital and the financial risks associated with each class of capital
- Gearing levels and other debt covenants
- Potential impacts on net tangible assets and security holders' equity
- Potential impacts on the Group's credit rating
- Other market factors

The Group has a stated target gearing level of 30% to 40%. The table below details the calculation of the gearing ratio in accordance with its primary financial covenant requirements.

	2023 \$m	2022 \$m
Total interest bearing liabilities ¹	5,087.7	4,653.8
Total tangible assets ²	17,316.7	18,232.3
Gearing ratio	29.4%	25.5%
Gearing ratio (look-through) ^{3,4}	30.3%	26.9%

1 Total interest bearing liabilities excludes deferred borrowing costs and includes the impact of foreign currency fluctuations of cross-currency swaps.

2 Total tangible assets comprise total assets less intangible assets and derivatives

3 Adjusted for cash and debt in equity accounted investments.

4 Excluding Dexu's share of co-investments in pooled funds. Look-through gearing including Dexu's share of co-investments in pooled funds was 31.7% as at 30 June 2023 (30 June 2022: 27.8%).

Note 13 Capital and financial risk management (continued)

a. Capital risk management (continued)

The Group is rated A- by Standard & Poor's (S&P) and A3 by Moody's. The Group is required to comply with certain financial covenants in respect of its interest bearing liabilities. During the 2023 and 2022 reporting periods, the Group was in compliance with all of its financial covenants.

DXFM is the Responsible Entity for the managed investment schemes (DPT and DXO) that are stapled to form the Group. DXFM has been issued with an Australian Financial Services Licence (AFSL). The licence is subject to certain capital requirements including the requirement to maintain liquidity above specified limits. DXFM must also prepare rolling cash projections over at least the next 12 months and demonstrate it will have access to sufficient financial resources to meet its liabilities that are expected to be payable over that period. Cash projections and assumptions are approved, at least quarterly, by the Board of the Responsible Entity.

AFSLs have been issued to the following wholly owned entities:

- Dexu Wholesale Property Limited (DWPL), as the responsible entity for Dexu Wholesale Property Fund (DWPF)
- Dexu Wholesale Management Limited (DWML), as the trustee of third party managed funds
- Dexu Wholesale Funds Limited (DWFL), as the responsible entity for Dexu Healthcare Property Fund (DHPF)
- Dexu Investment Management Limited (DIML), as the responsible entity for Dexu Industrial Fund (DIF)
- Dexu Asset Management Limited (DXAM), as the responsible entity of third party managed funds
- Dexu RE Limited (DXRE), as the responsible entity for APD Trust, a wholly owned entity
- AMP Capital Funds Management Limited (AMPCFML), as the responsible entity of third party managed funds
- AMP Investment Services Pty Limited (AMPIS), as the trustee of third party managed funds

Certain group entities are subject to capital and liquidity requirements under their respective AFSLs. Refer to note 25 for further details. All capital requirements were complied with during the year.

b. Financial risk management

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's principal financial instruments, other than derivatives, comprise cash, bank loans and capital markets issuance. The main purpose of financial instruments is to manage liquidity and hedge the Group's exposure to financial risks namely:

- Interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk

The Group uses derivatives to reduce the Group's exposure to fluctuations in interest rates and foreign exchange rates. These derivatives create an obligation or a right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative financial instruments that the Group may use to hedge its risks include:

- Interest rate swaps and interest rate options (together interest rate derivatives)
- Cross-currency interest rate swaps and foreign exchange contracts
- Other derivative contracts

The Group does not trade in interest rate or foreign exchange related derivative instruments for speculative purposes. The Group uses different methods to measure the different types of risks to which it is exposed, including monitoring the current and forecast levels of exposure and conducting sensitivity analysis.

i. Market risk

Interest rate risk

Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises. Non-derivative interest bearing financial instruments are predominantly short term liquid assets and long term debt issued at fixed rates which expose the Group to fair value interest rate risk as the Group may pay higher interest costs than if it were at variable rates. The Group's borrowings which have a variable interest rate give rise to cash flow interest rate risk due to movements in variable interest rates.

The Group's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its asset and liability portfolio through active management of the exposures. The policy prescribes minimum and maximum hedging amounts for the Group, which is managed on a portfolio basis.

Note 13 Capital and financial risk management (continued)

b. Financial risk management (continued)

i. Market risk (continued)

Interest rate risk (continued)

The Group maintains a mix of offshore and local currency fixed rate and variable rate debt, as well as a mix of long term and short term debt. The Group primarily enters into interest rate derivatives and cross-currency interest rate swap agreements to manage the associated interest rate risk. The Group hedges the interest rate and currency risk on its foreign currency borrowings by entering into cross-currency swaps, which have the economic effect of converting foreign currency borrowings to local currency borrowings at contracted rates. The derivative contracts are recorded at fair value in the Consolidated Statement of Financial Position, using standard valuation techniques with market inputs.

As at 30 June 2023, 84% (2022: 68%) of the interest bearing liabilities of the Group were hedged. The average hedged percentage for the financial year was 86% (2022: 64%).

Interest rate derivatives require settlement of net interest receivable or payable generally each 90 or 180 days. The settlement dates coincide with the dates on which the interest is payable on the underlying debt. The receivable and payable legs on interest rate derivative contracts are settled on a net basis. The net notional amount of average fixed rate debt and interest rate derivatives in place in each year and the weighted average effective hedge rate is set out below:

	June 2024	June 2025	June 2026	June 2027	June 2028
	\$m	\$m	\$m	\$m	\$m
A\$ fixed rate debt	2,086.7	1,870.0	1,746.7	1,663.3	1,213.3
A\$ interest rate derivatives	2,620.1	2,233.3	1,918.7	1,027.8	400.0
Combined fixed rate debt and derivatives (A\$ equivalent)	4,706.8	4,103.3	3,665.4	2,691.1	1,613.3
Hedge rate (%)	2.02%	2.01%	2.81%	2.72%	2.28%

Amounts do not include fixed rate debt that has been swapped to floating rate debt through cross-currency swaps.

Sensitivity analysis on interest expense

The table below shows the impact on the Group's net interest expense of a 100 basis point movement in market interest rates. The sensitivity on cash flow arises due to the impact that a change in interest rates will have on the Group's floating rate debt and derivative cash flows on average during the financial year. Net interest expense is only sensitive to movements in market rates to the extent that floating rate debt is not hedged.

	2023	2022
	(+/-) \$m	(+/-) \$m
+/- 1% (100 basis points)	7.0	20.0
Total A\$ equivalent	7.0	20.0

The movement in interest expense is proportional to the movement in interest rates.

Sensitivity analysis on fair value of interest rate derivatives

The sensitivity analysis on interest rate derivatives below shows the effect on net profit or loss of changes in the fair value of interest rate derivatives for a 100 basis point movement in short-term and long-term market interest rates. The sensitivity on fair value arises from the impact that changes in market rates will have on the valuation of the interest rate derivatives.

The fair value of interest rate derivatives is calculated as the present value of estimated future cash flows on the instruments. Although interest rate derivatives are transacted for the purpose of providing the Group with an economic hedge, the Group has elected not to apply hedge accounting to these instruments. Accordingly, gains or losses arising from changes in the fair value are reflected in the profit or loss.

	2023	2022
	(+/-) \$m	(+/-) \$m
+/- 1% (100 basis points)	63.7	63.2
Total A\$ equivalent	63.7	63.2

Sensitivity analysis on fair value of cross-currency swaps

The sensitivity analysis on cross-currency interest rate swaps below shows the effect on net profit or loss for changes in the fair value for a 100 basis point increase and decrease in market rates. The sensitivity on fair value arises from the impact that changes in short-term and long-term market rates will have on the valuation of the cross-currency swaps. The sensitivity analysis excludes the impact of hedge accounted cross-currency swaps.

		2023	2022
		(+/-) \$m	(+/-) \$m
+/- 1% (100 basis points)	US\$ (A\$ equivalent)	0.0	0.2
Total A\$ equivalent		0.0	0.2

Note 13 Capital and financial risk management (continued)

b. Financial risk management (continued)

i. Market risk (continued)

Foreign currency risk

Foreign currency risk refers to the risk that the value or the cash flows arising from a financial commitment, or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group's foreign currency risk arises primarily from borrowings denominated in foreign currency.

The objective of the Group's foreign exchange risk management policy is to ensure that movements in exchange rates have minimal adverse impact on the Group's foreign currency assets and liabilities. Refer to note 15 for the US\$ foreign currency exposures and management thereof via cross-currency interest rate swaps.

Foreign currency assets and liabilities

Where foreign currency borrowings are used to fund Australian investments, the Group transacts cross-currency swaps to reduce the risk that movements in foreign exchange rates will have an impact on security holder equity and net tangible assets.

ii. Liquidity risk

Liquidity risk is associated with ensuring that there are sufficient funds available to meet the Group's financial commitments as and when they fall due and planning for any unforeseen events which may curtail cash flows. The Group identifies and manages liquidity risk across the following categories:

- Short-term liquidity management covering the month ahead on a rolling basis with continuous monitoring of forecast and actual cash flows
- Medium-term liquidity management of liquid assets, working capital and standby facilities to cover the Group cash requirements over the next 1-24 month period. The Group maintains a level of committed borrowing facilities above the forecast committed debt requirements (liquidity headroom buffer). Committed debt includes future expenditure that has been approved by the Board or Investment Committee (as required within delegated limits)
- Long-term liquidity management through ensuring an adequate spread of maturities of borrowing facilities so that refinancing risk is not concentrated in certain time periods and ensuring an adequate diversification of funding sources where possible, subject to market conditions

Refinancing risk

Refinancing risk is the risk that the Group:

- Will be unable to refinance its debt facilities as they mature
- Will only be able to refinance its debt facilities at unfavourable interest rates and credit market conditions (margin price risk)

The Group's key risk management strategy for margin price risk on refinancing is to spread the maturities of debt facilities over different time periods to reduce the volume of facilities to be refinanced and the exposure to market conditions in any one period.

	2023				2022			
	Within one year \$m	Between one and two years \$m	Between two and five years \$m	After five years \$m	Within one year \$m	Between one and two years \$m	Between two and five years \$m	After five years \$m
Payables	(196.3)	–	–	–	(180.4)	–	–	–
Lease liabilities	(2.1)	(2.3)	(6.4)	(3.8)	(4.2)	(3.5)	(11.6)	(11.3)
Total payables and lease liabilities	(198.4)	(2.3)	(6.4)	(3.8)	(184.6)	(3.5)	(11.6)	(11.3)
Interest bearing liabilities & interest								
Fixed interest rate liabilities	(525.6)	(293.6)	(1,810.7)	(1,789.8)	(129.6)	(123.7)	(2,068.8)	(1,846.2)
Floating interest rate liabilities	(121.0)	752.0	(1,045.7)	(405.0)	(107.9)	(811.2)	(1,014.5)	(138.9)
Total interest bearing liabilities & interest¹	(646.6)	458.4	(2,856.4)	(2,194.8)	(237.5)	(934.9)	(3,083.3)	(1,985.1)
Derivative financial liabilities								
Cash receipts	118.4	228.2	832.2	835.1	119.4	197.4	1,117.0	845.2
Cash payments	(120.8)	(200.8)	(649.4)	(714.7)	(118.2)	(191.5)	(924.1)	(765.7)
Total net derivative financial instruments²	(2.4)	27.4	182.8	120.4	1.2	5.9	192.9	79.5

1 Refer to note 15. Excludes deferred borrowing costs but includes estimated fees and interest.

2 The notional maturities on derivatives are shown for cross-currency interest rate swaps (refer to interest rate risk) as they are the only instruments where a principal amount is exchanged. For interest rate derivatives, only the net interest cash flows (not the notional principal) are included. Refer to note 13(c) for fair value of derivatives. Refer to note 16(b) for financial guarantees.

Note 13 Capital and financial risk management (continued)

iii. Credit risk

Credit risk is the risk that the counterparty will not fulfil its obligations under the terms of a financial instrument and will cause financial loss to the Group. The Group has exposure to credit risk on financial assets included in the Group's Consolidated Statement of Financial Position.

The Group manages this risk by:

- Adopting a process for determining an approved counterparty, with consideration of qualitative factors as well as the counterparty's credit rating
- Regularly monitoring counterparty exposure within approved credit limits that are based on the lower of an S&P and Moody's credit rating. The exposure includes the current market value of in-the-money contracts and the potential exposure, which is measured with reference to credit conversion factors as per APRA guidelines
- Entering into International Swaps and Derivatives Association (ISDA) Master Agreements once a financial institution counterparty is approved
- For some trade receivables, obtaining collateral where necessary in the form of bank guarantees and tenant bonds
- Regularly monitoring loans and receivables on an ongoing basis

A minimum S&P rating of A– (or Moody's equivalent) is required to become or remain an approved counterparty unless otherwise approved by the DXFM Board.

The Group is exposed to credit risk on cash balances and on derivative financial instruments with financial institutions. The Group has a policy that sets limits as to the amount of credit exposure to each financial institution. New derivatives and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements.

Financial instrument transactions are spread among a number of approved financial institutions within specified credit limits to minimise the Group's exposure to any one counterparty. As a result, there is no significant concentration of credit risk for financial instruments. The maximum exposure to credit risk at 30 June 2023 is the carrying amounts of financial assets recognised on the Consolidated Statement of Financial Position.

The Group is exposed to credit risk on trade receivable balances. The Group has a policy to continuously assess and monitor the credit quality of trade debtors on an ongoing basis. Given the historical profile and exposure of the trade receivables, it has been determined that no significant concentrations of credit risk exists for receivables balances. The maximum exposure to credit risk at 30 June 2023 is the carrying amounts of the trade receivables recognised on the Consolidated Statement of Financial Position.

iv. Fair value

The Group uses the following methods in the determination and disclosure of the fair value of financial instruments:

Level 1: the fair value is calculated using quoted prices in active markets.

Level 2: the fair value is determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable data.

Equity investments in Australian managed funds are measured at Level 3 having regard to unit prices which are determined by giving consideration to the unit prices and net assets of the relevant fund. The unit prices and net asset values are largely driven by the fair values of investment properties and derivatives held by the funds. Recent arm's length transactions, if any, are also taken into consideration. The fair value of equity investments in Australian managed funds is impacted by the price per security of the investment. An increase to the price per security results in an increase to the fair value of the investment.

Investments classified as debt in Australian trusts are measured at Level 3 using a fair value model.

All derivative financial instruments were measured at Level 2 for the periods presented in this report.

All investment properties, infrastructure assets, listed securities and derivatives were appropriately measured at Level 1, 2 or 3, within investments accounted for using the equity method for the periods presented in this report.

During the year, there were no transfers between Level 1, 2 and 3 fair value measurements.

Since cash, receivables and payables are short-term in nature, their fair values are not materially different from their carrying amounts. For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Note 13 Capital and financial risk management (continued)

b. Financial risk management (continued)

iv. Fair value (continued)

Material differences are identified only for the following borrowings:

Type	Maturity	2023 Carrying Amount (\$m)	2023 Fair value (\$m)	2022 Carrying Amount (\$m)	2022 Fair value (\$m)
USD borrowing	2024	67.1	67.6	64.9	66.1
USD borrowing	2025	159.9	162.8	158.4	161.6
USD borrowing	2026	227.5	232.7	225.5	230.5
USD borrowing	2027	441.3	451.2	445.1	452.6
USD borrowing	2029	172.9	177.1	175.0	175.0
USD borrowing	2030	286.0	291.3	291.0	291.0
USD borrowing	2033	231.8	237.0	237.8	241.0
MTN	2026	185.7	182.0	186.6	190.9
MTN	2027	129.5	123.6	129.1	132.3
MTN	2030	198.7	161.9	198.3	180.5
MTN	2032	500.0	383.3	500.0	455.8
MTN	2039	30.0	23.4	30.0	32.0
AUD USPP	2028	100.0	96.2	100.0	104.0
AUD USPP	2030	50.0	47.0	50.0	52.0
AUD USPP	2033	100.0	91.2	100.0	106.5
AUD USPP	2039	75.0	65.8	75.0	80.6
Exchangeable note	2026	314.7	325.0	407.2	425.0
Exchangeable note	2027	447.1	474.9	—	—

Key assumptions: fair value of derivatives and interest bearing liabilities

The fair value of derivatives and interest bearing liabilities has been determined based on observable market inputs (interest rates) and applying a credit or debit value adjustment based on the current credit worthiness of counterparties and the Group.

v. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position where there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. No financial assets and liabilities are currently held under netting arrangements.

Master Netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Consolidated Statement of Financial Position.

c. Derivative financial instruments

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to an underlying benchmark, such as interest rates, exchange rates, or asset values, and is entered into for a fixed period. A hedge is where a derivative is used to manage an underlying exposure.

Written policies and limits are approved by the Board of Directors of the Responsible Entity, in relation to the use of financial instruments to manage financial risks. The Responsible Entity regularly reviews the Group's exposures and updates its treasury policies and procedures. The Group does not trade in interest rate or foreign exchange related derivative instruments for speculative purposes.

The Group uses derivative contracts as part of its financial and business strategy. Derivative contracts may cover interest rate, foreign currency and equity market movements but also include option contracts embedded in the Group's Exchangeable note borrowings.

1. Interest rate derivative contracts – the Group uses interest rate derivative contracts to manage the risk of movements in variable interest rates on the Group's Australian dollar denominated borrowings.
2. Cross-currency swap contracts – the Group uses cross-currency swap contracts to manage the risk of movements in interest rates and fair values of foreign currencies associated with its foreign denominated borrowings.
3. Other derivative contracts – other derivative contracts include embedded option contracts within the Group's Exchangeable note borrowings (see note 15(e)).

Note 13 Capital and financial risk management (continued)

c. Derivative financial instruments (continued)

Derivatives are measured at fair value with any changes in fair value recognised either in the Consolidated Statement of Comprehensive Income, or directly in equity where hedge accounted.

At inception the Group can elect to formally designate and document the relationship between certain hedge derivative instruments and the associated hedged items, along with its risk management objectives and its strategy for undertaking various hedge transactions.

The only derivatives designated by the Group in hedge relationships are cross-currency interest rate swap contracts used to hedge foreign denominated borrowings.

The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the financial instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk. The hedging relationship is deemed effective when all of the following requirements are met:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the changes in value that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item

The Group uses cross-currency interest rate swap contracts to hedge interest rate risk and foreign exchange risk associated with foreign denominated borrowings issued by the Group. The Group designates the cross-currency interest rate swap contracts as:

- Fair value hedges against changing interest rates on foreign denominated borrowings
- Cash flow hedges or fair value hedges against foreign currency exposure on foreign denominated borrowings

The foreign currency basis spread of a cross-currency interest rate swap is excluded from the designation of that financial instrument as the hedging instrument. Changes in the fair value of the foreign currency basis spread of a financial instrument are accumulated in the foreign currency basis spread reserve and are amortised to profit or loss on a rational basis over the term of the hedging relationship.

As the critical terms of the cross-currency interest rate swap contracts and their corresponding hedged items match, the Group performs a qualitative assessment of effectiveness. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the cross-currency interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. No other sources of ineffectiveness emerged from these hedging relationships.

The Group has applied the hedge ratio of 1:1 to all hedge relationships.

Fair value hedge – cross-currency swap contracts

A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is attributable to a particular risk and could affect the Consolidated Statement of Comprehensive Income. Changes in the fair value of cross-currency swap contracts that are designated as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the interest rates on foreign denominated borrowings, and fair value of the foreign denominated borrowings themselves.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cash flow hedge – cross-currency swap contracts

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk to a highly probable forecast transaction pertaining to an asset or liability. The effective portion of changes in the fair value of cross-currency swap contracts that are designated as cash flow hedges is recognised in other comprehensive income in equity via the cash flow hedge reserve. Amounts accumulated in equity are reclassified to profit or loss in the periods when the payments associated with the underlying foreign denominated borrowings affect profit or loss. Any gain or loss related to ineffectiveness is recognised in profit or loss immediately.

Hedge accounting is discontinued when each cross-currency swap contract expires, is terminated, is no longer in an effective hedge relationship, is de-designated, or the forecast underlying payments are no longer expected to occur. The fair value gain or loss of derivatives recorded in equity is recognised in profit or loss over the period that the forecast payments are recorded in profit or loss. If the forecast payments are no longer expected to occur, the cumulative gain or loss in equity is recognised in profit or loss immediately.

Note 13 Capital and financial risk management (continued)

c. Derivative financial instruments (continued)

	2023 \$m	2022 \$m
Current assets		
Interest rate derivative contracts	64.7	33.1
Cross-currency swap contracts	33.9	12.3
Total current assets - derivative financial instruments	98.6	45.4
Non-current assets		
Interest rate derivative contracts	105.0	111.8
Cross-currency swap contracts	280.5	313.3
Total non-current assets - derivative financial instruments	385.5	425.1
Current liabilities		
Interest rate derivative contracts	—	1.2
Cross-currency swap contracts	6.6	—
Other derivative contracts	26.0	—
Total current liabilities - derivative financial instruments	32.6	1.2
Non-current liabilities		
Cross-currency swap contracts	—	7.2
Other derivative contracts	53.4	33.3
Total non-current liabilities - derivative financial instruments	53.4	40.5
Net derivative financial instruments	398.1	428.8

The table below details a breakdown of the net fair value gain on derivatives in the Consolidated Statement of Comprehensive Income.

	2023 \$m	2022 \$m
Net fair value gain/(loss) of derivatives		
Cross-currency swap contracts	(72.9)	(178.7)
Interest rate swap contracts	(3.4)	146.4
Exchangeable note contracts	8.7	(7.9)
Total net fair value loss of derivatives	(67.6)	(40.2)

Effects of hedge accounting on the financial position and performance – quantitative information

The following table details the notional principal amounts and remaining terms of the hedging instrument (cross-currency interest rate swap) at the end of the financial year:

	Notional Amount of the Hedging Instrument (\$m)			
	Under 1 year	1-2 years	2-5 years	Over 5 years
Foreign exchange risk and interest rate risk - Cross currency interest rate swap (hedging foreign currency debt)¹				
Average contracted FX rate (AUD/USD)	0.8699	0.8676	0.8172	0.8172
Average contracted fixed USD rate	2.4922	2.4510	2.3478	2.3478
Average notional amount	1,304.7	1,180.0	672.4	624.1
Interest rate risk - Cross currency interest rate swap (hedging foreign currency debt)¹				
Average contracted fixed USD rate	1.3906	1.3813	1.3705	1.3705
Average notional amount	1,304.7	1,180.0	672.4	624.1

¹ Cross-currency interest rate swaps totalling \$1,135.0 million (USD notional) have been split into cash flow hedge and fair value hedge relationships.

Note 13 Capital and financial risk management (continued)

c. Derivative financial instruments (continued)

The following tables detail information regarding the cross-currency interest rate swaps designated in cash flow hedge or fair value hedge relationships at the end of the reporting period and their related hedged items.

	Cash flow hedges Cross currency interest rate swaps \$m	Fair value hedges Cross currency interest rate swaps \$m
Current notional principal value of the hedging instrument	1,304.7	1,304.7
Carrying amount of the hedging instrument assets ¹	19.1	277.4
Cumulative change in fair value of the hedging instrument used for calculating hedge ineffectiveness	18.5	277.9
Current fair value notional amount of the hedged item	(18.5)	(1,586.5)
Cumulative change in value of the hedged item used for calculating hedge ineffectiveness	(26.3)	(281.7)
Balance in cash flow hedge reserve	(18.5)	—
Hedge ineffectiveness recognised in the Consolidated Statement of Comprehensive Income ²	—	(3.7)

¹ The carrying amount is included in the "Derivative financial instruments" line items in the Consolidated Statement of Financial Position.

² Included in the "Net fair value loss of derivatives" line item in the Consolidated Statement of Comprehensive Income.

The cash flow hedge reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction impacts the profit or loss.

	Foreign exchange risk \$m
Cash flow hedge reserve and foreign currency basis spread	
Balance at 1 July 2022 (before tax)	17.2
Movement	
Gain arising on changes in fair value of hedging instruments during the year	6.2
Changes in fair value of foreign currency basis spread during the year	(4.5)
Transfer out	
(Gain) reclassified to profit or loss – hedged item has affected profit or loss	(4.6)
Loss arising on changes in fair value of foreign currency basis spread during the year	4.8
Balance at 30 June 2023 (before tax)	19.1

Note 14 Lease liabilities

Under AASB 16 Leases, as a Lessee, the Group recognises a right-of-use asset and lease liability on the Consolidated Statement of Financial Position for all material leases. In relation to leases of low value assets, such as IT equipment, small items of office furniture or short-term leases with a term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities.

The Group recognises the lease payments associated with these leases as an expense in the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term. The Group recognises a right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for any remeasurements of the lease liability. The cost of the right-of-use asset includes:

- The amount of initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs
- Make good costs

Right-of-use assets are depreciated on a straight line basis from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term, unless they meet the definition of an investment property.

Note 14 Lease liabilities (continued)

The Group tests all right-of-use assets for impairment where there is an indicator that the asset may be impaired. If an impairment exists, the carrying amount of the asset is written down to its recoverable amount as per the requirements of AASB 136 *Impairment of Assets*.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The weighted rate applied was 3.46%. Variable lease payments that depend on an index or rate are included in the lease liability, measured using the index or rate as at the date of lease commencement.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The liability is remeasured when there is a change in future lease payments arising from a change in index or rate or changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Interest costs and variable lease payments not included in the initial measurement of the lease liability are recognised in the Consolidated Statement of Comprehensive Income in the period to which they relate.

The Group has applied judgement to determine the lease term for contracts which include renewal and termination options. The Group's assessment considered the facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option.

The following table details information relating to leases where the Group is a lessee.

	Note	2023 \$m	2022 \$m
Current			
Lease liabilities - ground leases	a.	0.9	0.8
Lease liabilities - other property leases	b.	1.2	3.4
Total current liabilities - lease liabilities		2.1	4.2
Non-current			
Lease liabilities - ground leases	a.	6.5	7.2
Lease liabilities - other property leases	b.	6.0	15.5
Total non-current liabilities - lease liabilities		12.5	22.7
Total liabilities - lease liabilities		14.6	26.9

a. Lease liabilities – ground leases

Lease liabilities include ground leases at Parkade, 34-60 Little Collins Street, Melbourne and Waterfront Place, 1 Eagle Street, Brisbane. Refer to note 8 Investment properties where the corresponding leased asset is included in the total value of investment properties.

b. Lease liabilities – other property leases

Lease liabilities relating to property leases predominantly relate to Dexu offices and Dexu Place property leases. Refer to the Consolidated Statement of Financial Position for disclosure of the corresponding right-of-use asset.

Note 15 Interest bearing liabilities

Borrowings are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are capitalised to borrowings and amortised in the Consolidated Statement of Comprehensive Income over the expected life of the borrowings.

If there is a substantial debt modification, the financial liability is derecognised from the Consolidated Statement of Financial Position and residual capitalised costs expensed to the Consolidated Statement of Comprehensive Income. If there is a non-substantial debt modification, the balance on the Consolidated Statement of Financial Position is adjusted and the difference between the fair value of the new facility and carrying value of the original facility is recognised in the Consolidated Statement of Comprehensive Income.

If there is an effective fair value hedge of borrowings, a fair value adjustment will be applied based on the mark to market movement in the benchmark component of the borrowings. This movement is recognised in the Consolidated Statement of Comprehensive Income. Refer to note 13 Capital and financial risk management for further detail.

All borrowings with contractual maturities greater than 12 months after reporting date are classified as non-current liabilities.

Note 15 Interest bearing liabilities (continued)

	Note	2023 \$m	2022 \$m
Current			
Unsecured			
US senior notes ¹	a.	67.1	—
Exchangeable notes	e.	314.7	—
Total unsecured		381.8	—
Total current liabilities – interest bearing liabilities		381.8	—
Non-current			
Unsecured			
US senior notes ¹	a.	1,844.4	1,922.7
Bank loans	b.	1,538.0	1,430.2
Commercial paper	c.	77.5	100.0
Medium term notes	d.	1,043.9	1,043.9
Exchangeable notes	e.	447.1	407.2
Total unsecured		4,950.9	4,904.0
Deferred borrowing costs and debt modifications		(23.0)	(21.7)
Total non-current liabilities – interest bearing liabilities		4,927.9	4,882.3
Total interest bearing liabilities		5,309.7	4,882.3

1 Includes cumulative fair value adjustments amounting to \$125.6 million (June 2022: \$49.9 million) in relation not effective fair value hedges.

Financing arrangements

The following table summarises the maturity profile of the Group's financing arrangements:

Type of facility	Note	Currency	Security	Maturity Date	Utilised \$m	Facility Limit \$m
US senior notes (USPP) ¹	a.	US\$	Unsecured	Jul-23 to Nov-32	1,712.1	1,712.1
US senior notes (USPP)	a.	A\$	Unsecured	Jun-28 to Oct-38	325.0	325.0
Multi-option revolving credit facilities	b.	Multi Currency	Unsecured	Oct-24 to Jul-30	1,538.0	4,100.0
Commercial paper	c.	A\$	Unsecured	Dec-25	77.5	100.0
Medium term notes	d.	A\$	Unsecured	Nov-25 to Aug-38	1,043.9	1,043.9
Exchangeable note	e.	A\$	Unsecured	Jun-26 to Nov-27	761.8	761.8
Total					5,458.3	8,042.8
Bank guarantee in place ²					(175.0)	
Unused at balance date					2,409.5	

1 Excludes fair value adjustments recorded in interest bearing liabilities in relation to effective fair value hedges.

2 Includes utilised bank guarantees of \$140.9 million.

Each of the Group's unsecured borrowing facilities are supported by guarantee arrangements and have negative pledge provisions which limit the amount and type of encumbrances that the Group can have over its assets and ensures that all senior unsecured debt ranks pari passu.

a. US senior notes (USPP)

This includes a total of US\$1,135.0 million and A\$325.0 million of US senior notes with a weighted average maturity of February 2029. US\$1,135.0 million is designated as an accounting hedge using cross currency interest rate swaps with the same notional value.

b. Multi-option revolving credit facilities

This includes A\$4,100 million of facilities maturing between October 2024 and July 2030 with a weighted average maturity of May 2027. A\$175 million represents bank guarantee facilities available for utilisation for Australian Financial Services Licences (AFSL) requirements and other business requirements including developments.

c. Commercial paper

This includes a total of A\$77.5 million of Commercial paper maturity of December 2025. The standby facility has same day availability.

d. Medium term notes

This includes a total of A\$1,045.0 million of Medium Term Notes with a weighted average maturity of February 2030. The remaining A\$1.1 million is the net discount on the issue of these instruments.

Note 15 Interest bearing liabilities (continued)

e. Exchangeable notes

This includes existing Exchangeable Notes with a current face value totalling \$325.0 million maturing June 2026 (Existing Notes) and newly issued Exchangeable Notes with a face value totalling \$500 million maturing November 2027 (New Notes).

Existing Notes:

The notes are exchangeable based on the exchange price (currently \$15.00 representing approximately 21.7 million securities) on the exchange date, at the election of the holder, until 19 March 2024. The holders have an option to put the notes to the issuer for face value 60 days prior but not later than 30 days after 19 March 2024. On expiration of the put option, the notes continue to be exchangeable until 10 days prior to maturity on 19 June 2026. Any securities issued on exchange will rank equally with existing securities. On 24 November 2022, \$100 million of notes were repurchased at a discounted price of 96.25% of the face value. As at 30 June 2023, \$325 million notes remain outstanding paying a fixed coupon of 2.3%. The carrying value of notes has been reclassified as current due to the exercise date on the put option being within 12 months of 30 June 2023.

New Notes:

The notes are exchangeable based on the exchange price (currently \$9.45 representing approximately 52.9 million securities) on the exchange date, at the election of the holder, until 10 days prior to maturity on 24 November 2027. Any securities issued on exchange will rank equally with existing securities. If the New Notes are not exchanged, they will be redeemed on maturity at 104.15% of face value. Settlement of the New Notes completed on 24 November 2022. The New Notes pay a fixed coupon of 3.5% per annum.

Note 16 Commitments and contingencies

a. Commitments

Capital commitments

The following amounts represent capital expenditure on financial assets at fair value through profit or loss, investment properties and inventories as well as committed fit out or cash incentives contracted at the end of each reporting period but not recognised as liabilities payable:

	2023 \$m	2022 \$m
Investment properties	128.1	108.9
Financial assets at fair value through profit and loss	740.9	—
Inventories and development management services	54.1	1.9
Investments accounted for using the equity method	446.8	128.4
Total capital commitments	1,369.9	239.2

Lease receivable commitments

The future minimum lease payments receivable by the Group are:

	2023 \$m	2022 \$m
Within one year	360.7	413.2
Later than one year but not later than five years	1,039.2	1,232.2
Later than five years	479.5	577.4
Total lease receivable commitments	1,879.4	2,222.8

b. Contingencies

DPT and DXO are guarantors of A\$8,042.8 million (June 2022: A\$6,948.8 million) of interest bearing liabilities (refer to note 15 *Interest bearing liabilities*). The guarantees have been given in support of debt outstanding and drawn against these facilities and may be called upon in the event that a borrowing entity has not complied with certain requirements such as failure to pay interest or repay a borrowing, whichever is earlier. During the period no guarantees were called.

The Group has bank guarantees of A\$140.9 million, comprising A\$91.2 million held to comply with the terms of the Australian Financial Services Licences (AFSL) and A\$49.7 million largely in respect of developments, with \$34.1 million available for other corporate purposes.

The above guarantees are issued in respect of the Group and represent an additional liability to those already existing in interest bearing liabilities on the Consolidated Statement of Financial Position.

As at 30 June 2023, the Group has recorded contingent consideration of \$50 million related to the acquisition of Collimate Capital's real estate and domestic infrastructure equity business from AMP Limited. Refer to note 21 Business combination for further details.

Outgoings are excluded from contingencies as they are expensed when incurred.

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Group, other than those disclosed in the Consolidated Financial Statements, which should be brought to the attention of security holders as at the date of completion of this report.

Note 17 Contributed equity

	2023 No. of securities	2022 No. of securities
Opening balance at the beginning of the year	1,075,565,246	1,075,565,246
Closing balance at the end of the year	1,075,565,246	1,075,565,246

Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the Group.

Each stapled security entitles the holder to vote in accordance with the provisions of the Constitutions and the *Corporations Act 2001*.

During the 12 months to 30 June 2023, no Dexu securities were acquired or cancelled.

Note 18 Reserves

	2023 \$m	2022 \$m
Asset revaluation reserve	42.7	42.7
Cash flow hedge reserve	18.5	16.8
Foreign currency basis spread reserve	0.6	0.4
Security-based payments reserve	14.9	13.3
Treasury securities reserve	(20.8)	(22.1)
Total reserves	55.9	51.1
Movements:		
Asset revaluation reserve		
Opening balance at the beginning of the year	42.7	42.7
Closing balance at the end of the year	42.7	42.7
Cash flow hedge reserve		
Opening balance at the beginning of the year	16.8	9.4
Changes in the fair value of cash flow hedges	1.7	7.4
Closing balance at the end of the year	18.5	16.8
Foreign currency basis spread reserve		
Opening balance at the beginning of the year	0.4	(10.3)
Changes in cost of hedge reserve	0.2	10.7
Closing balance at the end of the year	0.6	0.4
Security-based payments reserve		
Opening balance at the beginning of the year	13.3	10.6
Issue of securities to employees	(8.8)	(8.8)
Security-based payments expense	10.4	11.5
Closing balance at the end of the year	14.9	13.3
Treasury securities reserve		
Opening balance at the beginning of the year	(22.1)	(15.8)
Issue of securities to employees	8.8	8.8
Purchase of securities	(7.5)	(15.1)
Closing balance at the end of the year	(20.8)	(22.1)

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record the fair value adjustment arising on a business combination.

Cash flow hedge reserve

The cash flow hedge reserve is used to record the effective portion of changes in the fair value of derivatives that are designated as cash flow hedges.

Foreign currency basis spread reserve

The foreign currency basis spread reserve is used to record the changes in the fair value of cross-currency derivatives attributable to movements in foreign currency basis spreads and represents a cost of hedging.

Security-based payments reserve

The security-based payments reserve is used to recognise the fair value of performance rights to be issued under the Deferred Short Term Incentive Plans (DSTI), Long Term Incentive Plans (LTI) and Senior Management Retention Awards. Refer to note 24 for further details.

Note 18 Reserves (continued)

Nature and purpose of reserves (continued)

Treasury securities reserve

The treasury securities reserve is used to record the acquisition of securities purchased to fulfil the obligations of the DSTI, LTI and Senior Management Retention Awards. As at 30 June 2023, DXS held 2,545,268 stapled securities which includes 941,066 acquired during the year net of 931,986 vested during the year (2022: 817,312).

Note 19 Working capital

a. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b. Receivables

Rental income and management fees are brought to account on an accrual basis.

Dividends and distributions are recognised when declared and, if not received at the end of the reporting period, reflected in the Consolidated Statement of Financial Position as a receivable.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly.

A provision for expected credit losses is recognised for expected credit losses on trade and other receivables. The provision for expected credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted as the effect of discounting is immaterial.

The calculation of expected credit losses relating to rent and other receivables requires judgement to assess the future uncertainty of tenants' ability to pay their debts. Expected credit losses have been estimated using a provision matrix that has been developed with reference to the Group's historical credit loss experience, general economic conditions and forecasts, assumptions around rent relief that may be provided to tenants and tenant risk factors such as size, industry exposure and the Group's understanding of the ability of tenants to pay their debts. Accordingly, expected credit losses include both the part of the rent receivable that is likely to be waived and any additional amount relating to credit risk associated with the financial condition of the tenant.

In relation to distributions and fees receivables, an assessment has been performed taking into consideration the ability of the funds and mandates managed by the Group to cash settle their distributions and pay their fees outstanding.

For any provisions for expected credit losses, the corresponding expense has been recorded in the Consolidated Statement of Comprehensive Income within property expenses.

	2023 \$m	2022 \$m
Rent receivable ¹	7.5	18.3
Less: provision for expected credit losses	(4.0)	(7.6)
Total rent receivables	3.5	10.7
Distributions receivable	58.1	71.6
Fees receivable	79.6	54.6
Other receivables	10.6	29.6
Total other receivables	148.3	155.8
Total receivables	151.8	166.5

¹ Rent receivable includes outgoings recoveries.

Note 19 Working capital (continued)

b. Receivables (continued)

The provision for expected credit losses for rent receivables (which includes outgoings recoveries) as at 30 June 2023 was determined as follows:

\$m	Sector		
30 June 2023	Office	Industrial	Total
0-30 days ¹	2.0	1.0	3.0
31-60 days	0.1	—	0.1
61-90 days	—	—	—
91+ days	0.8	0.1	0.9
Total provision for expected credit losses	2.9	1.1	4.0

1 0-30 days includes deferred rent receivable but not due.

The provision for expected credit losses for distributions receivable, fees receivable and other receivables that has been recorded is minimal.

The provision for expected credit losses for rent receivables as at the reporting date reconciles to the opening loss allowances as follows:

	2023 \$m	2022 \$m
Opening provision for expected credit losses	7.6	17.7
Provision recognised/(reversed) in profit or loss during the year	(3.6)	(10.1)
Closing provision for expected credit losses	4.0	7.6

c. Other current assets

	2023 \$m	2022 \$m
Prepayments	20.8	16.8
Net receivable acquired through business combination	42.7	—
Other	40.3	36.7
Total other current assets	103.8	53.5

d. Payables

	2023 \$m	2022 \$m
Trade creditors	47.1	41.0
Accruals	43.1	21.7
Accrued capital expenditure	29.6	54.8
Prepaid income	20.5	19.6
Accrued interest	37.2	29.7
Other payables	18.8	13.6
Total payables	196.3	180.4

e. Provisions

A provision is recognised when an obligation exists as a result of a past event, and it is probable that a future outflow of cash or other benefit will be required to settle the obligation.

In accordance with the Trust Constitutions, the Group distributes its distributable income to security holders by cash or reinvestment. Distributions are provided for when they are approved by the Board of Directors and declared.

Provision for employee benefits relates to the liabilities for wages, salaries, annual leave and long service leave.

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months represent present obligations resulting from employees' services provided to the end of the reporting period. They are measured based on remuneration wage and salary rates that the Group expects to pay at the end of the reporting period including related on-costs, such as workers compensation, insurance and payroll tax.

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows, to be made resulting from employees' services provided to the end of the reporting period.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the Australian Corporate Bond Index rates at the end of the reporting period that most closely matches the term of the maturity of the related liabilities. The provision for employee benefits also includes the employee incentives schemes which are shown separately in note 24.

Note 19 Working capital (continued)

e. Provisions (continued)

	2023 \$m	2022 \$m
Current		
Provision for distribution	253.8	271.0
Provision for employee benefits	59.9	44.4
Provision for land tax	0.4	0.5
Total current provisions	314.1	315.9
	2023 \$m	2022 \$m
Non-current		
Provision for employee benefits	10.8	3.4
Total non-current provisions	10.8	3.4
	2023 \$m	2022 \$m
Provision for distribution		
Opening balance at the beginning of the year	271.0	247.4
Additional provisions	555.0	572.2
Payment of distributions	(572.2)	(548.6)
Closing balance at the end of the year	253.8	271.0

A provision for distribution has been raised for the period ended 30 June 2023. This distribution is to be paid on 30 August 2023.

f. Other non-current liabilities

There is unearned revenue of \$19.3 million relating to performance fees recorded within non-current liabilities as at 30 June 2023 (2022: \$19.3 million). Performance fees are for performance obligations fulfilled over time and for which consideration is variable. The fees are determined in accordance with the relevant agreement which stipulates out-performance of a benchmark over a given period. Performance fee revenue is recognised to the extent that it is highly probable that the amount of variable consideration recognised will not be significantly reversed when the uncertainty is resolved. Detailed calculations and an assessment of the risks associated with the recognition of the fee are completed to inform the assessment of the appropriate revenue to recognise.

Other disclosures

In this section

This section includes other information that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the Corporations Regulations.

Note 20 Intangible assets

The Group's intangible assets comprise management rights, goodwill and capitalised software.

Costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets. Costs associated with configuration and customisation in a cloud computing arrangement are recognised as an expense when incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customise the cloud-based software for the Group, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement. Software is measured at cost and amortised using the straight line method over its estimated useful life, expected to be three to five years.

Management rights represent the asset management rights owned by Dexus Holdings Pty Limited (and its controlled entities), a wholly owned subsidiary of DXO, which entitles it to management fee revenue from both finite life trusts and indefinite life trusts. Those management rights that are deemed to have a finite useful life (held at a value of \$7.5 million (2022: \$0.8 million)) are measured at cost and amortised using the straight line method over their estimated remaining useful lives of one to six years. Management rights that are deemed to have an indefinite life are held at a value of \$598.8 million (2022: \$433.7 million).

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill arising from acquisitions of Investments accounted for using the equity method is included in the carrying amount of investments in associates or joint ventures. Refer to note 9 for further details.

Goodwill and management rights with an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, management rights are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Goodwill has been grouped at the lowest level at which the goodwill is monitored, which may comprise of a number of cash generating units to which the goodwill relates. Impairment charges recorded in relation to management rights may be reversed at a future point in time to the extent that the recoverable amount exceeds the carrying amount. Impairment charges recorded in relation to goodwill cannot be reversed.

Increasing interest rates amid high inflation presented uncertainty both in the transaction and financial markets during the year. As a result, management performed assessments over the recoverable amount of its management rights and goodwill at both half year and year end. The Directors and management have considered the key assumptions adopted and identified an impairment associated with certain management rights and goodwill at the half year. No further impairments have been identified at year end.

Where relevant, the value-in-use has been determined using long-term forecasts in a five-year discounted cash flow model and applying a terminal value in year five. The fair value less cost of disposal has been determined using long-term forecasts in a three-year discounted cash flow model and applying a terminal value in year three. Forecasts were based on projected returns in light of current market conditions and hence classified as a Level 3 fair value.

Key assumptions: management rights

Judgement is required in determining the following key assumptions used to calculate:

Value in use

- Terminal yield multiple range of 5 to 12 times (2022: 5 to 12 times) has been applied incorporating an appropriate risk premium for a management business. A terminal yield multiple of 12 times (2022: 12 times) has been applied to the majority of the management rights.
- Cash flows have been discounted at a post-tax rate of 9.0% (2022: 9.0%) based on externally published weighted average cost of capital for an appropriate peer group plus an appropriate premium for risk.
- An average income growth rate of 3.4% (2022: 6.5%) has been applied to forecast cash flows based on past performance and management's expectations of future developments.

Fair value less cost of disposal

- A terminal growth rate range of 0% to 2.5% (2022: N/A) has been applied incorporating an appropriate risk premium for a management business.
- Cash flows have been discounted at a post-tax rate range of 7.75% to 11.75% (2022: N/A) based on externally published weighted average cost of capital for an appropriate peer group plus an appropriate premium for risk.

Note 20 Intangible assets (continued)

Sensitivity information

A significant movement in any one of the inputs listed in the table above as at the reporting date would result in a change in the recoverable amount of the Group's management rights and goodwill.

The estimated impact of a change in certain significant inputs would result in an additional impairment of intangibles as follows:

Assumption	Intangibles	
	2023 \$m	2022 \$m
<i>Value in use</i>		
An increase of 0.25% in the adopted discount rate	—	—
A decrease of 1x the adopted terminal yield multiple	(6.3)	(0.5)
A decrease of 1% in the adopted income growth rate	(3.9)	—
<i>Fair value less cost of disposal</i>		
An increase of 0.25% in the adopted discount rate	(3.8)	—
A decrease of 1% in the adopted terminal growth rate	(18.1)	—

Note 20 Intangible assets (continued)

	2023 \$m	2022 \$m
Management Rights		
Opening balance at the beginning of the year		
Dexus Wholesale Property Fund (indefinite useful life)	261.9	258.5
Direct Property Funds (indefinite useful life)	42.0	42.0
Direct Property Funds (finite useful life)	0.7	0.4
APN Real Estate Security Funds (indefinite useful life)	129.8	—
APN Real Estate Security Funds (finite useful life)	0.1	—
Additions		
Dexus Wholesale Property Fund (indefinite useful life) ¹	1.3	3.4
Direct Property Funds (finite useful life)	—	2.4
APN Real Estate Security Funds (indefinite useful life)	—	129.9
APN Real Estate Security Funds (finite useful life)	—	0.7
AMP Capital Funds (indefinite useful life) ²	187.7	—
AMP Capital Funds (finite useful life) ²	7.5	—
Impairment of management rights	(24.1)	(1.9)
Amortisation charge	(0.6)	(0.9)
Closing balance at the end of the year	606.3	434.5
Cost	641.8	445.3
Accumulated amortisation	(6.9)	(6.3)
Accumulated impairment	(28.6)	(4.5)
Total management rights	606.3	434.5
Goodwill		
Opening balance at the beginning of the year	49.9	0.9
Additions ³	54.7	49.0
Impairment	(35.9)	—
Closing balance at the end of the year	68.7	49.9
Cost	109.6	54.9
Accumulated impairment	(40.9)	(5.0)
Total goodwill	68.7	49.9
Software		
Opening balance at the beginning of the year	3.6	3.6
Additions	2.3	1.5
Amortisation charge	(1.5)	(1.5)
Closing balance at the end of the year	4.4	3.6
Cost	21.4	19.1
Accumulated amortisation	(17.0)	(15.5)
Cost - Fully amortised assets written off	(16.8)	(16.6)
Accumulated amortisation - Fully amortised assets written off	16.8	16.6
Total software	4.4	3.6
Total non-current intangible assets	679.4	488.0

1 During the period Dexus incurred costs in connection with Dexus Wholesale Property Limited, a Dexus entity, being appointed as Responsible Entity of Dexus ADPF.

2 During the year, the Group entered into a business combination to acquire Collimate Capital's real estate and domestic infrastructure equity business from AMP Limited. As part of the transaction, \$195.2 million of management rights were recognised. Refer to note 21 Business combination for further details.

3 The excess between the cash consideration transferred and the fair value of the net identifiable assets acquired as part of the AMP transaction has been recorded as goodwill. Refer to note 21 Business combination for further details.

Note 21 Business combination

On 27 April 2022, Dexus agreed to acquire the real estate and domestic infrastructure equity business of Collimate Capital Limited (Collimate Capital or AMP Capital) from AMP.

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

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

On 24 March 2023, Dexus reached First Completion under an alternative Transaction structure with a two-stage completion process. The alternative transaction structure allowed First Completion of the Transaction without satisfaction of the condition precedent relating to the transfer of AMP's ownership interest in China Life AMP Asset Management ("CLAMP") out of entities being acquired by Dexus under the Transaction.

Under the alternative Transaction structure, First Completion enables integration of the Collimate Capital business into the Dexus platform, with Dexus entitled to the economics from First Completion. Final Completion remains dependent on the ownership of CLAMP being transferred out of the relevant entities that Dexus has agreed to purchase.

A base purchase price of \$225 million was agreed. Payment of \$50 million of the base purchase price has been deferred until Final Completion. If Final Completion does not occur by 30 September 2024, this deferred amount will be forfeited by AMP. As at 30 June 2023, it is expected that the full amount will be payable and accordingly it has been recorded as contingent consideration in the Consolidated Statement of Financial Position.

In addition, Dexus acquired associated co-investment stakes in the AMP Capital Core Property Fund (CPF), Wholesale Australian Property Fund (WAPF) and AMP Capital Core Infrastructure Fund (CIF) from AMP for total cash consideration of \$103.0 million.

The amounts recognised in respect of the consideration paid and the provisionally accounted for assets and liabilities recognised are set out below.

Purchase consideration

	\$m
Cash consideration – base purchase price	175.0
Working capital adjustments paid/payable	65.6
Contingent consideration	50.0
Co-investment stake acquisition consideration	103.0
Total consideration	393.6

Identifiable assets recognised (provisional)

	\$m
Cash and cash equivalents	52.1
Trade and other receivables ¹	93.9
Investments accounted for using the equity method	63.5
Financial assets at fair value through profit & loss	39.4
Intangible assets: management rights ²	195.2
Trade and other payables	(2.7)
Current tax liabilities	(0.7)
Provisions	(59.8)
Deferred tax assets	17.7
Deferred tax liabilities	(59.7)
Net identifiable assets acquired	338.9
Goodwill ³	54.7
Net assets acquired	393.6

¹ Includes a net receivable balance of \$42.7 million recorded within other current assets in the Consolidated Statement of Financial Position.

² Recognised in connection with AMP Capital managed funds, which include both open ended and closed ended funds and mandates.

³ Goodwill is attributable to the people, established business practices and relationships obtained via the acquisition and is not deductible for tax purposes.

Payment for the business combination

	\$m
Cash consideration paid/payable	240.6
Co-investment stake acquisition consideration	103.0
Less: Cash and cash equivalents acquired	(52.1)
Net outflow of cash from investing activities⁴	291.5

⁴ Includes \$190.4 million in payments for acquisition of subsidiary, \$53.0 million in payments for investments accounted for using the equity method, \$39.5 million in payments for financial assets at fair value through profit or loss and final adjustment amount of \$8.6 million paid in July 2023.

Note 21 Business combination (continued)

Acquisition related costs

Acquisition related costs of \$81.3 million have been included within Transaction costs in the Consolidated Statement of Comprehensive Income and in Operating cash flows in the Consolidated Statement of Cash Flows.

Acquired receivables

The fair value of trade and other receivables acquired was \$93.9 million and reflects the gross contractual amount at the acquisition date. Based on management's best estimate on the acquisition date, it is expected that the contractual amounts will be collected.

Note 22 Audit, taxation and transaction service fees

During the year, the Auditor and its related practices earned the following remuneration:

	2023 \$'000	2022 \$'000
Audit and review services		
Auditors of the Group - PwC		
Financial statement audit and review services	2,506	1,331
Audit and review fees paid to PwC	2,506	1,331
Assurance services		
Auditors of the Group - PwC		
Outgoings audits	67	88
Regulatory audit and compliance assurance services	238	187
Sustainability assurance services	215	146
Other assurance services	374	644
Assurance fees paid to PwC	894	1,065
Total audit, review and assurance fees paid to PwC	3,400	2,396
Other services		
Auditors of the Group - PwC		
Taxation services	424	—
Other services	35	—
Other services fees paid to PwC	459	—
Total audit, review, assurance and other services fees paid to PwC	3,859	2,396

Note 23 Cash flow information

a. Reconciliation of cash flows from operating activities

Reconciliation of net profit for the year to net cash flows from operating activities.

	2023 \$m	2022 \$m
Net (loss)/profit for the year	(752.7)	1,615.9
Capitalised interest	(23.7)	(8.3)
Depreciation and amortisation	8.4	13.8
Amortisation of incentives and straight line income	91.8	87.4
Impairment of intangibles	60.0	1.9
Net fair value (gain)/loss of investment properties	623.5	(437.0)
Net fair value (gain)/loss of financial assets at fair value through profit or loss	28.3	(6.5)
Share of net (profit)/loss of investments accounted for using the equity method	213.4	(845.7)
Net fair value (gain)/loss of derivatives	67.6	40.2
Amortisation of deferred borrowing costs	6.7	7.6
Net (gain)/loss on sale of investment properties	—	(0.1)
Net fair value (gain)/loss of interest bearing liabilities	(75.6)	(173.0)
Impairment of investments accounted for using the equity method	3.2	—
Net foreign exchange (gain)/loss	(0.3)	0.2
Distributions from investments accounted for using the equity method	404.0	245.5
Change in operating assets and liabilities		
(Increase)/decrease in receivables	30.5	(12.1)
(Increase)/decrease in prepaid expenses	(4.0)	2.8
(Increase)/decrease in inventories	23.8	123.8
(Increase)/decrease in other current assets	(57.7)	(2.4)
(Increase)/decrease in other non-current assets	70.7	(127.2)
Increase/(decrease) in payables	61.8	(6.1)
Increase/(decrease) in current tax receivables	(27.3)	42.0
Increase/(decrease) in other current liabilities	32.9	(0.5)
Increase/(decrease) in other non-current liabilities	21.6	(6.7)
Increase/(decrease) in deferred tax liabilities	(36.0)	4.6
Net cash Inflow from operating activities	770.9	560.1

b. Net debt reconciliation

Reconciliation of net debt movements:

	2023 Interest bearing liabilities \$m	2022 Interest bearing liabilities \$m
Opening balance	4,915.4	4,924.7
Changes from financing cash flows		
Proceeds from borrowings	7,811.5	18,669.8
Repayment of borrowings	(7,392.5)	(18,681.0)
(Repayment of)/Proceeds from loan with related party	(11.6)	33.1
Non cash changes		
Movement in deferred borrowing costs and other	(8.4)	4.0
Effect of changes in foreign exchange rates	92.4	137.8
Fair value hedge adjustment	(75.6)	(173.0)
Closing balance	5,331.2	4,915.4

Note 24 Security-based payments

The DXFM Board has approved a grant of performance rights to DXS stapled securities to eligible participants. Awards, via the DSTI, LTI and Senior Management Retention Awards will be in the form of performance rights awarded to eligible participants which convert to DXS stapled securities for nil consideration subject to satisfying specific service and performance conditions.

For each Plan, the eligible participants will be granted performance rights, based on performance against agreed key performance indicators, as a percentage of their remuneration mix. Participants must remain in employment for the vesting period in order for the performance rights to vest. Non-market vesting conditions, including Adjusted Funds from Operations (AFFO), Return on Contributed Equity (ROCE), successful delivery of key strategic initiatives identified by the Board and employment status at vesting, are included in assumptions about the number of performance rights that are expected to vest. Market conditions include Absolute Total Shareholder Return (ATSR) and Relative Total Shareholder Return (RTSR). When performance rights vest, the Group will arrange for the allocation and delivery of the appropriate number of securities to the participant.

The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in the provision for employee benefits. The total amount to be expensed is determined by reference to the fair value of the performance rights granted.

Key assumptions: fair value of performance rights granted

Judgement is required in determining the fair value of performance rights granted. In accordance with AASB 2 *Share-based Payment*, fair value is determined independently using Binomial and Monte Carlo pricing models with reference to:

- The expected life of the rights
- The security price at grant date
- The expected price volatility of the underlying security
- The expected distribution yield
- The risk free interest rate for the term of the rights and expected total security-holder returns (where applicable)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of performance rights that are expected to vest based on the non-market vesting conditions. The impact of the revised estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity.

Outlined below is the movement schedule for the performance rights:

2023	Opening	Grant	Vested	Cancelled	Ending
DSTI	977,983	791,645	(613,137)	(33,522)	1,122,969
LTI	2,068,962	1,068,306	(318,849)	(200,030)	2,618,389
RET	663,298	–	–	–	663,298
Total	3,710,243	1,859,951	(931,986)	(233,552)	4,404,656

2022	Opening	Grant	Vested	Cancelled	Ending
DSTI	689,250	679,864	(391,041)	(90)	977,983
LTI	1,887,071	704,650	(426,271)	(96,488)	2,068,962
RET	663,298	–	–	–	663,298
Total	3,239,619	1,384,514	(817,312)	(96,578)	3,710,243

a. Deferred Short Term Incentive Plan

25% of any award under the DSTI for certain participants will be deferred and awarded in the form of performance rights to DXS securities.

The majority of the performance rights awards will vest one year after grant and some will vest two years after grant, subject to participants satisfying employment service conditions. In accordance with AASB 2 *Share-based Payment*, the year of employment in which participants become eligible for the DSTI, the year preceding the grant, is included in the vesting period over which the fair value of the performance rights is amortised. As applicable, 50% of the fair value of the performance rights is amortised over two years and 50% of the award is amortised over three years. An additional DSTI was granted to certain participants on 27 March 2023 and will vest over a period of one year.

The weighted average remaining contractual life for DSTI performance rights is 0.57 years (2022: 0.59 years). The weighted average fair value of all outstanding DSTI performance rights is \$8.52 (2022: \$10.27) and the weighted average fair value of grants with respect to the year ended 30 June 2023 is \$7.51 (2022: \$10.59). The total security-based payments expense recognised during the year ended 30 June 2023 was \$5,760,646 (2022: \$4,871,728).

Note 24 Security-based payments (continued)

b. Long Term Incentive Plan

50% of the awards will vest three years after grant and 50% of the awards will vest four years after grant, subject to participants satisfying employment service conditions and performance hurdles. In accordance with AASB 2 *Share-based Payment*, the year of employment in which participants become eligible for the LTI, the year preceding the grant, is included in the vesting period over which the fair value of the performance rights is amortised. Consequently, 50% of the fair value of the performance rights is amortised over four years and 50% of the award is amortised over five years.

The weighted average remaining contractual life for LTI performance rights is 1.55 years (2022: 1.42 years). The weighted average fair value of all outstanding LTI performance rights is \$6.32 (2022: \$8.21) and the weighted average fair value of grants with respect to the year ended 30 June 2023 is \$4.12 (2022: \$6.85). The total security-based payments expense recognised during the year ended 30 June 2023 was \$2,786,174 (2022: \$1,843,901).

c. Senior Management Retention Awards

CEO Incentive Award

A once-off CEO incentive award was granted to the CEO on 1 June 2021. The award will vest three years after the grant date, subject to the participant satisfying employment service conditions, governance and behavioural standards and performance hurdles. Consequently, the fair value of the performance rights is amortised over three years from the grant date.

Retention Equity Award

The retention equity award is a once-off award to certain Key Management Personnel which was granted in December 2020. 50% of the once-off retention equity rights will vest three years after the grant date and 50% of the rights will vest four years after the grant date, subject to participants satisfying employment service conditions and governance and behavioural standards. Consequently, 50% of the fair value of the equity rights is amortised over three years and 50% of the rights is amortised over four years from the grant date.

The weighted average remaining contractual life for all senior management retention award is 0.98 years (2022: 1.98 years).

The weighted average fair value of all outstanding senior management retention award is \$8.59 (2022: \$8.59). The total security-based payments expense related to this award recognised during the year ended 30 June 2023 was \$1,766,752 (2022: \$1,715,135).

Note 25 Related parties

Responsible Entity, Trustee and Investment Manager

DXH, a wholly owned subsidiary of DXO, is the parent entity of:

- DXFM, the responsible entity of DPT and DXO, the trustee of Dexu Office Trust Australia (DOTA) and the investment manager of DOTA, Dexu Industrial Trust Australia (DITA) and Parangool Pty Ltd
- DWPL, the responsible entity of DWPF and DADPF
- DWFL, the responsible entity of DHPF
- DIML, the responsible entity of DIF
- DWML, the trustee of third party managed funds
- Dexu Asset Management Limited, the responsible entity of Dexu Convenience Retail REIT (DXC), Dexu Industria REIT (DXI) and other third party managed funds
- Dexu RE Limited, the responsible entity of APD Trust
- Dexu Capital Funds Management Limited, the responsible entity of third party managed funds
- Dexu Investment Services Pty Limited, the trustee of third party managed funds
- Dexu Capital Private Markets NZ Limited, the manager of third party managed funds
- AMP Capital Funds Management Limited, the responsible entity of third party managed funds
- AMP Investment Services Pty Limited, the trustee of third party managed funds

Management Fees

Under the terms of the Constitutions of the entities within the Group, the Responsible Entity and Investment Manager are entitled to receive fees in relation to the management of the Group. Other entities within the Group are also entitled to receive property and development management fees and to be reimbursed for administration expenses incurred on behalf of the Group.

The Group received Responsible Entity fees, management fees and other related fees from the unlisted property funds managed by DXS during the financial year.

Related party transactions

Transactions between the consolidated entity and related parties were made on commercial terms and conditions. Agreements with third party funds and joint ventures are conducted on normal commercial terms and conditions.

Note 25 Related parties (continued)

Transactions with related parties

	2023 \$'000	2022 \$'000
Responsible entity (investment management fees)	143,860.4	111,181.0
Property management fee income	52,189.9	44,075.5
Development services revenue (DS), Development management (DM), Project Delivery Group (PDG), capital expenditure and leasing fee income	49,061.5	28,231.8
Rent paid	5,086.3	4,295.9
Responsible entity fees receivable at the end of each reporting year (included above)	46,055.4	34,163.1
Property management fees receivable at the end of each reporting year (included above)	8,917.2	4,621.1
DS, DM, PDG, capital expenditure and leasing fees receivable at the end of each year (included above)	20,969.9	15,084.2
Loans to related parties	1,750.2	33,700.0
Loans and payables from related parties ¹	24,559.3	33,058.8

¹ 30 June 2022 balance includes a loan between a 100% owned subsidiary of DXO and DREP1 for 49.9% of the purchase price of 888 Christies Road Pty Ltd, which was settled during the year ended 30 June 2023. Balance at 30 June 2023 materially represents cash swept from AMP Capital Investors Limited (AMPCI) under the beneficial arrangement put in place on First Completion. Refer to Note 21 for further details.

Key management personnel compensation

	2023 \$'000	2022 \$'000
Compensation		
Short-term employee benefits	8,862.5	10,374.0
Post employment benefits	1,071.9	705.3
Security-based payments	5,170.5	5,982.3
Total key management personnel compensation	15,104.9	17,061.6

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on pages 82 to 107 of the Annual Report.

There have been no other transactions with key management personnel during the year.

Note 26 Parent entity disclosures

The financial information for the parent entity of Dexu Property Trust has been prepared on the same basis as the Consolidated Financial Statements except as set out below.

Distributions received from associates are recognised in the parent entity's Statement of Comprehensive Income, rather than being deducted from the carrying amount of these investments.

Interests held by the parent entity in controlled entities are measured at fair value through profit and loss to reduce a measurement or recognition inconsistency.

a. Summary financial information

The individual Financial Statements for the parent entity show the following aggregate amounts:

	2023 \$m	2022 \$m
Total current assets	667.7	758.2
Total assets	12,442.1	12,698.4
Total current liabilities	206.1	222.1
Total liabilities	206.1	443.2
Equity		
Contributed equity	12,022.4	12,022.4
Reserves	—	—
Retained profit	213.6	232.8
Total equity	12,236.0	12,255.2
Net profit for the year	485.8	755.0
Total comprehensive income for the year	485.8	755.0

b. Guarantees entered into by the parent entity

There are no guarantees entered into by the parent entity. Refer to note 16 for details of guarantees entered into by the Group.

Note 26 Parent entity disclosures (continued)

c. Contingent liabilities

The parent entity has no contingent liabilities. Refer to note 16 for the Group's contingent liabilities.

d. Capital commitments

The parent entity had no capital commitments as at 30 June 2023 (2022: nil).

e. Going concern

The parent entity is a going concern. The Group has unutilised facilities of \$2,409.5 million (2022: \$1,871.1 million) (refer to note 15) and sufficient working capital and cash flows in order to fund all requirements of the parent entity as at 30 June 2023.

Note 27 Subsequent events

On 7 July 2023, settlement occurred for the disposal of 84 Lahrs Road, Ormeau QLD for \$33.0 million excluding transaction costs.

On 14 July 2023, Dexu acquired a further co-investment stake in Dexu Community Infrastructure Fund for total cash consideration of \$60.0 million excluding transaction costs.

On 25 July 2023, Dexu acquired a co-investment stake in AMP Capital Shopping Centre Fund I for total cash consideration of \$128.5 million excluding transaction costs.

On 28 July 2023, Dexu exchanged conditional contracts for the disposal of 1 Margaret Street, Sydney NSW for \$293.6 million excluding transaction costs.

On 1 August 2023, settlement occurred for the disposal of 44 Market Street, Sydney NSW for \$393.1 million excluding transaction costs.

On 7 August 2023, settlement occurred for the disposal of Axxess Corporate Park, Mount Waverley VIC for \$306.2 million excluding transaction costs.

On 7 August 2023, Dexu exchanged contracts for the partial disposal of 20 Distribution Drive, Truganina VIC for \$16.8 million excluding transaction costs.

On 11 August 2023, settlement occurred for the partial disposal of 20 Distribution Drive, Truganina VIC for \$20.9 million excluding transaction costs.

The Group has communicated with its panel of independent real estate valuation firms to understand whether any changes subsequent to the balance date would have changed their view regarding the 30 June 2023 real estate valuations. In particular, the Group considered the economic environment, including but not limited to inflation, interest rates and capital flows. The independent valuation firms have not provided information to indicate that the independent valuations as at 30 June 2023 are not appropriate.

Since the end of the year, the Directors are not aware of any other matter or circumstance not otherwise dealt with in the Consolidated Financial Statements that has significantly or may significantly affect the operations of the Group, the results of those operations, or state of the Group's affairs in future financial periods.

Directors' Declaration

The Directors of Dexus Funds Management Limited as Responsible Entity of Dexus Property Trust declare that the Consolidated Financial Statements and Notes set out on pages 116 to 172:

- i. Comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- ii. Give a true and fair view of the Group's consolidated financial position as at 30 June 2023 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

In the Directors' opinion:

- a. The Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*;
- b. There are reasonable grounds to believe that the Group and its consolidated entities will be able to pay their debts as and when they become due and payable; and
- c. the Group has operated in accordance with the provisions of the Constitution dated 15 August 1984 (as amended) during the year ended 30 June 2023.

The Consolidated Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Warwick M Negus
Chair
15 August 2023



Independent auditor's report

To the stapled security holders of Dexus Property Trust

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Dexus Property Trust (the Trust) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

For the purposes of consolidation accounting, the Trust is the deemed parent entity and acquirer of Dexus Operations Trust (DXO). The financial report represents the consolidated financial results of the Trust and includes the Trust and its controlled entities and DXO and its controlled entities.

The financial report comprises:

- the Consolidated Statement of Financial Position as at 30 June 2023
- the Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated Statement of Changes in Equity for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Notes to the Consolidated Financial Statements, which include significant accounting policies and other explanatory information
- the Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999

Liability limited by a scheme approved under Professional Standards Legislation.



Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
<ul style="list-style-type: none"> For the purpose of our audit we used overall Group materiality of \$36.9 million, which represents approximately 5% of the Group's Funds from Operations (FFO). We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole. We chose FFO because, in our view, it is the key performance measure of the Group. An explanation of what is included in FFO is outlined in Note 1, Operating segments. We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds. 	<ul style="list-style-type: none"> Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. The Trust, together with DXO, form the Dexus stapled security with operations in Australia. In a stapled security, the securities of two or more entities are 'stapled' together and cannot be traded separately. 	<ul style="list-style-type: none"> Amongst other relevant topics, we communicated the following key audit matters to the Board Audit Committee: <ul style="list-style-type: none"> Valuation of investment properties, including those investment properties in equity accounted investments Carrying amount of indefinite useful life intangible assets (management rights and goodwill) Acquisition accounting of Collimate Capital These are further described in the <i>Key audit matters</i> section of our report.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current year. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, including those investment properties in equity accounted investments (The Group and DXO and its controlled entities) (Refer to Notes 8 and 9)	
<p>The Group's investment property portfolio comprises:</p> <ul style="list-style-type: none"> • Directly held properties included in the Consolidated Statement of Financial Position as investment properties, valued at \$6,038.1 million as at 30 June 2023 (2022: \$8,295.7 million). • The Group's share of investment properties held through associates and joint ventures, included in the Consolidated Statement of Financial Position as equity accounted investments, and valued at \$9,374.4 million as at 30 June 2023 (2022: \$9,322.8 million). <p>Investment properties are carried at fair value at reporting date using the Group's policy as described in Note 8. The value of investment properties is dependent on the valuation methodology adopted and the inputs and assumptions in the valuation models.</p> <p>Significant assumptions in establishing fair value include the:</p> <ul style="list-style-type: none"> • Capitalisation rate, and • Discount rate. <p>At each reporting period, the Group determines the fair value of its investment property portfolio in line with the Group's valuation policy, which requires all properties to be valued by a member of the Australian Property Institute of Valuers at least once every three years. It has been the Group's practice in most cases to have such valuations performed every six months.</p> <p>We considered the valuation of investment properties to be a key audit matter due to the:</p> <ul style="list-style-type: none"> • Financial significance of investment properties in the Consolidated Statement of Financial Position (including those within equity accounted investments). • Potential for changes in the fair value of investment properties to have a significant effect on the Consolidated Statement of Comprehensive Income. • The inherently subjective nature of the assumptions that underpin the valuations, including the capitalisation and discount rates, given the uncertain economic environment on investment property valuations. 	<p>To assess the valuation of investment properties, the following procedures were performed, amongst others:</p> <ul style="list-style-type: none"> • Comparing the valuation methodology adopted by the Group with commonly accepted valuation approaches used in the real estate industry for investment properties, and with the Group's valuation policy. • Obtaining a selection of recent property market reports to develop an understanding of the prevailing market conditions and their expected impact on the Group's investment properties. • Assessing the design and tested the operating effectiveness of certain controls supporting the Group's investment property valuation process. • Agreeing the fair value in investment property valuation reports prepared by a member of the Australian Property Institute of Valuers to the Group's accounting records. For a sample of key data inputs to the investment property valuation reports prepared by a member of the Australian Property Institute of Valuers, agreeing relevant details to supporting documentation. For example, on a sample basis, we compared the rental income used in the investment property valuations to the relevant lease agreements. • For a sample of properties that were assessed as being at greater risk of material misstatement, performing the following procedures, amongst others, to assess the appropriateness of certain assumptions used in the Group's assessment of fair value: <ul style="list-style-type: none"> • Discussing with management the specifics of the selected individual properties, including, where relevant, any new leases signed during the year, lease expiries, incentives, capital expenditure and vacancy rates. • Assessing the appropriateness of the capitalisation rate and discount rate adopted in the valuations, by reference to market data for comparable properties. • Testing the mathematical accuracy of the relevant valuation calculations.



Key audit matter

How our audit addressed the key audit matter

Carrying amount of indefinite useful life intangible assets (management rights and goodwill) (The Group and DXO and its controlled entities) (Refer to Note 20)

The Group's indefinite useful life intangible assets comprise management rights of \$598.8 million (2022: \$433.7 million) and goodwill of \$68.7 million (2022: \$49.9 million). The balance increased during the year largely as a result of the Collimate Capital acquisition.

The Group performed impairment testing at 30 June 2023 on the indefinite useful life intangible assets by comparing the recoverable amount of the indefinite useful life intangible assets to their carrying amount. The Group recognised an impairment charge during the year.

We considered the carrying amount of indefinite useful life management rights and goodwill a key audit matter given the:

- Financial significance of the balance in the Consolidated Statement of Financial Position.
- Degree of estimation uncertainty and judgement used in estimating the recoverable amount of indefinite useful life intangible assets.
- The impairment charge recognised during the period.

Our audit included the following procedures, amongst others, in conjunction with PwC valuation experts:

- For the Collimate Capital acquisition, assessing whether the allocation of the management rights and goodwill to cash generating units (CGUs) was in line with Australian Accounting Standards and consistent with our knowledge of the Group's operations.
- For material indefinite useful life management rights and goodwill, assessing the methodologies used in the Group's impairment models (the models) against commonly accepted valuation practice, and the appropriateness of selected data inputs and significant assumptions used in the models, with reference to our knowledge of the Group's operations and observable market factors.
- Evaluating the appropriateness of forecasted cash flows used in the models and testing the mathematical accuracy of material underlying calculations.
- Testing the mathematical accuracy of relevant impairment model calculations.
- Evaluating the Group's historical ability to forecast future cash flows by comparing a selection of prior year budgets to reported actual results.
- Assessing the reasonableness of the disclosures made in Note 20, including those related to estimation uncertainty, against the requirements of Australian Accounting Standards.



Key audit matter

How our audit addressed the key audit matter

Acquisition accounting of Collimate Capital (The Group and DXO and its controlled entities) (Refer to Note 21)

During the year, the Group acquired Collimate Capital's real estate and domestic infrastructure equity business for a base purchase price of \$225.0 million (including contingent consideration of \$50.0 million) which after the inclusion of the working capital adjustments and consideration for the co-investment stakes acquired resulted in total consideration of \$393.6 million. The purchase price accounting (PPA) for the Collimate acquisition was provisional as at 30 June 2023.

We considered the accounting for the Collimate acquisition to be a key audit matter given the accounting complexity and judgement associated with a two-stage business combination, including:

- the entitlement of the Group to all of the economic benefits from 24 March 2023, despite the final completion not having been achieved to date;
- the provisional nature of the PPA at the time of authorisation of the financial report on the basis that the final completion remains dependent on AMP's ownership interest in China Life AMP Asset Management (CLAMP) being transferred out of the relevant entities that Dexu has agreed to purchase; and
- the judgement associated with the Group's ability to influence the co-investments acquired.

Our audit included the following procedures, amongst others:

- Evaluating the appropriateness of the Group's accounting for the acquisition of Collimate Capital against the requirements of Australian Accounting Standards and key transaction agreements.
- Evaluating the appropriateness of relevant judgements made by the Group in relation to the accounting treatment of the co-investments acquired and the subsequent accounting of the investments held based on the key transaction agreements and in light of the requirements of the Australian Accounting Standards.
- Considering the reasonableness of the business combination disclosures, in light of the requirements of Australian Accounting Standards.

Other information

The Directors of Dexu Funds Management Limited (the Directors), the Responsible Entity of the Trust, are responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report and a limited assurance conclusion on the Integrated Reporting Content Elements Index of the Annual Report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 83 to 107 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the remuneration report for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized blue ink signature of PricewaterhouseCoopers.

PricewaterhouseCoopers

A stylized blue ink signature of A S Wood.

A S Wood
Partner

Sydney
15 August 2023

Dexus recognises the importance of effective communication with existing and potential institutional investors, sell-side analysts and retail investors.

Our Executives and the Investor Relations team maintain a strong rapport with the investment community through proactive and regular engagement initiatives. We understand the importance our investors place on ESG topics and issues for long-term value creation. We are committed to delivering high levels of transparency and disclosure by:

- Releasing accurate and relevant information to investors to ensure they can make informed investment decisions
- Providing regular access to senior management through one-on-one meetings, presentations, property tours, conferences, dedicated investor roadshows, conference calls and webcasts

We adopt strong governance practices including a policy that ensures a minimum of two Dexus representatives participate in any institutional investor or sell-side broker meetings and that a record of the meeting is maintained on an internal customer relationship management database.

During FY23, senior management together with the Investor Relations team held 279 engagements with investor/broker groups to discuss the group's business strategy, operational, financial and ESG performance. These engagements were undertaken across a wide range of investor activities including one-on-one meetings, telephone calls, conferences, site visits, roadshows, investor briefings and roundtables.

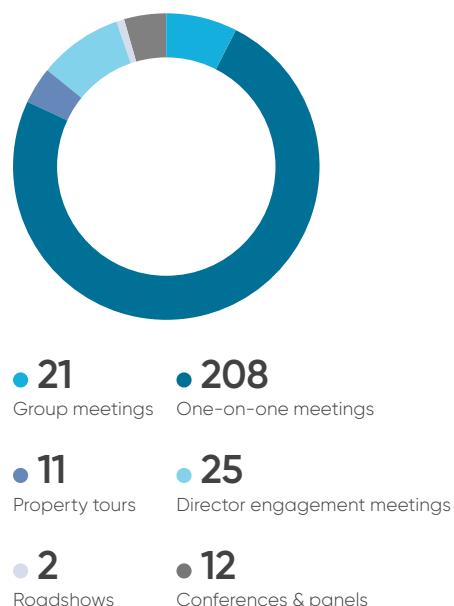
We participated in a number of virtual and in-person conferences which were attended by domestic and international institutional investors. These conferences enabled access to potential new investors and assisted with strengthening existing relationships with long term investors.

We regularly commission independent investor perception studies to gather feedback from the institutional investment community. These studies involve independent surveys and interviews with institutional investors and sell-side brokers to measure perceptions on a number of attributes and report on the findings. The results help the Board and Executive team understand the investment community's views and concerns and assists in the enhancement of the group's investor relations and communications activities.

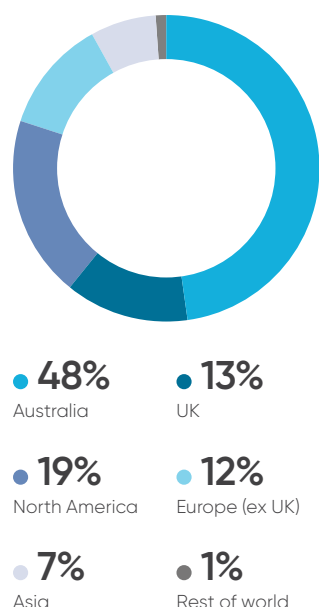
Our Treasury team held presentations with institutional debt investors in August 2022 and March 2023. In addition, the team participated in the Property Treasurers' Round Table events facilitated by the Property Council of Australia and regularly met with banks, rating agencies and other credit investors through the course of the year.

In FY23 we engaged with investors to discuss our approach to ESG and to learn about their priorities and concerns.

Investor contact method (by numbers)



Security holders by geography



Investor communications

We are committed to ensuring all investors have equal access to information. In line with our commitment to long term integration of sustainable business practices, investor communications are provided via various electronic methods including:

Dexus website

www.dexus.com

Other investor tools available include:

Online enquiry

www.dexus.com/get-in-touch

Scroll down to the Dexus Listed Investors to get in touch with us.

Investor login

www.dexus.com/update

Enables investors to update their details and download statements.

Subscribe to alerts

www.dexus.com/subscribe

Enables investors to receive Dexus communications immediately after release.

Key dates

www.dexus.com/investor-centre

Notifies investors on key events and reporting dates.

LinkedIn

We engage with our followers on [LinkedIn](#).

The REAL Deal Podcast

The [REAL Deal podcast](#) provides unique insights on the real asset sector.

Investor Sustainability benchmarks

We participate in and are evaluated on several investor surveys for the purposes of benchmarking our sustainability performance, communicating our environment, social and governance (ESG) credentials, and understanding how we can continuously enhance our approach. We are proud to be leaders across key sustainability benchmarks in the industry.

As a result of Dexus's renewed Sustainability Strategy, we intend to enhance our focus on the areas where we can make an impact which align to our priority areas. We also intend to reduce our focus on some of the sustainability benchmark surveys to enable this.

CDP

Dexus was recognised as a Climate Change Leader after achieving a score of A, and a spot on CDP's A List, from the group's 2022 CDP Climate Change Assessment.

GRESB

Dexus's ratings from the Global Real Estate Sustainability Benchmark (GRESB) include:

- Dexus's Listed Office Trust (DOT) was named a Global Listed Sector Leader after ranking first globally for listed office entities and retained its 5-Star GRESB Rating.
- Dexus Healthcare Property Fund (DHPF) was named Global Sector Leader and Global non-Listed Leader for Healthcare in the Development benchmark.
- DWPF, DOTA, and DOT were in the Top 40 out of 1,820 respondents.

DJSI

Dexus was recognised as an S&P Global Leader in ESG, in 2022, after achieving a score in the Top 5% ESG Score for Real Estate, and the group was included in the S&P Global Sustainability Yearbook 2023.

MSCI

In December 2022, MSCI rated Dexus a AAA Rating in the Morgan Stanley Capital International (MSCI) ESG Rating 2022, making it a sector leader in the "Real Estate Management & Services" Sector.

Annual General Meeting

Dexus's Annual General Meeting will be held on Wednesday 25 October 2023 commencing at 2.00pm. Dexus will host a hybrid Annual General Meeting (AGM) with an in-person meeting and utilising Link Market Services' virtual online meeting platform for Security holders who cannot join us in Sydney.

We encourage all Security holders and proxyholders to participate in the Meeting, either by attending the meeting in person, or via a virtual online meeting platform or webcast at www.dexus.com/investor-centre.

Details relating to the meeting and how it will be conducted will be provided in the 2023 Notice of Annual General Meeting to be released in September 2023.

Distribution payments

Dexus's payout policy is to distribute in line with free cash flow for which AFFO is a proxy. Distributions are paid for the six-month periods to 31 December and 30 June each year.

Distribution statements are available in print and electronic formats. Distributions are paid by direct credit into nominated bank accounts for all Australian and New Zealand Security holders and by cheque for other international Security holders. To update the method of receiving distributions payment, please visit the investor login facility at www.dexus.com/update.

AMMA Statement

An Attribution Managed Investment Trust Member Annual Statement (AMMA) is sent to Security holders at the end of August each year. The AMMA statement summarises distributions provided during the financial year and includes information required to complete your tax return. AMMA statements are also available online at www.dexus.com/update.

Unclaimed distribution income

Unpresented cheques or unclaimed distribution income can be claimed by contacting the Dexus Infoline on +61 1800 819 675. For monies outstanding greater than seven years, please contact the NSW Office of State Revenue on +61 1300 366 016, 8.30am–5.00pm Monday to Friday or use their search facility at NSW Office of State Revenue or email unclaimedmoney@revenue.nsw.gov.au.

Go electronic for convenience and speed

Did you know that you can receive all or part of your Security holder communications electronically? You can change your communication preferences at any time by logging in to your Security holding at www.dexus.com/update or by contacting Link Market Services on +61 1800 819 675.

2024 Reporting calendar¹

2023 Annual General Meeting	25 October 2023
2024 Half year results	14 February 2024
2024 Annual results	14 August 2024
2024 Annual General Meeting	30 October 2024

Distribution calendar¹

Period end	31 December 2023	30 June 2024
Ex-distribution date	28 December 2023	27 June 2024
Record date	29 December 2023	28 June 2024
Payment date	29 February 2024	29 August 2024

1. Please note that these dates are indicative and are subject to change without prior notice.

Any changes in our key dates will be published on our website at www.dexus.com/investor-centre.

Complaints handling process

Dexus has a complaints handling policy to ensure that all Security holders are dealt with fairly, promptly and consistently. A Complaints Guide is available at www.dexus.com/complaints-management

Any Security holder wishing to lodge a complaint, can do so verbally by calling the Dexus Infoline on +612 1800 819 675 or in writing by email to dexus@linkmarketservices.com.au

Should you wish to contact us directly please use the details below:

Complaints Officer Dexus Funds Management Limited

PO Box R1822
Royal Exchange NSW 1225

Phone: +612 9017 1100
Email: complaints@dexus.com

Dexus Funds Management Limited is a member of the Australian Financial Complaints Authority (AFCA), an independent dispute resolution scheme which may be contacted at:

Dispute Resolutions Officer

Dexus Funds Management Limited
PO Box R1822
Royal Exchange NSW 1225 or

Email: ir@dexus.com

Australian Financial Complaints Authority Limited

GPO Box 3
Melbourne VIC 3001

Phone: +61 1800 931 678
(free call within Australia)
Fax: +61 3 9613 6399

Email: info@afca.org.au

Website: www.afca.org.au

Making contact

If you have any questions regarding your Security holding or wish to update your personal or distribution payment details, please contact Link Market Services on +61 1800 819 675.

This service is available from 8.30am to 5.30pm (Sydney time) on all business days. All correspondence should be addressed to:

Dexus

C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Phone: +61 1800 819 675

Email: dexus@linkmarketservices.com.au

We are committed to delivering a high level of service to all investors. If you feel we could improve our service or you would like to make a suggestion or a complaint, your feedback is appreciated.

Our contact details are:

Investor Relations

Dexus
PO Box R1822
Royal Exchange NSW 1225

Email: ir@dexus.com

Additional information

Top 20 Security holders at 31 July 2023

Rank	Name	Number of stapled securities	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	449,195,587	41.76
2	J P Morgan Nominees Australia Pty Limited	226,800,307	21.09
3	Citicorp Nominees Pty Limited	137,888,539	12.82
4	BNP Paribas Nominees Pty Limited <DRP>	47,033,217	4.37
5	National Nominees Limited	37,188,993	3.46
6	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	11,295,094	1.05
7	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	9,901,243	0.92
8	HSBC Custody Nominees (Australia) Limited <NT-Commonwealth Super Corp A/C>	7,415,063	0.69
9	Medich Capital Pty Ltd <Roy Medich Investment A/C>	5,002,012	0.47
10	BNP Paribas Nominees Pty Ltd Hub24 Custodial Service Ltd <DRP A/C>	4,153,930	0.39
11	Artmax Investments Limited	3,865,760	0.36
12	Medich Foundation Pty Ltd <Medich Foundation A/C>	3,750,000	0.35
13	HSBC Custody Nominees (Australia) Limited – A/C 2	2,851,100	0.27
14	Netwealth Investments Limited <Wrap Services A/C>	2,582,122	0.24
15	HSBC Custody Nominees (Australia) Limited	2,560,659	0.24
16	Pacific Custodians Pty Limited Performance Rights Plan Trust	2,545,268	0.24
17	Charter Hall Wholesale Management Ltd <CH Deep Value AREIT Partnership>	1,750,000	0.16
18	Citicorp Nominees Pty Limited <143212 NMMT LTD A/C>	1,703,101	0.16
19	IOOF Investment Services Limited <IPS Superfund A/C>	1,668,982	0.16
20	One Managed Investment Funds Ltd <Charter Hall Maxim Property Securities>	1,553,293	0.14
Sub total		960,704,270	89.32
Balance of register		114,860,976	10.68
Total of issued capital		1,075,565,246	100

Substantial holders at 31 July 2023

The names of substantial holders, at 31 July 2023 that have notified the Responsible Entity in accordance with section 671B of the Corporations Act 2001, are:

Date	Name	Number of stapled securities	% voting
1 June 2023	State Street Corporation	102,369,300	9.52%
18 January 2023	Blackrock Group	128,680,854	11.96%
28 July 2021	Vanguard Group	109,255,969	10.16%

Class of securities

Dexus has one class of stapled security trading on the ASX with Security holders holding stapled securities at 31 July 2023.

Spread of securities at 31 July 2023

Range	Securities	%	No. of holders
100,001 and over	981,506,348	91.25	70
50,001 to 100,000	4,283,492	0.40	64
10,001 to 50,000	24,724,699	2.30	1,432
5,001 to 10,000	21,717,023	2.02	3,110
1,001 to 5,000	36,895,225	3.43	15,138
1 to 1,000	6,438,459	0.60	14,623
Total	1,075,565,246	100.00	34,437

At 31 July 2023, the number of security holders holding less than a marketable parcel of 65 Securities (\$500) was 871 and they held a total of 21,239 securities.

Voting rights

At meetings of the Security holders of Dexu Property Trust and Dexu Operations Trust, being the Trusts that comprise Dexu, on a show of hands, each Security holder of each Trust has one vote. On a poll, each Security holder of each Trust has one vote for each dollar of the value of the total interests they have in the Trust.

There are no stapled securities that are restricted or subject to voluntary escrow.

On-market buy back

Dexu does not have an on-market buy-back program open at the date of this report.

Cost base apportionment

For capital gains tax purposes, the cost base apportionment details for Dexu securities for the 12 months ended 30 June 2023 are:

Date	Dexu Property Trust	Dexu Operations Trust
1 Jul 2022 to 31 Dec 2022	97.54%	2.46%
1 Jan 2023 to 30 Jun 2023	97.44%	2.56%

Historical cost base details are available at www.dexu.com/investor-centre.

Integrated Reporting Content Elements Index

An Integrated Report includes eight Content Elements, posed in the form of questions to be answered. The purpose of this Index is to allow readers to understand how and where we have addressed these integrated reporting content elements throughout this Annual Report. PwC has been engaged to provide limited assurance as to whether the Content Elements of the Integrated Reporting Framework have been addressed in this report as described in this Index. This assurance is focused on whether these Content Elements have been included in this report but does not extend to assessing the accuracy or validity of any statement made throughout this report.

Content Elements	Reference	Page
A. Organisational overview and external environment		
What does the organisation do and what are the circumstances under which it operates?	About Dexu	Cover page
	FY23 highlights	2–3
	About Dexu	4–5
	Chair and CEO review	6–8
	How we create value	10–11
	Strategy	14–15
	Sustainability strategy	16–17
	Key resources	18–19
	Key business activities	20–21
	Materiality assessment	28–29
	Financial	30–39
	Real assets, infrastructure case study	51
	People and capabilities	52–57
	Environment	65
	Climate resilience	71
	Directors' Report	109
	Chair and CEO review	7,9
	How we create value	10–11
	Megatrends	12–13
External environment	Key risks	22–27
	Materiality assessment	28–29
	Customer and communities	58–63
	Environment	68
	NABERS	69
	Climate resilience	71–72
	Governance	74
	About this report, Report scope	1, 193
B. Governance		
How does the organisation's governance structure support its ability to create value in the short, medium and long term?	Chair and CEO review	9
	How we create value	10–11
	Key resources	18–19
	Key risks	22–27
	Materiality assessment	28
	Real assets	45
	People and capabilities	52–57
	Customers and communities	58–63
	Environment, Climate resilience	64–73
	Governance	74–81
	Dexu Board skills matrix	77
	Board focus areas	31, 41, 53, 59, 65
	Commitments and key focus areas	33, 43, 57, 63, 69
	ESG working groups	75
	Group Management Committee	81
	Remuneration report	83, 90–91
C. Business model		
An integrated report should answer the question:	About Dexu	4–5
	Chair and CEO review	6–9
What is the organisation's business model including key; inputs, business activities, outputs and outcomes?	How we create value	10–11
	Megatrends	12–13
	Strategy	14–15
	Key resources	18–19
	Key business activities	20–21
	Key risks	22–27
	Materiality assessment	29
	Performance:	
	– Financial	31, 35–38
	– Real assets, innovating in developments	40–41, 45
	– People and capabilities	52–57
	– Customer and communities	58–61
	– Environment	64–68, 70–72
	Working Groups	75
D. Risks and opportunities		
An integrated report should answer the question:	How we create value	10–11
	Megatrends	12–13
What are the specific risks and opportunities that affect the organisation's ability to create value over the short, medium and long term, and how is the organisation dealing with them?	Sustainability priority areas	16
	Key resources	18–19
	Key risks	22–27
	Materiality assessment	28–29
	Financial: group outlook	34
	Case study: Urbanisation of our cities	42
	Real assets	50
	Climate resilience	71–72

Content Elements	Reference	Page
E. Strategy and resource allocation		
An integrated report should answer the question: <i>Where does the organisation want to go and how does it intend to get there?</i>	Chair and CEO review How we create value Megatrends Strategy Sustainability strategy Key resources Key risks Materiality assessment Performance: – People and capabilities – Environment, Climate resilience Supply chain monitoring and relationship management Commitments	6–9 10–11 12–13 14–15 16–17 18–19 22–27 28–29 52–57 68 61 33, 43, 57, 63, 69
F. Performance		
An integrated report should answer the question: <i>To what extent has the organisation achieved its strategic objectives for the period and what are its outcomes in terms of effects on the capitals?</i>	Chair and CEO review Compliance and regulatory risk Materiality assessment Performance highlight: – Financial – Real assets – People and capabilities – Customers and communities – Environment, Climate resilience Customer NPS, Community Modern slavery Office and Industrial portfolio performance Supply chain Environment Valuing resources and materials Corporate governance principals Climate resilience Anti-Modern Slavery Working Group	6–9 26 28–29 37–38 40 52 58 64 58, 63 59–60 37–38 61 67 68 74 70–72 75
G. Outlook		
An integrated report should answer the question: <i>What challenges and uncertainties is the organisation likely to encounter in pursuing its strategy, and what are the potential implications for its business model and future performance?</i>	FY23 highlights Chair and CEO review How we create value Megatrends Key risks Delivering FY23 commitments Performance: – Financial – Real assets – People and capabilities – Customers and communities Climate resilience metrics and targets Remuneration report	2–3 6–9 10–11 12–13 22–27 32, 42, 54, 60, 66 34, 38 41, 44, 46 52–57 61 72 83, 90–91
H. Basis of preparation and presentation		
An integrated report should answer the question: <i>How does the organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated?</i>	About Dexus About this report Key resources Key risks Materiality assessments Climate resilience Directors' Report Report scope	Cover page 1 18–19 22–27 28–29 73 109 193
Summary of materiality determination process	Key risks Materiality assessment Governance – ESG working groups	22–27 28–29 75
Reporting boundary	Megatrends Key risks Materiality assessment Directors' Report Report scope	12–13 22–27 28–29 109 193
Summary of significant frameworks and methods	FY23 highlights Performance: – Financial – Real assets – People and capabilities – Customers and communities – Environment, Climate resilience Report scope	2–3 37–38 40 52, 57 58–63 64, 68–69, 73 125



To the Board of Directors of Dexus Funds Management Limited

Independent Limited Assurance Report on the preparation of the Integrated Reporting Content Elements Index within the Dexus 2023 Annual Report in accordance with the Criteria

The Board of Directors of Dexus Funds Management Limited, the responsible entity of the Dexus Property Trust and the Dexus Operations Trust (the Trusts together form the Dexus stapled security and collectively are referred to as "Dexus") engaged us to perform an independent limited assurance engagement in respect of the Integrated Reporting Content Elements Index (the 'Subject Matter Information') located on pages 186 and 187 of the Dexus 2023 Annual Report for the year ended 30 June 2023.

Subject Matter Information and Criteria

We assessed the Subject Matter Information against the Criteria. The Subject Matter Information needs to be read and understood together with the Criteria.

The criteria used by Dexus to prepare the Subject Matter Information and which we assessed the Subject Matter Information is described in section 4 of the International Integrated Reporting Framework dated January 2021, developed by the International Integrated Reporting Council. This is available at: <https://integratedreporting.org/resource/international-ir-framework> (the 'Criteria'). The criteria requires disclosure of certain information in an Integrated report.

The maintenance and integrity of Dexus' website is the responsibility of the management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Subject Matter Information or Criteria when presented on Dexus website.

Our assurance conclusion is with respect to the year ended 30 June 2023 and does not extend to information in respect of earlier periods or to any other information included in, or linked from, the 2023 Annual Report including any images, audio files or videos.

Responsibilities of management

Management is responsible for the preparation of the Subject Matter Information in accordance with the Criteria. This responsibility includes:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring, evaluating and preparing the underlying Subject Matter Information;
- ensuring that those criteria are relevant and appropriate to Dexus and the intended users; and
- designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Criteria.

Our independence and quality control

We have complied with the ethical requirements of the Accounting Professional and Ethical Standard Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* relevant to assurance engagements, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo NSW 2000, GPO BOX 2650 Sydney NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Our firm applies Australian Standard on Quality Management ASQM 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to express a limited assurance conclusion based on the procedures we have performed and the evidence we have obtained.

Our engagement has been conducted in accordance with the Australian Standard on Assurance Engagements (ASAE 3000) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. That standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention to indicate that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Criteria, for the year ended 30 June 2023.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion.

In carrying out our limited assurance engagement we:

- made inquiries of the persons responsible for the Subject Matter Information regarding the processes and controls for collecting and reporting the Subject Matter Information;
- Reviewing and assessing the appropriateness of the Criteria;
- Reviewing and assessing the completeness of the Subject Matter Information;
- Assessing the preparation and presentation of the Subject Matter Information against the Criteria;
- Reviewing all references noted in the Subject Matter Information and confirming the appropriateness of the references against the Criteria; and
- Reconciling the sections and page numbers included within the Integrated Reporting Content Elements Index Subject Matter Information to the referenced sections of the Dexus 2023 Annual Report.

This assurance is focused on whether these Content Elements have been addressed in the Dexus 2023 Annual Report but does not extend to assessing the accuracy or validity of any statement made throughout the Annual Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. It is therefore possible that fraud, error or non-compliance may occur and not be detected. A limited assurance engagement is not designed to detect all instances of non-compliance of the Subject Matter Information with the Criteria, as it is limited primarily to making enquiries of the management and applying analytical procedures.



Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. The precision of different measurement techniques may also vary. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

The limited assurance conclusion expressed in this report has been formed on the above basis.

Our limited assurance conclusion

Based on the procedures we have performed, as described under 'Our responsibilities' and the evidence we have obtained, nothing has come to our attention that causes us to believe that Integrated Reporting Content Elements Index on page 186 and 187 of the Dexus 2023 Annual Report has not been prepared, in all material respects, in accordance with section 4 of the International Integrated Reporting Framework dated January 2021 for the year ended 30 June 2023.

Use and distribution of our report

We were engaged by the board of directors of Dexus Funds Management Limited on behalf of Dexus Funds Management Limited, the responsible entity of the Dexus Property Trust and the Dexus Operations Trust to prepare this independent assurance report having regard to the criteria specified by the board of directors of Dexus Funds Management Limited and set out in this report. This report was prepared solely for Dexus Funds Management Limited for to assist the directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected subject matter.

We accept no duty, responsibility or liability to anyone other than Dexus Funds Management Limited in connection with this report or to Dexus Funds Management Limited for the consequences of using or relying on it for a purpose other than that referred to above. We make no representation concerning the appropriateness of this report for anyone other than Dexus Funds Management Limited and if anyone other than Dexus Funds Management Limited chooses to use or rely on it they do so at their own risk.

This disclaimer applies to the maximum extent permitted by law and, without limitation, to liability arising in negligence or under statute and even if we consent to anyone other than Dexus Funds Management Limited receiving or using this report.

PricewaterhouseCoopers

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

Sydney
15 August 2023

Key ASX announcements

Date	Announcement		
21/06/2023	FY23 Estimated distribution details	10/11/2022	Sale of St Leonards trading property to contribute to FY23 trading profits
21/06/2023	Portfolio valuation update	07/11/2022	Dexus and Dexus Industria REIT property tour
15/06/2023	Sale of Axxess Corporate Park, Mount Waverley Victoria	07/11/2022	Appendix 3Y – Elana Rubin
09/06/2023	Sale of 44 Market Street, Sydney	03/11/2022	Amendment to Constitutions
02/05/2023	March 2023 quarter update	03/11/2022	Appendix 3Y – Nicola Roxon
02/05/2023	2023 Macquarie Australia Conference presentation	03/11/2022	Appendix 3Y – Warwick Negus
01/05/2023	Changes to Leadership team	02/11/2022	Appendix 3Z – Richard Sheppard
30/03/2023	Resignation of non-executive director	02/11/2022	Appendix 3Z – Tonianne Dwyer
30/03/2023	Appendix 3Z – Patrick Allaway	26/10/2022	September 2022 quarter update
20/03/2023	Dexus and AMP agree binding documentation for Collimate Capital acquisition	26/10/2022	2022 AGM Chair and CEO Address
01/03/2023	Update on Collimate Capital acquisition	26/10/2022	2022 Annual General Meeting results
28/02/2023	Appendix 3Y – Paula Dwyer	17/10/2022	Appendix 3H – Notification of cessation of securities.
28/02/2023	Appendix 3Y – Rhoda Phillippo	17/10/2022	Appendix 3G – Notification of issue, conversation, payment or unquoted equity securities
23/02/2023	Appendix 3Y – Elana Rubin	06/10/2022	Appendix 3X – Elana Rubin
14/02/2023	HY23 Results release	29/09/2022	Changes to the Board
14/02/2023	HY23 Appendix 4D and Financial Statements	21/09/2022	2022 Notice of Annual General Meeting
14/02/2023	HY23 Property synopsis	08/09/2022	Appendix 3Y – Warwick Negus
14/02/2023	HY23 Distribution details	06/09/2022	Appendix 3Y – Warwick Negus
14/02/2023	HY23 Results presentation	06/09/2022	Appendix 3Y – Richard Sheppard
02/02/2023	Appendix 3X – Paula Dwyer	02/09/2022	Appendix 3Y – Darren Steinberg
02/02/2023	Appendix 3X – Rhoda Phillippo	02/09/2022	ACRT transition from the AMP platform
13/01/2023	Appointment of non-executive directors	02/09/2022	Appendix 3G – Notification of issue, conversation, payment or unquoted equity securities
09/01/2023	Update on Collimate Capital acquisition	02/09/2022	Appendix 3H – Notification of cessation of securities
22/12/2022	Notice of Distribution Appendix 3A	01/09/2022	Appointment of non-executive director
21/12/2022	Sale of six properties with combined proceeds of \$483 million, FY23 trading profit de-risked	30/08/2022	30 June 2022 distribution payment
16/12/2022	Portfolio valuation update	17/08/2022	2022 Annual Results release
30/11/2022	Temporary leave of non-executive director	17/08/2022	2022 Annual Report
23/11/2022	Appendix 3B – Proposed issue of securities	17/08/2022	2022 Annual Results presentation
23/11/2022	Enhanced Cleansing Notice	17/08/2022	2022 Sustainability Report
22/11/2022	Appendix 3G – Notification of issue, conversation, payment or unquoted equity securities	17/08/2022	2022 Appendix 4G and Corporate Governance Statement
22/11/2022	Appendix 3Y – Darren Steinberg	17/08/2022	2022 Financial Statements
15/11/2022	Update on Collimate Capital acquisition	17/08/2022	2022 Appendix 4E
15/11/2022	Pricing of \$500 million exchangeable notes offering	17/08/2022	2022 Final Distribution details
14/11/2022	New Exchangeable Notes issue and repurchase of existing Exchangeable Notes	18/07/2022	AWOF unitholder vote outcome

Overview

Approach

Performance

Governance

Directors' report

Financial report

Investor information

Dexus holds memberships and affiliations with key industry bodies that are relevant to its investments and operations.

Dexus's industry memberships ensure that its views are represented on advocacy, on policy and legislation. The benefits of collaborating with industry peers include strategic partnerships, research, professional development and networking opportunities.

Dexus regularly reviews these memberships for relevance to its business and alignment with its corporate values.

Current Dexus corporate memberships and commitments include:

Member



Constituent



Signatory



Directory

Dexus Property Trust

ARSN 648 526 470

Dexus Operations Trust

ARSN 110 521 223

Responsible Entity

Dexus Funds Management Limited
ABN 24 060 920 783
AFSL 238163

Directors of the Responsible Entity

Warwick Negus, Chair
Penny Bingham-Hall
Paula Dwyer
Mark H Ford
Rhoda Phillippo
The Hon. Nicola Roxon
Elana Rubin AM
Darren J Steinberg, CEO

Secretaries of the Responsible Entity

Brett Cameron
Scott Mahony

Registered office of the Responsible Entity

Level 30, 50 Bridge Street
Sydney NSW 2000

PO Box R1822
Royal Exchange
Sydney NSW 1225

T: +61 2 9017 1100
F: +61 2 9017 1101

E: ir@dexus.com
W: www.dexus.com

Auditor

PricewaterhouseCoopers
Chartered Accountants
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Investor Enquiries

Registry Infoline: +61 1800 819 675
Investor Relations: +612 9017 1330
E: dexus@linkmarketservices.com.au

Security Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

W: linkmarketservices.com.au
E: dexus@linkmarketservices.com.au

Open Monday to Friday between 8.30am and 5.30pm (Sydney time).

For enquiries regarding security holdings, contact the security registry, or access security holding details at www.dexus.com/investor-centre

Australian Securities Exchange

ASX Code: DXS

Social media

DXS engages with its followers via LinkedIn



The REAL Deal Podcast

The REAL Deal podcast provides unique insights on the real asset sector



Report scope

This Annual Report has been prepared in accordance with the content elements of the 2021 International <IR> Framework, which we use to identify material issues from an enterprise value perspective and clearly articulate how we deliver sustained value for all stakeholders. An index is provided on page 186-187 of this report. PwC has been engaged to provide limited assurance as to whether Content Elements of the Integrated Reporting Framework have been addressed in the report as described in this Index. This assurance is focused on whether these Content Elements have been included in this report but does not extend to assessing the accuracy or validity of any statement made throughout this report.

We have also used the GRI Standards to understand material issues from a stakeholder impact perspective, as disclosed across our 2023 Annual Reporting Suite, which is prepared in accordance with the GRI Standards: (GRI Content Index available at www.dexus.com/sustainability).

PwC has provided limited assurance over select environmental and social data, within the 2023 Annual Reporting Suite covering the 12 months to 30 June 2023 (assurance statement available at www.dexus.com/sustainability). The Annual Report covers financial performance at all locations. Environmental data only includes properties under the group's operational control as defined under the National Greenhouse and Energy Reporting System (NGER Act). Additional information on financial, people, customer, community, supplier and environmental datasets is available at www.dexus.com/sustainability.

For personal use only

dexus

dexus.com