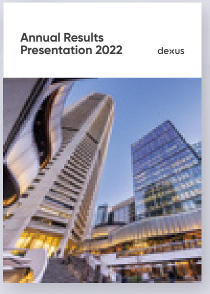
Annual Report 2022

dexus

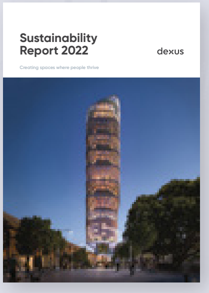
Creating spaces where people thrive

Dexus 2022 Annual Reporting suite

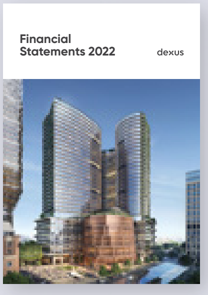
Annual Report 2022



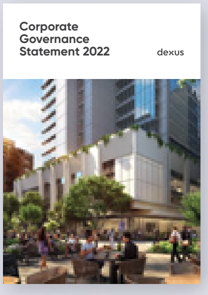
Annual Results Presentation 2022



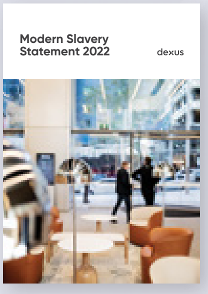
Sustainability Report 2022



Financial Statements 2022



Corporate Governance Statement 2022



Modern Slavery Statement 2022*

About this report

The 2022 report is a consolidated summary of Dexus's performance for the financial year ended 30 June 2022. It should be read in conjunction with the reports that comprise the 2022 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 2022. All dollar figures are expressed in Australian dollars unless otherwise stated.

The Board acknowledges its responsibility for the 2022 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 2022 board meeting.

Refer to page 202 for scope of this report.

*The 2022 Modern Slavery Statement will be available in December 2022.

Dexus is one of Australia's leading fully integrated real estate groups, managing a high-quality Australian property portfolio valued at $44.3 billion.

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

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

Artwork

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

FY22 highlights

Throughout the year we continued momentum on maximising property portfolio income and performance while growing and diversifying our funds management business.

Financial

→ Page 28

Maintaining strong financial performance by delivering on our strategy

$1,615.9m
Net profit after tax
FY21: $1,138.4m

53.2cents
AFFO and Distribution per security
FY21: 51.8 cents

$81.7m
Management operations FFO
FY21: $57.7m

Properties

→ Page 42

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

$44.3bn
Value of group property portfolio

95.6%
Dexus office portfolio occupancy

98.1%
Dexus industrial portfolio occupancy

$17.7bn
Group development pipeline

People and capabilities

→ Page 52

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

70%

Employee engagement score

36%

Females in senior and executive management roles
FY21: 35%

Customers and communities

→ Page 56

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

+43

Customer Net Promoter Score
FY21: +46

>$0.8m

Community contribution value
FY21: $0.8m

Environment

→ Page 62

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

Net zero

Achieved net zero emissions for building operations across the group managed portfolio

100%

of electricity sourced from on-site and off-site renewable sources in FY22 across the group managed portfolio

4.9 star

Average NABERS Indoor Environment rating across the group office portfolio

Dexus group

$44.3bn
Funds under management

647
Employees

394
Properties

Top 50
Entity on ASX

6.4m
Square metres across the group

$9.6bn
Market capitalisation at 30 June 2022

About Dexus

Dexus is one of Australia's leading fully integrated real estate groups, managing a high-quality Australian property portfolio valued at $44.3 billion.

Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 29,000 investors from 24 countries.

We believe the strength and quality of our relationships will always be central to our success and we are deeply committed to working with our customers to provide spaces that engage and inspire.

With more than 35 years of expertise in property investment, development and asset management, Dexus has a proven track record in managing capital and risk and delivering superior risk-adjusted returns for its investors. We invest in Australia, and directly own $18.4 billion of office, industrial and healthcare properties and investments.

We manage a further $25.9 billion of office, retail, industrial and healthcare properties in our funds management business, which provides third party capital with exposure to quality sector specific and diversified real estate investment products. The funds within this business have a strong track record of delivering outperformance and benefit from Dexus's capabilities. The group's $17.7 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns.

We consider sustainability to be an integral part of our business with the objectives of Leading Cities, Future Enabled Customers, Strong Communities, Thriving People and an Enriched Environment supporting our overarching goal of Sustained Value.

Group portfolio composition

- Office $23.9bn
- Industrial $11.6bn
- Retail $6.0bn
- Healthcare $1.5bn
- Real estate securities and investments $1.3bn

Chair and CEO review

Dexus's purpose is to create spaces where people thrive. This purpose is critical to the creation of spaces which meet the needs of our customers and our communities.

2022 was the year we emerged from the lockdowns. Restrictions progressively eased, having varied levels of impact across Australian cities and presenting new challenges in our operating environment. Despite ongoing disruptions, vaccines were successfully rolled out across Australia, and governments and businesses began to transition to a business-as-usual approach. Australia's economic activity has been supported by government stimulus, high vaccination rates and the easing of international travel restrictions, with growing employment numbers, strong retail spending and a rebound in business confidence.

Our diversified business model and strategy have enabled us to deliver stable or growing distributions despite impacts from the pandemic. In this environment, our focus is on our strategic objectives of delivering resilient property portfolio income while growing and diversifying our funds management business.

This year we implemented major strategic initiatives which grew the funds management business and positioned it for further growth including integrating APN Property Group onto our platform and acquiring Jandakot Airport industrial precinct. We also secured $1.6 billion[2] of investment onto our funds platform as we welcomed a number of new investors.

The year culminated in the announcement that we had entered into an agreement with AMP to acquire AMP Capital's real estate and domestic infrastructure and equity business, which includes up to $21.1 billion[1] of funds under management.

This transaction is expected to complete in the first half of FY23, with planning for the integration of AMP Capital's platform well advanced.

The transaction has been structured in a way whereby the earn out consideration payable is dependent on the total assets under management to be transitioned to Dexus.

Last month, AMP Capital Wholesale Office Fund (AWOF) unitholders voted in favour of a change of the trustee of the Fund. The initial proposal to replace the Fund's trustee commenced during 2021, prior to Dexus entering into the agreement with AMP. As a result of the vote outcome, the maximum potential price has reduced. The reduction in potential funding commitments for the AWOF component of the acquisition enables Dexus to deploy that funding into other opportunities.

We remain focused on completing the transaction which, regardless of this outcome, will transform our product offering to investors, with new capabilities and significant scale across retail and infrastructure real assets.

Despite the trend of flexible working being accelerated by the pandemic, office leasing and occupancy remained strong, underpinned by a flight to quality and customers acting on their post pandemic growth plans. The industrial portfolio continues to benefit from strong rental reversions and underlying structural trends. We also took the opportunity to selectively recycle assets and make investments to support future growth which involved over $10 billion of industrial, office and healthcare transactions across the group.

1 Based on AMP Capital's FUM as at 30 June 2022 net of the known transition of circa $10 billion of FUM from AMP Capital's platform.

2 Includes Dexus participation in funds equity raising.

L-R: Richard Sheppard, Chair and
Darren Steinberg, Chief Executive Officer.

Our ESG performance continues to be acknowledged against external benchmarks. Dexus outperformed real estate companies globally for the third consecutive year to become the only real estate company to achieve a Gold Class distinction in the S&P Global Sustainability Yearbook 2022, retaining its position as a sustainability leader by the Dow Jones Sustainability Index.

For more than a decade, we have been focused on energy efficiency as well as reducing the group's emissions and environmental footprint. We are pleased to have achieved net zero emissions for our building operations across our group managed portfolio.

Transitioning to net zero across our building operations reinforces our commitment to act to limit global warming to 1.5°C and delivers on our customers' and investors' desire for strong climate action and low carbon investments.

Dexus was named as an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency for the fifth consecutive year, demonstrating our active commitment to, and progress towards, gender equality across our workforce.

Our Reflect Reconciliation Action Plan was endorsed by Reconciliation Australia. This is an important early step on our reconciliation journey with Australia's First Nations peoples.

A decade of growth and evolution

A decade ago, Dexus reset its strategy to embark on the next phase of its evolution.

We built on our strengths of office ownership, divesting our exposure to offshore properties and reinvesting in high-quality assets located in Australia's major cities where we have strong expertise and deep customer relationships. In tandem, we have grown and diversified our funds management business to include new partnerships with global investors in the office, industrial and healthcare sectors.

Ten years ago, Dexus managed $12.9 billion in assets, which included $7.0 billion on the balance sheet and a $5.9 billion third party funds management business across four funds.

Today, we manage a $44.3 billion diversified platform of high-quality assets comprising a $18.4 billion balance sheet portfolio and a $25.9 billion funds management business across 19 funds.

This includes a diversified pool of vehicles incorporating wholesale pooled funds, listed REITs and joint ventures across the traditional real estate sectors as well as healthcare, real estate securities funds, opportunistic funds and venture capital.

Our embedded $17.7 billion group development pipeline provides the opportunity to grow both portfolios and enhance future returns.

Dexus's next phase of growth will be underpinned by the acquisition of the AMP Capital platform which is expected to complete later this calendar year. Subject to the final assets under management outcome, this acquisition has the potential to add a further $21.1 billion[1] to the group portfolio.

This acquisition accelerates achievement of our business model evolution which is premised on the provision of attractive products and returns for investors. As our investor base allocates more capital to real assets, our platform will provide a complete offering for third party capital partners.

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

People are fundamental to any business, and at Dexus our people are our strength. Our workforce is made up of people who have the capabilities to support our customers and communities.

The capability we have across the spectrum of commercial real estate, along with our diverse and engaged workforce, enables us to drive investment performance.

New opportunities

We continue to transition the portfolio into higher returning investment opportunities, many of which are being undertaken alongside third party capital partners and enhance our group development pipeline.

In FY22, these opportunities included investing in Jandakot Airport industrial precinct in Perth, which has provided a meaningful industrial footprint in Western Australia to service our growing customer base and scope to enhance returns through industrial development. This acquisition was undertaken alongside Dexus Industria REIT and Cbus Super as a new joint venture investor, supporting growth in funds management.

The group's $17.7 billion development pipeline provides the opportunity to create value enhancing projects by growing the core property portfolio and those portfolios managed on behalf of our third party capital partners.

During the year new restaurants opened and Theatre Royal Sydney was revived at 25 Martin Place in Sydney, which has been transformed into a premium retail, dining and cultural hub. The development is due to be completed by the end of 2022.

Our city-shaping development pipeline includes Waterfront Brisbane, 60 Collins Street, Melbourne, Central Place Sydney and Atlassian Central, Sydney which is due to commence construction shortly.

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

Financial result

Dexus's activity drove a solid financial result for the year. Our initial market guidance for distribution growth of not less than 2% was upgraded in the second half to growth of not less than 2.5%. The full year distribution was 53.2 cents per security, reflecting 2.7% growth and resulting in a 4.7% compound annual growth rate since FY12. 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.

This result was achieved despite the ongoing COVID-19 lockdowns in Sydney and Melbourne, which impacted the economy and the ability for business to trade normally.

The Omicron variant of COVID-19 created further challenges in supply chains and delayed the new year return to the office into 2022. While people continue to work flexibly, the return of people to offices gained momentum, particularly in core CBD markets.

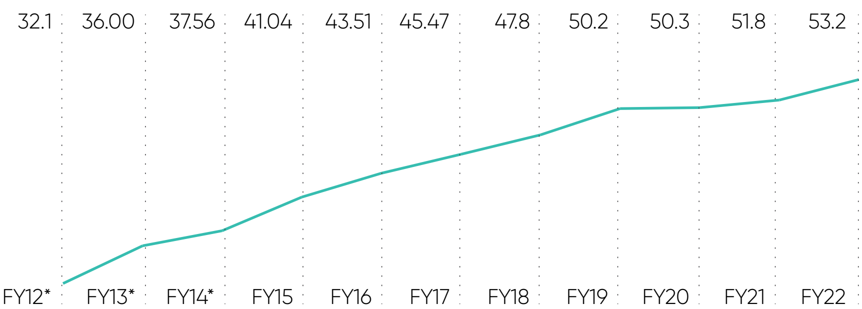
The S&P/ASX 200 Property Accumulation (A-REIT) Index declined by 12.3% during the year, impacted by rising bond yields. Dexus performed in line with the A-REIT index over this time period and maintains its outperformance over the ten-year time horizon, delivering an annual compound return of 10.3% over the past ten years.

Gearing (look-through)[1] of 26.9% sits below our target range of 30-40%. Dexus has a weighted average hedge maturity of 5.9 years and was 65% hedged on average for FY22.

Further details in relation to our financial result can be found on pages 28-41.

1 Gearing adjusted for cash and debt in equity accounted investments, excluding Dexus's share of co-investments in pooled funds.

History of Dexus distribution per security
(Cents per security)



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

Artist impression:
60 Collins Street, Melbourne VIC.

Governance

Dexus is a trusted custodian of our investors' capital with a reputation for strong corporate governance and highly regarded ESG credentials. We have well established frameworks, processes and policies developed over decades that underpin our standing as a leading real estate fund manager in Australia. We recognise the importance of ESG 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. Tonianne Dwyer will be retiring from the Board at the 2022 AGM after more than 11 years of service. Tonianne has been a valuable member of various committees including the Board Risk Committee where she is Chair, and the Board Audit Committee and Board Nomination Committee. We would like to acknowledge and thank Tonianne for her significant contribution to Dexus over the past decade.

During the year, Dexus has reviewed its remuneration structure for Group Management Committee members and consulted intensively with investors. As a result, Dexus has made a number of changes to its remuneration structure which are set out in the Remuneration report.

Further details relating to the Board and our governance practices can be found from page 71, as well as in the Corporate Governance Statement available at www.dexus.com.

Summary and outlook

Our priorities in the year ahead include integrating the AMP Capital portfolio and people onto the Dexus platform, and pursuing our strategic objectives of generating resilient income streams and being identified as the real estate investment partner of choice. We will continue our active leasing strategies to maximise property portfolio cash flow generation and progress our development pipeline.

We anticipate that it will be a challenging period over the next two years with rising interest rates, ongoing supply chain disruptions, a global energy crisis and geopolitical risks contributing to continued economic uncertainty. Recycling assets has enabled us to maintain a strong balance sheet, while allocating capital towards our city-shaping development pipeline to further enhance our high-quality portfolio.

Dexus is well positioned in this environment and we expect to emerge as one of the leading real asset managers in the Asia-Pacific region.

Based on current expectations regarding interest rates, continued asset sales and barring unforeseen circumstances, Dexus expects distributions of 50.0-51.5 cents per security for the 12 months ended 30 June 2023[1], below the 53.2 cents per security delivered in FY22.

We are encouraged by the continued demand for high-quality space. We have confidence in the future of cities and our ability to deliver sustained value for all our stakeholders over the long term.

On behalf of the Board and management, we extend our appreciation to our people across Australia 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 investments, and our customers for their loyalty and commitment across our property portfolio.

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

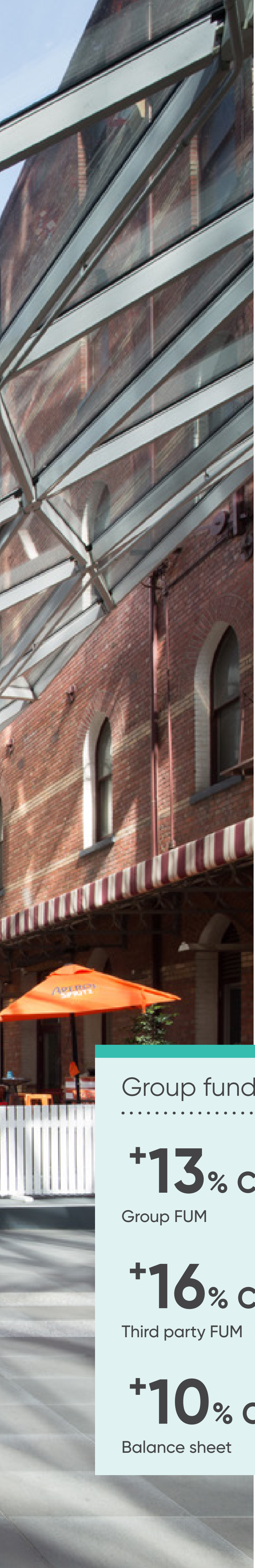
Richard Sheppard
Chair

Darren Steinberg
Chief Executive Officer

1 Assumes average floating rates of 2.75%-3.75% (90-day BBSW), the transition of circa $21 billion of FUM from the acquisition of the AMP Capital real estate and domestic infrastructure equity platform and circa $50-$55 million of trading profits (post-tax).

	FY12	FY22
Funds under management	$12.9bn	$44.3bn
Third party platform – number of funds	4 funds	19 funds
Type of funds	Pooled funds, joint ventures/mandates	Pooled funds, joint ventures/mandates, listed funds, retail funds
Sectors	Retail, office, industrial, offshore	Office, industrial, retail, healthcare, real estate securities
Development pipeline	$1.2bn	$17.7bn
People	269	647
Market capitalisation	$4.4bn	$9.6bn

Rialto Towers, Melbourne VIC.



Dexus – a decade of growth

It has been 10 years since we revised our strategy to deliver superior risk-adjusted returns from high-quality Australian real estate in Australia's major cities.

Our strategy was revised in 2012 to build on our strengths of delivering resilient income streams and being the real estate investment partner of choice, while enhancing our position in the Australian property market.

We divested our exposure to offshore properties and reinvested in high-quality assets located in Australia's major cities, while at the same time growing and diversifying our funds management business to include new partnerships with global investors in the office, industrial and healthcare sectors.

Over the past decade, our group portfolio has more than tripled to $44.3 billion, while over the same time period we have enhanced portfolio quality through active asset management, asset recycling and development.

Our third party funds platform has grown at an average 16% per annum to $25.9 billion today.

We have upweighted our exposure to the industrial and healthcare sectors which benefit from strong tailwinds. On completion of the AMP Capital transaction, Dexus will diversify further into the infrastructure real asset class which is both attractive and complementary to the real estate sector.

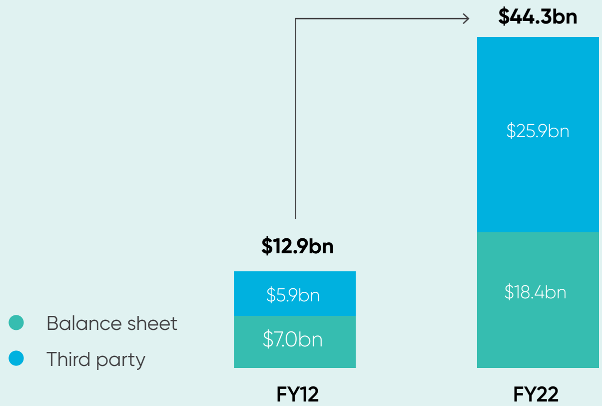
Our group development pipeline now stands at $17.7 billion, providing the opportunity to create future value across the group.

Group funds under management

+13% CAGR
Group FUM

+16% CAGR
Third party FUM

+10% CAGR
Balance sheet



How we create value

Operating environment

Our strategy

→ Page 16

Key resources

→ Page 18

Key business activities

→ Page 20

Megatrends
- Urbanisation
- Growth in pension capital funds flow
- Social and demographic change
- Technological change
- Climate change
- Growth in sustainable investment

→ Page 14

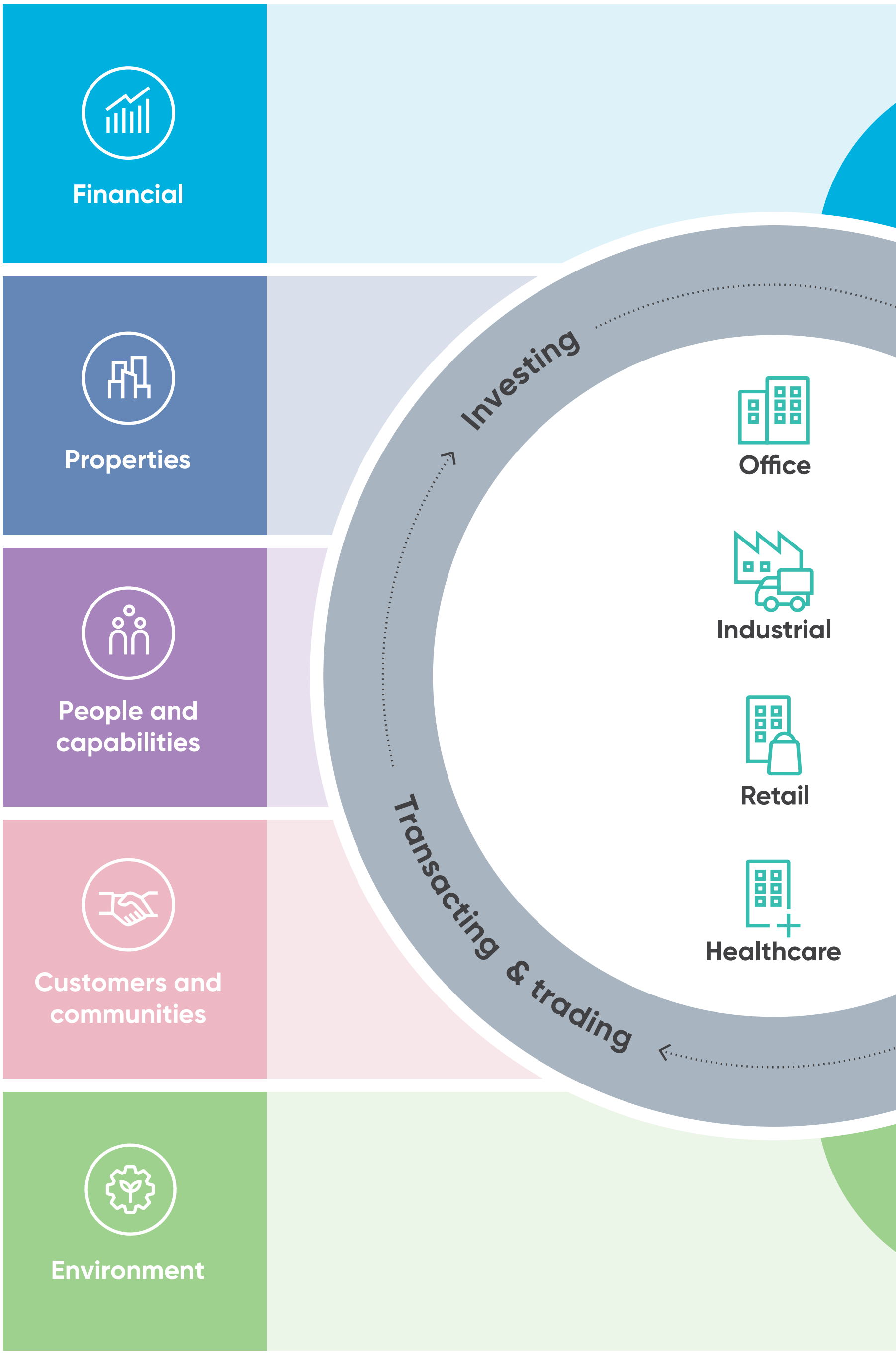
Key risks
Outlines the key risks and controls in place for mitigation

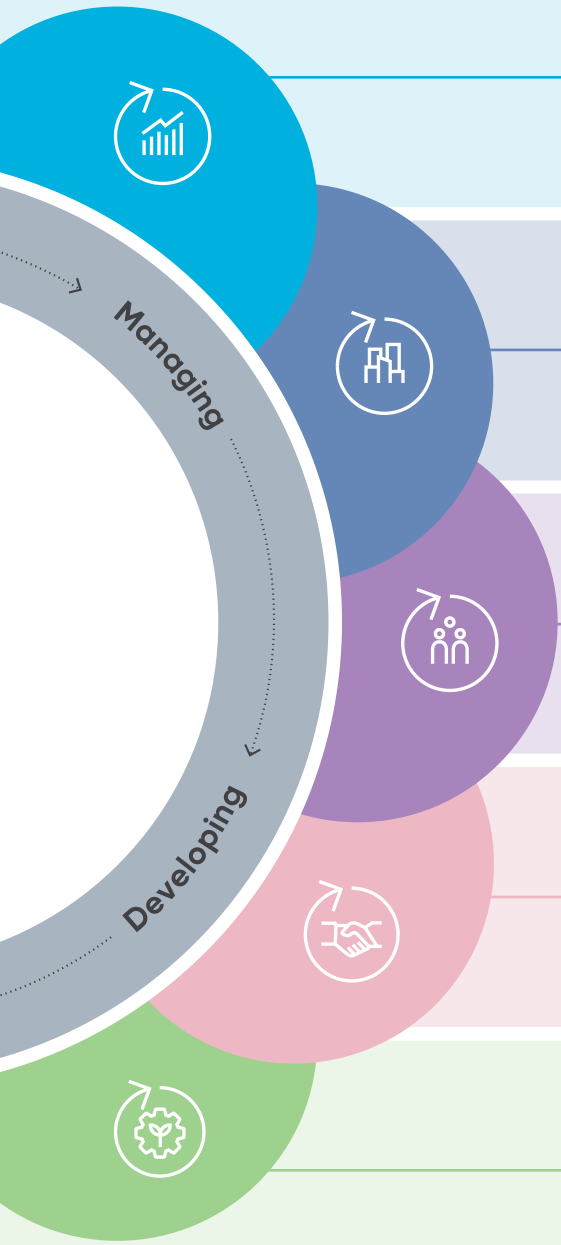
→ Page 22

Vision
To be globally recognised as Australia's leading real estate company

Strategy
Delivering superior risk-adjusted returns for investors from high-quality real estate in Australia's major cities

Strategic objectives
- Generating resilient income streams
- Being identified as the real estate investment partner of choice





Dexus Sustainability Approach	Value creation outcomes	Value drivers
→ Sustainability Report 2022		
	Sustained Value Superior long-term performance for our investors and third party capital partners, supported by an integrated approach to ESG within our business model → **Pages 28-41**	• Financial performance • Capital management • Corporate governance
	Leading Cities A high-quality portfolio that contributes to economic prosperity and supports sustainable urban development across Australia's key cities → **Pages 42-51**	• Portfolio scale and occupancy • Economic contribution • Development pipeline • Industry collaboration
	Thriving People An engaged, capable and high-performing workforce, within an inclusive environment, that delivers on our strategy → **Pages 52-55**	• Employee engagement • Inclusion and diversity • Health, safety and wellbeing
	Future Enabled Customers and Strong Communities A strong network of value chain partners (customers, communities and suppliers) who support and are positively impacted by Dexus → **Pages 56-61**	• Customer experience • Community contribution • Supply chain focus
	Enriched Environment An efficient and resilient portfolio that minimises our environmental footprint and is positioned to thrive in a climate-affected future → **Pages 62-69**	• Resource efficiency • Climate resilience • Green buildings

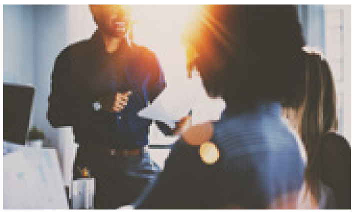
Megatrends

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

Megatrends	Growth in sustainable investment	Growth in pension capital fund flows	Urbanisation
			
Description	A growing recognition that environmental, social, and governance (ESG) factors are also economic issues driving an investment revolution. 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 reporting and measurement.	Funds under management within pension funds are expected to increase significantly as populations in developed nations continue to age. Real estate is expected to receive a higher share of capital allocation and benefit from cross border capital flows.	Urbanisation in major cities is increasing with population growth leading to infrastructure investment and vibrant communities. This creates challenges for social equity, the environment, transport systems and city planning.
Connection to key resources	Financial Environment	Financial Properties	Financial Properties Environment
Implications for our business model and how we are responding	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 Approach is the lens that we use to effectively 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 according to the Principles for Responsible Investment, Global Real Estate Sustainability Benchmark, Dow Jones Sustainability Index and CDP Climate Change.	Dexus is a leading Australian real estate fund manager. Our funds management business provides third party capital with exposure to quality, sector-specific and diversified real estate investment products. These funds also have a strong track record of performance and benefit from leveraging the leasing, asset and property management capabilities provided by Dexus. In response to the growth in pension capital fund flows, we are strengthening our funds management business by attracting new third party capital and expanding existing funds. We also expect to benefit from this megatrend by launching new investment products where we believe a competitive advantage can be obtained.	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 growth in e-commerce businesses which is driving significant growth in demand for industrial property. We work closely with our third party capital partners, public authorities, real estate consultants, technology providers and the wider community in undertaking these activities.

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. Since 2019, we have aligned our Annual Report with the Integrated Reporting Framework to meet increasing market demands to demonstrate how Dexus leverages ESG to create long-term value. The material topics from our materiality assessment (page 27) define the 'value drivers' within the value creation framework on pages 12-13 and are aligned to the megatrends identified.

Social and demographic change



The increase in remote working and a growing focus on workplace health and wellbeing are accelerating broader demographic trends associated with the rise of millennials and an ageing population. These social and demographic changes have implications for the design of workspaces and the spending on healthcare.

- Customers & communities
- People & capabilities

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.

Climate change

It is now widely recognised that climate change is a risk to financial stability and is intensifying other environmental challenges such as resource scarcity. Climate-related challenges include impacts from extreme weather as well as longer-term impacts on global supply chains, and human and ecosystem health. To manage these challenges, the transition to a low carbon economy remains top of mind for governments and businesses alike.

- Financial
- Environment
- Properties

For over a decade, we have enhanced the environmental performance and reduced the carbon footprint of our portfolio through targeted improvements to energy and water efficiency. In recognition of the need to take action addressing the impacts of climate change, we accelerated our net zero goal to achieve net zero emissions for our building operations across the group managed portfolio at 30 June 2022. Our ambition is to go beyond net zero emissions and have integrated risks and opportunities from climate change to increase the resilience of our assets and operations.
As part of this ambition, we are working with stakeholders in our value chain to address Scope 3 emissions through our materials, waste and procurement decisions.

Technological change

Technological advancements in artificial intelligence, automation, big data and analytics are creating new jobs and driving mobility and collaboration in workplaces. The adoption of technological solutions is also increasingly required to meet stakeholder expectations for sustainability performance.

- Properties
- Customers & Communities
- People & capabilities

Technological advancement brings opportunities to further support our customers in their growth and productivity goals. Our new developments feature innovations that deliver a better customer experience and optimise workforce productivity. Our smart buildings strategy enables connectivity and flexibility across workplace locations. The COVID-19 experience has increased our focus on touchless and virtual technology and enhanced air quality, the adoption of which makes our properties more attractive to our customers.
Investing in next generation technology solutions will be required to meet our sustainability ambitions and those of our customers.

Strategy

Our strategy remains focused on our core strengths of owning and managing high-quality real estate in Australia's major cities to deliver superior risk-adjusted returns for investors.

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

Our purpose:

To create spaces where people thrive

Our values:

Openness and trust, empowerment, integrity

Our vision:

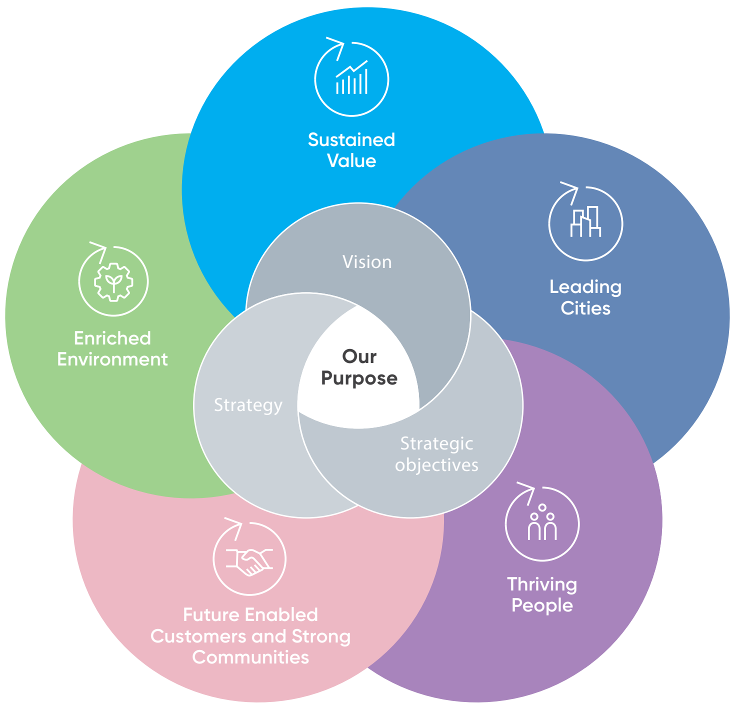
To be globally recognised as Australia's leading real estate company

Our strategy:

To deliver superior risk-adjusted returns for investors from high-quality real estate in Australia's major cities

Our strategic objectives:

- **Generating resilient income streams**
  Investing in income streams that provide resilience through the cycle
- **Being identified as the real estate investment partner of choice**
  Expanding and diversifying the funds management business



WHAT SETS DEXUS APART?

- Quality real estate 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 and trading capabilities
- Talented engaged, inclusive and diverse workforce

25 Martin Place, Sydney NSW.

We have invested in having a superior operating platform and will continue this focus to build a world-class business. The size of Dexus's balance sheet, deep access to pools of capital and an agile, solution-based culture are key enablers of our strategy, supported by our prudent approach to capital management and an embedded commitment to Environmental, Social and Governance (ESG) outcomes.

Our objectives of generating resilient income streams and being identified as the real estate investment partner of choice complement each other. Our success has been demonstrated by the attraction of investment partners in the office, industrial and healthcare property sectors, in turn providing the opportunity to drive investment performance while obtaining scale in our core markets.

We believe that scale supports the generation of investment outperformance for both Dexus investors and our third party capital partners through broader customer insights, provision of a greater range of workspace solutions and increased capacity to invest in people, systems and technologies that enhance our customers' experience.

Our approach to ESG

The Dexus Sustainability Approach is the framework for how we integrate ESG risks and opportunities into our strategy, asset management and funds management.

It provides a lens through which we address ESG issues to support long-term value creation for our stakeholders.

The approach guides the delivery of our value creation outcomes of:

- Sustained Value
- Leading Cities
- Thriving People
- Future Enabled Customers and Strong Communities
- Enriched Environment

Key resources

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

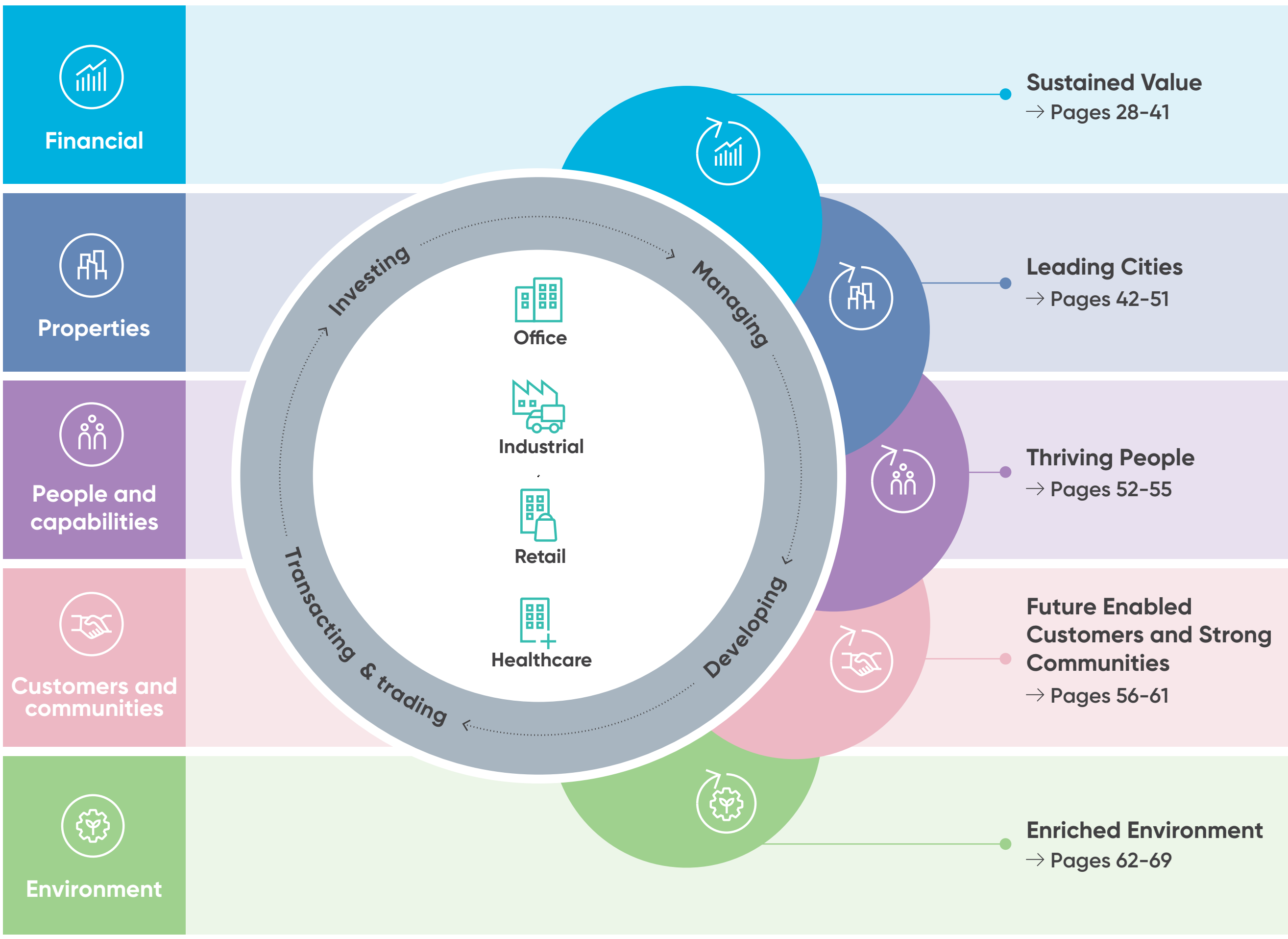
Key resources	How our key resources are linked to value creation
Financial	Our financial resources are the pool of funds available to us for deployment, which includes debt and equity capital, as well as profits retained from our property, funds management, co-investments, development and trading activities. This also includes the financial capital from our third party capital partners which we invest on their behalf. Our prudent management of financial capital underpins the delivery of superior risk adjusted 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.
Properties	As a real estate company, our properties are central to how we create value. We actively manage our property portfolio to enhance its potential, while unlocking value through development to further enhance quality, or for higher and better uses. Our portfolio is concentrated in Australia'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 and safety 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	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 → Page 28
Leading cities	A high-quality portfolio that contributes to economic prosperity and supports sustainable urban development across Australia's key cities.	– Scale: value of property portfolio – Customer demand and space use: 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 → Page 42
Thriving people	An engaged, capable and high performing workforce, within and inclusive environment, that delivers 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 → Page 52
Future enabled customers and strong communities	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 properties. 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 → Page 56
Enriched environment	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 → Page 62

Key business activities

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

Key resources	Key business activities	Dexus Sustainability Approach	Value creation outcomes



25 Martin Place, Sydney NSW.

Our current operations comprise four key business activities of investing, managing, developing, transacting and trading high-quality properties located in Australia's major cities, each of which seeks to maximise cash flow and unlock value over the investment lifecycle.

Our investment track record has enabled Dexus to attract third party capital partners in the office, industrial and healthcare property sectors, in turn providing the opportunity to drive investment performance while obtaining scale in our core markets. We believe that scale supports the generation of investment outperformance for both Dexus investors and our third party capital partners through broader customer insights, the provision of a greater range of workspace solutions and increased capacity to invest in people, systems and technologies that enhance our customers' experience.

Investing

Dexus invests in a directly held property portfolio, which is the largest driver of financial value (86%[1] of Funds From Operations (FFO) for the financial year ended 30 June 2022), containing the Dexus owned office, industrial and healthcare portfolios. At 30 June 2022, Dexus directly owns a portfolio of 187 properties valued at $18.4 billion.

1 FFO is calculated before finance costs, group corporate costs and other (including tax).

Managing

Dexus manages $44.3 billion of Australian real estate investments across the office, industrial, retail and healthcare asset classes. This includes $25.9 billion of assets under management on behalf of third capital partners.

We utilise our asset and property management expertise to maximise cash flow for assets 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 property cycle. Our in-house project delivery group assists in effectively managing downtime and delivering capital works projects in a timely manner.

Our ability to attract key strategic capital partners is testament to our experience and leading market position. We seek to be identified as the real estate investment partner of choice in Australia 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 2022, the group has a $17.7 billion group 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 $10.3 billion with the remaining $7.4 billion across our funds management portfolio.

Transacting and trading

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 party capital partners to access real estate 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 at the right time in the property cycle, acting quickly and evolving our approach to secure opportunities while adhering to strict investment criteria. 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 direct repositioning of assets in the short to medium term. These assets can either be acquired specifically for trading or identified within our existing portfolio as having a higher and better use through undertaking repositioning and trading activities. We have delivered $475 million in trading profits (pre-tax) since FY12, achieving an average unlevered internal rate of return (pre-tax) of circa 30% per annum from our trading activities.

Key risks

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

BOARD FOCUS

The Board Risk Committee is responsible for overseeing the group's risk management practices, including the review of the Risk Management Framework, and the adequacy and implementation of risk management processes and risk management resources. Areas of focus in FY22 included:

- → Key risks, controls and mitigants, and measures set out in the Dexus Risk Appetite Statement
- → Our People, particularly risks and opportunities relating to health, safety and wellbeing, 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
- → Development risks arising from supply chain and contractor risk management
- → Project integration for corporate acquisitions and projects
- → Independent review of fraud and corruption risk as part of ongoing diligent risk management
- → Strategic risks and opportunities

Effective risk management is critical in enabling the delivery of 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 will bring this risk management focus to the integration of AMP Capital in FY23.

Our key risks incorporate insights and material topics relating to ESG from our materiality assessment process, described on page 27.

Key risk	**Health, safety and wellbeing** Providing an environment that ensures the safety and wellbeing of employees, customers, contractors and the public at Dexus properties and responding to events that have the potential to disrupt business continuity.
Potential impacts	– Death or injury at Dexus properties – Loss of broader community confidence – Costs or sanctions associated with regulatory response – Costs associated with criminal or civil proceedings – Costs associated with remediation and/or restoration – Inability to sustainably perform or deliver objectives – Increased employee turnover or absenteeism
Link to key resources	Properties Customers & communities People & 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 a series of measures to ensure building and workplace health and safety is maintained in and around our properties. This includes ongoing monitoring and testing at existing assets and regular training provided to both 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 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.

Strategic and financial performance

Ability to meet market guidance, achieve the group's strategic objectives, generate value and deliver superior 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

Financial
Properties
Customers & communities

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.

We have a high-quality office portfolio with scale in key Australian CBDs and a diversified development pipeline across sectors and locations.

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

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

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.

Key risk	Development	Third party capital partners
	Development Achieving strategic development objectives that provides the opportunity to grow Dexus's and our third party capital partners' portfolios and enhance future returns.	**Third party capital partners** Real estate investment partner of choice for third party capital.
Potential impacts	– Fund mandates negatively impacted – Leasing outcomes 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 partners – Inability to attract new third party capital partners – Loss of confidence in governance structure and service delivery – Loss of funds management income
Link to key resources	Financial Properties	Financial Properties Customers & 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 is 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 partners. Our active approach to engagement across the business enables employees to understand the interests of third party capital partners and design strategies to maintain partner 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 third party capital partners
- Loss of broader community confidence
- Financial losses
- Data integrity compromised
- Loss or damage to systems or assets

People & capabilities
Properties
Customers & 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 and align to the National Institute of Standards and Technology (NIST) Cyber Security Framework.

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. Mitigation strategies are in place to address potential cyber security threats to, or via, our assets. We also educate and train our people on how to best protect their data.

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 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
- Increased difficulties in leasing assets due to heightened risk of climate change impact

Environment
Customers & communities

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 page 43 in the 2022 Sustainability Report).

We established a Social Impact Strategic Framework in FY22 that is designed to streamline community activities and 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 risk	Compliance and regulatory	Organisational culture	Talent and capability
	Maintaining market leading governance and compliance practices.	Ability to maintain a respectful, open and inclusive culture which reflects our values and embraces diversity of thought.	Ability to attract and retain the best talent to deliver business results.
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)	– 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
Link to key resources	People & capabilities	People & capabilities	People & capabilities
How Dexus is responding	Our compliance monitoring program supports our comprehensive compliance 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 organisational culture and identify potential challenges that may require additional focus. Psychological safety and inclusion are central to the design of employee experiences, policies and protocols. Our employee reference groups are empowered to implement organisational initiatives to build a culturally inclusive workplace, such as our LGBTI+ TRIBE 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.	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 and critical roles. External talent mapping is undertaken for critical roles. As a part of the broader Dexus value proposition and integral on how we attract and retain talent, our people are offered with the opportunity to have an ownership interest in Dexus and in doing so, promote a tangible link between the interests of employees, Dexus and its investors. All eligible employees are allocated a number of DXS securities with an aggregate equivalent cash value of $1,000.

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.

Materiality assessment

The concept of materiality supports Dexus's approach to managing ESG risks and opportunities because it:

- Ensures that the business focuses on the issues of greatest importance to its particular industry and business model
- Communicates to the market that the business has a strong understanding of how ESG impacts value creation, which in turn increases market confidence

Recognising this, Dexus has completed regular materiality assessments since 2011 to inform its approach to ESG and reporting, as detailed in the 2022 Sustainability Report on pages 6-7. Our most recent external materiality assessment was completed in 2020.

In the years between comprehensive materiality assessments, Dexus completes materiality reviews to confirm the continued relevance of its material ESG issues. In 2022, a materiality review was conducted to consider changes to Dexus's operating environment, additions to the Dexus portfolio, and evolving stakeholder expectations since its latest comprehensive materiality assessment in 2020.

Dexus consulted with representatives from the following teams during its 2022 materiality review:

- Senior leadership
- Listed Funds
- Funds Management
- Research
- Property Management

The process revealed that the key megatrends and material ESG issues identified in 2020 remain relevant for Dexus. Of the nine material topics, five were emphasised in the 2022 Materiality Management Review and are indicated in the table below. These material issues help structure our reporting and are a major consideration for how we evolve our approach to ESG over time. To reflect changes in Dexus's operating environment since 2020, updates to megatrend descriptions were made and are reflected in the Megatrends section on pages 14-15.

Our material ESG issues formed the basis for identifying material matters for value creation as defined by the International Integrated Reporting Council <IR> Framework, which are disclosed as 'value drivers' within our value creation framework on pages 12-13.

Megatrend		Material topic	Value drivers
Growth in sustainable investment	●	Upholding a social licence to operate by meeting stakeholder expectations for sustainability performance	– Corporate governance – Green buildings – Climate resilience – Community and supply chain partnerships
Growth in pension capital fund flows	○	Ensuring high standards of corporate governance and transparency	– Corporate governance
Urbanisation	○	Expanding our economic impact on Australian cities	– Portfolio scale and occupancy – Economic contribution – Development pipeline – Green buildings
Social and demographic	●	Championing an inclusive and high-performing culture	– Employee engagement – Inclusion and diversity
	●	Prioritising safety and wellbeing in our workplace and at our assets	– Health and safety – Customer experience
Climate change	○	Maintaining a portfolio resilient to the physical impacts of climate change	– Climate resilience
	○	Managing the use of resources efficiently	– Resource efficiency
	●	Supporting the transition to a low carbon economy through decarbonisation	– Resource efficiency
Technological change	●	Deploying smart building technology along with mobile and virtual technology to enhance the customer experience	– Customer experience

○ Unchanged ● Increased emphasis in 2022

How we are creating
Sustained Value

$1,615.9m
Net profit after tax
FY21: $1,138.4m

$81.7m
Management operations FFO
FY21: $57.7m

53.2cents
AFFO and Distribution per security
FY21: 51.8 cents

9.7%
Return on Contributed Equity

Financial

Our conservative and active management of financial capital underpins the delivery of superior risk-adjusted returns to investors.

BOARD FOCUS

Financial performance is a key focus area for the Board and Board Audit Committee. In FY22, 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
- → Approving the group's Financial KPIs and scorecard, in addition to annual and half year results materials
- → Approving the group's capital management initiatives
- → Approving enhancements to segment reporting for fund co-investments
- → Endorsing the review of the external tax service provider model
- → Approving up to $1.9 billion of new bank facilities and $850 million in aggregate of bank facility extensions in FY22
- → Approving Dexus entering into a Share Sale and Purchase Agreement to acquire AMP Capital's real estate and domestic infrastructure equity business
- → Approving the variations to the Australian Financial Services Licence
- → Approving the extension of auditor term
- → Overseeing the 2022 materiality assessment

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 four key areas:

- Property portfolio: the largest driver of financial value, comprising revenue from the Dexus owned office and industrial portfolio
- 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
- Co-investment income: a growing driver of financial value, comprising income from investments in pooled property and real estate securities funds
- 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

Dexus's activity drove a solid financial result for the year. FY22 guidance provided at the FY21 annual results was subsequently upgraded in May 2022 to deliver distribution per security growth of not less than 2.5%. This guidance was delivered upon, with the achievement of a full year distribution of 53.2 cents per security, reflecting 2.7% growth compared to FY21.

This result was also achieved despite the delayed return to office by the Omicron outbreak and severe weather impacts. In addition, the rapid increase in interest rates amid rising inflation presented a high degree of uncertainty both in the transaction and financial markets.

Despite the challenging operating environment, FY22 was characterised by resilient portfolio occupancy, strong rent collections, selective recycling of assets and reinvestment into quality acquisition and development opportunities, as well as several initiatives to enhance our funds management business.

Dexus's group development pipeline now stands at a cost of $17.7 billion, of which $10.3 billion sits within the Dexus portfolio and $7.4 billion within third party funds.

Net profit after tax was $1,615.9 million, up 41.9% on the prior year. This movement was primarily driven by fair value gains on investment properties, share of net profit of equity accounted investments and, a favourable net fair value movement of derivatives and foreign currency interest bearing liabilities.

The external independent valuations resulted in a total $926.0 million or circa 5.6% increase on prior book values for the 12 months to 30 June 2022. These revaluation gains primarily drove the 86 cent or 7.5% increase in net tangible asset (NTA) backing per security during the year to $12.28 at 30 June 2022. Post completion of the AMP Capital platform acquisition, NTA is expected to reduce given the consideration in connection with management rights which are classified as intangible assets.

Operationally, Underlying Funds From Operations (excluding trading profits) of $734.2 million was 10.1% higher than the prior year. AFFO of $572.2 million was 1.9% higher than the prior year, driven by acquisitions including Capital Square and Jandakot in Perth, non-recurring income on development impacted properties and significant growth in Management operations FFO and co-investment income from pooled funds. These positive impacts were partly offset by higher maintenance capex and incentives, and lower trading profits.

Key drivers included:

- Property FFO increased by $27.5 million driven by acquisitions including Capital Square and Jandakot in Perth and non-recurring income on development impacted properties, partially offset by divestments including Grosvenor Place in Sydney. Rent relief outcomes associated with the pandemic were better than expected and rent collections were strong at 98.5% in FY22
- Management operations FFO increased by $24.0 million supported by platform growth, including the APN acquisition, a full-year contribution of the merger of ADPF with DWPF, establishment of the Jandakot joint venture and growth in a number of new and existing funds
- Net finance costs reduced by $11.3 million, primarily due to an interest reimbursement received from the delayed settlement of Grosvenor Place in Sydney, interest income on Capital Square in Perth and lower cost of debt, partially offset by increased debt to fund acquisitions and development spend
- Income from co-investments in pooled funds increased by $21.0 million, driven by investments in Dexus Industria REIT and Dexus Convenience Retail REIT, a full-year contribution from Dexus's investment in Australian Unity Healthcare Property Trust (AUHPT), as well as income growth from DHPF
- Other FFO reduced by $5.6 million, predominantly driven by higher tax on underlying FFO

AFFO was $572.2 million or 1.9% higher than the prior year driven by:

- Trading profits of $23.4 million (net of tax) were $27.0 million lower than the prior year, with four trading projects contributing to the FY22 result in line with expectations. Six properties have been identified as trading opportunities, with the potential to contribute to future earnings
- Maintenance capex and incentives of $185.4 million were $30.1 million higher than the prior year driven by the cumulative impact from rent abatement on leasing done during COVID-19 where incentives were elevated
- On a per security basis, AFFO and distributions per security were 53.2 cents, up 2.7% 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 gearing (look-through)[1] of 26.9% remaining below our target range of 30-40%

1 Adjusted for cash and debt in equity accounted investments and excluding Dexus's share in co-investments in pooled funds. Look-through including Dexus's share of co-investments in pooled funds was 27.8% as at 30 June 2022.

Valuation movements	Total FY22	30 Jun 2022	31 Dec 2021
Office portfolio	$422.8m	$275.8m	$147.0m
Industrial portfolio	$482.4m	$152.3m	$330.1m
Total portfolio[1]	**$926.0m**	**$439.5m**	**$486.6m**

Weighted average capitalisation rate	30 Jun 2022	30 Jun 2021	Change
Office portfolio	4.75%	4.91%	-16bps
Industrial portfolio	4.29%	4.92%	-63bps
Total portfolio	**4.64%**	**4.91%**	**-27bps**

1 Valuation movement excludes co-investments in pooled funds and financial assets. Includes healthcare and other property revaluation gain of $20.8m and excludes leased assets and right of use assets revaluation gain of $0.8m.

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

Key financials	FY22	FY21	Change
Funds From Operations (FFO) ($m)	757.6	717.0	5.7%
Net profit after tax ($m)	1,615.9	1,138.4	41.9%
AFFO per security (cents)	53.2	51.8	2.7%
Distribution per security (cents)	53.2	51.8	2.7%
Net tangible asset backing per security ($)	12.28	11.42	7.5%
Return on Contributed Equity (%)	9.7	8.3	1.4ppt
Gearing (look-through)[1] (%)	26.9[2]	26.7	0.2ppt

FFO composition	FY22 $m	FY21 $m[3]	Change %
Office property FFO	655.6	658.3	(0.4%)
Industrial property FFO	152.4	122.2	24.7%
Total property FFO	**808.0**	**780.5**	**3.5%**
Management operations[4]	81.7	57.7	41.6%
Group corporate	(44.7)	(34.1)	31.1%
Net finance costs	(118.4)	(129.7)	(8.7%)
Co-investments in pooled funds[5]	29.1	8.1	259.3%
Other (including tax)[6]	(21.5)	(15.9)	35.2%
Underlying FFO	**734.2**	**666.6**	**10.1%**
Trading profits (net of tax)	23.4	50.4	(53.6%)
FFO	**757.6**	**717.0**	**5.7%**

1 Adjusted for cash and debt in equity accounted investments.

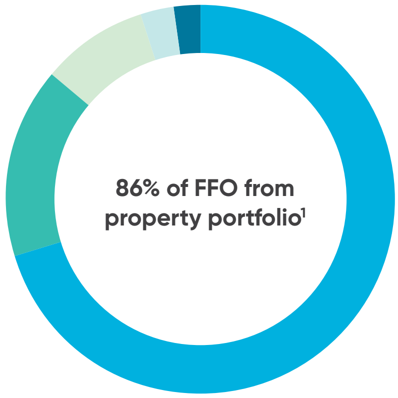
2 Excluding Dexus's share of co-investments in pooled funds. Look-through gearing including Dexus's share of co-investments in pooled funds is 27.8% as at 30 June 2022.

3 FY21 amounts have been restated to reflect the impact resulting from presentational changes made during FY22 to separately disclose segment information relating to co-investments.

4 Management operations FFO includes development management fees.

5 Includes distribution income from Dexus's co-investment stakes in pooled funds and excludes joint venture and partnership income which is proportionately consolidated in Note 1 Operating Segments within Dexus's Financial Statements.

6 Other FFO includes non-trading related tax expense, directly owned healthcare property and other miscellaneous items.



Office property FFO	70%
Industrial property FFO	16%
Management operations	9%
Co-investments in pooled funds	3%
Trading profits (net of tax)	2%

1 FFO is calculated before finance costs, group corporate costs and other (including tax).

COMMITMENTS

→ Based on expectations regarding interest rates, continued asset sales and barring unforeseen circumstances, Dexus expects distributions of 50.0-51.5 cents per security for the 12 months ended 30 June 2023[1], below the 53.2 cents per security delivered in FY22

→ Maintain a strong and diversified balance sheet

Focus areas

→ Maintaining leadership in ESG benchmarks

1 Assumes average floating rates of 2.75%-3.75% (90-day BBSW), the transition of circa $21 billion of FUM from the acquisition of the AMP Capital real estate and domestic infrastructure equity platform and circa $50-$55 million of trading profits (post-tax).

LEARN MORE

To learn more about our progress against our FY22 Sustained Value approach and commitments, refer to the 2022 Sustainability Report available at www.dexus.com

Gateway, 1 Macquarie Place, Sydney NSW.

Statutory profit reconciliation	FY22 $m	FY21 $m[1]
Statutory AIFRS Net profit after tax	**1,615.9**	**1,138.4**
Gains from sales of investment property	2.0	(6.0)
Fair value gain on investment property	(926.0)	(583.4)
Fair value (gain)/loss on the mark-to-market of derivatives	37.8	102.4
Incentives amortisation and rent straight-line[2]	152.6	154.7
Non-FFO tax expense/(benefit)	(20.3)	3.2
Share of co-investment adjustments	(39.2)	(16.2)
Other unrealised or one-off items	(65.2)	(76.1)
Funds From Operations (FFO)[3]	**757.6**	**717.0**
Maintenance capital expenditure	(72.4)	(72.0)
Cash incentives and leasing costs paid	(37.0)	(29.9)
Rent free incentives	(76.0)	(53.4)
Adjusted Funds From Operations (AFFO)[4]	**572.2**	**561.7**
Distribution	**572.2**	**561.0**
AFFO Payout ratio (%)	100.0	99.9

1 FY21 amounts have been restated to reflect the impacts resulting from presentational changes made during FY22 to separately disclose segment information relating to co-investments.
2 Including cash, rent free and fit out incentives amortisation.
3 Including Dexus share of equity accounted investments.
4 AFFO is in line with the Property Council of Australia definition.

Group outlook

Dexus has demonstrated resilience, growing or holding distributions over the past few years despite the impacts of the COVID-19 pandemic. Recycling assets has enabled us to maintain a strong balance sheet, giving us capital to fund our development pipeline and growing funds management business.

We anticipate a challenging period over the next two years with rising interest rates, ongoing supply chain disruptions, a global energy crisis and geopolitical risks contributing to continued economic uncertainty. Higher interest rates are expected to impact our results in FY23.

Based on current expectations regarding interest rates, continued asset sales and barring unforeseen circumstances, Dexus expects distributions of 50.0–51.5 cents per security for the 12 months ended 30 June 2023[1], below the 53.2 cents per security distribution delivered in FY22.

In the year ahead, we will integrate AMP Capital's real estate and domestic infrastructure equity platform. Looking beyond FY23, we are set to emerge as one of the leading real asset managers in the Asia-Pacific region positioned to capitalise on underlying structural trends, and we are confident of continuing to deliver long-term value.

1 Assumes average floating rates of 2.75%-3.75% (90-day BBSW), the transition of circa $21 billion of FUM from the acquisition of the AMP Capital real estate and domestic infrastructure equity platform and circa $50-$55 million of trading profits (post-tax).

Funds management performance

Dexus manages $25.9 billion of funds on behalf of a diversified mix of investors.

Our strategic objective of being the real estate investment partner of choice in Australian property and track record of driving investment performance enables us to attract long-term and stable capital partners to invest alongside through the cycle. Dexus remains an attractive Australian real estate partner of choice across the office, industrial, retail and healthcare sectors.

All funds delivered solid performance to 30 June 2022. DWPF continued to outperform its benchmark over one, three, five, seven and ten years. DHPF delivered strong performance, achieving a one-year return of 20.4%. Dexus Australian Logistics Trust (DALT) delivered a 28.9% one-year return and 20.7% return since inception.

Management operations earnings grew significantly in FY22, as a result of delivering on a number of growth initiatives, including:

- The merger of ADPF and DWPF
- The acquisition of the APN Property Group
- Establishing the $1.3 billion Jandakot joint venture alongside DXI, and introducing Cbus Super prior to final settlement
- Organic growth delivered across a number of vehicles

DHPF successfully raised $250 million[1] of new equity and acquired Arcadia Pittwater Private Hospital and day rehabilitation facility located in Warriewood on the Northern Beaches of Sydney. DHPF's funds under management now stands at $949 million across 10 assets with an on-completion value of $1.5 billion. In DALT, Blackstone's Core+ Real Estate strategy in Asia acquired GIC's 49% joint venture interest in the partnership, with the existing management arrangements for DALT remaining unchanged.

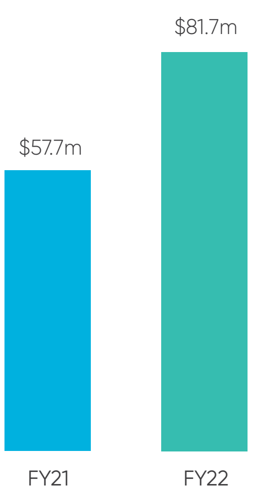
Dexus also established the Dexus Real Estate Partnership 1 (DREP1), the first in a planned series of closed end opportunity funds. The fund is approaching its $300 million equity commitment target and has secured its first four investments while actively pursuing further opportunities. Dexus expects to launch the second fund in this series during 2023.

DWPF raised $200 million of new equity during the year. Dexus continues to work through the ADPF legacy redemption requests, having fulfilled approximately $1.8 billion to date.

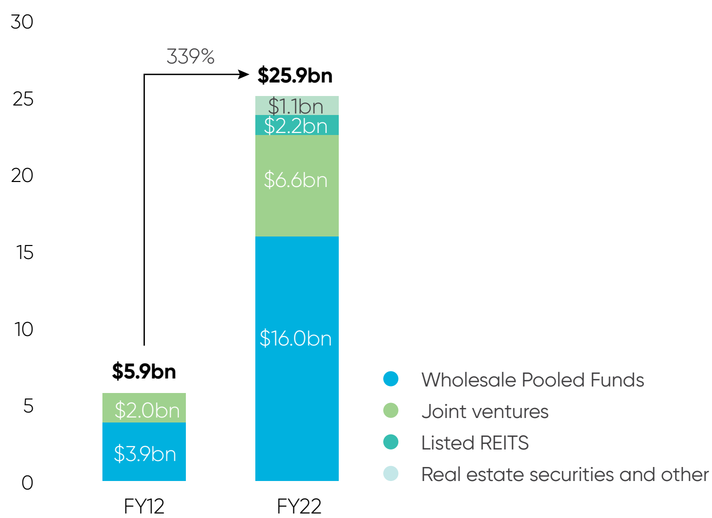
Dexus integrated the listed and unlisted funds that comprised APN Property Group onto the Dexus platform. Both Dexus Convenience Retail REIT (DXC) and Dexus Industria REIT (DXI) were able to leverage Dexus's platform capabilities, with both funds undertaking acquisitions supported by successful equity raisings during the year. Both funds have also taken the opportunity to divest assets and initiated on-market securities buyback programs to enhance Securityholder returns amidst market volatility.

1 Includes Dexus participation in funds equity raising.

Management operations FFO

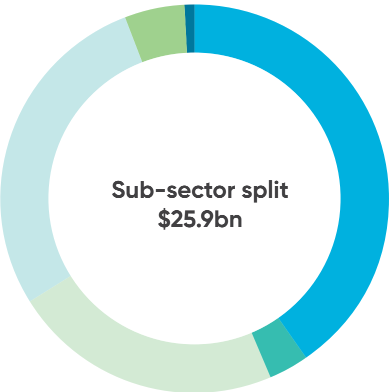


Third party FUM

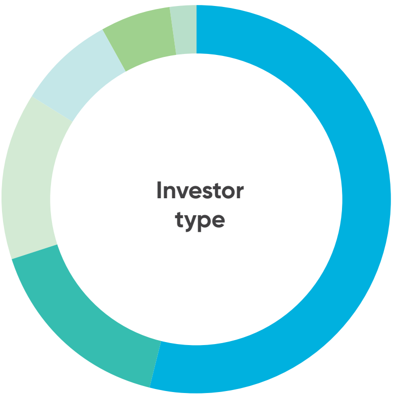


1 Includes Dexus ownership interest on completion value of assets under development

Dexus funds management business composition



Office	$10.6bn
Healthcare	$0.9bn
Retail	$5.9bn
Industrial	$7.3bn
Real estate securities	$1.0bn
Opportunistic	$0.2bn



Super Funds	52%
Multi-Manager	16%
Sovereign Funds	14%
Retail and High Net Worth	8%
Insurance	7%
Other	3%

Australia	70%
Offshore	30%

Diversified management business

Our suite of unlisted vehicles is shown below and includes open-ended funds, listed funds, joint ventures or partnerships, and real estate securities funds.

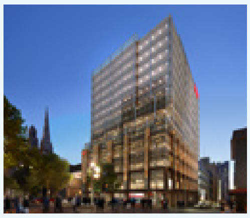
Unlisted Institutional Pooled Funds

External FUM
$16.0bn

Direct Unlisted

External FUM
$0.1m


DWPF


DDF2


DHPF


DRPF


DREP1

Broadly classified as 'pooled funds'

Dexus FUM in pooled funds $1.0bn[1]

1 Reflects Dexus's share of FUM within pooled funds, except for Real Estate Securities funds and AUHPT, which are reflected at Dexus's equity stake in each fund.

Listed Funds

External FUM
$2.2bn


DXI


DXC

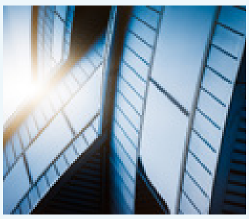
Real Estate Securities

External FUM
$1.0bn


AREIT Fund


Asian REIT Fund


Global REIT Income Fund


Property for Income Funds 1 & 2

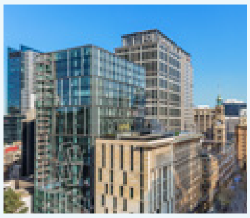
Venture Capital

TARONGA VENTURES

Taronga Ventures Partnership

Institutional Joint Ventures

External FUM
$6.6bn


DOTA


DALT


DACT


AIP


MDAP


DITA


Jandakot joint venture

Dexus FUM in JVs $5.2bn

Acquisition of AMP Capital's platform

In April 2022, Dexus agreed to acquire AMP Capital's real estate and domestic infrastructure equity business. This transaction positions Dexus as a leading real asset manager, with new capabilities and an expanded product offering, underpinned by its best practice governance and risk management framework.

The structure and pricing of the acquisition were agreed having regard to the final FUM that will be transitioned to Dexus.

In July 2022, the unit holders of the AMP Capital Office Fund (AWOF) voted in favour of a change of trustee of AWOF. Consequently the maximum funds under management (FUM) to be acquired is up to $21.1 billion[1], comprising $10.9 billion in real estate and $10.2 billion in infrastructure.

As a result of AWOF exiting the AMP Capital platform, the earn out amount payable will reduce to a maximum of approximately $75 million[2], taking the maximum potential price to approximately $325 million including the $250 million upfront cash payment. In addition, Dexus will no longer acquire AMP Capital's committed co-investment stakes in AWOF totalling circa $270 million.

1 Based on AMP Capital's FUM as at 30 June 2022 net of known transition of circa $10 billion of FUM from AMP Capital's platform.

2 Subject to customary completion adjustments. Earn out consideration to be finally assessed at the end of nine months following completion of the Transaction. The maximum potential price of $550 million will not be achieved given the known transition of circa $10 billion of FUM from AMP Capital's platform.

Jandakot Airport industrial precinct, Perth WA.

Funds management outlook

We are pleased to have progressed a number of large scale strategic initiatives during the year, accelerating the growth and diversification of our funds platform.

Our third party funds under management is currently 41% in office properties, 28% in industrial properties, 23% in retail properties, 4% in healthcare properties, 4% in real estate securities and 1% opportunistic strategies.

The integration of the AMP Capital platform will position Dexus as a real asset manager with meaningful scale and capabilities and a market leader in each of the sub sectors we operate in.

While valuations in the June 2022 quarter were generally firm, rising interest rates have fuelled conjecture about real estate pricing going forward given a narrowing of yield spreads. Market volatility has led to investors becoming more cautious and transaction volumes are slowing. Such periods of uncertainty are not uncommon in real estate, and they can create opportunities for capable, well capitalised managers.

Office and industrial property performance is expected to be influenced by the key indicators described on page 38.

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 property portfolios.

In FY22, Dexus received $29.1 million in co-investment income, a significant increase from $8.1 million in FY21. This was driven by investments in Dexus Industria REIT and Dexus Convenience Retail REIT, a full-year contribution from Dexus's investment in AUHPT, as well as growth from DHPF.

CASE STUDY

Jandakot Airport, Perth

Leveraging our integrated platform to facilitate growth and enhance returns

The Jandakot Airport and industrial precinct is strategically located approximately 20km south of the Perth CBD and 25km south west of Perth airport. The location appeals to both first mile and last mile industrial customers due to its proximity to Freemantle Port, major road networks and nearby amenity.

The precinct comprises a high-quality stabilised industrial portfolio of 53 income producing industrial properties, circa 80 hectares of developable land, of which circa 17 hectares and the remaining circa 63 hectares is approved under a current master plan, and a general aviation airport operating business.

Dexus acquired Jandakot in joint venture with Dexus Industria REIT. Australian superannuation fund Cbus Super was subsequently welcomed as a new joint venture investor on Dexus's funds management platform, with Cbus Super agreeing to purchase a 33.3% interest in the Jandakot joint venture.

Jandakot is performing in line with underwrite expectations.

The $780 million development underwrite across 373,700 square metres is expected to be delivered at a run rate of circa 60,000 square metres p.a. from FY23 to FY28 at an estimated 5–6% yield on cost.

Off-market acquisition[1]

1 November 2021

- Quality portfolio with scale
- Secured using balance sheet strength
- Highly competitive industrial sector
- Portfolio of 53 industrial assets, 80 hectares of developable land and a commercial airport operating business

Co-investment with DXI

19 November 2021

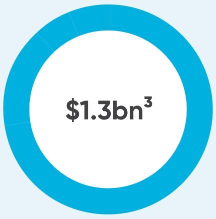
- Benefit for DXI – a transformational acquisition with a successful $350 million equity raising[2]
- Benefit for DXS – facilitating growth and enhancing diversification of the funds management business

Introduction of Cbus Super

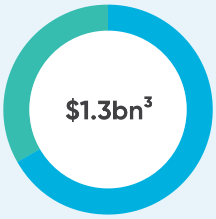
1 April 2022

- New joint venture investor on funds management platform
- Preserving capacity to fund high returning development pipeline and other opportunities

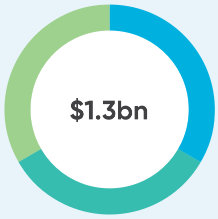
Ownership:



- Dexus 100%



- Dexus 66.7%
- DXI 33.3%



- Dexus 33.4%
- DXI 33.3%
- Cbus Super 33.3%

1 DXI committed to acquire 33.3% shortly after initial settlement.
2 $350 million equity raising proceeds used to partially fund the acquisition of a 33.3% interest in Jandakot Airport, 100% interest in 2 Maker Place, Truganina VIC and a 50% interest in Lot 2, 884-928 Mamre Road, Kemps Creek NSW.
3 Gross price paid.

In the face of a complex health and economic environment we remained focused on supporting our customers and maximising the performance of the property portfolio.

5 Martin Place, Sydney NSW.

Property portfolio performance

We remained focused on maximising the performance of the property portfolio through maintaining high occupancy, with the property portfolio contributing to 86% of FFO in FY22[1].

Office portfolio performance

Dexus manages a high-quality $23.9 billion group office portfolio, $13.3 billion of which sits in the Dexus portfolio.

During the year, we leased 152,877 square metres of office space across 292 transactions, as well as 96,749 square metres of space across 12 office developments deals, locking in future income streams.

Office portfolio occupancy was maintained above 95% with vacancy concentrated in Melbourne which has been more adversely impacted by extended lockdowns. We achieved strong leasing with average terms of new leases at circa 5.6 years across our stabilised portfolio.

Dexus's high-quality portfolio continues to benefit from flight to quality. Across new leasing transactions, circa 50% of the space leased represented customers upgrading the quality of their office space.

Face rental growth remained positive across Dexus's core CBD markets. Incentive levels have remained stable in our Sydney leasing deals over the past 18 months and we expect incentives to begin moderating over the next six months.

Office portfolio like-for-like income growth was +2.7% (FY21: +2.3%) excluding the impact of rent relief measures and provisions for expected credit losses (including these impacts: FY22 +4.4% and FY21 +0.9%).

Office portfolio key metrics

95.6%
Occupancy
FY21: 95.2%

4.7yrs
WALE
FY21: 4.6 years

152,877sqm
Space leased[2]

+2.7%
Effective LFL income[3]
FY21: +2.3%

29.4%
Average incentives[2]
FY21: 24.9%

1 FFO is calculated before finance costs, group corporate costs and other (including tax).
2 Excluding development leasing of 96,749 square metres across 12 transactions.
3 Excluding rent relief measures and a provision for expected credit losses. Including these impacts: Effective +4.4% and Face +3.0%.

Industrial portfolio performance

Dexus manages a growing, high-quality $11.6 billion group industrial portfolio, $4.3 billion of which sits in the Dexus portfolio.

During the year, we leased an exceptional 373,301 square metres of industrial space across 75 transactions, as well as 330,097 square metres of space across 21 industrial developments.

Portfolio occupancy increased to 98.1%, driven by successful leasing in the core logistics portfolios. Weighted average lease expiry by income and committed space at key developments also increased.

Industrial portfolio key metrics

98.1%

Occupancy
FY21: 97.7%

4.7yrs

WALE
FY21: 4.4 years

373,301sqm

Space leased[1]

+3.1%

Effective LFL income[2]
FY21: +3.7%

13.5%

Average incentives
FY21: 17.8%

1 Excluding development leasing of 330,097 square metres across 21 transactions.

2 Excludes business parks, rent relief and provision for expected credit losses. Including business parks, effective LFL was 2.1% and face LFL was +4.0%. Including business parks, rent relief and provision for expected credit losses, effective LFL was +2.4% and face LFL was +4.1%.

Industrial portfolio like-for-like income growth[2] was +3.1% (FY21: +3.7%) excluding the impact of business parks, rent relief measures and provisions for expected credit losses (including business parks and these impacts: FY22 +2.4% and FY21 +4.5%).

Property market outlook

Most office demand indicators are positive, however the outlook may be subject to economic uncertainty. Business conditions surveys are positive, the labour market is expanding and job advertisements are at record highs. While leasing inquiry levels improved in the June 2022 quarter, easing business confidence could become a factor for leasing markets over the next 12 months.

Industrial leasing activity is expected to be supported by a continued build-up of inventories from below trend levels and by retailers enacting long-term plans to invest in multi-channel supply chains. However, interest rate risks could slow retail spending and impact leasing activity.

Trading performance

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

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, and then sold.

We realised $23.4 million of trading profits (post tax) in FY22, in line with expectations, through:

- Completing the sale of Laverton assets, Truganina VIC and 11 Lord Street (Botany Quarter), Botany NSW to DALT
- Exercising the option to sell 436-484 Victoria Road, Gladesville, NSW in August 2021
- Exercising the option to sell 22 Business Park Drive, Ravenhall VIC in November 2021

Further, we have identified six opportunities within the existing portfolio to replenish the trading pipeline, with the potential to contribute to trading profits in future years.

18 Momentum Way, Ravenhall VIC.

Artist impression: Central Place Sydney NSW.

Financial position

- Total look-through assets increased by $1,980 million primarily due to $1,500 million of acquisitions, $874 million of co-investment properties, $359 million of development capital expenditures and $926 million of property valuation increases, partially offset by $2,224 million of divestments
- Total look-through borrowings increased by $47 million due to funding required for acquisitions and development capital expenditure, partly offset by divestments
- 65% of debt was hedged on average across FY22, with a weighted average hedge maturity of 5.9 years

	30 Jun 2022 $m	30 Jun 2021 $m
Office investment properties	13,295	13,895
Industrial investment properties	3,956	2,904
Healthcare and other investment properties	137	67
Co-investment properties	874	396
Other[1]	1,816	836
Total tangible assets	**20,078**	**18,098**
Borrowings	(5,050)	(5,003)
Other liabilities	(1,821)	(815)
Net tangible assets	**13,207**	**12,280**
Total number of securities on issue	1,075,565,246	1,075,565,246
NTA[2] ($)	**12.28**	**11.42**

1 Adjusted for cash and debt in equity accounted investments. Excludes the $117.4m (FY21: $76.6m) deferred tax liability on management rights.

2 Post the completion of the AMP Capital's platform acquisition, NTA is expected to reduce given the consideration in connection with the acquisition of management rights which are classified as an intangible asset.

Capital management

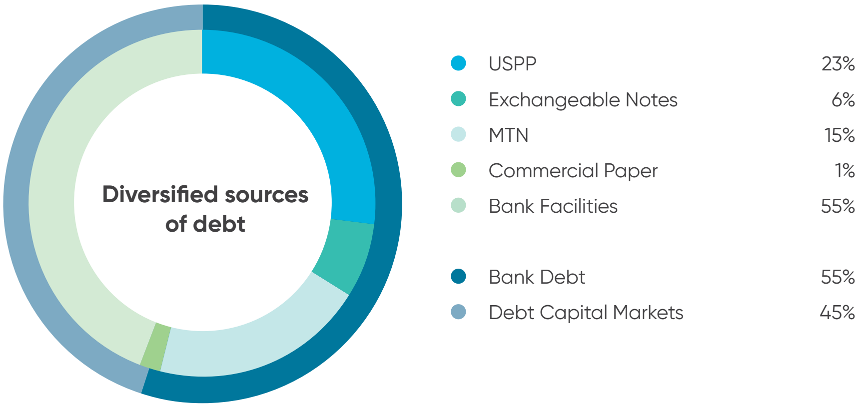
We continued to maintain a strong and conservative balance sheet with gearing (look-through)[1,2] of 26.9% below our target range of 30-40%, and $1.9 billion of cash and undrawn debt facilities.

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 2022	30 Jun 2021
Gearing (look-through)[1] (%)	26.9[2]	26.7
Cost of debt[3] (%)	2.7	3.2
Average maturity of debt (years)	5.5	6.2
Hedged debt[4] (incl caps) (%)	65	81
Average maturity of hedged debt (years)	5.9	5.1
S&P/Moody's credit rating	A-/A3	A-/A3

1 Adjusted for cash and debt in equity accounted investments.
2 Excluding Dexus's share of co-investments in pooled funds. Look-through gearing including Dexus's share of co-investments in pooled funds was 27.8% as at 30 June 2022.
3 Weighted average for the year, inclusive of fees and margins on a drawn basis.
4 Average for the year. Hedged debt (excluding caps) was 68% for the 12 months to 30 June 2021 and 58% for the 12 months to 30 June 2022.



How we are creating
Leading Cities

95.6%
Dexus office portfolio occupancy

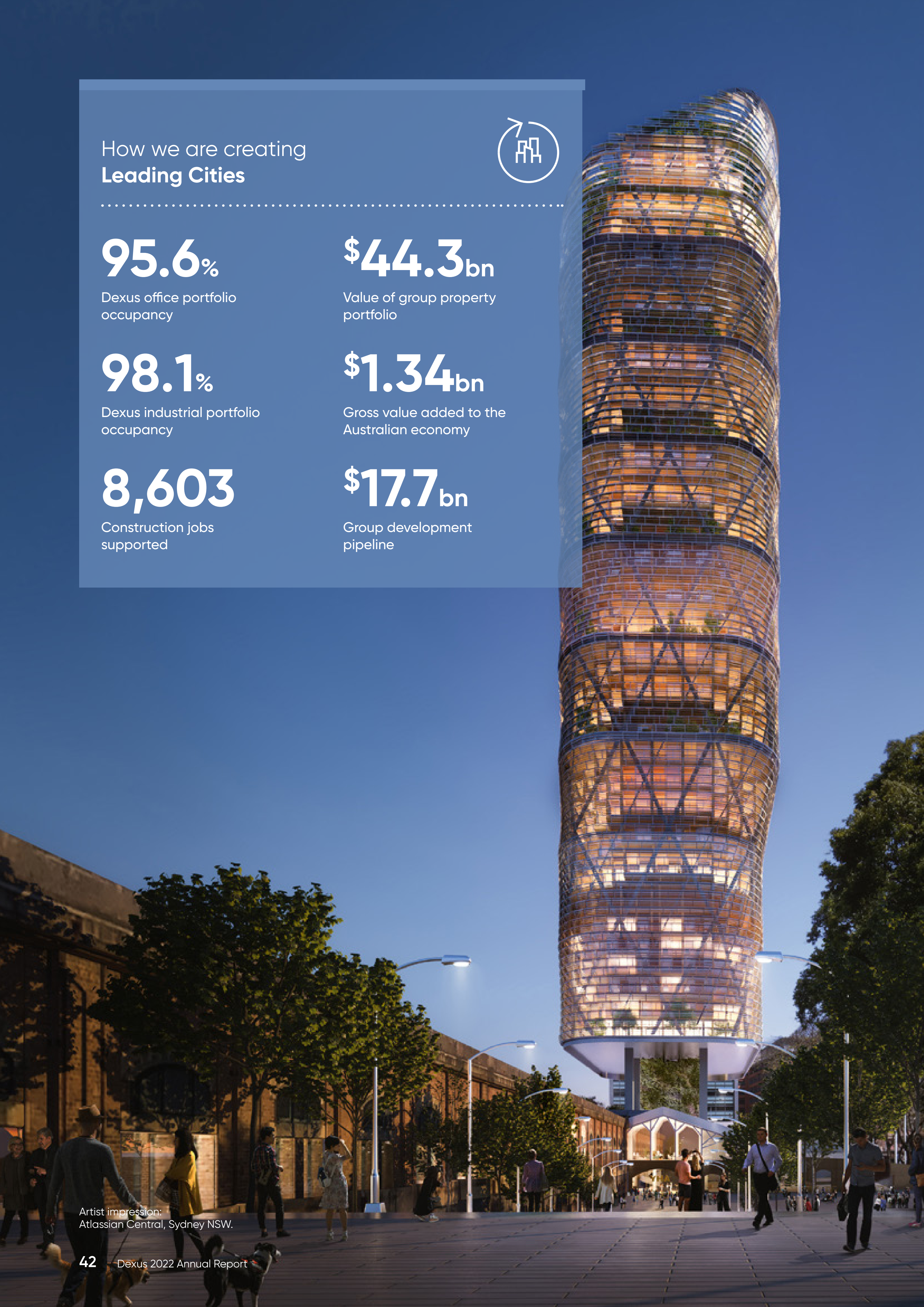
$44.3bn
Value of group property portfolio

98.1%
Dexus industrial portfolio occupancy

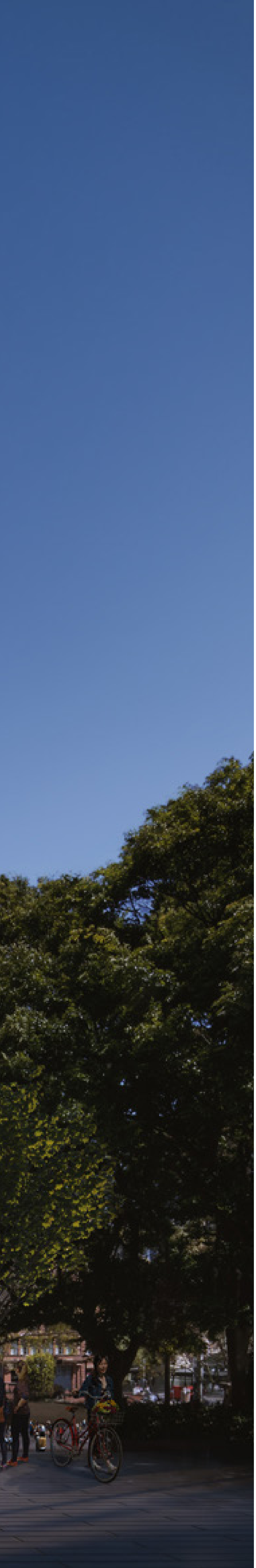
$1.34bn
Gross value added to the Australian economy

8,603
Construction jobs supported

$17.7bn
Group development pipeline



Artist impression:
Atlassian Central, Sydney NSW.



Properties

Dexus is one of Australia's largest owners and managers of real estate, making a significant contribution to the creation of leading cities.

BOARD FOCUS

From a property perspective, the Board approves acquisitions, divestments, and developments. In FY22, the Board was involved in:

- Monitoring the performance of underlying portfolio
- Approving the acquisition of a 100% interest of the McPhee Portfolio comprising 2 Maker Place, Truganina VIC, 116-130 Gilmore Road, Berrinba QLD and 1-21 McPhee Drive, Berrinba QLD
- Approving the acquisition of 884 Mamre Road, Kemps Creek NSW; the acquisition of Jandakot Airport; the nomination of Dexus Industria REIT (DXI) as the purchaser of 2 Marker Place, Truganina VIC and to offer DXI to participate in Mamre Road and Jandakot
- Approving the sell down of an interest in Jandakot Airport to Cbus Super
- Approving the divestments of Dexus's interests in 383 Kent Street, Sydney NSW (DXS 100%), 309-321 Kent Street, Sydney NSW (DXS 50%), and 12 Creek Street, Brisbane QLD (50% DWPF, 50% DXS)
- Approving the execution of Subscription Close documentation to secure a circa 65% interest in Atlassian's new Australian headquarters
- Approving delivery of the proposed redevelopment of 123 Albert Street and execution of leasing strategy

Contributing to leading cities

Our investments and value creation potential are closely linked to the success of Australia's major cities which are recognised for their amenity, ease of access and place to do business.

Our office portfolio comprises prime CBD offices in Australia's gateway cities and includes some of the country's most iconic buildings. Our industrial portfolio is strategically located in highly accessible markets, servicing the growing demand of e-commerce customers. As we expand our footprint in healthcare real estate, we are meeting the demand of a growing population for quality healthcare infrastructure.

With our $17.7 billion group development pipeline, we have a strong platform for organic growth and value-creating opportunities for Dexus and our third party capital partners. Our scale and strategic focus on Australian 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.

As a real estate company, our properties are central to how we create value.

LEARN MORE

To learn more about our progress against our FY22 Leading Cities commitments, refer to the 2022 Sustainability Report available at www.dexus.com

CASE STUDY

25 Martin Place – transformation of a city icon

Underpinned by our customer-centric approach, we utilise our diversified platform experience and expertise to deliver city-shaping projects in gateway Australian CBDs and generate social and economic value.

At 25 Martin Place, we are reimagining a key Sydney CBD precinct through the creation of a vibrant retail and dining precinct that supports the success of the re-opened Theatre Royal and the many workers and visitors to the area every day.

In March 2019, Dexus and Dexus Wholesale Property Fund (DWPF) announced they had jointly acquired the remaining 50% interest in the MLC Centre – now 25 Martin Place – in Sydney, providing Dexus with full management and operational control of one of the largest freehold sites in the Sydney CBD and paving the way for a transformational development of the dining, retail and cultural precinct.

The Harry Seidler designed MLC Centre has been a Sydney landmark since the 1970s and now, after an extensive development, is making its mark as a symbol of the city's renewal. Over 40 years on, 25 Martin Place celebrates its new identity for a new generation of customers, while still in keeping with the building's integrity and legacy.

Working together to create value

Together with our capital partner DWPF, we are making a significant investment in a great city asset to ensure 25 Martin Place continues to contribute to the CBD for years to come.

Working with our investors, government, retailers and theatre operator, the transformation of 25 Martin Place into a vibrant CBD destination is generating new jobs, supporting the culture of the city and helping to drive economic growth into the future.

On completion, it is estimated 25 Martin Place will generate over 300 new retail, hospitality, and theatre jobs and attract tens of thousands of locals and tourists to the centre of Sydney daily.

FY20

Development commenced

FY23

Expected completion

11,000sqm

of retail, dining and cultural spaces offering new retailer experiences and a refurbished Theatre Royal.

$211million

Project cost

Strong leasing

Dining: 6 new restaurants and bars now open

Luxury retail: 3 new premium international luxury retail spaces leased

Theatre Royal Sydney: re-opened, supported by a 55-year lease with the NSW Government

25 Martin Place, Sydney NSW.

25 Martin Place will deliver a retail, dining and cultural precinct to create a thriving community.

Creating spaces where people thrive

An exciting dining experience

A highlight of the 25 Martin Place is the new restaurant and bar al fresco precinct that overlooks Martin Place, where people can come together to socialise and connect as part of the CBD's day and night time economy. The first of the new restaurants and bars opened in late 2021, coinciding with the re-opening of Theatre Royal Sydney, with the completed dining precinct launching in July 2022.

A contemporary runway of luxury retail

World renowned Italian luxury fashion houses, Missoni and Brunello Cucinelli, will unveil their flagship Australian stores at 25 Martin Place, joining a line up of premium brands including international luxury fashion house Valentino. These premium and contemporary boutiques will reinforce Castlereagh Street as Sydney's premier luxury retail precinct.

Re-opening the Theatre Royal Sydney

A 55-year lease to the NSW Government has paved the way for a private theatre operator to run the theatre and bring Australia's oldest theatre institution back to life. Reviving the Theatre Royal has helped NSW attract headline shows to Sydney, supporting the night-time economy, the arts community and bringing the world's best blockbuster musicals to the theatre-going public.

Partnering to build a future generation of female property leaders

The Girls in Property program is a property industry initiative which raises awareness amongst high school students about the raft of career paths the property industry offers, encouraging greater female participation.

Dexus partnered with the Property Council of Australia on this initiative, providing female high school students the opportunity to attend a behind the scenes tour of 25 Martin Place. Here they heard from our all-female project leadership team about the challenges and opportunities that a career in the industry might present.

By supporting talented young women to consider building their career in property, we are helping to create a sustainable pipeline of talent for the growing industry.

OUR APPROACH TO LEADING CITIES

Our Leading Cities approach involves:

- → Developing world-class office properties that deliver customer focused, sustainable workspaces, 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
- → Contributing to the long-term viability of cities by integrating sustainable outcomes into developments
- → Building mutual city partnerships through collaboration with industry associations

Central Place Sydney NSW.

Urbanisation is a key megatrend influencing our business model.

Urbanisation

Our investment and value creation potential is closely linked to the success of Australia's major cities.

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. CBDs are the engine room for most of this economic activity, supporting businesses and jobs.

Urbanisation is supported by the growth drivers of strong long-term population growth and record levels of infrastructure investment which enhance our cities' accessibility, liveability and sustainability.

The pandemic induced lockdowns had a significant impact on our CBDs, but once lockdowns were lifted, workers and visitors began to transition back to CBDs. According to a Productivity Commission report released in September 2021, while most businesses are moving towards a more flexible hybrid working model, CBDs will remain attractive hubs of economic activity and the central workplace will be the dominant model for the foreseeable future.

Delivering city-shaping projects

Our group $17.7 billion development pipeline includes iconic next generation office buildings in prime locations in the east coast of Australia's CBDs.

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 new ways of working in the post pandemic world.

There is significant activity and growth in our development business beyond the major CBD projects. Our industrial development business delivered 322,100sqm of gross lettable area in FY22 in partnership with our funds. We are also making good progress on healthcare projects, securing a number of exclusive positions on key parcels of land in current and emerging health precincts.

COMMITMENTS

- Maintain office portfolio occupancy above the Property Council of Australia market average
- 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
- Progress city-shaping precinct projects in FY23 across Sydney, Brisbane, Melbourne, Adelaide and Perth to improve the amenity and vibrancy of Australia's CBDs

Focus areas

- Contribute to economic growth through the generation of employment and contribution to gross value added from development projects

Our development pipeline provides value-creating opportunities for Dexus and our third party capital partners.

CASE STUDY

Horizon 3023 – a new era in industrial development

Our active industrial development pipeline supports the growth in e-commerce business is driving significant growth in demand for industrial property.

Horizon 3023 in Ravenhall, Victoria is strategically located to service the growing demands of e-commerce businesses.

Positioned in Melbourne's Western Growth Corridor, Horizon 3023 boasts strong connectivity for both commuters and freight services, located in proximity to Melbourne's CBD, the airport, Port of Melbourne and the proposed Western Interstate Freight Terminal.

The 134-hectare master planned estate has attracted innovation driven customers such as Amazon, Hello Fresh, eStore Logistics, Scalzo Foods, Myer and Electrolux. The estate will be operational 24 hours per day, 7 days per week, with access to high-capacity telecommunications to cater for increasing ecommerce demands. The Horizon 3023 development is expected to complete in 2025.

Dexus's first 6 Star Green Star certified industrial property

Horizon 3023 is home to Dexus's first 6 Star Green Star industrial property. The Electrolux facility, which reached practical completion in February 2022, includes more than 20,000 square metres of warehouse, office and showroom space. The customised warehouse was built utilising sustainable materials including engineered timber products, low or no VOC paints, adhesives and sealants, with best practice applied to avoid air leakage in the office and showroom space.

The facility features a 200kW solar array, electric vehicle charging bays, and water reuse and recycling infrastructure to supply irrigation and bathroom amenities. Acoustic noise and glare reduction to enhance worker comfort was also achieved through strong collaboration between our customer Electrolux and delivery partners.

Horizon 3023, 64 Momentum Way, Ravenhall VIC.

2022

Development pipeline

2023

Australian Bragg Centre, Adelaide

2024

Under construction

Australian Bragg Centre, Adelaide

A landmark, large-scale, state-of-the-art clinical and research facility within Adelaide's BioMed City precinct, incorporating research facilities and lab and office space. The building will house Australia's first proton therapy unit specialising in next generation cancer treatment.

Expected project cost
Circa $460 million

Ownership
50% Dexus, 50% DHPF

Expected completion
Late 2023

Horizon 3023, Ravenhall

Located in Melbourne's Western Growth Corridor, Horizon 3023 is a 134-hectare master planned estate in close proximity to key transport links, offering custom built, high-quality warehouses for industrial lots ranging 5,000-100,000sqm.

Expected project cost
Circa $510 million

Ownership
25.5% Dexus, 24.5% Dexus Australian Logistics Partner, 50% DWPF

Expected completion
Mid 2025

Jandakot Airport, Perth

Jandakot Airport includes a portfolio of 53 modern prime industrial properties, circa 80 hectares of developable land and an operating airport.

Expected project cost
Circa $780 million

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

Expected completion
Late 2027

Committed developments

Atlassian Central, Sydney

Dexus has an agreement with Atlassian which provides a framework to fund, develop and invest in their new headquarters, located adjacent to the Central Place Sydney development and within the State Government-led Tech Central precinct. The development incorporates a market leading, sustainable office tower representing the future of workplace, with retail amenities and new YHA accommodation space at its base, as well as a new public realm around Central Station.

Expected project cost
Circa $1.4 billion

Ownership
60–65% Dexus, 35–40% Atlassian

Expected completion
2026

2027 | Waterfront Brisbane (first tower)

Jandakot Airport, Perth | 2028

Future developments

60 Collins Street, Melbourne

A shovel-ready development incorporating the consolidation of two adjacent sites, 60 and 52 Collins Street, to create Premium grade office space over 37 levels. Located at the 'Paris end' of Collins Street, the site benefits from two prime street frontages with a quintessential Melbourne laneway to the north, and close proximity to restaurant, shopping and entertainment precincts.

Expected project cost:
Circa $1.0 billion

Ownership
100% Dexus

Expected completion
2026

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.

Expected project cost
Circa $2.5 billion

Ownership
50% Dexus, 50% DWPF

Expected completion of the first office tower
2027

2029 Pitt and Bridge Precinct, Sydney

2030 Central Place Sydney, Sydney

Central Place Sydney, Sydney

Dexus is progressing its exclusive position to integrate the NSW Government's plans to revitalise Sydney's Central Station through the redevelopment of our Lee Street properties and Henry Deane Plaza in partnership with Frasers Property Australia. The project will be the largest integrated workplace in the NSW Government's Tech Central global innovation precinct, creating circa 130,000 square metres of world-leading sustainable designed workspace across two premium office towers. The project will also feature a new public realm, integrating retail, dining, entertainment, community and public spaces.

Expected project cost
Circa $3.0 billion

Ownership
25% Dexus, 25% Dexus Office Partner

Expected completion
2030

Pitt and Bridge Precinct, Sydney

A potential office development for Dexus and the Dexus Office Partner on a large 3,300 square metre site located in the financial core of the Sydney CBD.

Expected project cost
Circa $3.1 billion

Ownership
50% Dexus, 50% Dexus Office Partner

Expected completion
2029

How we are creating
Thriving People

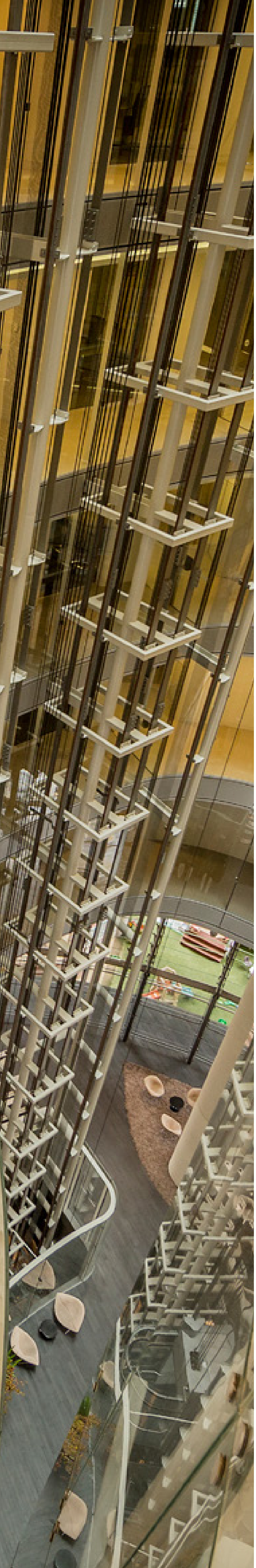
70%
Employee engagement score

99.7%
Safety audit score across Dexus workspaces

36%
Female representation in senior and executive management roles

647
Dexus employees

1 Bligh Street, Sydney NSW.



People and capabilities

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

BOARD FOCUS

The Board People & Remuneration Committee oversees all aspects of human resource management as well as Director and Executive remuneration. For further details on the key focus areas during FY22, refer to the Remuneration Report starting on page 78 or the 2022 Corporate Governance Statement available at www.dexus.com

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 to create spaces where people thrive.

Our people are also central to implementing our approach to ESG 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.

Championing an inclusive and high-performing culture

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.

This year, we retained our Employer of Choice for Gender Equality citation, reflecting our continued commitment to gender equity.

In 2021, we committed to achieving 40% female, 40% male, and 20% either/other representation (the 40:40:20 target) across senior and executive management roles by FY23.

At 30 June 2022, female representation in the combined cohort of senior and executive management roles was 36%. We are mindful that we have not met our target, and we continue to put in place strategies to increase female representation both within our organisation and across industry.

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. More than half of our people are parents or guardians of a child aged between 0-17, or act as a carer for someone. This year we updated our parental leave policy entitlements to better support families by providing inclusive parental leave assistance for employees. The updated policy increases leave entitlements for primary and secondary carers, establishes no tenure requirement to access benefits, and allows leave to be taken in any continuous or non-continuous format.

Our LGBTI+ employee network TRIBE remained a force for inclusion, implementing initiatives, and celebrating and acknowledging dates of significance throughout the year. In May 2022, Dexus was recognised as a Bronze Employer by Pride in Diversity's Australian Workplace Equality Index for the second consecutive year.

In FY22, Dexus's Reflect Reconciliation Action Plan (RAP) was endorsed by Reconciliation Australia. This is an important early step on our reconciliation journey with Australia's First Nations peoples. During National Reconciliation Week, we launched a compulsory cultural awareness online training module, designed in partnership with PwC Indigenous Consulting. The training provides our people with an understanding of the diversity of Aboriginal and Torres Strait Islander peoples across Australia and what they can do to support our commitment to reconciliation within their role.

LEARN MORE

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

Investing in our people to foster a high-performance culture

An engaged workforce is critical to delivering on our strategy. Through listening to our people and curating inspiring workspaces and experiences, we motivate our people to deliver on our purpose to create spaces where people thrive.

This year, we implemented a new survey platform with updated employee engagement measures, moving away from our previously reported employee net promoter score metric. By making this change to the way we measure engagement, we can compare our internal results with external benchmarking, deliver real-time reporting for our team leaders, allowing them to respond in a timely manner.

The average overall engagement score in FY22 was 70%. This is a positive result for our business as we acclimatise to new ways of working after the pandemic. The new real-time reporting platform allows us to monitor engagement and address issues promptly so we can continuously improve this result.

We actively support internal career planning, development and learning opportunities for our people.

During the year we placed internal candidates in 25% of available roles. We also support professional development opportunities, ensuring our people are equipped with the skills necessary to further develop their talents.

In December 2019, we launched Lead @ Dexus, a program designed to instil self-awareness, motivation and strategies required for our people to improve their leadership skills. In FY22, we progressed our commitment to roll out the program to all people managers.

At 30 June 2022, 92% of people managers had participated in the program. Looking ahead to FY23, we will continue to run Lead @ Dexus so that all new and emerging leaders have a clear understanding of the leadership behaviours and actions expected of them. A range of activities designed to continually reinforce these skills and behaviours in daily operations will also be implemented in FY23.

Prioritising safety and wellbeing in our workplace and at our assets

Employees increasingly demand workspaces that support mental health, psychological wellbeing and physical wellness that is built on a foundation of sound work health and safety management. The safety and wellness of our people is essential to our ability to create value for our stakeholders.

Government restrictions continued to vary across locations into early 2022. In response, we continued to have protocols in place in our workplaces in line with government guidelines and advice from our independent safety consultant to maintain safe business operations for our people and our customers.

To support our people during the lockdowns, we provided a range of wellbeing benefits and support tools.

As the restrictions eased, we turned our focus to our future way of working, adopting an autonomous hybrid working model following a comprehensive pilot program across the organisation (refer to the 'Adopting a hybrid working model' case study on this page).

National Safe Work Month

Dexus hosted its annual Risk roadshow during National Safe Work Month in October 2021. The theme 'Think safe. Work safe. Be safe' created awareness of the priority we place on safety across our operations and workplaces, and how the business continues to adapt and respond to the external environment.

The Risk roadshow hosted webinars covering Work, Health, Safety & Environment risk topics, including mental health in the workplace covering stress and anxiety management, providing practical steps to implement core concepts of wellbeing into daily life.

The webinars, which were attended by a total of 1,049 participants, provided information sessions on vaccinations, our COVID-19 risk management plan, effective communication, our FY25 sustainability targets and what they mean, and delivered emergency and crisis management training.

Addressing mental health

Addressing mental health is part of our broader commitment to supporting a safety culture across our business, demonstrated through the inclusion of health and safety in our group Scorecard.

Across our business, our people face different challenges and environments. Our mental health training is tailored to these different needs.

During the year we rolled out mental health training across the business, with 78% of People Managers completing the training. The take up by non-people managers was lower at 25%. To ensure completion by the end of the 2022 calendar year, online mental health training will be offered by our community partner, The Black Dog Institute.

COMMITMENTS

- → Target an employee engagement score at or above 70% at the end of FY23
- → Achieve 40:40:20 gender representation in senior and executive management roles by FY25

Focus areas

- → Enhancing our approach to employee wellbeing, including education and benefits
- → Increasing workforce diversity and a culture of inclusion, including setting targets beyond gender

CASE STUDY

Adopting a hybrid working model

Flexible working has been a part of how we work for a number of years.

The pandemic provided us with the opportunity to test our culture through many workplace models drawing on the experiences of working from home and the technology available to a modern workplace. While the situations we have worked through had been thrust upon us, this year we had the opportunity to partner with our workplace change consultancy, Six Ideas by Dexus, to better understand what the Dexus workplace should look like – when we have choice.

Following a pilot study which included various teams across the business, we were able to understand the experience, preferences and ideas of our people to inform our future way of working. Over 90% of the pilot group were in favour of an autonomous hybrid working model which has since been adopted as the best fit for Dexus.

The model is driven by work requirements and empowers our people to make decisions about work time and location. Implementing the model in practice is an evolving process and finding the right balance will ensure it is comprehensively adopted and that we work effectively as distributed teams.

LEARN MORE

To learn more about our progress against our FY22 People and Capabilities commitments, refer to the 2022 Sustainability Report available at www.dexus.com

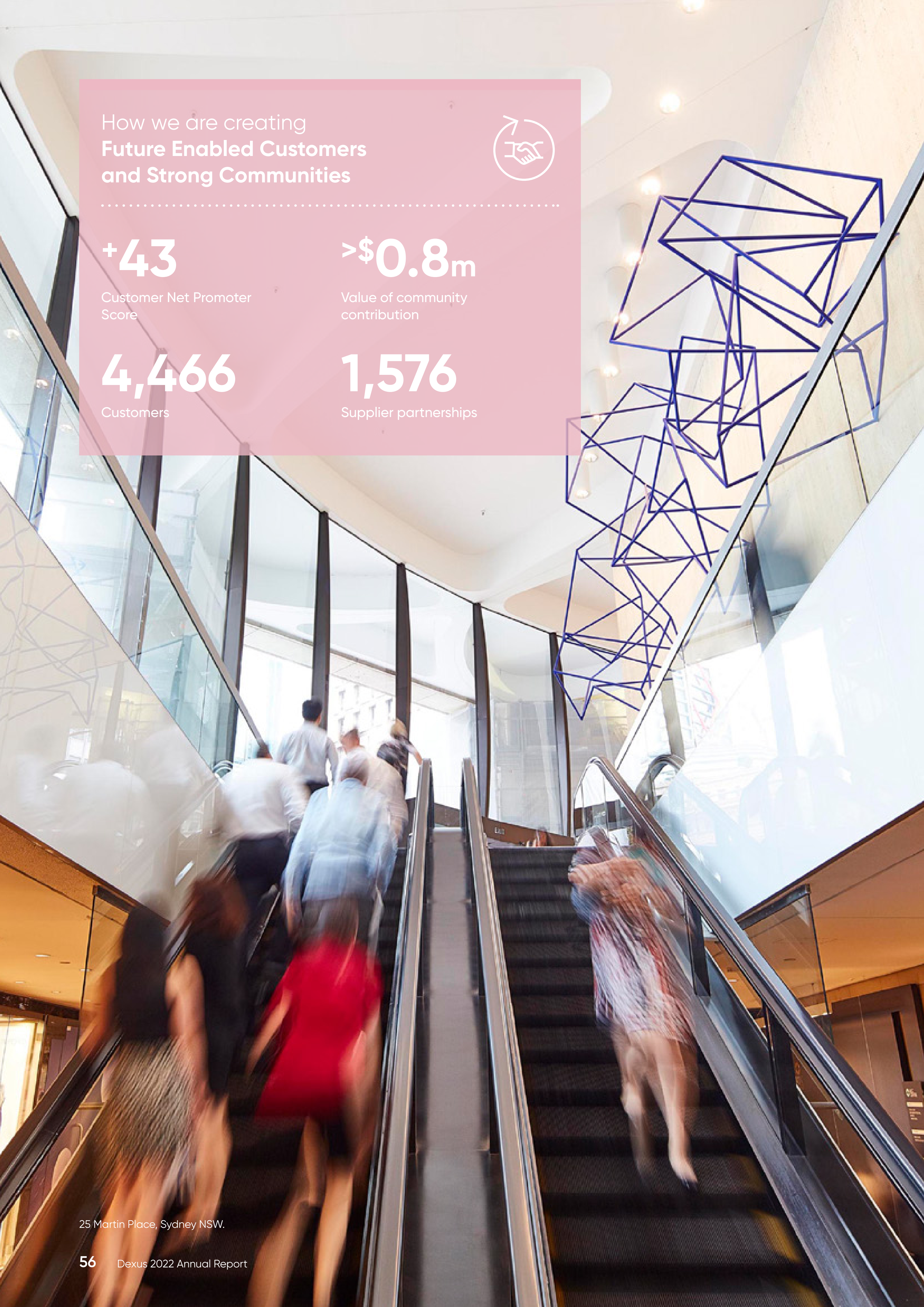
How we are creating
Future Enabled Customers and Strong Communities

+43
Customer Net Promoter Score

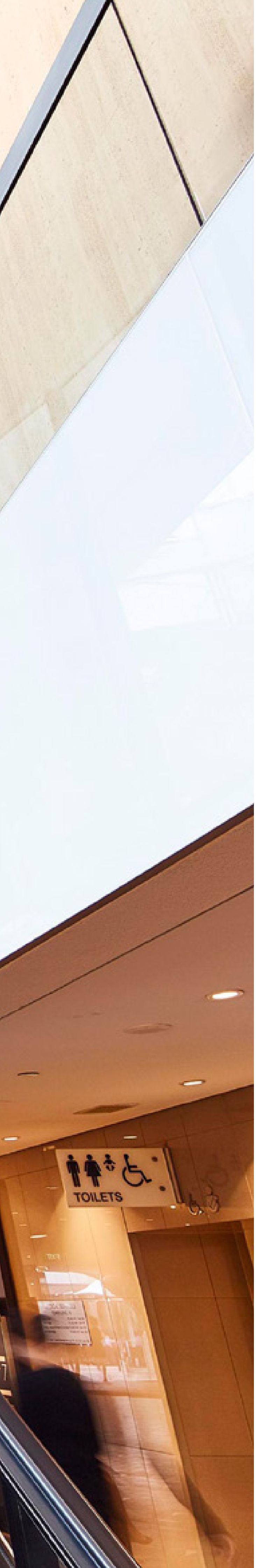
>$0.8m
Value of community contribution

4,466
Customers

1,576
Supplier partnerships



25 Martin Place, Sydney NSW.



Customers and communities

Our ability to create value relies on enabling leading customer and community experiences and influencing sustainability practices through our supply chain.

BOARD FOCUS

Our customers and communities are a focus area for the Board. In FY22 the Board were involved in:

- → Reviewing and discussing the annual customer survey results and associated actions
- → Reviewing customer complaints (including those received during COVID-19 and rent relief requests)
- → Overseeing healthy buildings' initiatives, including system upgrades and technology pilots
- → Discussing actions to prevent modern slavery and overseeing supplier engagement on modern slavery risk

Our initiatives relating to customers and communities recognise the many different ways our spaces shape and impact peoples' lives. Listening to our customers' needs and leveraging our projects to support local communities is fundamental to our long-term success. We also recognise the benefits of empowering our supply chain to demonstrate clear sustainability performance to our investors and extend our positive impact.

480 Queen Street, Brisbane QLD.

Customers

We create workplaces with customer productivity in mind and offer a range of supporting products and services that are aimed at enhancing the performance and wellbeing of our diverse customer base.

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. This is driven by a transition to more flexible working arrangements and the responsibility for property managers to play a part in public health. Investing, and adopting technology solutions is one element of our focus on creating healthy buildings to enhance the customer experience and promote productive working environments.

To support Dexus's healthy buildings initiative we have committed to delivering an average 5 Star NABERS Indoor Environment rating across the group office portfolio by FY25.

This year, Dexus nominated 45 office assets that are Dexus owned and managed to undertake the WELL Health and Safety rating. The rating is under review by the certification body, International WELL Building Institute. Our Health-Safety rating of 45 Dexus properties is now subject to the second, final round of review.

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

Smart building technology

The adoption of smart building technology along with mobile and virtual technology to enhance the customer experience remains a priority for our business.

Deploying these technologies to benefit our customers is critical to meeting our purpose of creating spaces where people thrive.

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.

Focusing on health and customer experience

As COVID-19 continues to impact working environments, we know we can further demonstrate our focus on the health and safety of our customers in our buildings. Dexus buildings already deploy above industry standard air filters. We have developed a scalable End-of-Trip Occupancy Management System to optimise social distancing and cleaning at One Margaret Street, Sydney. The system displays how many people are in the end-of-trip facility and provides messaging to prevent over-occupancy. The system also has the ability for users to scan a QR code, provide feedback and report if cleaning is required outside of schedule.

CASE STUDY

Trialling bipolar ionisation technology

Following a successful trial of bipolar ionisation, we will be offering this clean air technology as a customer offering.

Our focus on health and customer experience was also demonstrated by trialling air quality sensors and purification technologies. At One Margaret Street, Sydney we completed Australia's first successful trial of Bipolar ionisation technology in a real-world live commercial building environment.

Even before COVID-19, we were looking at air quality in our buildings. The air quality within our buildings is above industry standard, but during the 2020 bushfire season air quality was compromised. We determined that strong odour and fine sub-micron particles were largely unable to be filtered efficiently, resulting in an appetite to explore options for more intensive indoor air purification.

We have been working in the background since then to assess numerous global air filtration technologies, with a clear focus on a technology that can work in the occupied space and is safe for our customers.

Following extensive research, we identified bipolar ionisation as a technology that has the potential to enhance the air quality in our buildings even further above their current high standards.

This emerging technology is relatively new to office space in Australia with limited real world information available.

With the pandemic lockdowns offering us the opportunity to test in relatively empty buildings, we set up testing in our Sydney building, One Margaret Street.

Over 11 months, we worked alongside Sydney University's Indoor Air Quality Lab, CETEC (our independent air quality consultant) and Clean Air Technology Australia to scope, test and verify the results.

The results showed that the technology could achieve a reasonable level efficacy in a commercial office application with improvements in air quality measured.

In FY23, we will offer our customers the option to include bipolarisation as a paid service within their tenancy.

One Margaret Street, Sydney NSW.

LEARN MORE

Our 2022 Sustainability Report goes into more detail about our customer initiatives – including our customer and retailer engagement and how we support customers' future workspace needs. Available at www.dexus.com

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. Dexus's Board ESG Committee, investors and customers also increasingly expect us to monitor, measure, and manage ESG factors in our supply chain.

Collaborating with our suppliers

How we manage modern slavery risks in our supply chain has been a particular focus for the Board and management this year.

We made significant progress in FY22, increasing the visibility of modern slavery risks in our supply chain by implementing an annual Supplier Code of Conduct attestation process through our contractor management system.

This process requires suppliers to formally identify their subcontractors, allowing us to go beyond Tier 1 suppliers and identify key Tier 2 suppliers. Where a subcontractor is a direct contractor of Dexus or in a high-risk category, the supplier is invited to complete the Property Council of Australia's modern slavery due diligence questionnaire, with the results used to inform Dexus's supply chain risk mapping.

The independent review of our supply chain conducted by KPMG was also completed. While no modern slavery was identified, the audit highlighted that the internal processes and policies of the suppliers reviewed could be enhanced. In FY23, we will continue to collaborate and support these suppliers in enhancing their practices. This is an annual program with results reported to the Board ESG Committee.

To go beyond legal requirements and align with best practice, we engaged EcoVadis to help us implement a proactive approach to managing our supply chain both in Australia and in other geographies. In future, we will initially require preferred suppliers to be audited on an annual basis until they achieve an acceptable EcoVadis benchmark score. Once this benchmark score has been attained, we will extend the audit frequency to once every three years.

Where opportunities to enhance supplier policies, procedures and practices are identified, the Technical Services and Supply Chain Team will lead the supplier engagement process in collaboration with members of the Anti-Modern Slavery Working Group and other business stakeholders. The team will use tools and action plans provided by EcoVadis to engage with suppliers to address underperforming areas identified in the audit.

LEARN MORE

Our 2022 Sustainability Report goes into more detail about our supplier initiatives including how we require our design consultants to consider modern slavery in the supply chain of the materials and products and influencing other sustainability outcomes. Available at www.dexus.com

More information on our Modern Slavery Management Framework is available in our 2021 Modern Slavery Statement available at www.dexus.com. Our 2022 Modern Slavery Statement will be available in December 2022.

>$0.8m

contributed to communities across Australia

621 hours

of employee volunteering

$2.0m

spent with Supply Nation Certified or Registered Companies

Communities

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

Leveraging development projects to support our communities

Dexus's capacity to create value is influenced by the strength of its relationships with the communities in which it operates. With 4,466 customers across our platform, and a transformative development pipeline, we have an important platform to drive positive social change.

In June 2022, we hosted a Planet Ark Circular Economy education session in Brisbane, the content of which was then shared nationally. The session educated our customers on how their companies can reduce waste, re-use materials and leverage renewable energy.

Amplifying our social impact through community partnerships

Over the year we contributed over $0.8 million financially and in-kind to communities across Australia through initiatives such as:

- Black Dog Institute: Dexus employees raised $9,600 in our annual Christmas auction with Dexus matching this amount. This resulted in a total of $20,000 being donated to the Black Dog Institute
- Planet Ark: Each week properties across our portfolio auction the decorative flowers in our lobbies, rather than sending them to landfill, to raise money for our charity partners

  We dedicated 145 weekly flower auctions across 24 properties to Planet Ark during FY22, raising over $7,500.
- Food Bank: Dexus customers and staff donated over a tonne of non-perishable items and raised $6,600 in monetary donations. This equates to over 15,000 meals for people in need
- STEPtember: Over 570 Dexus customers and employees participated in the challenge, raising nearly $120,000 for our charity partner – the Cerebral Palsy Alliance

COMMITMENTS

- → Maintain a Customer Net Promoter Score for the portfolio at or above +40
- → Harness technology and innovation to improve customer experience in FY23 by progressing advanced indoor air quality filtration and mobile access control customer offerings
- → 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
- → Continue to support customer wellbeing by delivering initiatives such as a WELL health and safety portfolio certification
- → Implement EcoVadis supplier verification across preferred suppliers, targeting coverage of 80% of preferred supplier spend engaged on the platform by FY24

Focus areas

- → Progressing the implementation of our Reflect RAP
- → Delivering supply chain engagement and risk assessment activities across Tier 1 suppliers and beyond
- → Delivering anti-modern slavery initiatives including a pilot audit against the Cleaning Accountability Framework
- → Supporting the communities in which we operate through charitable contributions

LEARN MORE

Our 2022 Sustainability Report goes into more detail about our community activities including our Reconciliation Action Plan, our community partnerships, and the Future Leaders in Property program. Available at www.dexus.com

How we are creating an
Enriched Environment

Net zero

Achieved net zero emissions for building operations across the group managed portfolio

100%

of electricity sourced from renewable sources in FY22 across our group managed portfolio

5.0 NABERS

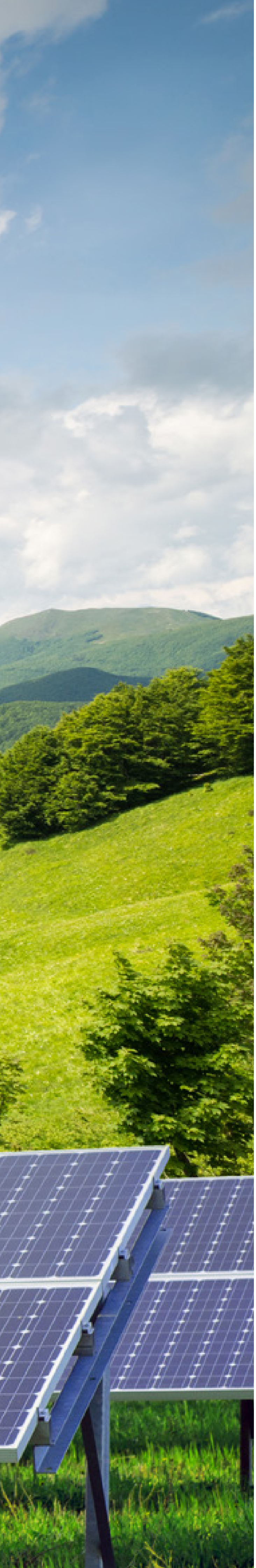
Energy average rating across our group office portfolio

4.7 NABERS

Water average rating across our group office portfolio

4.9 NABERS

Indoor Environment average rating across our group office portfolio



Environment

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.

BOARD FOCUS

Environmental sustainability is a focus area for the Board and Board ESG Committee. In FY22, the Board and Board ESG Committee were involved in:

→ Endorsing the advancement of Dexus's net zero commitment and transition to net zero emissions in FY22

→ Endorsing Dexus to set a waste target to deliver a NABERS Waste 4 star office portfolio average by FY25

→ Endorsing Dexus to target a 10% reduction in energy and water intensity across its group office portfolio by FY25 against a 2019 baseline

→ Overseeing progress on Dexus's approach to climate resilience

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 managed assets operating on a net zero basis.

Decarbonising our portfolio

Dexus has achieved net zero emissions for its building operations across the group managed portfolio. This meets the 30 June 2022 target which was brought forward in FY21 from the original 2030 target.

Transitioning the Dexus portfolio to achieve operational net zero ensures reinforces our commitment to act to limit global warming to 1.5°C, which is aligned with the Science-Based Targets initiative. In doing so, we are delivering on our customers' and investors' desire for strong climate action and low-carbon investments. Our focus on emissions reductions helps futureproof our operations from the transitional risks associated with climate change and demonstrates that emissions reductions need not come at the expense of business success.

LEARN MORE

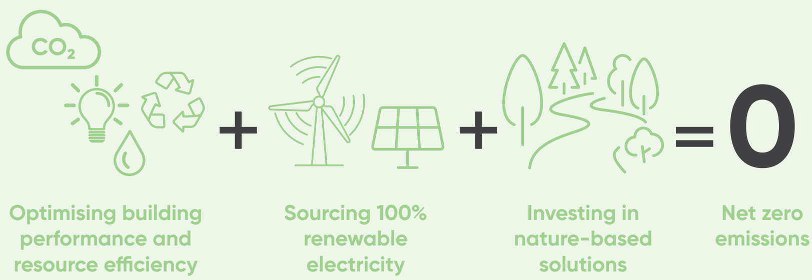
To learn more about our progress against our FY22 Environment commitments, refer to the 2022 Sustainability Report available at www.dexus.com

Our pathway to net zero

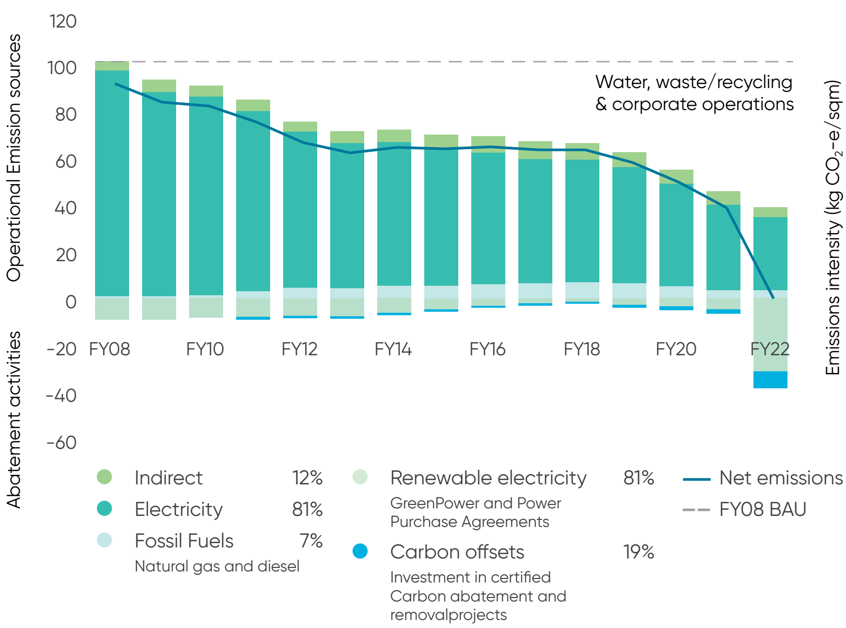
To deliver on our commitment to achieve net zero emissions for building operations across our group managed portfolio, we have:

- **Reduced our footprint** by reducing emissions through continued investment in optimising building performance and resource efficiency
- **Transitioned to 100% renewable electricity** by establishing long-term renewable electricity supply agreements for base building operations that provide renewable energy in the form of Large-scale Generation Certificates (LGCs) together with transitional purchases of Green Power
- **Balanced remaining emissions** by investing in certified carbon offsets for our remaining emissions, targeting nature-based offsets to account for emissions from natural gas, wastewater, refrigerants, and waste/recycling

Since FY08 we have been working to continuously improve energy efficiency and associated emission reductions. As of FY22, we reduced emissions by around 62%. Of the remaining emissions, around 81% was avoided by transitioning to renewable electricity and the remaining 19% was balanced through carbon offsets.



Dexus portfolio net emissions intensity



Transitioning to renewable electricity

Our use of renewable energy through a combination of on-site renewable energy installations and purchasing off-site renewable energy sources, was a key component in achieving our net zero target.

In FY22, we reached our renewable energy target of sourcing at least 70% of electricity from on-site and off-site renewable sources across the group's managed portfolio, three years ahead of schedule. This result has been achieved through increasing electricity self-generation, progressively integrating renewable electricity purchasing into supply agreements and sourcing accredited GreenPower to complement these agreements.

In January 2022, we extended our renewable electricity supply agreement with Iberdrola Australia to provide early access to renewable electricity via Iberdrola Australia's Cherry Tree Wind Farm in Victoria, with Dexus now receiving large-scale generation certificates from July 2021 until 2030.

We also re-tendered electricity for our Western Australian portfolio, renewing our partnership with Synergy via a renewable energy supply agreement with generation being sourced from the Warradarge Wind Farm – a local WA GreenPower accredited generator. This exciting partnership complements similar generation-sourced linked agreements across key CBD markets, while providing an effective price hedge in times of high energy price volatility.

In FY22, we continued to add solar photovoltaic (PV) systems as a standard amenity for incoming industrial customers across new development precincts such as Horizon 3023 and Freeman Road, Richlands. In FY23, we will look to expand the rollout of rooftop solar to existing industrial customers seeking cost-effective, renewable power for their premises, through the Dexus - Shell Energy solar partnership.

The collective efforts of procuring renewable electricity and the deployment of onsite solar PV systems in new and existing assets contributed to the achievement of our RE100 commitment of sourcing 100% renewable energy by 2030.

Balancing our remaining emissions

Due to cost, operational, and technological constraints, in some cases across our portfolio it is not feasible to reduce emissions to zero. To balance these emissions, we have procured accredited carbon credit units to offset the remaining building-related emissions from sources including consumption of fossil fuels and water, waste generated from operations and air conditioning refrigerants.

We have sourced carbon credit units through a mix of domestic and international projects, with a focus on transitioning towards nature-based solutions. For Australian-based projects, this involves targeting bush regeneration and tree planting to establish permanent native vegetation on land that was previously cleared, and where regrowth has been suppressed. These offsets have been sourced from projects in New South Wales, Queensland and Western Australia. Acknowledging our responsibility to protect natural environments globally, we have also incorporated international nature-based projects into our purchasing strategy, together with projects that deliver carbon abatement through fuel efficiency and renewable energy generation.

Beyond net zero: what's next?

Approach to managing emissions moving forward

While it is important to celebrate the net zero milestone, this is by no means the end of our journey. Our pathway has been designed for ongoing net zero emissions across our group managed portfolio's building operations over the long-term.

However, our portfolio is evolving. Our priorities in the year ahead include integrating the AMP Capital portfolio. As this and other new funds and mandates are welcomed to the platform, we commit to working with our investment partners to align to our commitment to net zero.

Looking towards 2030, we have several key areas of focus to amplify impact 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 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
- **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

60 Castlereagh Street, Sydney NSW.

Advancing resource efficiency

As part of our efforts to balance our emissions, asset-level resource efficiency remains an ongoing priority for creating value, helping to conserve natural resources while benefiting customers through lower occupancy costs. We are on track to meet our FY25 energy and water efficiency targets. As the pandemic continues to affect building occupancy levels, we have remained agile in the face of periodic lockdowns to control or switch off equipment when not in use, and have continued to implement energy efficiency projects with a view to maintain improved performance as buildings start to revert to a post COVID-19 'new normal' working environment.

Valuing materials and the circular economy

Optimising waste management practices with the support of our customers is an important step towards decarbonising building operations. Our waste management program aims to go beyond waste diversion to embrace circular economy principles that promote efficient resource use by keeping materials at their highest value.

We have continued to make progress towards our FY25 4 star NABERS waste target by engaging with customers to share information and insights to help improve waste recycling performance.

At QV Melbourne we partnered with customers, cleaners, Sustainability Victoria and a leading circular economy partner to review current waste practices and workshop opportunities to transition from a traditional single-use and disposal model. The project highlights the importance of collaboration in applying circular economy principles across mixed-use precincts and demonstrates a practical approach for redesigning systems to reduce consumption and avoid waste.

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
- → Sourcing 100% of electricity from renewable sources across the group's managed portfolio in the longer-term as a RE100 signatory

Climate resilience

Addressing climate-related risks and opportunities is essential 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 estate investment partner 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 Dexus 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 Sustainability team oversees the group's management response and reporting, presenting 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.

Dexus'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 of net zero emissions for building operations across our group managed portfolio. For more details on the achievement of our net zero target refer to pages 63-65 of this report, or our 2022 Sustainability Report.

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

- Partnering with Shell Energy to activate 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 achieve 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
- Developing feasibility for a future staged rollout of destination EV charging stations

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

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 37301:2015.

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 Dexus 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 Place in 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, eliminate 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 trialling 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 our fiduciary duty to ensure effective governance and risk management procedures are implemented to integrate climate risks and opportunities across the group's operations.

For further details on our approach to governance see pages 70-77 of this report, and page 13 of the 2022 Dexus Sustainability Report.

Risk management

To ensure climate-related issues are identified and managed in a systematic and timely way, we integrate climate change as a material topic into our Risk Management Framework (aligned to the principles of ISO 31000:2018). Our climate-related risks are assessed based on an overall risk evaluation informed by likelihood, consequence, and effectiveness of controls.

The Risk team oversees the group's Risk Management Framework, which includes our risk appetite in relation to climate change and monitoring of relevant tolerances. The Sustainability team is responsible for day-to-day operationalisation of 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 Dexus risk management framework to appropriately manage and plan for property-related risks including climate change, with support from Sustainability and Risk.

30 The Bond, Sydney NSW.

Addressing physical risk

Since 2011, Dexus 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 11 site-specific climate risk assessments were carried out across the group in FY22.

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 has been integrated into the Dexus 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 so we can 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 its 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 will be 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. We obtain external assurance over selected sustainability performance data, with progress against environmental targets and other climate-related metrics being disclosed in the 2022 Sustainability Report.

LEARN MORE

Our 2022 Sustainability Report goes into more detail about our environment activities, available at dexus.com/investor-centre


FIRE HYDRANT
FIRE HOSE REEL

Governance

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 its Board 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 2022 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 market to create and manage property investments for these 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 pooled 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 predominantly of non-executive directors that are independent of Dexus. 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. Firm 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.

Following the acquisition of APN Property Group in July last year, Dexus also manages the two listed funds and applies many of the same governance arrangements. These funds will also benefit from leveraging Dexus's funds and property management expertise to drive growth and performance.

Board of Directors

Our Board comprises a majority of Independent Directors with all directors other than the CEO being Independent Non-Executive 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 page 74 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 73.

In 2022, Dexus engaged an independent expert to gauge progress on improvements identified in the 2021 Board performance evaluation. The expert also facilitated a detailed review of Dexus's Board Skills Matrix. 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 2022

Director	Board	Audit Committee	Risk Committee	People & Remuneration Committee	Nomination	Environmental Social and Governance Committee
Richard Sheppard	●			○	●	
Darren Steinberg	○					
Patrick Allaway	○	○	○		○	
Penny Bingham-Hall	○			●	○	○
Tonianne Dwyer	○	○	●		○	
Mark Ford	○	●			○	○
Warwick Negus	○	○	○		○	
The Hon. Nicola Roxon	○			○	○	●

● Chair and member ○ Member

Dexus board skills matrix

Areas of skill and expertise	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 offices, 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.
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.
Culture, People & Remuneration	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.
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 complex regulated financial services organisations. Includes experience in workplace health and safety and understanding of cyber and technological risk management.
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.

Board of Directors

BOARD FOCUS

The key areas of focus for the Board and Board Committees during FY22 are aligned to each of our key resources.

Financial

The Board and Board Audit Committee are involved in focusing on financial performance.

→ Pages 28-41

Properties

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

→ Pages 42-51

People and capabilities

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

→ Pages 52-55

Customers and communities

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

→ Pages 56-61

Environment

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

→ Pages 62-69

Risk

The Board and Risk Committee are involved in reviewing and monitoring our key risks.

→ Pages 22-26

Richard Sheppard

Chair and Independent Director
BEc (Hons), FAICD

Appointed to the Board on 1 January 2012, Richard Sheppard is both Chair and Independent Director of Dexus Funds Management Limited, Chair of the Board Nomination Committee and a member of the Board People & Remuneration Committee.

Richard is a Director of Star Entertainment Group.

Richard brings to the Dexus Board extensive experience in banking and finance and as a director and Chairman of listed and unlisted property trusts. He was Managing Director and Chief Executive Officer of Macquarie Bank Limited and Deputy Managing Director of Macquarie Group Limited from 2007 until late 2011. Following seven years at the Reserve Bank of Australia, Richard joined Macquarie Group's predecessor, Hill Samuel Australia in 1975, initially working in Corporate Finance. Richard became Head of the Corporate Banking Group in 1988 and headed a number of the Bank's major operating Groups, including the Financial Services Group and the Corporate Affairs Group. He was a member of the Group Executive Committee since 1986 and Deputy Managing Director since 1996. Richard was also Chairman of the Australian Government's Financial Sector Advisory Council, Macquarie Group Foundation, Eraring Energy and Green State Power Pty Limited. He was also a director of Snowy Hydro Limited.

Patrick Allaway

Independent Director
BA/LLB

Appointed to the Board on 1 February 2020, Patrick Allaway is an Independent Director of Dexus Funds Management Limited and a member of the Board Nomination Committee, Board Audit Committee and Board Risk Committee.

Patrick is Chairman of the Bank of Queensland and a Non-Executive Director of Allianz Australia and is on the Advisory Board of Adobe International.

Patrick brings over 30 years' experience in financial services across financial markets, capital markets, and corporate advisory. Patrick's executive career was in financial services with Citibank and Swiss Bank Corporation (now UBS) working in Sydney, New York, Zurich and London. Patrick was also Managing Director of SBC Capital Markets & Treasury.

Patrick has over 15 years Non-Executive Director experience across financial services, property, media, and retail. Patrick was formerly a Non-Executive Director of Macquarie Goodman Industrial Trust, Metcash Limited, Fairfax Media, Woolworths South Africa, David Jones, Country Road Group, Domain Limited and Nine Entertainment Co. Holdings Limited. He was also Chair of the Audit & Risk Committees for Metcash, David Jones, and Country Road Group.

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, Supply Nation and the Crescent Foundation. Penny is also Chair of Vocus Group Limited, Taronga Conservation Society Australia, and the Advisory Committee for the Climate Governance Initiative Australia.

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.

Tonianne Dwyer

Independent Director
BJuris (Hons), LLB (Hons)

Appointed to the Board on 24 August 2011, Tonianne Dwyer is an Independent Director of Dexus Funds Management Limited and Dexus Wholesale Property Limited, Chair of the Board Risk Committee and a member of the Board Audit Committee and Board Nomination Committee.

Tonianne is a Director of OZ Minerals Limited, ALS Limited and Incitec Pivot Limited. She is also Deputy Chancellor and a member of the Senate of the University of Queensland, and she is on the Board of the Sir John Monash Foundation.

Tonianne brings to the Board significant experience as a company director and executive working in listed property, funds management and corporate strategy across a variety of international markets. She was a Director from 2006 until 2010 of Quintain Estates and Development – a listed United Kingdom property company comprising funds management, investment and urban regeneration – and was Head of Funds Management from 2003. Prior to joining Quintain, Tonianne was a Director of Investment Banking at Hambros Bank, SG Cowen and Societe Generale based in London. She also held directorships on Metcash Limited, Queensland Treasury Corporation and Cardno Limited, the Bristol & Bath Science Park Stakeholder Board, and on a number of boards associated with Quintain's funds management business including the Quercus, Quantum and iQ Property Partnerships.

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 Chair of Kiwi Property Group and 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 South East Asia Property Company. Mark previously held senior roles with Price Waterhouse and Macquarie Bank.

Warwick Negus

Independent Director
BBus (UTS), MCom (UNSW), SF Fin

Appointed to the Board on 1 February 2021, Warwick Negus is an Independent Director of Dexus Funds Management Limited and a member of the Board Nomination Committee, Board Audit Committee and Board Risk Committee.

Warwick is Chair of Pengana Capital Group and a Non-Executive Director of Washington H. Soul Pattinson, the Bank of Queensland, 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. 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 a Non-Executive Director of FINSIA.

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 People & Remuneration Committee and Board Nomination Committee.

Nicola is an Independent Chair of HESTA (the health sector superannuation fund) and VicHealth (a health promotion statutory authority). She is also a Non-Executive Director of Lifestyle Communities Limited and on the Board of charity, Health Justice Australia.

Nicola is a lawyer by training and prior to her non-executive career, served in the Commonwealth Parliament for 15 years, including as Minister for Health and as Australia's first female Attorney-General. Nicola brings more than 20 years experience in government, health and law. Since commencing her non-executive roles, Nicola has focused on for purpose businesses, charities and the ESG footprint of the organisations she works with. Her insights into public policy, strategy and government adds diversity to the Board's perspectives on stakeholder & community engagement as well as risk management and governance.

Darren Steinberg

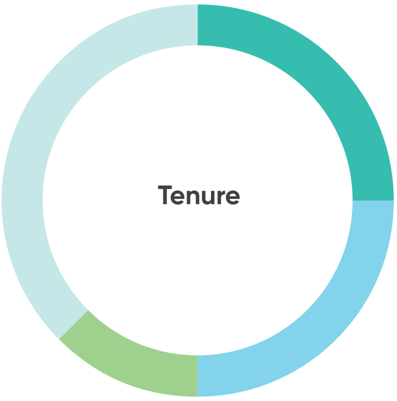
Chief Executive Officer and Executive Director
BEc, FRICS, FAPI, FAICD

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

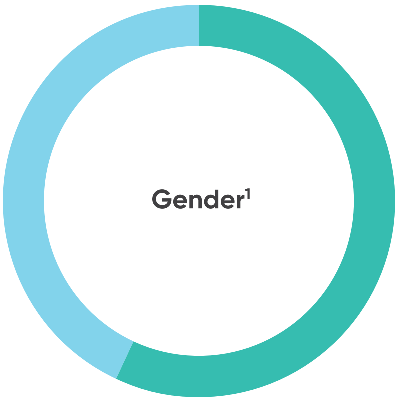
Darren has over thirty years' experience in the property and funds management industry with an extensive background in office, industrial and retail property investment and development. He has a Bachelor of Economics from the University of Western Australia.

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



0–3 years	25%
3–6 years	25%
6–9 years	12.5%
9+ years	37.5%



Men	57%
Women	43%

1 Non-Executive Directors only.

Economics	20%
MBA	10%
Other	10%
Commerce/ Accounting	30%
Law	30%

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 GMC in FY22 include:

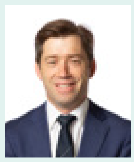
Darren Steinberg
Chief Executive Officer and Executive Director

Keir Barnes
Chief Financial Officer

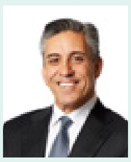
Melanie Bourke
Chief Operating Officer

Brett Cameron
General Counsel and Company Secretary

Deborah Coakley
EGM, Funds Management



Ross Du Vernet
Chief Investment Officer



Kevin George
EGM, Office

Jonathan Hedger
EGM, Group Strategy

Stewart Hutcheon
EGM, Industrial, Retail and Healthcare

EGM = Executive General Manager

Directors' report

Remuneration report

Dear Security holder,

On behalf of the Board, I am pleased to present the Remuneration Report for the year ended 30 June 2022 (FY22).

Dexus has delivered another strong year of performance, including significant initiatives across our Funds Management business, completing a number of strategic transactions. Dexus's ability to execute on complex transactions is one of our competitive advantages and places us in a good position to continue generating value for Security holders. Our ESG performance continues to be acknowledged against external benchmarks and we achieved our goal of Net Zero emissions across the group managed portfolio by 30 June 2022.

Strong financial performance has been reflected in Adjusted Funds From Operations (AFFO) per security and distributions per security growing by 2.7%. This result is particularly pleasing given our initial market guidance for distribution growth of not less than 2% which was upgraded in the second half to growth of not less than 2.5%.

Over the past five years, both AFFO and distributions per security have grown by an average 3.2% per annum, including the years of the COVID-19 pandemic. Over the same time period, our third party funds under management have more than doubled, while we have also diversified the product offering and attracted new investors to the platform. We also continue to invest in our strong development pipeline across the group portfolio.

Our key financial and non-financial highlights for FY22 were:

- Agreeing to acquire AMP Capital's real estate and domestic infrastructure equity business, with up to $21.1 billion[1] of assets under management
- Partnering with Atlassian to develop a $1.4 billion project for its new 40 level office headquarters in Sydney
- Expanding our group industrial portfolio with a $1.5 billion portfolio acquisition alongside APN Industria REIT, with Cbus Super later introduced as a partner in the Jandakot joint venture
- Achieving a customer net promoter score (NPS) of +43
- Upholding the highest safety standards with a 99.7% safety audit score at Dexus workplaces and zero fatalities
- Achieving our goal of Net Zero emissions across the group managed portfolio and being recognised as an ESG sector leader by external benchmarks

FY22 was another year of significant progress for Dexus's business. However, we recognise that Security holders have seen a negative Total Securityholder Return (TSR) on their investment in Dexus over the past 12 months, in line with the S&P/ASX 200 A-REIT Index, with sector pricing impacted negatively by the uncertain economic environment and rising interest rates.

The Board will continue to monitor long-term TSR when assessing the appropriateness of remuneration outcomes.

1 Based on AMP Capital FUM as at 30 June 2022, net of the known transition of circa $10 billion of FUM from the platform.

FY22 remuneration outcomes

Another strong year of company financial performance and non-financial performance resulted in an outcome of 98.7% of maximum being achieved in the Group performance scorecard. After considering individual performance, the final short-term incentive (STI) outcome was 94.8% of maximum for the CEO and 82.9%-94.8% of maximum for other Executive Key Management Personnel (KMP).

For the long-term incentive (LTI) tranches which were tested on 1 July 2022, the vesting outcomes for the second tranche of the FY19 LTI and first tranche of the FY20 LTI were 70.0% and 50%, respectively. As foreshadowed in last year's Report, this is materially lower than vesting outcomes in prior years, largely reflecting the impact of the COVID-19 pandemic on the business over the performance period.

As flagged in my Chair letter last year, effective 1 July 2021 we increased fixed remuneration for the EGM, Funds Management and Chief Investment Officer by 10.3% and 6.7%, respectively. This was informed by external benchmarking data that remuneration for these roles was below market and to recognise the expanded responsibility in both roles. Ms Barnes was promoted from within the organisation to the role of CFO on 1 October 2021. At that time, the Board provided her with a transitional increase to remuneration. No other Executive KMP roles received a fixed remuneration increase in FY22.

Response to first strike at the 2021 AGM and changes to remuneration for FY23

At the 2021 AGM, it was clear that the remuneration decisions disclosed in our 2021 Remuneration Report did not meet the expectations of external stakeholders, resulting in a first strike against the Report.

Following the AGM, the Board has consulted extensively with investors and proxy advisors to understand their key concerns and conducted a thorough remuneration framework review to ensure that the concerns raised are addressed holistically within the context of our broader business and remuneration strategy.

External stakeholders identified the following primary areas of concern:

- The retention awards granted to three of our Executive KMP including the CEO
- Persistently high STI and LTI outcomes over multiple years
- The setting of low financial targets in the STI and LTI

As part of addressing these concerns, against the backdrop of a stabilising COVID-19 environment, a more fit-for-purpose remuneration structure for our Senior Executives will be implemented from FY23 onwards. A key change will be to reweight our Executives' remuneration packages away from STI towards LTI, to better align with the long-term nature of our business model.

The changes for FY23 are aimed at having the right balance in our remuneration mix between short and long-term, while still being able to attract and retain high calibre executives.

The Board acknowledges that the labour market generally, and with in-demand skills in particular, is highly competitive at the moment with elevated staff turnover rates and pressure on fixed pay levels.

The key changes being made to our Senior Executive structure are:

- Lowering our STI and increasing our LTI opportunity levels to place greater emphasis on rewarding long-term performance. This change will decrease the annual cash component available to our executives while increasing the equity component to provide a stronger alignment with our Security holders
- Removing tranche vesting in the STI by simplifying our deferral period to 12 months
- Removing the STI's Individual Contribution Factor and assessing performance against individual KPIs within the STI scorecard that reflect the accountabilities of our executives
- Replacing Absolute Total Security Holder Return (ATSR) with Relative Total Security Holder Return (RTSR) in our FY23 LTI grant to reward outperformance relative to our ASX A-REIT peers
- Setting hurdles at the "through the cycle" range for our ROCE measure in the LTI (rather than setting hurdles within the range)

No further retention awards were made during FY22 and the Board does not intend to grant any retention awards in FY23.

See Section 3 and 4 for more detail on how we have responded and the changes to our FY23 remuneration framework.

We have also sought to enhance the readability of the 2022 Remuneration Report following the first strike by changing its structure, to ensure we have responded clearly to concerns raised and provided transparent disclosure.

We welcome your feedback on our remuneration framework and look forward to your support at our 2022 AGM.

Sincerely

Penny Bingham-Hall
Chair – People and Remuneration Committee

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 FY22, the PRC also undertook a range of activities relating to broader people and remuneration issues including:

- Delivering the Director/Employee engagement program
- Endorsing the design of FY22 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
- Endorsed increases in Chair and Director fees in FY22 to the Board for approval
- Approving the Inclusion and Diversity strategic priorities and targets
- Approving the FY23 Fixed Remuneration parameters for all Dexus employees
- Monitoring the organisational culture, employee engagement and corporate culture metrics
- Reviewing talent development programs and succession planning
- Responding to the 2021 Remuneration strike by engaging an independent remuneration consultant and consulting extensively with key stakeholders regarding proposed changes to the LTI Plan for FY23
- Endorsing the proposed gender equality targets, including pay equity and workforce representation

CONTENTS

This Remuneration Report forms part of the Directors' Report and outlines the remuneration framework and outcomes for KMP in FY22.

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

1. Introduction

1.1 Key Management Personnel (KMP)

In this report, KMP are those individuals having the authority and responsibility for planning, directing and controlling the activities of the Group, either directly or indirectly.

They comprise:

- Non-Executive Directors (NEDs)
- Executive Directors (i.e. the CEO)
- Other Executives considered KMP

The CEO and other Executives considered KMP are referred to collectively as "Executive KMP" in this report. Outlined below are the KMP of the Group during FY22.

There have been no changes to KMP since the end of FY22 up to the date of the signing of the Directors report.

Name	Role	Term
Richard Sheppard	Non-Executive Chair	Full year
Patrick Allaway	Non-Executive Director	Full year
Penny Bingham-Hall	Non-Executive Director	Full year
Tonianne Dwyer	Non-Executive Director	Full year
Mark H Ford	Non-Executive Director	Full year
Warwick M Negus	Non-Executive Director	Full year
The Hon. Nicola Roxon	Non-Executive Director	Full year
Executive Director and KMP		
Darren J Steinberg	Executive Director & Chief Executive Officer (CEO)	Full year
Other Executive KMP		
Deborah C Coakley	Executive General Manager (EGM), Funds Management	Full year
Ross G Du Vernet	Chief Investment Officer (CIO)	Full year
Kevin L George	Executive General Manager, Office	Full year
Keir L Barnes	Chief Financial Officer (CFO)	Appointed 1 October 2021
Alison C Harrop	Former Chief Financial Officer	Resigned on 30 September 2021

2 Remuneration snapshot

Link between business strategy and remuneration framework

Our Vision	Our Strategy	Our Remuneration Strategy
To be globally recognised as Australia's leading real estate company.	To deliver superior risk-adjusted returns for investors from high quality real estate in Australia's major cities, by: – Generating sustainable income streams – Being identified as the real estate investment partner 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	Alignment to performance	Market competitive	Sustainable	Simple and Transparent
We align reward to our strong risk, high performance, diverse and inclusive culture	We reward for performance aligned to our business strategy with an emphasis on equity ownership	We position reward opportunity to attract and retain the best talent	We appropriately reward for both financial and non-financial outcomes	We keep it simple and set clear expectations

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 objectives.	Align performance focus with the long-term business strategy to drive sustained earnings and Security holder returns.
Link to remuneration principles	Appropriately compensate Executives for driving a great culture and delivering on the business strategy. Attract and retain the best people based upon the competitive landscape among relevant peers.	Strategic annual objectives are embedded in each Executive's personalised scorecard to reward year-on-year performance achieved in a balanced and sustainable manner.	Performance hurdles are set over 3- and 4-year periods to encourage delivery of sustained Security holder value. The award is delivered wholly in equity to align with the Security holder returns.
FY22 approach	Provide competitive fixed remuneration against our S&P/ ASX100 A-REIT peers for similar roles.	Subject to meeting a behavioural gateway, performance is assessed against financial (75%) and non-financial measures (25%). Individual performance is assessed via the Individual Contribution Factor, adjusting each Executive's outcome (0-125%).	Performance is assessed against a mix of financial and non-financial measures, subject to meeting minimum behavioural standards. 

FY22 remuneration structure

	Year 1	Year 2	Year 3	Year 4
Fixed remuneration	Base Salary, Superannuation and Other Benefits			
STI	Assesses against a Group scorecard over 12 months, subject to meeting a behavioural gateway. Final outcome modified by the Individual Contribution Factor	Cash (75%) Deferred Security Rights (12.5%) Deferred Security Rights (12.5%)		Target is 100% of fixed remuneration. Maximum is 125% of fixed remuneration
LTI	Performance Rights tested at end year 3 against performance measures (50%)			Maximum is 150% of fixed remuneration for CEO or 75% of fixed Remuneration for other Executive KMP.
	Performance Rights tested at end year 4 against performance measures (50%)			

Performance testing Payment vesting

Minimum security holding requirement
CEO: 150% of FR
Other Executive KMP: 75% of FR

FY22 performance and remuneration outcomes	A fixed remuneration increase of 10.3% and 6.7% was provided to the EGM, Funds Management and Chief Investment Officer. This aimed to increase the competitiveness of their package as benchmarking data indicated they were below market against their ASX 100 A-REIT peers.	Upon meeting the behavioural gateway, the following STI outcomes were achieved: – CEO: 94.8% of maximum – Other KMP: 82.9%-94.8% of maximum See Section 6.1 for details on performance outcomes against the Group Scorecard.	The following LTI tranches were tested on 1 July 2022 against the AFFO per security growth and average ROCE measures, as follows: – The second tranche of the FY19 LTI vested at 70% – The first tranche of the FY20 LTI vested at 50% See Section 6.3-6.4 for details on LTI vesting outcomes.

Executive KMP pay mix at maximum

	Fixed remuneration (Cash)	Max STI (Cash)	Max STI Deferred (Security Rights)	Max LTI (Performance Rights)
CEO (FY22)	27%	25%	8%	40%
Other Executive KMP (FY22)	33%	31%	10%	25%

3. Response to the "first strike" at the 2021 AGM

Following the "first strike" at the 2021 AGM, we have outlined below the key concerns raised by investors and how we have responded. For more detail on the changes to our Senior Executive remuneration framework for FY23, please see Section 4.

Key concern raised	How we have responded and why
Retention awards	
Grant of Retention Rights to three Executives – The high quantum of Retention Rights to the CEO, EGM, Funds Management and CIO – The CEO's Rights vesting in a single tranche after 3 years	– Awards were made in May 2021 to three senior Executive KMP, including the CEO, to retain our most senior executives during a period of much change in our industry and the uncertainty presented by COVID-19 to execute on Dexus's long-term strategy. – These awards have achieved their intent as none of the three executives have left Dexus. These awards were one-off in nature and no further retention awards have been granted in FY22 nor do we intend granting any more in FY23 – For the CEO, in addition to a service requirement, he must meet additional performance conditions for any awards to vest. Detailed disclosure of performance against these strategic hurdles will be provided annually (see section 6.5)
STI plan	
Low variability of STI outcomes over multiple years – FY21 STI outcomes were high with Executives receiving at least 85% of maximum – Since FY16, STI outcomes have been consistently high	– From FY23, changes to the STI will be made to simplify the framework and better differentiate between individual Executives' performance against key accountabilities. This includes the introduction of business unit financial measures for our EGMs in addition to the Group financial measures and replacing the existing Individual Contribution Factor multiplier with individual objectives in the scorecard to increase the link between STI outcomes and individual accountabilities and objectives – While STI outcomes have historically been high, we believe this is a reflection of sustained strong performance in a challenging environment. Security holder wealth generation has been delivered with distributions and AFFO increasing by 3.2% per annum on average for the past 5 years
Lower FY21 target for the AFFO metric – Targets were set lower than FY20	– Lower AFFO per security growth hurdles were set in the FY21 STI due to the economic uncertainty of COVID-19. Our FY22 hurdles were more closely aligned with prior years and we achieved target performance. – Our FY22 STI AFFO range was 2-3% (compared to 0-3% in FY21).
LTI plan	
ATSR metric may not reflect performance – ATSR outcomes may be affected by market sentiment, rather than Executives' performance	– While the Board felt an ATSR growth measure (measuring share price increases and distributions) was in the interests of Security holders as the impacts of COVID were at a peak, investor feedback has led the Board to replace the ATSR measure with a RTSR measure in the LTI for FY23 – RTSR will reward our relative performance against our real estate peers in the S&P/ASX200 A-REIT Index on both share price and dividends
Strategic metrics reward "day job" responsibilities – Newly introduced strategic metrics are not sufficiently stretching	– Strategic measures (20% weighting) comprise of financial and non-financial targets to ensure Executives are focused on achieving Dexus's long-term strategy in a sustainable manner – To ensure transparency on our assessment of strategic measures, we have provided an annual update of performance against this component in Section 6.5 – The majority of the LTI in FY23 will continue to be assessed against traditional financial measures (RTSR (40%) and ROCE (40%))
Lower FY21 target for the AFFO metric – The threshold AFFO target for the FY21 LTI grant allows for vesting below the "through the cycle" range	– Due to the economic uncertainty of COVID-19, the Board elected to introduce a threshold AFFO hurdle set lower than our "through the cycle" AFFO range of 3.0-5.0%, where 25% of the award would vest at threshold. This was a once-off approach – For FY22 onwards, AFFO has been removed from the LTI in response to concerns that our incentive remuneration was too heavily weighted to AFFO. AFFO remains a key measure in our STI

4. FY23 remuneration changes

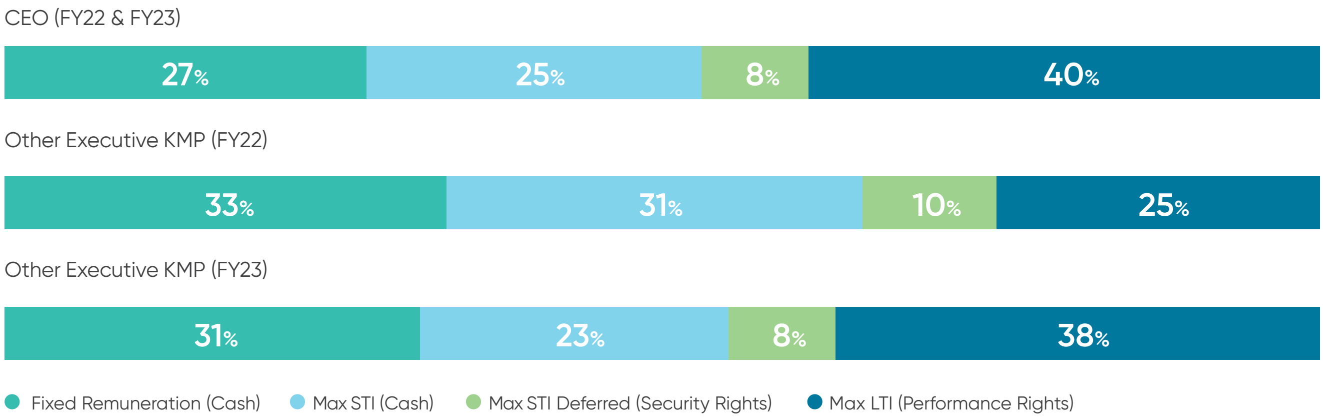
Based on feedback from external and internal stakeholders and the outcomes of the executive remuneration framework review conducted during the year, we have outlined the changes to our framework for FY23 below, with further detail to be included in the 2022 Notice of Meeting and 2023 Remuneration Report.

In making the changes below, the key rationale revolved around:

- Responding to key concerns raised by investors following a "first strike" at the 2021 AGM
- Continuing to offer competitive remuneration to our Senior Executives in a volatile labour market while rebalancing our remuneration mix away from STI, towards a greater weighting on the LTI, reflective of the long-term nature of our business model and strategy, where executive performance is better reflected over multi-year time horizons

Change	FY22 approach	FY23 approach	Rationale
Rebalancing pay mix towards the LTI, away from STI	– **CEO:** maximum STI opportunity of 125% of FR and LTI opportunity of 150% of FR – **Other Executive KMP:** maximum STI opportunity of 125% of FR and LTI opportunity of 75% of FR	– **CEO:** no change – **Other Executive KMP:** maximum STI opportunity of 100% of FR and LTI opportunity of 120% of FR – **All KMP:** Fixed remuneration will not increase for FY23, except for the CFO	– Reducing the weighting on the STI and increasing the weighting on LTI to focus Executives on the long-term and align more closely to the CEO's pay mix – Reducing the cash component and increasing the weighting towards equity, to better align with Security holder interests

Executive KMP pay mix at maximum



Change	FY22 approach	FY23 approach	Rationale
STI plan			
Assessing individual performance in the scorecard and removing the Individual Contribution Factor (ICF)	– Individual performance is assessed via the ICF and a single Group scorecard applies to all Executives – The ICF outcome is a modifier to the Group scorecard outcome (0-125%)	– Removal of the ICF as a modifier to the Group scorecard outcome – Introducing individual objectives (20% weighting) in the scorecard which includes business unit financial measures for the EGMs.	– Simplifies our STI performance assessment approach into an all-in-one scorecard – Will allow for more differentiation in the STI scorecard to reflect individual accountabilities across the Executive KMP
Deferral period simplified	– Deferred STI vests after 1 year (50%) and 2 years (50%)	– Deferred STI vests after 1 year (100%)	– Simplifies our STI deferral structure – Balanced with the reduction in opportunity levels
LTI plan			
Replacing ATSR with RTSR	– LTI is assessed against ATSR (40%), ROCE (40%) and strategic metrics (20%)	– RTSR replacing ATSR, using a S&P/ASX200 A-REIT peer group – ROCE and strategic metrics remain unchanged	– In response to external stakeholder preference for a relative measure, to ensure Executives are rewarded for outperformance against our real estate peers – Removes impact of market conditions influencing ATSR – Balances the use of internal vs external measures and financial vs non-financial strategic measures to assess performance holistically in the LTI
Setting "through the cycle" hurdle ranges	– ROCE targets are set within a "through the cycle" range of 7-10% p.a., depending on which stage of the property cycle Dexus is in. E.g. In a low point of the cycle, a range of 7-8% p.a. may be set and at a high point a range of 8.5-10% may be set	– Rather than setting hurdles within the "through the cycle" range of 7-10% for ROCE, we will set target and stretch hurdles at 7% and 10%, respectively, to cover both the low and high points of the property cycle – The Board will review and confirm the appropriateness of that range annually, having regard to both macro-economic factors and company strategy on our expected capital returns. For example, it has become more difficult to meet hurdles in the current challenging macro-economic environment, however as our funds platform grows, this should drive ROCE enhancement to partly offset the impact of higher interest rates	– Increases consistency and simplifies our annual approach to target setting – In a low point of the cycle, the new 7-10% range will make it "harder" for Executives to achieve outperformance – In a high point of the cycle, while vesting will commence at a lower threshold, the upper end of the range must still be achieved for maximum vesting

5. Company performance

5.1 Historical performance outcomes

The following table outlines Dexus's historical financial performance. These results flow into the Group scorecard outcomes for the STI, as well as LTI vesting results.

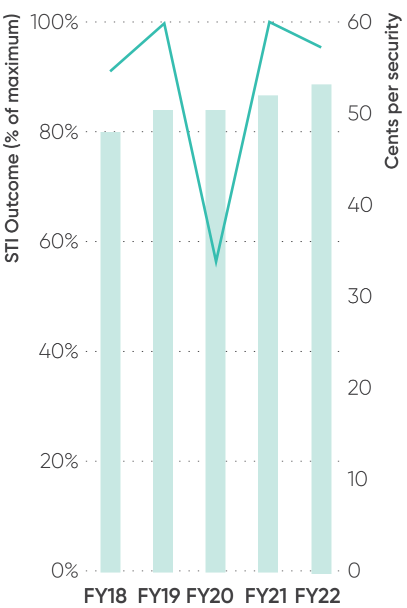
Five-year financial performance

		FY22	FY21	FY20	FY19	FY18
Funds From Operations (FFO)	($m)	**757.6**	717.0	730.2	681.5	653.3
Adjusted Funds From Operations (AFFO)	($m)	**572.2**	561.7	550.5	517.2	485.5
Net Profit After Tax (NPAT)	($m)	**1,615.9**	1,138.4	927.7[1]	1,281.0	1,728.9
AFFO per security	(cents)	**53.2**	51.8	50.3	50.3	47.7
AFFO per security growth	**(%)**	**2.7**	**3.0**	**0**	**5.5**	**5.1**
Distribution per security (DPS)	(cents)	**53.2**	51.8	50.3	50.2	47.8
Return on Contributed Equity (ROCE)	**(%)**	**9.7**	**8.3**	**9.0**	**10.1**	**7.6**
Closing Dexus security price	($)	**8.88**	10.67	9.20	12.98	9.71
NTA per security	($)	**12.28**	11.42	10.86	10.48	9.64
CEO's STI outcome (% of maximum)	(%)	**94.8**	100	57	100	92

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

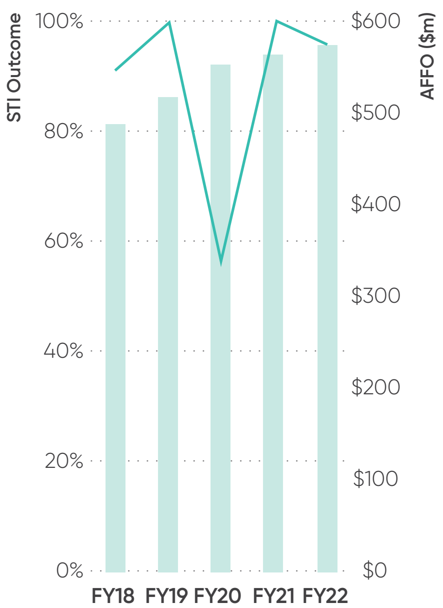
Distribution per Security v CEO's STI Outcome

Distribution per security
CEO's STI outcome (% of maximum)



AFFO v CEO's STI Outcome as % of maximum

AFFO
CEO's STI outcome (% of maximum)



Total Security holder Return performance

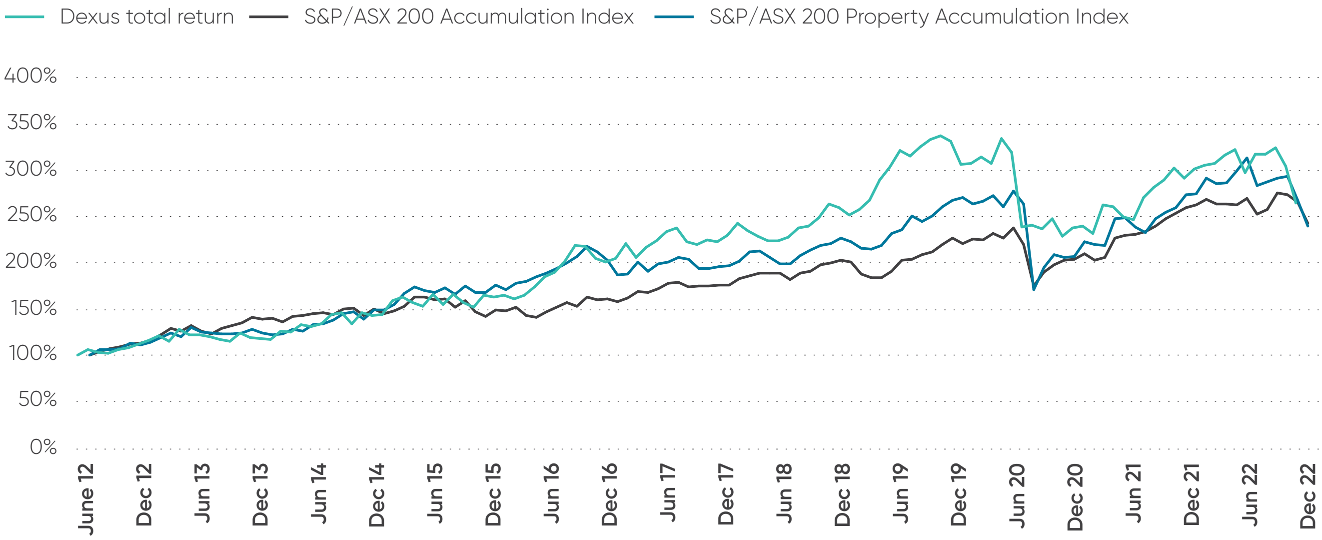
The S&P/ASX 200 Property Accumulation (A-REIT) Index declined by 12.3% during the year, impacted by rising bond yields. Dexus performed in line with the A-REIT index over this time period.

Year ended 30 June 2022	1 year % p.a.	3 year* % p.a.	5 year* % p.a.	10 year* % p.a.
Dexus	-12.3	-7.4	3.6	10.3
S&P/ASX 200 Property Accumulation Index	-12.3	-2.8	4.4	9.2
S&P/ASX 200 Accumulation Index	-6.5	3.3	6.8	9.3

Source: UBS Australia at 30 June 2022.

The graph below provides an overview of Dexus's TSR performance over the past 10 years, with Dexus maintaining its outperformance against both the S&P/ASX 200 Property Accumulation (A-REIT) Index and the broader S&P/ASX 200 Accumulation Index over this time horizon, delivering an annual compound return of 10.3% per annum.

Dexus 10 year total return



Source: UBS Australia at 30 June 2022.

6. FY22 performance and remuneration outcomes

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

6.1 Group scorecard performance outcomes

As the uncertainty of COVID-19 's impact started to subside in FY22, the Board reverted to its usual approach of setting targets at the commencement of the performance period. For the FY22 STI, the Board considered a range of financial and non-financial performance measures and hurdles that, if achieved, would be key indicators of company performance and drivers of Security holder value.

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 a STI award in FY22.

Group performance against each measure in the scorecard has been provided below, including where outcomes landed relative to threshold, target and maximum.

6.1 Group scorecard performance outcomes (continued)

Category & link to remuneration principles	Measures	FY22 Targets: Threshold (75%)	Target (100%)	Outperform (125%)	Result (% of target)	Highlights
Financial (75%)						
Group performance (50%)	– AFFO per security growth	**Threshold** 2.0%	**Target** 2.5%	**Outperform** 3.0%	50% ○	AFFO per security of 53.2 cents, reflecting 2.7% growth on FY21, above the target of at least 2.5% growth.
Sector contribution to AFFO (8.3%)	– Sector performance - AFFO vs budget	**Threshold** 2 out of 4 sectors exceeding expectations	**Target** 3 out of 4 sectors exceeding expectations	**Maximum** All sectors exceeding expectations	8.3% ○	Three out of four sectors exceeded expectations. One sector met expectations
Funds' performance (8.3%)	– Performance relative to respective fund benchmark, hurdle rate or investment plan objective	**Threshold** 60% (9 funds outperform)[1]	**Target** 70% (10 funds outperform)[1]	**Maximum** 80% (12 funds outperform)[1]	8.3% ○	11 out of 15[1] funds outperformed their external benchmarks or the financial objectives and measures agreed with fund partners.
Developments (8.3%)	– Progressing the group development pipeline	**Targets** – Development milestones – Development completions – Pipeline additions			8.3% ○	Completed 322,000square metres of developments. Added >$500m of group industrial committed projects to the pipeline. Agreed to develop and invest in Atlassian's new headquarters.
Non-financial (25%)						
Customer (5%)	– Customer net promoter score (NPS)	Threshold > +30	Target > +41	Maximum > +45	3.8% ⊖	Customer NPS +43 across our office, industrial and healthcare portfolios.
Capital partners (5%)	– Diversification and new investor capital for the funds management business	**Targets** – Diversifying type of funds – Diversifying investor base – New investors on platform			5.0% ○	Added a number of funds to the platform, welcomed two new institutional investors, and diversified the investor base with the addition of high net worth and retail investors. Dexus agreed with AMP to acquire the AMP Capital real estate and domestic infrastructure equity business comprising up to $21.1bn[2] funds under management.
People (5%)	– Employee engagement score	**Targets** – Engagement measures to align to external benchmarking			3.8% ⊖	Achieved employee engagement score 70%.
Safety (5%)	– Safety audit score and zero fatalities from incidents	**Threshold** 85% Safety score Zero fatalities	**Target** 90% Safety score	**Maximum** 95% Safety score	6.3% ●	Dexus achieved a 99.7% safety audit score at Dexus workplaces and zero fatalities.
Environment (5%)	– Performance relative to four ESG benchmarks (PRI, GRESB, DJSI & CDP)	**Threshold** Strong performance across all benchmarks	**Target** Leading in 2 out of 3 benchmarks	**Maximum** Leading in 3 out of 3 benchmarks	5.0% ○	Dexus retained its leading performance on 2 out of 3 ESG benchmarks and achieved a Gold Class distinction in the S&P Global Sustainability Yearbook 2022.
				Group scorecard outcome (% of maximum)	**98.7%**	

Key
Link to remuneration principles: Culture; Alignment to performance; Sustainable; Simple and transparent; Market competitive

FY22 Result: ⊖ Threshold; ○ Target; ● Outperform

1 Reflects number of funds with a formal benchmark available.
2 Based on AMP Capital's FUM as at 30 June 2022 net of the known transition of circa $10 billion of FUM from AMP Capital's platform.

6.2 FY22 STI remuneration outcomes

The Board's People and Remuneration Committee (PRC) reviewed FY22 STI outcomes against company performance and determined that the Group scorecard outcome was 98.7% of target (or 94.8% of maximum). As part of the FY22 performance assessment, the PRC considered whether any discretion on the STI outcomes should be applied, however the PRC was comfortable that these results were consistent with Dexus's financial and non-financial performance in FY22. As such, there was no exercise of any discretion (upward or downward) to adjust the FY22 Group scorecard outcome.

Additionally, the Executive KMPs' Individual Contribution Factors ranged from 105% to 120% and were determined with reference to each Executive KMP's personal scorecard of performance measures and leadership contribution during FY22.

This resulted in the Board awarding the CEO 94.8% of the maximum STI in FY22. For other Executive KMP, the STI awards ranged 82.9% to 94.8% of maximum STI.

The STI awards made to each Executive KMP with respect to their performance during the year ended 30 June 2022 are provided below.

Executive KMP	STI target % of FR	STI max % of FR	Actual FY22 STI awarded $	% of target STI awarded	% of maximum STI awarded	% of maximum STI forfeited
Darren J Steinberg	100%	125%	$1,895,040	118.4%	94.8%	5.2%
Deborah C Coakley	100%	125%	$947,520	118.4%	94.8%	5.2%
Ross G Du Vernet	100%	125%	$947,520	118.4%	94.8%	5.2%
Kevin L George	100%	125%	$779,232	103.6%	82.9%	17.1%
Keir L Barnes	100%	125%	$651,420	118.4%	94.8%	5.2%

6.3 LTI awards which vested during FY22

On 1 July 2021, the second tranche of the FY18 LTI plan and the first tranche of the FY19 LTI plan were eligible for vesting for participating Executive KMP.

Results of each performance measure within tranche 2 of the FY18 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%	3.9%	94.7%
Average ROCE	50%	7.5%	8.0%	8.8%	100%
Overall result					**97.4%**

Results of each performance measure within tranche 1 of the FY19 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%	3.0%	4.0%	3.1%	56.4%
Average ROCE	50%	8.5%	9.5%	9.2%	82.5%
Overall result					**69.5%**

6.4 LTI awards which will vest in FY23

On 1 July 2022, the second tranche of the FY19 LTI plan and first tranche of the FY20 LTI plan were eligible for vesting for participating KMP.

As foreshadowed in last year's Remuneration Report, due to the impact of COVID-19, AFFO growth and ROCE performance was adversely affected and as expected, vesting for LTI grants whose performance periods overlapped with COVID-19 have a lower level of vesting than our historical LTI outcomes pre-COVID-19.

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%**

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%
Overall result					**50%**

6.5 Strategic measures

Following the introduction of strategic measures (financial and non-financial) into the FY22 LTI, we provide an annual progress update below on FY22 performance in the interests of transparency. The strategic measures selected for FY22 are key objectives that the Board believes are fundamental to Dexus creating value for Security holders over the period ahead and include a focus on navigating the challenges in the office market and maintaining a market leading position in ESG. These strategic measures are aligned with the performance conditions for the CEO retention award.

While management has performed strongly against these objectives in FY22 and are currently on-track to achieve this component of the LTI, given these measures are intended to be long-term, the strategic component will be holistically assessed at the end of the 3 year (50%) and 4 year (50%) performance period for the FY22 LTI – the same time the other LTI metrics are tested.

Category	Description	Key achievements in FY22
Funds Management	Diversification of capital partners and investors, and overall growth in Funds Management	– We added listed funds, real estate securities funds and direct unlisted funds to our platform and diversified investor base during the year with the addition of high net worth investors, family offices and new institutional investors – We welcomed Cbus Super as a new investor in the $1.3 billion Jandakot joint venture and securing Mercer Alternatives as a cornerstone investor in the Dexus Real Estate Partnership 1 – As recently announced, we have entered into an agreement with AMP to acquire AMP Capital's real estate and domestic infrastructure equity business, with up to $21.3 billion[1] of funds under management. This transaction expands and diversifies our Funds Management business and investor base and provides a scalable platform for growth – Continuing to grow our Healthcare platform to over $1.5 billion (approximately increasing 25% year-on-year), to complement our office, industrial and retail portfolios
Transactions	Strategic acquisitions and divestments of assets across the Dexus investment portfolio	– Completed $5.0 billion of group acquisitions and $5.7 billion of group divestments (exchanged or settled post 1 July 2021) – Expansion of our industrial platform (26% of our group funds under management) with a $1.5 billion acquisition of industrial properties alongside Dexus Industria REIT including Jandakot Airport Perth, Lot 2 884-928 Mamre Rd Kemps Creek NSW and 2 Maker Place Truganina Victoria – Key divestments include 140 & 150 George Street Parramatta, 309-321 Kent St Sydney, 383 Kent St Sydney, 12 Creek Street Brisbane and 201 Miller Street North Sydney – Key acquisitions include Capital Square Tower 1, Perth, 116-130 Gilmore Road Berrinba Queensland and industrial opportunities in Brooklyn, Victoria and Chester Hill, New South Wales
Developments	Progressing the Group development pipeline	– $17.7 billion development pipeline with over $500 million of committed projects across the group industrial pipeline after completing 322,000 square metres in FY22 – Agreement with Atlassian to develop and invest in its new headquarters in Sydney – a 40 level office tower occupied under a 15 year lease. Construction is due to commence shortly and completion is expected in 2026 – Securing unconditional Heads of Agreement with two major customers across 23,800 square metres at Waterfront Brisbane
Sustainability		– Achieved net zero emissions for building operations across the group managed portfolio by 30 June 2022 – Achieving an S&P Global Gold Class distinction in the S&P Global Sustainability Yearbook 2022, and Dexus and Dexus Office Trust receiving a 1st ranking in the Global Real Estate Sustainability Benchmark's 2021 Real Estate Assessment

1 Based on AMP Capital FUM as at 30 June 2022 net of known transition of circa $10 billion of FUM from AMP Capital's platform which has reduced the maximum potential price and consideration. Refer to ASX announcement dated 27 April 2022 for details relating to the AMP Capital acquisition.

6.6 Actual remuneration based on performance and service through FY22

These values differ from the Executive statutory remuneration table (provided in section 11.1), which has been prepared in accordance with statutory requirements and accounting standards.

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 ($)	Superannuation benefits ($)	Short-term benefits ($)	STI cash payment ($)	Deferred STI vested ($)	LTI vested ($)	Total ($)
Darren J Steinberg	1,576,432	23,568	6,116	1,421,280	374,065	1,185,514	4,586,975
Deborah C Coakley	776,432	23,568	2,639	710,640	164,848	231,818	1,909,945
Ross G Du Vernet	776,432	23,568	2,665	710,640	175,353	277,852	1,966,510
Kevin L George	728,332	23,568	7,292	584,424	172,562	277,852	1,794,030
Keir L Barnes[1]	394,824	17,676	1,532	488,565	63,996	-	966,593
Alison C Harrop	182,083	11,784	2,209	-	156,668	271,767	624,511

1 Ms Keir Barnes was appointed as CFO on 1 October 2021. Her remuneration has been pro-rated to reflect that she was KMP for part of the year.

2 Ms Alison Harrop resigned from Dexus and ceased to be a KMP effective 30 September 2021. Her remuneration has been pro-rated to reflect that she was KMP for part of the year.

7. FY22 remuneration framework

7.1 Fixed remuneration

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 A-REIT ASX100 companies for directly comparable roles, as well as other large ASX peers for relevant roles.

As highlighted last year, Deborah Coakley (EGM, Funds Management) and Ross Du Vernet (CIO) received a 10.3% and 6.7% increase effective on 1 July 2021, respectively. These changes aim to increase our market competitiveness against comparable roles in the ASX100 A-REIT sector and ASX investment roles, and to reflect the rapid growth of our funds management business. Given the tight labour market, where there have been a large number of executive movements in the real estate sector in the past 12 months, we believe these increases place us in the best position to ensure continuity in our management team.

No other Executive KMP members received a fixed remuneration increase other than the legislated superannuation increase of 0.5% in FY22.

The annual fixed remuneration levels for Executive KMP in FY21 and FY22 were as follows:

Executive KMP	FY21 fixed remuneration ($)	FY22 fixed remuneration ($)
Darren J Steinberg	1,600,000	1,600,000
Deborah C Coakley	725,000	800,000
Ross G Du Vernet	750,000	800,000
Kevin L George	750,000	751,900
Keir L Barnes	N/A	550,000
Alison C Harrop	750,000	751,900

Ms Barnes was promoted from within the organisation to the role of CFO on 1 October 2021. At that time, and having regard to the ongoing impacts of the COVID-19 pandemic on our tenants and our business, the Board provided her with a transitional increase to remuneration.

During her time in role, Ms Barnes has exceeded performance expectations and, in line with our policy of pay equity and market competitive rates, the Board has increased her fixed remuneration to $800,000. Whilst this is a significant increase, it brings her fixed pay to just below the median of the CFOs in our ASX 21-70 and ASX 100 A-REIT peer groups, and her total remuneration package (assuming maximum vesting of STI and LTI) to the 51st percentile of peers. Particularly in the current environment of a tight labour market and escalating costs, the Board felt it was appropriate to make a significant one-off increase to this member of the executive team.

To illustrate our approach to benchmarking, we set out data below for the CEO against the ASX21-70 and ASX100 A-REIT peers. Mr Steinberg's fixed and total remuneration sits at approximately the middle of the ASX peer group and his A-REIT peers, acknowledging that he is one of the longest serving CEOs in the ASX100 A-REIT sector having held the role since 2012. The CEO has not received a fixed remuneration increase since FY17 and will not receive an increase in FY23, given his remuneration is currently market competitive.

Dexus vs Peer CEO Remuneration

7.2 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
- Mandatory deferral of 25% of each STI award into Security Rights deferred over one and two years, acting as a retention mechanism and providing further alignment with Security holders' interest

From FY23 onwards, changes will be made to the STI plan below, following the completion of an executive remuneration framework review during the year. These changes are outlined in section 4.

75% Financial

Adjusted Funds From Operations (AFFO)

Office and funds management financial outcomes (relative measures)

+

25% Non-Financial

Customer, culture, environmental sustainability and safety measures

Short-Term Incentive (at risk)

Cash

Annual cash payment (75%)

Equity

Deferred Security Rights (25%)

12.5%	12.5%
1 year	2 years

Subject to behavioural gateway hurdles and continued employment during the vesting period.

Fixed Remuneration × STI Target × Group Result on Financial and Non- financial performance measures × Individual Contribution Factor = Individual STI Outcome (Capped at 125% of Target)

Each Executive KMP is awarded an individual STI outcome between zero and 125% of their target.
Individual STI outcomes are based on Group performance and an Individual Contribution Factor, subject to meeting a behavioural gateway.
The target STI opportunity for all Executive KMP is 100% of FR and maximum STI opportunity is 125% of FR (outperformance).

The additional terms of 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. This seeks to align Executive KMP performance with Dexus's values and expectations of Executives. The gateway requires that there is no material financial misstatement, no workplace fatality or actions that are not in keeping with the commercial or ethical standards expected by the Board and our stakeholders.
Group scorecard assessment	Group performance is measured against a scorecard comprising of financial (75%) and non-financial (25%) measures. **Financial (75%)** These comprise the majority of the scorecard to ensure the overall focus of Executive KMP is on achieving the financial hurdles outlined by the annual business plans. – AFFO per security growth reflects the Group's overall financial performance and cash flow – Property and Funds Management financial measures incentivise each business area to achieve market competitive results relative to industry benchmarks **Non-financial (25%)** The non-financial performance measures provide the Board with a mechanism to enhance the sustainability of annual results and make sure Dexus's environmental, people and customer objectives are reflected in Executive KMP's remuneration outcomes and ensure a balance with achieving financial outcomes. Section 6.1 provides details on FY22 performance outcomes against financial and non-financial measures in the scorecard.
Individual contribution factor (ICF)	The ICF enables Dexus to vary STI outcomes based on individual performance. The ICF is a multiplier that applies to the Group scorecard result and can range between 0% and 125%. At the end of the year, the CEO assesses Executive KMP performance to determine their ICF outcome (in the case of the CEO, the Board Chair assesses his performance). The ICF outcome is determined by assessing the performance of the individual in relation to the unique challenges they faced that year, as well as individual performance objectives set at the start of the performance year. These objectives can include a combination of strategic, people, safety and risk, leadership, governance and financial measures that are specific to that Executive. The overall STI outcome for any individual is capped at 125% of target.
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	Forfeiture will occur should the participant's employment terminate within six months of the grant date for any reason, or if the participant voluntarily resigns or is terminated for cause prior to the vesting date. Notwithstanding the above, if a participant's employment is terminated and they are deemed a "Good Leaver" (i.e. in circumstances of retirement, redundancy, death, illness, serious disability or permanent incapacity, or other unforeseen circumstances), the PRC may recommend that the Board exercise its discretion to vest some or all of the Security Rights at the time of termination.
Malus provisions	The Board has the discretion to adjust STI outcomes upward or downward, including to zero, where: – The STI scorecard outcome does not reflect the actual participant's performance or conduct, the performance of the Executive KMP's business unit or functional unit, or the overall Group 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

7.3 Long-Term Incentive (LTI)

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

- Encourages Executives to make sustainable business decisions within the Board-approved strategy of the Group
- Aligns the financial interests of Executives participating in the LTI Plan with Security holders through exposure to Dexus Securities

From FY23 onwards, changes will be made to the LTI plan below, following the completion of an executive remuneration framework review during the year. These changes are outlined in Section 4.

We note that the outgoing CFO, Alison Harrop, did not participate in the FY22 LTI plan.

40% Absolute Total Security Holder Return (ATSR) + **40% Average Return on Contributed Equity (ROCE)** + **20% Strategic measures (financial and non-financial)**

Long-Term Incentive (at risk)

Equity

Performance Rights with allocation calculated at Face Value	50% 3-year Performance Period	50% 4-year Performance Period	Subject to behavioural standards being met, hurdles and continued employment during the vesting period

Fixed Remuneration × LTI Opportunity × (40% ATSR / 40% Average ROCE / 20% Strategic (financial and non-financial)) = Individual LTI Outcome (Capped at 100% of opportunity)

Each Executive KMP is allocated an LTI opportunity subject to performance hurdles. The award may vest between 50% 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 FR, and for other Executive KMP is 75% of FR.

The additional terms of the LTI plan are outlined below.

Term	Detail
Performance measures and vesting schedule	See below

Absolute Total Security Holder Return (ATSR) (40%)

In FY22, while the full economic impact of COVID-19 was uncertain, ATSR was introduced to ensure a link between Security holder returns and Executive incentive outcomes, noting Dexus had used ROCE however, had not used any TSR metric in the years leading up to the pandemic.

In FY23, the ATSR metric will be replaced with Relative Total Security Holder Return (RTSR) to reflect feedback from external stakeholder discussions.

ATSR is measured using a compound annual growth rate (CAGR) with distributions considered to be reinvested over the 3- and 4-year performance periods.

It is calculated as (closing price x distribution reinvestment factor / starting price) -1.

As disclosed in the 2021 Notice of Meeting, the Board set a "through the cycle" target range of 6-12% for ATSR. Based on a range of factors at the start of FY22 including the macroeconomic environment, expected distribution growth, Security price with reference to NTA and our status as a yield Security (rather than growth Security), the ATSR vesting schedule for the FY22 LTI grant, set within the target range, is below.

Vesting schedule	Performance target	Vesting outcome
Below Threshold Performance	<6% CAGR	0%
Threshold performance	6% CAGR	50%
Between Threshold and Outperformance	6-9% CAGR	Straight-line pro-rata vesting
Outperformance	9% CAGR	100%

Average ROCE (40%)

Consistent with prior years, 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 3- and 4-year performance periods.

As disclosed previously, the "through the cycle" target range for ROCE is 7-10%. Based on a range of factors at the start of FY22 including the economic environment and forecasted development pipeline, the ROCE vesting schedule for the FY22 LTI grant, set within the target range, is below.

Vesting schedule	Performance target	Vesting outcome
Below Threshold Performance	<7.5% p.a.	0%
Threshold performance	7.5% p.a.	50%
Between Threshold and Outperformance	7.5-9% p.a.	Straight-line pro-rata vesting
Outperformance	9% p.a.	100%

Strategic (financial and non-financial) (20%)

Strategic measures have been newly introduced in FY22 to ensure management remains focused on Dexus's long-term growth ambitions. To ensure the strategic measures are stretching and quantifiable, we have outlined examples of the key targets set for management. We have also provided an annual progress update of performance against these measures in Section 6.5, with a formal assessment taking place at the end of the 3- and 4-year performance periods.

The additional terms of the LTI plan are outlined below.

Term	Detail
Performance measures and vesting schedule	**Strategic (financial and non-financial) (20%)** Strategic measures have been newly introduced in FY22 to ensure management remains focused on Dexus's long-term growth ambitions. To ensure the strategic measures are stretching and quantifiable, we have outlined examples of the key targets set for management. We have also provided an annual progress update of performance against these measures in Section 6.5, with a formal assessment taking place at the end of the 3 and 4-year performance periods.

Category	Description	Examples of assessment criteria
Funds Management	Diversification of capital partners and investors, and overall growth in Funds Management	– Number of new capital partners and funds – Investor composition of Funds Management business – Group funds under management growth – Performance of funds against benchmarks and/or hurdle rates
Transactions	Strategic acquisitions and divestments of assets across the Dexus investment portfolio	– Volume and value of completed transactions – Original business case met or exceeded for transactions – Achievement of portfolio and fund objectives via transactional activity
Developments	Progressing the Group development pipeline	– Milestone delivery for committed major projects – Amount of income growth attributable to completed projects – Successful conversion of non-committed Group pipeline – Securing development partnerships with capital partners and funds

Term	Detail
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	Forfeiture will occur should the participant's employment terminate within 12 months of the grant date for any reason, or if the participant voluntarily resigns or is terminated for cause prior to the vesting date. Notwithstanding the above, if a participant's employment is terminated and they are deemed a "Good Leaver" (i.e. in circumstances of retirement, redundancy, death, illness, serious disability or permanent incapacity, or other unforeseen circumstances), the PRC may recommend that the Board exercise its discretion to vest some or all of the Performance Rights at the time of termination.
Malus provisions	The Board has the discretion to adjust LTI outcomes upward or downward, including to zero, where: – The LTI outcome does not reflect the participant's performance or conduct, the performance of the Executive KMP's business unit or functional unit, or the overall Group 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 be unrealised or not in line with the original performance assessment – The LTI outcome is materially misaligned with the experience of Security holders

7.4 Minimum Security holding guidelines for Executive KMP

A minimum Security holding guideline was introduced on 1 July 2018, with all Executive KMP and Group Management Committee (GMC) members targeting to attain the minimum Security holding at the later of/within five years of this date, or their appointment to the GMC. The value is calculated by reference to the 12-month average fixed remuneration for the relevant financial year of the guideline's introduction or appointment date.

The CEO is expected to hold Dexus Securities to the value of 150% of FR and Other Executive KMP are expected to hold Dexus Securities to the value of 75% of FR.

8. Executive KMP contractual agreements

8.1 Outgoing CFO's arrangements

Ms. Alison Harrop ceased in her role as CFO on 30 September 2021 in-line with the ASX announcement made on 1 September 2021. In addition to her contractual entitlements, the Board determined that she would retain her deferred STI Security Rights and unvested LTI Performance Rights (subject to performance conditions being met) to vest in the ordinary course. There was no accelerated vesting of awards on termination.

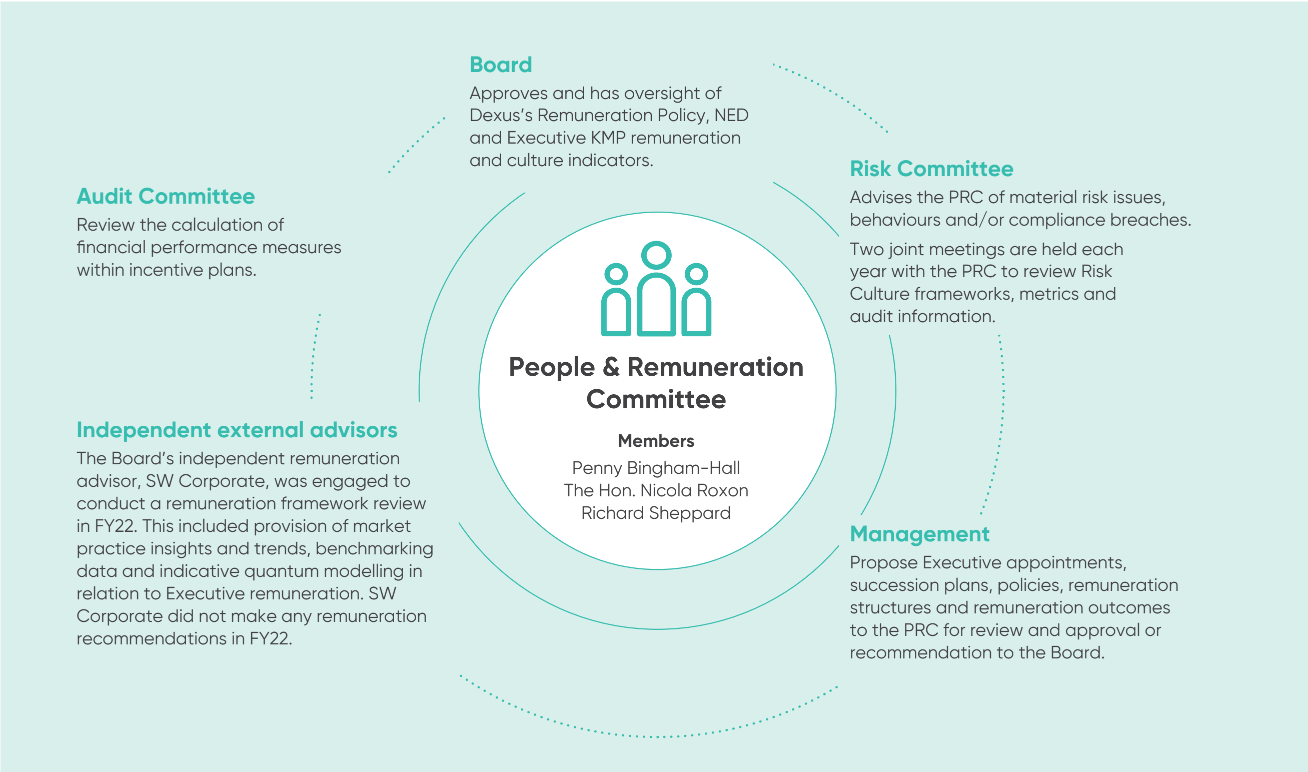
8.2 Terms of Executive KMP service agreements

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.
Resignation by the Executive	6-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.	3-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.
	All unvested incentives awards are forfeited. In the case of resignation through mutual agreement (e.g. retirement), the Board has the ability to treat the Executive KMP as a "Good Leaver", which may result in the Executive KMP retaining some or all of the unvested deferred STI or LTI grants.	
Termination by the Group without cause	If the Group terminates an Executive KMP without cause, they are entitled to a combined maximum notice and severance payment of 12 months' fixed remuneration. The Board may (in its absolute discretion) also approve a pro-rata STI payment. Depending on the circumstances, the Board has the ability to treat the Executive as a "Good Leaver", which may result in the Executive retaining some or all of the unvested incentive awards.	
Termination by the Group with cause	No notice or severance is payable. All unvested incentive awards are forfeited.	

9. Remuneration governance

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



People & Remuneration Committee (PRC)

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, GMC members and all other Dexus employees
- Reviewing and approving the Group Scorecard, annual performance objectives and KPIs of the CEO and GMC members
- Recommending to the Board for approval CEO and GMC members' remuneration and incentive payments
- Reviewing and approving aggregate fixed remuneration changes and annual incentive payments for all
- 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 of Directors, GMC members and other employees

Members

The PRC members have experience in remuneration, people, leadership, human resources, risk management and compliance which enables effective oversight and governance of Dexus's remuneration framework.

Meetings

The PRC is required to meet at least three times per year. In FY22, the PRC met 11 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.

Remuneration decision making

For remuneration concerning the Executive KMP, not including the CEO, the CEO's input was sought to help guide discussions and provide input on Executive KMP 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 Dexus 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 or require a forfeit of unvested Security Rights or Performance Rights issued under the Dexus LTI or STI Plans

10. 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 2022 remained within the aggregate fee pool of $2,500,000 per annum, which was approved by Security holders at the AGM in October 2017.

10.1 Fee structure

The Board fee structure (inclusive of statutory superannuation contributions) for FY21 and FY22 is provided below, noting that the Board made the decision to increase FY22 Board and Committee fees by approximately 2% and the Chair fee by approximately 5%, which reflects the Board's desire to make incremental changes to NED fees in-line with general market movements. The fee increase for the Dexus Wholesale Property Limited (DWPL) Board was larger ($15,000), to reflect the increase in workload following the merger between the Dexus Wholesale Property Fund (DWPF) and the AMP Capital Diversified Property Fund in 2021, significantly increasing the size of the DWPF.

Prior to this, NED fees were last increased in FY20. There are no NED fee increases proposed for FY23.

	Year	Chair ($)	Member ($)
Base fees	FY22	475,000[1]	178,500
	FY21	450,000	175,000
Board Risk Committee	FY22	35,700	17,850
	FY21	35,000	17,500
Board Audit Committee	FY22	35,700	17,850
	FY21	35,000	17,500
Board Nomination Committee[2]	FY22	N/A	N/A
	FY21	N/A	N/A
Board People & Remunerations Committee	FY22	35,700	17,850
	FY21	35,000	17,500
Board Environmental, Social & Governance Committee	FY22	35,700	17,850
	FY21	35,000	17,500
DWPL Board	FY22	N/A	50,000
	FY21	N/A	35,000

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 FY22.

10.2 Minimum Security holding requirement and NED fee salary sacrifice plan

NEDs are expected to hold the equivalent of 100% of their base fees in Dexus Securities, to be acquired over five years from appointment date. To further facilitate NEDs' ability to acquire Dexus equity, NEDs may sacrifice a percentage of their pre-tax base fees in return for a grant of Rights to the equivalent value.

The minimum percentage a NED can sacrifice is 20% of base fees, up to a maximum of 100%. The number of Rights allocated is calculated based on the VWAP of Securities over the first 5 trading days of the Trading Window immediately following the release of full-year results. Rights vest in two equal tranches over the subsequent 6-month and 12-month period.

10.3 Security movements

The table below outlines the movement in NED Security holdings for FY22.

NED	Number of Securities held at 1 July 2021	Movement	Number of Securities held at 30 June 2022	Meets minimum Requirement
Richard Sheppard	100,000	–	100,000	Yes
Patrick Allaway	20,000	–	20,000	Yes
Penny Bingham-Hall	32,773	–	32,773	Yes
Tonianne Dwyer	22,500	–	22,500	Yes
Mark H Ford	10,000	7,339	17,339	Yes
Warwick M Negus	-	25,000	25,000	Yes
The Hon. Nicola Roxon	21,297	3,372	24,669	Yes

10.4 NED statutory remuneration

This summary of the actual cash and benefits received by each NED for the year ended 30 June 2022 is prepared in accordance with AASB 124 Related Party Disclosures.

NED	Year	Short term benefits[1] ($)	Post-employment benefits (superannuation) $	Other long-term benefits $	Total $
Current					
W Richard Sheppard	FY22	463,216	11,784	–	475,000
	FY21	428,306	21,694	–	450,000
Patrick Allaway	FY22	194,727	19,473	–	214,200
	FY21	188,994	17,954	–	206,948
Penny Bingham-Hall[2]	FY22	232,050	–	–	232,050
	FY21	227,500	–	–	227,500
Tonianne Dwyer	FY22	260,556	23,568	–	284,124
	FY21	242,985	21,694	–	264,679
Mark H Ford	FY22	258,482	23,568	–	282,050
	FY21	235,299	21,368	–	256,667
Warwick M Negus[3]	FY22	209,332	4,868	–	214,200
	FY21	66,591	6,326	–	72,917
The Hon. Nicola Roxon[4]	FY22	226,776	5,274	–	232,050
	FY21	227,500	–	–	227,500
Former					
Peter St George[5]	FY22	–	–	–	–
	FY21	191,781	18,219	–	210,000
John C Conde AO[6]	FY22	–	–	–	–
	FY21	35,821	3,403	–	39,224
Total	FY22	1,845,139	88,535	–	1,933,674
	FY21	1,844,776	110,658	–	1,955,435

1 Includes Director fees and insurance contributions.
2 Penny Bingham-Hall received a superannuation guarantee exemption in FY21.
3 Warwick M Negus joined the Board on 1 February 2021. His remuneration has been pro-rated to reflect he served part of FY21 as KMP.
4 Nicola Roxon's FY21 short term benefits include a salary sacrifice amount under the NED fee sacrifice program and a superannuation guarantee exemption for FY21.
5 Peter St George retired from the Board on 30 June 2021.
6 John Conde retired from the Board on 2 September 2020. The figures in the above table represent earnings for the portion of the year that John Conde was a director of the Board.

11. Statutory disclosures

11.1 Statutory remuneration

The total remuneration paid to Executive KMP for FY21 and FY22 is calculated in accordance with AASB 124 Related Party Disclosures.

		Short term benefits				Long term benefits			Security-based benefits			
Executive KMP	Year	Base salary	STI award	Annual leave movement[1]	Other short term benefits	Super-annuation benefits	Termination benefits	Long service leave movement[1]	Deferred STI plan accrual	LTI plan accrual	Once-off incentive awards accrual[2]	Total
Current												
Darren J Steinberg	FY22	1,576,432	1,421,280	39,458	6,116	23,568	–	41,843	441,946	759,204	1,025,116	5,334,963
	FY21	1,578,306	1,500,000	9,053	6,489	21,694	–	45,344	404,713	1,561,533	78,596	5,205,728
Deborah C Coakley	FY22	776,432	710,640	37,450	2,639	23,568	–	30,362	208,170	229,826	368,224	2,387,311
	FY21	703,308	679,688	19,636	2,950	21,694	–	23,394	173,424	335,574	199,749	2,159,417
Ross G Du Vernet	FY22	776,432	710,640	34,426	2,665	23,568	–	29,479	213,154	233,084	368,224	2,391,672
	FY21	728,306	703,125	-21,049	2,621	21,694	–	20,662	189,712	368,749	199,749	2,213,569
Kevin L George	FY22	728,332	584,424	9,898	7,292	23,568	–	21,314	195,478	259,409	–	1,829,715
	FY21	728,306	703,125	-1,498	7,190	21,694	–	18,778	182,974	363,566	–	2,024,135
Keir L Barnes[3]	FY22	394,824	488,565	18,222	1,532	17,676	–	–	81,685	100,921	–	1,103,425
	FY21	–	–	–	–	–	–	–	–	–	–	–
Former												
Alison C Harrop[4]	FY22	182,083	–	16,900	2,209	11,784	370,058	–	25,348	33,046	–	641,428
	FY21	728,306	597,375	13,924	5,847	21,694	–	13,891	167,191	357,053	–	1,905,281
Total	**FY22**	**4,434,535**	**3,915,549**	**156,354**	**22,453**	**123,732**	**370,058**	**122,998**	**1,165,781**	**1,615,490**	**1,761,564**	**13,688,514**
	FY21	**4,466,532**	**4,183,313**	**20,066**	**25,097**	**108,470**	**–**	**122,069**	**1,118,014**	**2,986,475**	**478,094**	**13,508,130**

1 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.

2 The once-off incentive awards reflect the CEO Incentive Award and Retention Equity Award disclosed in the 2021 Remuneration Report.

3 Ms. Keir Barnes was appointed as CFO on 1 October 2021. Her FY22 remuneration has been pro-rated to reflect that she was KMP for part of the year.

4 Ms. Alison Harrop was CFO until 30 September 2021. Her FY22 remuneration has been pro-rated to reflect that she was KMP for part of the year.

11.2 Deferred STI and LTI awards which vested during FY22

The summary below outlines the number of Rights which vested under the Deferred STI and LTI plans during FY22[1]. The vesting date for all Rights was 1 July 2021.

Executive KMP	Plan name	Grant date[3]	Tranche	Number of Rights which vested	Market value at vesting ($)[2]
Darren J Steinberg	Deferred STI	12/12/19	2	20,366	220,657
		22/12/20	1	15,504	167,980
	LTI	06/12/17	2	95,866	1,038,670
		16/11/18	1	84,433	914,798
Deborah C Coakley	Deferred STI	12/12/19	2	7,637	82,744
		22/12/20	1	6,541	70,869
	LTI	06/12/17	2	17,226	186,637
		16/11/18	1	15,831	171,523
Ross G Du Vernet	Deferred STI	12/12/19	2	9,547	103,438
		22/12/20	1	7,268	78,746
	LTI	06/12/17	2	20,970	227,202
		16/11/18	1	19,789	214,406
Kevin L George	Deferred STI	12/12/19	2	8,401	91,021
		22/12/20	1	6,978	75,604
	LTI	06/12/17	2	20,970	227,202
		16/11/18	1	19,789	214,406
Alison C Harrop	Deferred STI	12/12/19	2	8,121	87,988
		22/12/20	1	6,978	75,604
	LTI	06/12/17	2	18,724	202,867
		16/11/18	1	19,129	207,255

1 Or during the period for which the Executive was a KMP if shorter.
2 Market value at vesting is the VWAP of DXS Securities for the 5-day period before the vesting date.
3 The Grant Dates disclosed are updated to reflect the Grant Date as defined by AASB 2 Share-based Payment.

11.3 Deferred STI in respect of FY22 STI

The below details the number of Security Rights to be granted to Executive KMP based on performance during FY22 under the Deferred STI plan, using a VWAP of $9.1390.

Executive KMP	Value of deferred STI $	Number of Security Rights granted	1st vesting date 50%	2nd vesting date 50%
Darren J Steinberg	473,760	51,839	1 July 2023	1 July 2024
Deborah C Coakley	236,880	25,919		
Ross G Du Vernet	236,880	25,919		
Kevin L George	194,807	21,316		
Keir L Barnes	162,855	17,819		

11.4 LTI grant with respect to the FY22 LTI

The table below details the number of Performance Rights[3] granted to Executive KMP on 29 November 2021[4] under the FY22 LTI plan.

Executive KMP	Grant value as a % of FR	Performance measure	Number of Performance Rights granted	VWAP value per Performance Right	Fair value per Performance Right[1]	Maximum total value of grant[2]	1st vesting date 50%	2nd vesting date 50%
Darren J Steinberg	150%	ROCE	90,002	$10.67	$9.30	837,019	1 July 2024	1 July 2025
		ATSR	90,002	$10.67	$3.18	286,206		
		Strategic measures	45,001	$10.67	$9.30	418,509		
Deborah C Coakley	75%	ROCE	22,500	$10.67	$9.30	209,250		
		ATSR	22,500	$10.67	$3.18	71,550		
		Strategic measures	11,251	$10.67	$9.30	104,634		
Ross G Du Vernet	75%	ROCE	22,500	$10.67	$9.30	209,250		
		ATSR	22,500	$10.67	$3.18	71,550		
		Strategic measures	11,251	$10.67	$9.30	104,634		
Kevin L George	75%	ROCE	21,148	$10.67	$9.30	196,676		
		ATSR	21,148	$10.67	$3.18	67,251		
		Strategic measures	10,573	$10.67	$9.30	98,329		
Keir L Barnes	75%	ROCE	15,469	$10.67	$9.30	143,862		
		ATSR	15,469	$10.67	$3.18	49,191		
		Strategic measures	7,734	$10.67	$9.30	71,926		

1 Fair value for the LTI reflects the average valuation of Tranche 1 ($9.53) and Tranche 2 ($9.07) for ROCE and Strategic Measures and the average valuation of Tranche 1 ($3.30) and Tranche 2 ($3.06) for ATSR. Valuations were provided by EY under the Black-Scholes Analytic model.

2 The maximum total value of the grant reflects the numbers of Performance Rights granted multiplied by the fair value per Right.

3 Numbers reflect actual performance rights granted to KMP.

4 The Grant Dates disclosed are updated to reflect the Grant Date as defined by AASB 2 Share-based Payment.

11.5 LTI grant with respect to the FY23 LTI

The table below details the number of Performance Rights granted to Executive KMP under the FY23 LTI plan, noting the CEO grant is subject to Security holder vote at the 2022 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	Fair value per Performance Right[1]	Maximum total value of grant[2]	Vesting date 50%	Vesting date 50%
Darren J Steinberg	150%	ROCE	105,044	$9.14	$7.46	783,103	1 July 2025	1 July 2026
		RTSR	105,044	$9.14	$2.82	295,699		
		Strategic measures	52,522	$9.14	$7.46	391,552		
Deborah C Coakley	120%	ROCE	42,018	$9.14	$7.46	313,244		
		RTSR	42,018	$9.14	$2.82	118,281		
		Strategic measures	21,008	$9.14	$7.46	156,615		
Ross G Du Vernet	120%	ROCE	42,018	$9.14	$7.46	313,244		
		RTSR	42,018	$9.14	$2.82	118,281		
		Strategic measures	21,008	$9.14	$7.46	156,615		
Kevin L George	120%	ROCE	39,491	$9.14	$7.46	294,405		
		RTSR	39,491	$9.14	$2.82	111,167		
		Strategic measures	19,746	$9.14	$7.46	147,206		
Keir L Barnes	120%	ROCE	42,018	$9.14	$7.46	313,244		
		RTSR	42,018	$9.14	$2.82	118,281		
		Strategic measures	21,008	$9.14	$7.46	156,615		

1 Fair value for the LTI reflects the average valuation of Tranche 1 ($7.64) and Tranche 2 ($7.27) for ROCE and Strategic Measures and the average valuation of Tranche 1 ($2.98) and Tranche 2 ($2.65) for RTSR. Valuations were provided by EY under the Black-Scholes Analytic model.

2 The maximum total value of the grant reflects the numbers of Performance Rights granted multiplied by the fair value per Right.

11.6 Executive KMP unvested Rights outstanding

The table below shows the number of unvested Rights held by Executive KMP as at 30 June 2022 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.

Executive KMP	Plan name	Grant date[1]	Vesting date	Tranche	Number of Rights
Darren J Steinberg	Deferred STI	22.12.20	01.07.22	2	14,770
		29.11.21	01.07.22	1	23,438
		29.11.21	01.07.23	2	23,438
	LTI	16.11.18	01.07.22	2	121,487
		12.12.19	01.07.22	1	89,047
		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
		29.11.21	01.07.24	1	112,503
		29.11.21	01.07.25	2	112,502
	Retention Award	01.06.21	01.07.24	1	356,335
Deborah C Coakley	Deferred STI	22.12.20	01.07.22	2	6,231
		29.11.21	01.07.22	1	10,620
		29.11.21	01.07.23	2	10,620
	LTI	16.11.18	01.07.22	2	22,778
		12.12.19	01.07.22	1	18,783
		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
		29.11.21	01.07.24	1	28,126
		29.11.21	01.07.25	2	28,125
	Retention Award	14.12.20	14.12.23	1	76,740
		14.12.20	14.12.24	2	76,740
Ross G Du Vernet	Deferred STI	22.12.20	01.07.22	2	6,923
		29.11.21	01.07.22	1	10,987
		29.11.21	01.07.23	2	10,986
	LTI	16.11.18	01.07.22	2	28,473
		12.12.19	01.07.22	1	20,870
		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	28,126
		29.11.21	01.07.25	2	28,125
	Retention Award	14.12.20	14.12.23	1	76,740
		14.12.20	14.12.24	2	76,740

Executive KMP	Plan name	Grant date[1]	Vesting date	Tranche	Number of Rights
Kevin L George	Deferred STI	22.12.20	01.07.22	2	6,646
		29.11.21	01.07.22	1	10,987
		29.11.21	01.07.23	2	10,986
	LTI	16.11.18	01.07.22	2	28,473
		12.12.19	01.07.22	1	20,870
		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
Keir L Barnes	Deferred STI	22.12.20	01.07.22	2	2,500
		29.11.21	01.07.22	1	4,037
		29.11.21	01.07.23	2	4,037
	LTI	29.11.21	01.07.24	1	19,336
		29.11.21	01.07.25	2	19,336
	Other[2]	22.12.20	01.07.22	1	7,774
		22.12.20	01.07.23	2	7,773
Alison C Harrop	Deferred STI	22.12.20	01.07.22	2	6,646
		29.11.21	01.07.22	1	9,334
		29.11.21	01.07.23	2	9,334
	LTI	16.11.18	01.07.22	2	27,524
		12.12.19	01.07.22	1	20,870
		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

1 The Grant Dates disclosed are updated to reflect the Grant Date as defined by AASB 2 Share-based Payment.

2 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 Dexus and its investors through 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.

11.7 Equity investments

The table below outlines the movement in Executive KMP's Security holdings and deferred Rights for FY22.

	Held at 1 July 2021[1]			Net change			Held at 30 June 2022[4]				
	Securities	Deferred Rights	Total balance	Securities	Deferred Rights	Total balance	Securities	Deferred Rights	Total balance	Market value as at 30 June 2022[2] $	Meets minimum requirement[3]
Darren J Steinberg	990,998	48,091	1,039,089	216,169	13,555	229,724	1,207,167	61,646	1,268,813	$ 11,609,766	Yes
Deborah C Coakley	88,303	172,898	261,201	20,454	8,053	28,507	108,757	180,951	289,708	$ 2,650,857	Yes
Ross G Du Vernet	101,844	176,023	277,867	32,569	6,353	38,922	134,413	182,376	316,789	$ 2,898,651	Yes
Kevin L George	118,966	20,945	139,911	-28,862	7,674	-21,188	90,104	28,619	118,723	$ 1,086,327	Yes
Keir L Barnes	2,811	20,548	23,359	-	5,573	5,573	2,811	26,121	28,932	$ 264,731	N/A
Alison C Harrop	88,507	20,690	109,197	52,952	4,624	57,576	141,459	25,314	166,773	$ 1,525,990	N/A

1 Held at the late of 1 July 2021 or at time the time of appointment to KMP.

2 Market value as at 30 June 2022 is the VWAP of Dexus Securities for the 5-day period up to and including 30 June 2022 being $9.1501.

3 A minimum Security holding guideline was introduced on 1 July 2018, with all Executive KMP expected to attain the minimum Security holding within five years of this date or of their appointment to GMC. The following Securities are included in the balance for the purpose of the guideline (1) Any Dexus Securities that the Executive or their related person or entity hold (e.g. Family Trust), (2) Securities that the Executive acquires on vesting of awards granted under Dexus's equity incentive plans; and (3) Unvested equity granted that the Executive holds under Dexus's equity incentive plans which are not subject to performance hurdles (e.g. deferred short-term incentives and Retention Equity Award for CIO and EGM, Funds Management).

4 Or at such time the Executive ceased being a KMP.

11.8 Loans

No loans were provided to KMP or related parties.

11.9 Other transactions

There were no transactions involving an equity instrument (other than share based payment compensation) to KMP or related parties.

11.10 Dexus 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 Dexus.

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 Dexus Securities. Trading in Dexus 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.

Financial report

Contents

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 2022. 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
W Richard Sheppard, BEc (Hons), FAICD	1 January 2012
Patrick N J Allaway, BA/LLB	1 February 2020
Penny Bingham-Hall, BA (Industrial Design), FAICD, SF Fin	10 June 2014
Tonianne Dwyer, BJuris (Hons), LLB (Hons)	24 August 2011
Mark H Ford, Dip. Tech (Commerce), CA, FAICD	1 November 2016
Warwick Negus, BBus (UTS), MCom (UNSW), SF Fin	1 February 2021
The Hon. Nicola L Roxon, BA/LLB (Hons), GAICD	1 September 2017
Darren J Steinberg, BEc, FRICS, FAPI, FAICD	1 March 2012

Company Secretaries

The names and details of the Company Secretaries of DXFM as at 30 June 2022 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 24 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 18 times during the year, of which six were a special meeting.

	Main meetings held	Main meetings attended	Special meetings held	Special meetings attended
W Richard Sheppard	12	11	6	6
Patrick N J Allaway	12	12	6	6
Penny Bingham-Hall	12	12	6	6
Tonianne Dwyer	12	12	6	5
Mark H Ford	12	12	6	6
Warwick Negus	12	11	6	6
The Hon. Nicola L Roxon	12	12	6	6
Darren J Steinberg	12	12	6	6

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[1] at Board Committee meetings of which they were a member during the year ended 30 June 2022.

	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
W Richard Sheppard	–	–	–	–	5	5	9	9	–	–	2	2
Patrick N J Allaway	4	4	4	4	5	5	–	–	–	–	2	2
Penny Bingham-Hall	–	–	–	–	5	5	9	9	4	4	2	2
Tonianne Dwyer	4	4	4	4	5	4	–	–	–	–	2	2
Mark H Ford	4	4	–	–	5	5	–	–	4	4	2	2
Warwick Negus	4	3	4	3	5	4	–	–	–	–	2	2
The Hon. Nicola L Roxon	–	–	–	–	5	5	9	9	4	4	2	2

1 All Non-Executive Directors have a standing invitation to attend any or all Board Committee meetings.

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
W Richard Sheppard	100,000
Patrick N J Allaway	20,000
Penny Bingham-Hall	32,773
Tonianne Dwyer	22,500
Mark H Ford	17,339
Warwick Negus	25,000
The Hon. Nicola L Roxon[1]	24,669
Darren J Steinberg[2]	1,207,167

1 Includes interests held directly and through Non-Executive Director (NED) Plan rights.
2 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 28 to 69 of the Annual Report and forms part of this Directors' Report.

Remuneration Report

The Remuneration Report is set out on pages 78 to 111 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
W Richard Sheppard	Star Entertainment Group	21 November 2012
Patrick N J Allaway	Bank of Queensland	1 May 2019
	Allianz Australia	1 July 2020
Penny Bingham-Hall	BlueScope Steel Limited[1]	29 March 2011
	Fortescue Metals Group Ltd	16 November 2016
Tonianne Dwyer	Metcash Limited[2]	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[3]	16 May 2011
Warwick Negus	Pengana Capital Group Limited (Chairman)	1 June 2017
	Bank of Queensland	22 September 2016
	Washington H. Soul Pattison and Company Ltd	1 November 2014
The Hon. Nicola L Roxon	Lifestyle Communities Limited	1 September 2017
Darren J Steinberg	VGI Partners Limited[4]	12 May 2019

1 Penny Bingham-Hall retired from the Board of BlueScope Steel Limited, effective 31 October 2021.
2 Tonianne Dwyer retired from the Board of Metcash Limited, effective 28 June 2021.
3 Listed for trading on the New Zealand Stock Exchange.
4 Darren Steinberg 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 estate assets
- Invest in Australian managed funds
- Manage real estate funds on behalf of third party investors
- Invest in the operations of Jandakot Airport and related infrastructure

There were no significant changes in the nature of the Group's activities during the year.

Total value of Trust assets

The total value of the assets of the Group as at 30 June 2022 was $19,192.1 million (2021: $18,099.6 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

During the financial year, the Group announced the following significant corporate transactions:

1. On 6 July 2021, Dexus implemented the Simplification from a quadruple stapled trust structure (comprised of Dexus Diversified Trust (DDF), Dexus Industrial Trust (DIT), Dexus Office Trust (DOT) and DXO) to a dual stapled trust structure. This was achieved by "top-hatting" three of the existing trusts (DDF, DIT and DOT) with a newly established trust, DPT. Effective from this date, the Simplified Group now comprises a unit in each of DXO and DPT, with DXFM appointed as the Responsible Entity of DPT.

2. On 27 July 2021, APN Property Group (APN) security holders approved the Scheme of Arrangement for Dexus to acquire all of the stapled securities in APN for an all cash-consideration of 90 cents per security. On 13 August 2021, the Scheme was implemented. Effective from this date, APN and its controlled entities are now wholly owned subsidiaries of Dexus.

3. On 1 November 2021, Dexus Holdings Pty Limited acquired 100% of Jandakot City Holdings Pty Limited (JCH) and 49% of Jandakot Airport Holdings Pty Limited (JAH) through the newly established Jandakot City Holdings Trust (JCHT) and Jandakot Airport Holdings Trust (JAHT). On 19 November 2021, shortly after initial settlement, Dexus Industria REIT (DXI) acquired a 33.3% interest in JCHT and a 68% interest in JAHT.

   On 1 April 2022, Dexus Projects Pty Limited settled on the remaining 51% interest of JAH through the establishment of Jandakot Airport Domestic Trust (JADT), with Cbus Super acquiring a 33.3% interest in each of JCH and JAH by acquiring a 33.3% interest in JCHT and a 65.3% interest in JADT. The joint venture which owns 100% of Jandakot airport, Perth, is held in the following proportions: Dexus 33.4%, DXI 33.3% and Cbus Super 33.3%. The existing structure included senior asset-level debt of $405 million, reflecting a combined equity commitment of $895 million excluding acquisition costs.

4. On 23 March 2022, Dexus announced it had conditionally exchanged binding transaction documents with Atlassian to fund, develop and invest in Atlassian's new headquarters in Sydney. The total project costs are expected to be circa $1.4 billion. On 20 July 2022, the transaction achieved financial close. It is expected the development will reach completion in 2026.

5. On 27 April 2022, Dexus agreed to acquire AMP Capital's real estate and domestic infrastructure equity business. This transaction positions Dexus as a leading real asset manager, with new capabilities and an expanded product offering, underpinned by its best practice governance and risk management framework.

   AMP Capital's real estate and domestic infrastructure equity business comprises a high-quality platform of pooled funds and separately managed accounts.

   In July 2022, the unit holders of the AMP Capital Office Fund (AWOF) voted in favour of a change of trustee of AWOF. Consequently, the maximum potential funds under management (FUM) that will be transferred across to Dexus now is $21.1 billion, comprising $10.9 billion in real estate and $10.2 billion in infrastructure.

   The structure and pricing of the acquisition were agreed having regard to the final FUM that will be transitioned to Dexus. As a result of AWOF exiting the AMP Capital platform, the earn out amount payable will reduce to a maximum of approximately $75 million, taking the maximum potential price to approximately $325 million including the $250 million upfront cash payment.

   In addition, Dexus will no longer acquire AMP Capital's committed co-investment stakes in AWOF totalling circa $270 million.

   The acquisition of AMP Capital 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

Matters subsequent to the end of the financial year

On 29 July 2022, settlement occurred for the disposal of 383-395 Kent Street, Sydney NSW for $385.0 million excluding transaction costs.

On 29 July 2022, settlement occurred for the disposal of 140 and 150 George Street, Parramatta NSW for $77.2 million excluding transaction costs.

Since the end of the year, other than the matters disclosed above, 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 2022 were 53.2 cents per security which amounted to $572.2 million (2021: 51.8 cents per security, $561.0 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 2022. 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 2022 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 (2021: 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 2022 (2021: 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 and submitted its 2021 report to the Greenhouse and Energy Data Officer on 31 October 2021 and will submit its 2022 report by 31 October 2022. During the 12 month period ending 30 June 2022, 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.dexus.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.

Lead audit partner rotation

On 23 June 2022, the Board granted approval to extend the term of the current lead auditor for one year, to include the audit for the year ending 30 June 2023 in light of the significant business and operational changes undertaken by the Group which are ongoing and are expected to impact the 2023 audit.

The Board Audit Committee and Board were satisfied that such an extension was consistent with maintaining the quality of the audit provided to the Group and would not give rise to a conflict of interest situation, as defined in the *Corporations Act 2001* and thereby impair the independence of the lead audit partner. PwC has provided written confirmation that this extension would not give rise to a conflict of interest situation and appropriate safeguards are in place to ensure appropriate objectivity and independence are maintained.

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 120 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 hundred thousand, 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 16 August 2022.

W Richard Sheppard
Chair
16 August 2022

Darren J Steinberg
Chief Executive Officer
16 August 2022

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Dexus Property Trust (the Trust) for the year ended 30 June 2022, 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 the Trust and the entities it controlled during the year.

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
16 August 2022

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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $m	2021 $m
Revenue from ordinary activities			
Property revenue	2	**464.6**	523.8
Development revenue	10	**172.0**	316.6
Interest revenue		**2.4**	1.3
Management fees and other revenue		**235.3**	174.2
Total revenue from ordinary activities		**874.3**	1,015.9
Net fair value gain of investment properties	8	**437.0**	273.7
Share of net profit of investments accounted for using the equity method	9	**845.7**	565.6
Net gain on sale of investment properties		**0.1**	0.3
Net fair value gain of foreign currency interest bearing liabilities		**173.0**	115.2
Net fair value gain of financial assets at fair value through profit or loss	12	**6.5**	–
Reversal of impairment on inventories		**-**	4.7
Other income		**10.1**	1.7
Total income		**2,346.7**	1,977.1
Expenses			
Property expenses	2	**(142.1)**	(165.1)
Development costs	10	**(138.6)**	(244.6)
Finance costs	4	**(141.8)**	(131.7)
Impairment of intangibles	20	**(1.9)**	–
Impairment of investments accounted for using the equity method	9	**(0.9)**	–
Net fair value loss of derivatives	13(c)	**(40.2)**	(102.4)
Net foreign exchange loss		**(0.2)**	(0.1)
Transaction costs		**(63.8)**	(10.3)
Management operations, corporate and administration expenses	3	**(186.1)**	(143.2)
Total expenses		**(715.6)**	(797.4)
Profit/(loss) before tax		**1,631.1**	1,179.7
Income tax expense	5(a)	**(15.2)**	(41.3)
Profit/(loss) for the year		**1,615.9**	1,138.4
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss			
Changes in the fair value of cash flow hedges	18	**7.4**	(14.5)
Changes in the foreign currency basis spread reserve	18	**10.7**	(1.5)
Total comprehensive income/(loss) for the year		**1,634.0**	1,122.4
Profit/(loss) for the year attributable to:			
Unitholders of the parent entity[1]		**1,583.0**	525.0
Unitholders of other stapled entities (non-controlling interests)[2]		**32.9**	613.4
Profit/(loss) for the year		**1,615.9**	1,138.4
Total comprehensive income/(loss) for the year attributable to:			
Unitholders of the parent entity[1]		**1,601.1**	509.0
Unitholders of other stapled entities (non-controlling interests)[2]		**32.9**	613.4
Total comprehensive income/(loss) for the year		**1,634.0**	1,122.4
		Cents	Cents
Earnings per unit on profit/(loss) attributable to unitholders of the Trust (parent entity)[1]			
Basic earnings per unit	6	**147.18**	48.41
Diluted earnings per unit	6	**145.38**	47.18
Earnings per stapled security on profit/(loss) attributable to stapled security holders			
Basic earnings per security	6	**150.24**	104.97
Diluted earnings per security	6	**148.36**	104.73

1 As a result of the simplification of the stapled group structure implemented on 6 July 2021, DPT is deemed the new parent entity for financial reporting purposes. The parent entity for the comparative year was DDF. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

2 As a result of the simplification of the stapled group structure implemented on 6 July 2021, non-controlling interests comprise DXO for financial reporting purposes. Non-controlling interests for the comparative period comprise DIT, DOT and DXO. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

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 2022

	Note	2022 $m	2021 $m
Current assets			
Cash and cash equivalents	19(a)	**75.3**	43.5
Receivables	19(b)	**166.5**	121.0
Non-current assets classified as held for sale	11	**385.0**	272.8
Inventories	10	**54.4**	137.2
Derivative financial instruments	13(c)	**12.6**	13.8
Current tax receivable		**-**	21.2
Other	19(c)	**53.5**	28.3
Total current assets		**747.3**	637.8
Non-current assets			
Investment properties	8	**8,295.7**	8,476.8
Plant and equipment		**11.7**	10.1
Right-of-use assets		**16.9**	13.6
Inventories	10	**-**	41.0
Investments accounted for using the equity method	9	**8,881.9**	8,070.4
Derivative financial instruments	13(c)	**457.9**	333.3
Intangible assets	20	**488.0**	305.4
Financial assets at fair value through profit or loss	12	**186.5**	180.5
Loans with related parties	25	**33.7**	30.7
Other	25	**72.5**	-
Total non-current assets		**18,444.8**	17,461.8
Total assets		**19,192.1**	18,099.6
Current liabilities			
Payables	19(d)	**180.4**	173.8
Interest bearing liabilities	15	**-**	50.0
Lease liabilities	14	**4.2**	3.5
Derivative financial instruments	13(c)	**1.2**	7.2
Current tax liabilities		**16.0**	-
Provisions	19(e)	**315.9**	291.2
Loans with related parties	25	**33.1**	-
Other		**4.3**	7.8
Total current liabilities		**555.1**	533.5
Non-current liabilities			
Interest bearing liabilities	15	**4,882.3**	4,874.7
Lease liabilities	14	**22.7**	20.5
Derivative financial instruments	13(c)	**40.5**	42.9
Deferred tax liabilities	5(e)	**102.2**	92.9
Provisions	19(e)	**3.4**	2.7
Other		**18.7**	23.4
Total non-current liabilities		**5,069.8**	5,057.1
Total liabilities		**5,624.9**	5,590.6
Net assets		**13,567.2**	12,509.0
Equity			
Equity attributable to unitholders of the Trust (parent entity)[1]			
Contributed equity	17	**7,048.0**	2,341.4
Reserves	18	**17.3**	(0.8)
Retained profits		**6,159.4**	1,463.9
Parent entity unitholders' interest		**13,224.7**	3,804.5
Equity attributable to unitholders of other stapled entities[2]			
Contributed equity	17	**107.1**	4,813.7
Reserves	18	**33.8**	37.4
Retained profits		**201.6**	3,853.4
Other stapled unitholders' interest		**342.5**	8,704.5
Total equity		**13,567.2**	12,509.0

1 As a result of the simplification of the stapled group structure implemented on 6 July 2021, DPT is deemed the new parent entity for financial reporting purposes. The parent entity for the comparative year was DDF. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

2 As a result of the simplification of the stapled group structure implemented on 6 July 2021, non-controlling interests comprise DXO for financial reporting purposes. Non-controlling interests for the comparative period comprise DIT, DOT and DXO. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2022

		Attributable to unitholders of the Trust (parent entity)[1]				Attributable to unitholders of other stapled entities[2]				
	Note	Contributed equity $m	Reserves $m	Retained profits $m	Total $m	Contributed equity $m	Reserves $m	Retained profits $m	Total $m	Total equity $m
Opening balance as at 1 July 2020		2,381.4	15.2	1,051.9	3,448.5	4,909.5	35.4	3,716.9	8,661.8	12,110.3
Change in accounting policy		-	-	-	-	-	-	(29.1)	(29.1)	(29.1)
Restated opening balance as at 1 July 2020		2,381.4	15.2	1,051.9	3,448.5	4,909.5	35.4	3,687.8	8,632.7	12,081.2
Net profit for the year		-	-	525.0	525.0	-	-	613.4	613.4	1,138.4
Other comprehensive income/(loss) for the year	18	-	(16.0)	-	(16.0)	-	-	-	-	(16.0)
Total comprehensive income for the year		-	(16.0)	525.0	509.0	-	-	613.4	613.4	1,122.4
Transactions with owners in their capacity as owners										
Buy-back of contributed equity, net of transaction cost	17	(40.0)	-	-	(40.0)	(95.8)	-	-	(95.8)	(135.8)
Purchase of securities, net of transaction costs	18	-	-	-	-	-	(7.3)	-	(7.3)	(7.3)
Security-based payments expense	18	-	-	-	-	-	9.3	-	9.3	9.3
Distributions paid or provided for	7	-	-	(113.0)	(113.0)	-	-	(447.9)	(447.9)	(561.0)
Total transactions with owners in their capacity as owners		(40.0)	-	(113.0)	(153.0)	(95.8)	2.0	(447.9)	(541.7)	(694.8)
Closing balance as at 30 June 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
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[3]		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 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 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**

1 As a result of the simplification of the stapled group structure implemented on 6 July 2021, DPT is deemed the new parent entity for financial reporting purposes. The parent entity for the comparative year was DDF. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

2 As a result of the simplification of the stapled group structure implemented on 6 July 2021, non-controlling interests comprise DXO for financial reporting purposes. Non-controlling interests for the comparative period comprise DIT, DOT and DXO. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

3 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. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

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 2022

	Note	2022 $m	2021 $m
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		**781.3**	762.1
Payments in the course of operations (inclusive of GST)		**(458.5)**	(315.6)
Interest received		**2.4**	1.3
Finance costs paid		**(159.2)**	(147.4)
Distributions received from investments accounted for using the equity method		**245.5**	478.1
Income tax paid		**(8.6)**	(59.6)
Proceeds from sale of property classified as inventory and development services		**172.0**	367.1
Payments for property classified as inventory and development services		**(14.8)**	(86.7)
Net cash inflow/(outflow) from operating activities	23	**560.1**	999.3
Cash flows from investing activities			
Proceeds from sale of investment properties		**750.1**	534.9
Proceeds from sale of investments accounted for using the equity method		**1,528.9**	-
Payments for capital expenditure on investment properties		**(98.6)**	(110.7)
Payments for investments accounted for using the equity method		**(1,578.4)**	(727.8)
Payments for financial assets at fair value through profit or loss		**-**	(180.5)
Payments for acquisition of investment properties		**(202.5)**	(197.5)
Payments for plant and equipment		**(4.8)**	(0.7)
Payments for intangibles		**(1.5)**	(15.7)
Payment for acquisition of subsidiary, net of cash acquired		**(352.0)**	-
Net cash inflow/(outflow) from investing activities		**41.2**	(698.0)
Cash flows from financing activities			
Borrowings provided to related parties		**(0.8)**	-
Proceeds from borrowings		**18,648.7**	8,405.0
Repayment of borrowings		**(18,681.0)**	(7,983.3)
Proceeds from loan with related party		**33.1**	-
Payment of lease liabilities		**(4.6)**	(0.3)
Payments for buy-back of contributed equity, net of transaction costs		**-**	(135.8)
Purchase of securities for security-based payments plans		**(16.3)**	(7.3)
Distributions paid to security holders		**(548.6)**	(567.9)
Net cash inflow/(outflow) from financing activities		**(569.5)**	(289.6)
Net increase/(decrease) in cash and cash equivalents		**31.8**	11.7
Cash and cash equivalents at the beginning of the year		**43.5**	31.8
Cash and cash equivalents at the end of the year		**75.3**	43.5

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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

The Consolidated Financial Statements are general purpose financial reports which have been prepared in accordance with the requirements of the Constitutions of the entities within the Group, the *Corporations Act 2001*, AASB's issued by the Australian Accounting Standards Board and International Financial Reporting Standards adopted by the International Accounting Standard 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 hundred thousand 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 investment properties, investment properties within equity accounted investments, derivative financial instruments, security-based payments, financial assets at fair value through profit or loss and other liabilities which are stated at their fair value.

Dexus Simplification

On 6 July 2021, Dexus implemented the Simplification from a quadruple stapled trust structure (comprised of DDF, DIT, DOT and DXO) to a dual stapled trust structure comprised of DPT and DXO. This was achieved by "top-hatting" three of the existing trusts (DDF, DIT and DOT) with a newly established trust, DPT. Effective from this date, the Simplified Group now comprises a unit in each of DXO and DPT, with DXFM appointed as the Responsible Entity of DPT.

In accordance with AASB 3 *Business Combinations*, the change in stapled structure from four stapled trusts to two, requires the Directors to reassess which trust is the deemed parent for the purpose of preparing Consolidated Financial Statements for Dexus, post simplification. Dexus has determined that DPT is the deemed parent entity for Dexus post simplification on the basis that:

- DPT, although being a newly established trust, is the legal parent and vehicle for owning the interests in DDF, DIT and DOT
- DPT represented 97% of the equity and 95% of total assets of DXS at 30 June 2021, and is larger in relative size than DXO

This transaction had no impact on the assets or liabilities of Dexus (excluding transaction costs) and is deemed a capital reorganisation rather than a business combination (as defined in AASB 3 *Business Combinations*).

On implementation of the Simplification, the total equity balance of Dexus (Contributed equity, Reserves and Retained earnings) remained unchanged (excluding the impact of transaction costs). However, the allocation between Equity attributable to Unitholders of the Trust (parent entity) and Equity attributable to Unitholders of other stapled entities changed. The portion of total equity attributable to each of the parent entity and other stapled entities has been determined by applying the predecessor method, whereby the consolidated Contributed equity, Reserves and Retained earnings of the existing head trusts have been reallocated between those attributable to DPT and those attributable to DXO. Prior period comparatives have not been restated to reflect the impact of the current year restructure.

Dexus stapled securities are quoted on the Australian Securities Exchange under the "DXS" code, and from 7 July 2021 comprise a unit in each of DPT and DXO.

In accordance with Australian Accounting Standards, the entities within the Group must be consolidated for financial reporting purposes. DPT is the parent entity and deemed acquirer of DXO. These Consolidated Financial Statements therefore represent the consolidated results of DPT and include DPT and its controlled entities, and DXO and its controlled entities. All entities within the Group are for-profit entities.

Equity attributable to the other trust stapled to DPT is a form of non-controlling interest and represents the equity of DXO. The amount of non-controlling interest attributable to stapled security holders is disclosed in the Consolidated Statement of Financial Position.

Each entity forming part of the Group continues as a separate legal entity in its own right under the *Corporations Act 2001* and is therefore required to comply with the reporting and disclosure requirements under the *Corporations Act 2001* and Australian Accounting Standards. DXFM as Responsible Entity for DPT and DXO may only unstaple the Group if approval is obtained by a special resolution of the stapled security holders.

Significant change from the previous annual financial report

During the year, the Group entered into a business combination to acquire APN. 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.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses and is tested for impairment annually.

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.

COVID-19

The economic impacts resulting from the Government imposed restrictions in a response to the COVID-19 pandemic have the potential to impact various financial statement line items including: Investment properties, Property revenue and expenses, and Receivables.

The financial year saw the continuation of COVID-19 lockdowns in Sydney and Melbourne, which impacted the economy and the ability for business to trade normally. Despite this, the vaccine was successfully rolled out across Australia enabling the easing of restrictions before Christmas. Subsequently, the Omicron variant of COVID-19 continues to impact confidence, creating challenges in supply chains which has persisted for the second half of the financial year.

Despite impacts from the pandemic, it has been an active year with growth in the funds management business, continued leasing activity as well as new acquisitions and selective asset sales. This momentum demonstrates Dexus's continued focus on leveraging its platform capabilities to drive performance across the portfolio and in its third party funds.

During the year, Dexus leased 152,877 square metres of office space across 292 transactions, in addition to 96,749 square metres of space across office developments. Dexus office portfolio occupancy increased to 95.6% (June 2021: 95.2%).

Dexus leased 373,301 square metres of industrial space across 75 transactions as well as 330,097 square metres of space across 21 industrial developments. Dexus industrial portfolio occupancy increased to 98.1% (June 2021: 97.7%).

Retail transactions increased during the year as investor sentiment improved driven by an increase in discretionary spending. City retail remains challenged given the pandemic's effects on CBD locations across Australia.

Dexus continues to work with impacted tenants to finalise rent relief packages in accordance with the legislation and regulations in NSW and Victoria.

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates in relation to continued COVID-19 related uncertainties. Additionally, management has considered the current economic environment noting recent inflationary impacts and a rising interest rate climate. Other than these and the estimates and assumptions used for the measurement of items held at fair value such as certain financial instruments, other financial assets at fair value through profit or loss, investment properties (including those held within investments accounted for using the equity method), security-based payments, and the assumptions for intangible assets and the 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 as it considers the impact of climate change risks in preparing the Consolidated Financial Statements. Refer to specific considerations relating to Investment Properties within note 8 to the Consolidated Financial Statements.

In March 2022, the International Sustainability Standards Board (ISSB) released their first two exposure drafts. When the exposure drafts are issued as standards, these will be available for voluntary adoption and will not become mandatory until aligned standards are adopted in Australia. The Group will assess the potential impact of these new standards on the Consolidated Financial Statements once they have been issued by the ISSB and will continue to monitor developments in Australia.

Principles of consolidation

These Consolidated Financial Statements incorporate the assets, liabilities and results of all subsidiaries as at 30 June 2022.

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.

As at 30 June 2022, the Group had no investments in foreign operations.

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	Property portfolio assets	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 and 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 property and real estate security funds.
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 property portfolio value of other investments.

Revisions to segment results

During the year, Dexus implemented a change to the presentation of its segment financial information. The change related to:

- The creation of a Co-investments segment revenue line item to provide greater visibility of the earnings generated from Co-investments
- The Co-investments segment includes investments in the following managed funds and strategic ventures: Australian Unity Healthcare Property Trust, APN Asian REIT Fund, APN Global REIT Income Fund, Dexus Convenience Retail REIT, Dexus Development Fund No.2, Dexus Healthcare Property Fund, Dexus Industria REIT, Dexus Regional Property Fund, Dexus DREP 1 Co-investment Trust, Divvy Parking Pty Ltd and RealTech Ventures
- The investments in Australian Unity Healthcare Property Trust, Dexus Healthcare Property Fund, Divvy Parking Pty Ltd and RealTech Ventures have been reallocated from All other segments to the new Co-investments segment

This change impacts the allocation of segment results across segment categories, however it has no impact on the Group's overall results or financial position. Comparative segment financial information has been restated to reflect this change.

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	–	–
Corporate and administration expenses	(13.7)	(4.6)
Development costs	–	–
Interest revenue	–	–
Finance costs	–	–
Incentive amortisation and rent straight line	139.0	13.6
FFO tax expense	–	–
Rental guarantees, coupon income and other	22.1	1.7
Funds From Operations (FFO)	**655.6**	**152.4**
Net fair value gain/(loss) of investment properties	422.8	482.4
Reversal of impairment of inventories	–	–
Net fair value gain/(loss) of derivatives	–	–
Transaction costs and other significant items	–	–
Net fair value gain/(loss) of financial assets at fair value	–	–
Net gain/(loss) on sale of investment properties	(2.0)	–
Net fair value gain/(loss) of interest bearing liabilities	–	–
Incentive amortisation and rent straight line	(139.0)	(13.6)
Amortisation of intangible assets and impairments	–	–
Non FFO tax expense	–	–
Rental guarantees, coupon income and other	(22.1)	(1.7)
Share of net profit of investments accounted for using the equity method	–	–
Distribution income	–	–
Co-investment income	–	–
Net profit/(loss) attributable to stapled security holders	**915.3**	**619.5**
Investment properties	6,459.5	1,807.0
Non-current assets held for sale	462.2	–
Inventories	–	–
Equity accounted investment properties	6,373.0	2,094.4
Equity accounted real estate security funds	–	–
Financial assets at fair value through profit or loss	–	–
Property portfolio and pooled funds	**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)**
–	–	–	–	(44.7)	4.5	**(58.5)**
–	–	–	(138.6)	–	–	**(138.6)**
–	–	–	–	18.4	–	**18.4**
–	–	–	–	(136.8)	–	**(136.8)**
–	–	–	–	–	–	**152.6**
–	–	–	(10.0)	(25.5)	–	**(35.5)**
–	–	2.5	–	4.0	–	**30.3**
29.1	**7.7**	**76.2**	**21.2**	**(184.6)**	**–**	**757.6**
–	–	–	–	21.6	–	**926.8**
–	–	–	–	–	–	**–**
–	–	–	–	(37.8)	–	**(37.8)**
–	–	–	–	(80.8)	–	**(80.8)**
–	–	–	–	6.5	–	**6.5**
–	–	–	–	–	–	**(2.0)**
–	–	–	–	173.0	–	**173.0**
–	–	–	–	–	–	**(152.6)**
–	–	–	–	(4.3)	–	**(4.3)**
–	–	–	–	20.3	–	**20.3**
–	–	–	–	(6.2)	–	**(30.0)**
60.7	–	–	–	–	–	**60.7**
7.6	–	–	–	–	–	**7.6**
(29.1)	–	–	–	–	–	**(29.1)**
68.3	**7.7**	**76.2**	**21.2**	**(92.3)**	**–**	**1,615.9**
–	–	–	–	29.2	–	**8,295.7**
–	–	–	–	–	–	**462.2**
–	–	–	54.4	–	–	**54.4**
687.3	–	–	115.3	52.8	–	**9,322.8**
10.4	–	–	–	–	–	**10.4**
186.5	–	–	–	–	–	**186.5**
884.2	**–**	**–**	**169.7**	**82.0**	**–**	**18,332.0**

Note 1 Operating segments (continued)

30 June 2021	Office $m	Industrial $m
Segment performance measures		
Property revenue	762.3	146.1
Property management fees	–	–
Development revenue	–	–
Management fee revenue	–	–
Co-investment income	–	–
Total operating segment revenue	**762.3**	**146.1**
Property expenses and property management salaries	(248.0)	(37.2)
Management operations expenses	–	–
Corporate and administration expenses	(13.9)	(3.4)
Development costs	–	–
Interest revenue	–	–
Finance costs	–	–
Incentive amortisation and rent straight line	139.0	15.4
FFO tax expense	–	–
Rental guarantees, coupon income and other	18.9	1.3
Funds From Operations (FFO)	**658.3**	**122.2**
Net fair value gain/(loss) of investment properties	189.5	376.8
Reversal of impairment of inventories	–	–
Net fair value gain/(loss) of derivatives	–	–
Transaction costs and other significant items	–	–
Net fair value gain/(loss) of financial assets at fair value	–	–
Net gain/(loss) on sale of investment properties	6.0	–
Net fair value gain/(loss) of interest bearing liabilities	–	–
Incentive amortisation and rent straight line	(139.0)	(15.7)
Amortisation of intangible assets and impairments	–	–
Non FFO tax expense	–	–
Rental guarantees, coupon income and other	(18.9)	–
Share of net profit of investments accounted for using the equity method	–	–
Distribution income	–	–
Co-investment income	–	–
Net profit/(loss) attributable to stapled security holders	**695.9**	**483.3**
Investment properties	6,978.3	1,489.9
Non-current assets held for sale	967.0	–
Inventories	–	–
Equity accounted investment properties	5,950.0	1,235.5
Equity accounted real estate security funds	–	–
Financial assets at fair value through profit or loss	–	–
Property portfolio and pooled funds	**13,895.3**	**2,725.4**

Co-investments $m	Property management $m	Funds management $m	Development and trading $m	All other segments $m	Eliminations $m	Total Restated[1] $m
–	–	–	–	–	(4.8)	**903.6**
–	41.7	–	–	–	–	**41.7**
–	–	–	316.6	–	–	**316.6**
–	26.3	73.2	16.1	–	–	**115.6**
8.1	–	–	–	–	–	**8.1**
8.1	**68.0**	**73.2**	**332.7**	**-**	**(4.8)**	**1,385.6**
–	(26.2)	–	–	–	–	**(311.4)**
–	(30.3)	(28.1)	(15.0)	–	–	**(73.4)**
–	–	–	–	(34.1)	4.8	**(46.6)**
–	–	–	(244.6)	–	–	**(244.6)**
–	–	–	–	1.5	–	**1.5**
–	–	–	–	(131.2)	–	**(131.2)**
–	–	–	–	–	–	**154.4**
–	–	–	(21.6)	(16.5)	–	**(38.1)**
–	–	–	–	0.6	–	**20.8**
8.1	**11.5**	**45.1**	**51.5**	**(179.7)**	**-**	**717.0**
–	–	–	–	(0.8)	–	**565.5**
–	–	–	4.7	–	–	**4.7**
–	–	–	–	(102.4)	–	**(102.4)**
–	–	–	–	(11.6)	–	**(11.6)**
–	–	–	–	–	–	**-**
–	–	–	–	–	–	**6.0**
–	–	–	–	115.2	–	**115.2**
–	–	–	–	(0.1)	–	**(154.8)**
–	–	–	–	(2.2)	–	**(2.2)**
–	–	–	–	(3.2)	–	**(3.2)**
–	–	–	–	6.9	–	**(12.0)**
22.6	–	–	–	–	–	**22.6**
1.7	–	–	–	–	–	**1.7**
(8.1)	–	–	–	–	–	**(8.1)**
24.3	**11.5**	**45.1**	**56.2**	**(177.9)**	**-**	**1,138.4**
–	–	–	–	8.6	–	**8,476.8**
–	–	–	–	–	–	**967.0**
–	–	–	178.2	–	–	**178.2**
215.2	–	–	–	73.9	–	**7,474.6**
–	–	–	–	–	–	**-**
180.5	–	–	–	–	–	**180.5**
395.7	**-**	**-**	**178.2**	**82.5**	**-**	**17,277.1**

1 Comparatives have been restated to reflect the impacts resulting from presentational changes made during the year, to separately disclose segment information relating to Co-investments.

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

	2022 $m	2021 Restated[1] $m
Property lease revenue	**807.9**	793.9
Property services revenue	**104.3**	109.7
Property revenue	**912.2**	903.6
Property management fees	**45.0**	41.7
Development revenue	**172.0**	316.6
Management fee revenue	**165.9**	115.6
Co-investment income	**29.1**	8.1
Total operating segment revenue	**1,324.2**	1,385.6
Share of revenue from joint ventures	**(452.3)**	(371.0)
Interest revenue	**2.4**	1.3
Total revenue from ordinary activities	**874.3**	1,015.9

1 Restatement of prior year comparatives required to reflect the impacts resulting from presentational changes made during the year ended 30 June 2022, to separately disclose segment information relating to Co-investments.

Reconciliation of segment assets to the Consolidated Statement of Financial Position

	2022 $m	2021 $m
Property portfolio and pooled funds[1, 2]	**18,332.0**	17,277.1
Right-of-use assets	**16.9**	13.6
Cash and cash equivalents	**75.3**	43.5
Receivables	**166.5**	121.0
Intangible assets	**488.0**	305.4
Derivative financial instruments	**470.5**	347.1
Plant and equipment	**11.7**	10.1
Prepayments and other assets[3]	**(368.8)**	(18.2)
Total assets	**19,192.1**	18,099.6

1 Includes the Group's portion of investment properties accounted for using the equity method and investments in Australian managed funds.
2 Includes Co-investments in unlisted real estate security funds which are managed by the Group. The principal activity of these funds is to invest in domestic and global listed real estate investment trusts. The Group is deemed to have significant influence over these managed funds, due to its ability to influence the decisions made by the Board of the Responsible Entity of these funds, which is a 100% owned subsidiary 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 direct property portfolio, loans with related parties and other non-current assets.

Note 2 Property revenue and expenses

The Group's main revenue stream is property rental revenue and 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.

	2022 $m	2021 $m
Rent and recoverable outgoings	**434.3**	484.1
Services revenue	**54.0**	61.0
Incentive amortisation	**(82.0)**	(78.9)
Other revenue	**58.3**	57.6
Total property revenue	**464.6**	523.8

Impact of COVID-19 on Property revenue

The rent relief measures outlined in the Australian Government National Code of Conduct (Code of Conduct) and given effect to by State based legislation and regulations operated over the following periods during the year ended 30 June 2022:

- NSW – For the period 13 July 2021 to 13 March 2022
- VIC – For the period 28 July 2021 to 15 March 2022

Dexus continues to work with impacted tenants to finalise rent relief packages in accordance with the legislation and regulations in these States.

The various rent relief measures are accounted for as follows in line with ASIC guidance '20-157MR *Focuses for financial reporting under COVID-19 conditions'* published on 7 July 2020.

When a rent waiver agreement is made between the landlord and tenant:

- Rent waived that relates to future occupancy is spread over the remaining lease term and recognised on straight line basis
- Rent waived that relates to past occupancy is expensed immediately, except to the extent there exists a pre-existing provision for expected credit losses relating to unpaid rent

Property revenue has been recognised for occupancy up to the date of a waiver agreement. Where there was no agreement at 30 June 2022, a provision for expected credit losses per AASB 9 *Financial Instruments* has been recognised against any receivable for unpaid rent for past occupancy.

The provision for expected credit losses is recognised with a corresponding expense in Property expenses. The provision covers the difference between contractual cash flows that are due and cash flows expected to be received. Accordingly, the provision includes both that 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. Refer to note 19 *Working capital* for the amount of the provision for expected credit losses recognised at the reporting date.

In the circumstance where the tenant has fully paid rent for the period of occupancy up to balance date, there is no rent receivable against which to make a provision. Where it is expected that some of the rent already paid by the tenant will be waived, there is no basis to recognise a liability at balance date.

Rent deferrals, where in substance the deferral is a delay in the timing of payments, have no impact on property revenue recognition. A separate assessment of the recoverability of rent receivable is performed in accordance with the policy outlined in note 19 *Working capital.*

Note 2 Property revenue and expenses (continued)

Property expenses

Property expenses include rates, taxes, expected credit losses on receivables and 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.

	2022 $m	2021 $m
Recoverable outgoings	**107.6**	108.0
Other non-recoverable property expenses	**34.5**	57.1
Total property expenses	**142.1**	165.1

Note 3 Management operations, corporate and administration expenses

	2022 $m	2021 $m
Audit, taxation, legal and other professional fees	**9.0**	6.7
Depreciation and amortisation	**9.6**	9.1
Employee benefits expense	**127.5**	95.3
Administration and other expenses	**29.2**	20.9
Software customisation expenses	**10.8**	11.2
Total management operations, corporate and administration expenses	**186.1**	143.2

Note 4 Finance costs

Finance costs include interest, amortisation or other costs incurred in connection with arrangement of borrowings, finance costs on lease liabilities and realised interest rate swaps. Finance costs are expensed as incurred unless they relate to qualifying assets.

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.

	2022 $m	2021 $m
Interest paid/payable	**123.6**	113.9
Amount capitalised	**(8.3)**	(1.8)
Realised (gain)/loss of interest rate derivatives	**11.0**	22.3
Finance costs - leases and debt modification	**1.1**	(12.5)
Other finance costs	**14.4**	9.8
Total finance costs	**141.8**	131.7

The average capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 2.73% (2021: 3.25%).

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 financial year. 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.

a. Income tax (expense)/benefit

	2022 $m	2021 $m
Current income tax expense	**(45.2)**	(40.9)
Deferred income tax (expense)/benefit	**30.0**	(0.4)
Total income tax expense	**(15.2)**	(41.3)
Deferred income tax expense included in income tax (expense)/benefit comprises:		
(Decrease)/increase in deferred tax assets	**3.4**	9.9
(Increase)/decrease in deferred tax liabilities	**26.6**	(10.3)
Total deferred tax benefit/(expense)	**30.0**	(0.4)

b. Reconciliation of income tax (expense)/benefit to net profit

	2022 $m	2021 $m
Profit before income tax	**1,631.1**	1,179.7
Less: profit attributed to entities not subject to tax	**(1,582.7)**	(1,045.0)
Profit subject to income tax	**48.4**	134.7
Prima facie tax expense at the Australian tax rate of 30% (2021: 30%)	**(14.5)**	(40.4)
Tax effect of amounts which are non-assessable/(non-deductible) in calculating taxable income:		
Non-assessable/(non-deductible) items	**(0.7)**	(0.9)
Income tax expense	**(15.2)**	(41.3)

Note 5 Taxation (continued)

c. Current tax assets/liabilities

	2022 $m	2021 $m
Increase/(decrease) in current tax assets	**(21.2)**	21.2
(Increase)/decrease in current tax liabilities	**(16.0)**	
(Increase)/decrease in current tax assets	**(37.2)**	21.2

d. Deferred tax assets

	2022 $m	2021 $m
The balance comprises temporary differences attributable to:		
Employee provisions	**21.7**	19.1
Software expenditure	**13.0**	13.3
Other	**7.8**	6.7
Total non-current assets - deferred tax assets	**42.5**	39.1
Movements:		
Opening balance at the beginning of the year	**39.1**	29.2
Movement in deferred tax asset arising from temporary differences	**3.4**	9.9
(Charged)/credited to the Consolidated Statement of Comprehensive Income	**3.4**	9.9
Closing balance at the end of the year	**42.5**	39.1

e. Deferred tax liabilities

	2022 $m	2021 $m
The balance comprises temporary differences attributable to:		
Intangible assets	**117.4**	76.5
Investment properties	**25.4**	46.5
Other	**1.9**	9.0
Total non-current liabilities - deferred tax liabilities	**144.7**	132.0
Movements		
Opening balance at the beginning of the year	**132.0**	121.7
Deferred tax liabilities arising from management rights on business combination[1]	**39.3**	-
Movement in deferred tax liability arising from temporary differences	**(26.6)**	10.3
Charged/(credited) to the Consolidated Statement of Comprehensive Income	**(26.6)**	10.3
Closing balance at the end of the year	**144.7**	132.0

1 Balance represents the deferred tax recognised on management rights acquired in the APN transaction. Refer to note 21 Business combinations for further details.

f. Net deferred tax liabilities

	2022	2021
	$m	$m
Deferred tax assets	**42.5**	39.1
Deferred tax liabilities	**144.7**	132.0
Net deferred tax liabilities	**102.2**	92.9

Note 6 Earnings per unit

Earnings per unit are determined by dividing the net profit 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

	2022 $m	2021 $m
Profit attributable to unitholders of the Trust (parent entity)[1] for basic earnings per security	**1,583.0**	525.0
Effect on exchange of Exchangeable Notes	**21.9**	–
Profit attributable to unitholders of the Trust (parent entity)[1] for diluted earnings per security	**1,604.9**	525.0
Profit attributable to stapled security holders for basic earnings per security	**1,615.9**	1,138.4
Effect on exchange of Exchangeable Notes	**21.9**	27.1
Profit attributable to stapled security holders for diluted earnings per security	**1,637.8**	1,165.5

1 As a result of the simplification of the stapled group structure implemented on 6 July 2021, DPT is deemed the new parent entity for financial reporting purposes. The parent entity for the comparative period was DDF. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

b. Weighted average number of securities used as a denominator

	2022 No. of securities	2021 No. of securities
Weighted average number of units outstanding used in calculation of basic earnings per unit	**1,075,565,246**	1,084,536,777
Effect on exchange of Exchangeable Notes	**28,333,333**	28,333,333
Weighted average number of units outstanding used in calculation of diluted earnings per unit	**1,103,898,579**	1,112,870,110

Note 7 Distributions paid and payable

Distributions are recognised when they are approved by the Board of Directors and declared.

a. Distribution to security holders

	2022 $m	2021 $m
31 December (paid 28 February 2022)	**301.2**	313.6
30 June (payable 30 August 2022)	**271.0**	247.4
Total distribution to security holders	**572.2**	561.0

b. Distribution rate

	2022 Cents per security	2021 Cents per security
31 December (paid 28 February 2022)	**28.0**	28.8
30 June (payable 30 August 2022)	**25.2**	23.0
Total distributions	**53.2**	51.8

Note 7 Distributions paid and payable (continued)

c. Franked dividends

	2022 $m	2021 $m
Opening balance at the beginning of the year	**132.5**	94.3
Income tax paid during the year	**1.7**	59.6
Franking credits utilised for payment of distribution	**(21.4)**	(21.4)
Closing balance at the end of the year	**112.8**	132.5

Property portfolio assets

In this section

The following table summarises the Group's direct and indirect exposure to property assets as detailed in this section.

30 June 2022	Note	Leased assets $m	Office $m	Industrial $m	Co-investments $m	Healthcare and other $m	Total $m
Investment properties	8	8.0	6,459.5	1,807.0	–	21.2	**8,295.7**
Investments accounted for using the equity method	9	52.8	6,373.0	2,094.4	687.3	115.3	**9,322.8**
Inventories	10	–	–	54.4	–	–	**54.4**
Non-current assets classified as held for sale	11	–	462.2	–	–	–	**462.2**
Financial assets at fair value through profit or loss	12	–	–	–	186.5	–	**186.5**
Total		**60.8**	**13,294.7**	**3,955.8**	**873.8**	**136.5**	**18,321.6**

Property portfolio assets are used to generate the Group's performance and are considered to be the most relevant to the understanding of the operating performance of the Group. 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 where the Group has significant influence. The Group's interests in its joint venture property portfolio assets are typically held through investments in trusts
- **Inventories:** relates to the Group's ownership of industrial assets or land held for repositioning, development and sale
- **Non-current assets classified as held for sale:** relates to investment properties and investment properties included within equity accounted investments which are expected to be sold within 12 months of the reporting date and are currently being marketed for sale
- **Financial assets at fair value through profit or loss:** relates to minority interests in unlisted managed property 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	2022 $m	2021 $m
Opening balance at the beginning of the year		**6,978.3**	**1,489.9**	**8.6**	**8,476.8**	8,215.9
Additions		**90.7**	**19.0**	**2.8**	**112.5**	101.4
Acquisitions		**-**	**140.8**	**17.9**	**158.7**	197.5
Lease incentives		**54.8**	**6.6**	**-**	**61.4**	43.9
Amortisation of lease incentives		**(79.2)**	**(8.6)**	**-**	**(87.8)**	(83.8)
Rent straightlining		**0.4**	**-**	**-**	**0.4**	(1.2)
Disposals		**(479.0)**	**-**	**-**	**(479.0)**	(13.0)
Transfer to non-current assets classified as held for sale	11	**(385.0)**	**-**	**-**	**(385.0)**	(272.8)
Transfer (to)/from inventories		**-**	**-**	**-**	**-**	6.9
Net fair value gain/(loss) of investment properties[1]		**278.5**	**159.3**	**(0.1)**	**437.7**	282.0
Closing balance at the end of the year		**6,459.5**	**1,807.0**	**29.2**	**8,295.7**	8,476.8

1 Comparative excludes the fair value loss recognised on the sale of 60 Miller Street, North Sydney NSW. At 30 June 2021 this asset was recognised as a part of Non-current assets classified as held for sale.

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

2 Chilvers Street, Baldivis WA, was acquired as part of the APN acquisition for $1.9 million excluding transaction costs. Refer to note 21 *Business combinations* for further details.

On 5 October 2021, settlement occurred for the acquisition of 53 Old Pacific Highway, North Pimpama QLD for $6.8 million excluding acquisition costs.

On 5 October 2021, settlement occurred for the acquisition of 18 Andrews Street, Cannon Hill QLD for $8.4 million excluding acquisition costs.

On 7 December 2021, settlement occurred for the acquisition of Stage 1 and 2 1-21 McPhee Drive, Berrinba QLD for $46.6 million excluding acquisition costs.

On 23 February 2022, settlement occurred for the acquisition of 116-130 Gilmore Road, Berrinba QLD for $37.5 million excluding acquisition costs.

On 20 April 2022, settlement occurred for the acquisition of 28 Jones Road, Brooklyn VIC for $46.0 million excluding acquisition costs.

Disposals

On 3 August 2021, settlement occurred for the disposal of 60 Miller Street, North Sydney NSW for $275.0 million excluding transaction costs.

On 29 April 2022, settlement occurred for the disposal of Dexus's 50% interest in 309-321 Kent Street, Sydney NSW for $401.3 million excluding transaction costs.

On 28 June 2022, settlement occurred for the disposal of 171 Edward Street, Brisbane QLD for $82.2 million excluding transaction costs.

Note 8 Investment properties (continued)

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 the majority of 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 2022, 181 out of 187 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.

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 the RICS Valuation - Global 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.

			Range of unobservable inputs	
Class of property	Fair value hierarchy	Inputs used to measure fair value	2022	2021
Office[1]	Level 3	Adopted capitalisation rate	**4.13% - 6.13%**	4.00% - 6.25%
		Adopted discount rate	**5.50% - 6.75%**	5.50% - 6.75%
		Adopted terminal yield	**4.50% - 6.50%**	4.25% - 6.50%
		Net market rental (per sqm)	**$223 - $1,589**	$223 - $1,662
Industrial	Level 3	Adopted capitalisation rate	**3.38% - 9.75%**	3.88% - 9.75%
		Adopted discount rate	**5.25% - 9.75%**	5.50% - 9.75%
		Adopted terminal yield	**3.63% - 9.75%**	4.13% - 9.75%
		Net market rental (per sqm)	**$50 - $709**	$40 - $850
Leased asset	Level 3	Adopted discount rate	**2.26% - 6.40%**	3.50% - 8.15%

1 Includes office developments and excludes car parks, retail and other.

Note 8 Investment properties (continued)

Key estimates: inputs used to measure fair value of investment properties

Judgement is required in determining the following key assumptions:

- **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

e. Impact of COVID-19 and economic environment on fair value of investment properties

There is a continuing level of uncertainty regarding the ultimate impact of COVID-19 on the Group's investment property valuations. As a result, the independent valuations incorporate a range of assumptions used in determining appropriate fair values for investment properties as at 30 June 2022. The assumptions that have had the greatest impact on the valuations are listed below:

- Valuers have adjusted market rental growth, downtime and incentive assumptions within their discounted cashflow (DCF)
- Some valuers have incorporated an allowance for the uncertainty in relation to the payment of rent with regards to the Government's Code of Conduct where the tenant pool comprises small to medium enterprises (SMEs) or where operating hours have been impacted
- Capitalisation and discount rates have generally remained relatively stable for office assets and firmed for industrial assets

Since the end of the year, the Group has considered the current economic environment, noting recent inflationary impacts and a rising interest rate climate and considers that the assumptions used in the valuations are appropriate for the purposes of determining fair value of investment properties at 30 June 2022.

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	
	2022 $m	2021 $m	2022 $m	2021 $m
A decrease of 25 basis points in the adopted capitalisation rate	**705.1**	694.0	**233.7**	146.0
An increase of 25 basis points in the adopted capitalisation rate	**(634.8)**	(626.7)	**(207.8)**	(131.8)
A decrease of 25 basis points in the adopted discount rate	**569.0**	554.2	**176.4**	117.6
An increase of 25 basis points in the adopted discount rate	**(522.3)**	(510.4)	**(161.2)**	(108.3)
A decrease of 5% in the net market rental (per sqm)	**(637.1)**	(646.4)	**(187.5)**	(136.3)
An increase of 5% in the net market rental (per sqm)	**637.1**	646.4	**187.5**	136.3

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.

Note 8 Investment properties (continued)

f. Sensitivity information (continued)

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 below entities were formed in Australia and their principal activity is either property investment related in Australia or investment in Australian and global listed real estate investment trusts.

	Ownership interest			
	2022	2021	2022	2021
Name of entity	%	%	$m	$m
Dexus Office Trust Australia (DOTA)	**50.0**	50.0	**2,408.4**	2,573.1
Dexus 80C Trust	**75.0**	75.0	**1,238.3**	1,154.5
Dexus Martin Place Trust	**50.0**	50.0	**993.0**	986.7
Dexus Australian Logistics Trust (DALT)	**51.0**	51.0	**703.1**	559.3
Dexus Australian Logistics Trust No.2 (DALT2)	**51.0**	51.0	**544.3**	373.2
Bent Street Trust	**33.3**	33.3	**386.3**	375.6
Dexus 480 Q Holding Trust	**50.0**	50.0	**382.1**	385.7
AAIG Holding Trust[1]	**49.4**	–	**342.7**	–
Dexus Industrial Trust Australia (DITA)	**50.0**	50.0	**300.1**	238.6
Jandakot City Holdings Trust (JCHT)[2]	**33.4**	–	**253.0**	–
Dexus Kings Square Trust	**50.0**	50.0	**250.3**	251.4
Dexus Healthcare Property Fund (DHPF)	**23.1**	23.1	**243.4**	–
Dexus Industria REIT (DXI)[3]	**17.5**	–	**202.8**	–
Dexus Australian Logistics Trust No.3 (DALT3)	**51.0**	51.0	**109.0**	77.0
Site 7 Homebush Bay Trust[4]	**50.0**	50.0	**90.9**	87.4
Dexus Australia Commercial Trust (DACT)	**10.0**	10.0	**65.1**	62.9
Site 6 Homebush Bay Trust[4]	**50.0**	50.0	**55.3**	43.8
Dexus Convenience Retail REIT (DXC)[5]	**9.0**	–	**49.9**	–
SAHMRI 2 Holding Trust	**50.0**	50.0	**46.5**	26.1
Dexus Eagle Street Pier Trust	**50.0**	50.0	**39.4**	35.5
Mercatus Dexus Australia Partnership (MDAP)[6]	**10.0**	–	**38.7**	–
Dexus Australian Logistics Trust No.4 (DALT4)	**51.0**	–	**32.2**	–
Dexus Moorebank Trust	**50.0**	–	**22.6**	–
Jandakot Airport Holdings Trust (JAHT)[2]	**32.0**	–	**21.2**	–
Jandakot Airport Domestic Trust (JADT)[2]	**34.7**	–	**17.3**	–
RealTech Ventures	**62.1**	62.1	**13.7**	11.5
APN Global REIT Income Fund (GREIT)[5]	**55.7**	–	**9.2**	–
Dexus Walker Street Trust	**50.0**	50.0	**9.1**	9.2
Dexus Real Estate Partnership 1 (DREP1)[7]	**36.6**	–	**8.2**	–
Dexus Regional Property Fund[5]	**3.3**	–	**1.4**	–
Grosvenor Place Holding Trust[4,8]	**50.0**	50.0	**1.4**	454.6
APN Asian REIT Fund (ARI)[5]	**2.4**	–	**1.2**	–
Dexus Development Fund No. 2[5]	**4.8**	–	**1.2**	–
Dexus Creek Street Trust	**50.0**	50.0	**0.6**	205.7
Divvy Parking Pty Limited	**24.8**	24.8	**-**	1.0
Total assets - investments accounted for using the equity method[9]			**8,881.9**	8,070.4

1 On 22 July 2021, Dexus acquired a 49.4% interest in a holding unit trust that owns Capital Square Tower 1 at 98 Mounts Bay Road in Perth for a total consideration of $339.0 million excluding acquisition costs.

2 On 1 November 2021, Dexus Holdings Pty Limited acquired 100% of Jandakot City Holdings Pty Limited (JCH) and 49% of Jandakot Airport Holdings Pty Limited (JAH) through the newly established Jandakot City Holdings Trust (JCHT) and Jandakot Airport Holdings Trust (JAHT). On 19 November 2021, shortly after initial settlement, DXI acquired a 33.3% interest in JCHT and a 68% interest in JAHT. On 1 April 2022, Dexus Projects Pty Limited settled on the remaining 51% interest of JAH through the establishment of Jandakot Airport Domestic Trust (JADT), with Cbus Super acquiring a 33.3% interest in each of JCH and JAH by acquiring a 33.3% interest in JCHT and a 65.3% interest in JADT. The joint venture which owns 100% of Jandakot airport, Perth, is held in the following proportions: Dexus 33.4%, DXI 33.3% and Cbus Super 33.3%. The existing structure included senior asset-level debt of $405,000,000, reflecting a combined equity commitment of $895,000,000 excluding acquisition costs.

3 The investment in DXI was previously classified as a financial asset at fair value through profit and loss. The APN Property Group acquisition resulted in the Group obtaining significant influence over the investment and adopting the equity method of accounting. Dexus acquired a further 15.3% interest in DXI as part of the APN Property Group acquisition (refer to note 21 for further details) and subsequently increased its interest in DXI to 17.5%.

4 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.

5 Acquired as part of the APN Property Group acquisition. Refer to note 21 for further details.

6 On 8 July 2021, Mercatus Dexus Australia Partnership (MDAP), a joint venture with Mercatus Co-operative Limited (Mercatus) settled on the acquisition of a 33.3% interest in 1 Bligh Street, Sydney for $375.0 million excluding acquisition costs.

7 DREP1 was established on 27 May 2021. Its principal activity is to make investments generating opportunistic returns.

8 On 2 December 2021, settlement occurred for the disposal of Grosvenor Place, 225 George Street, Sydney, NSW.

9 The Group's share of investment properties in the investments accounted for using the equity method was $9,322.8 million (June 2021: $7,474.6 million). Additionally, held for sale assets in the investments accounted for using the equity method was $77.2 million (June 2021: $694.2 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.

As part of the assessment to determine whether any indicators of impairment exist at the reporting date, the impact of COVID-19 and the current economic environment, noting recent inflationary impacts and a rising interest rate climate, has been taken into consideration.

The main risk to the value of the investments accounted for using the equity method is the fair value of the underlying investment properties. Note 8 gives further explanation of the approach taken to measure the fair value of investment properties in light of COVID-19. Any fair value movements are recorded within share of net profit of investments accounted for using the equity method in the Consolidated Statement of Comprehensive Income. During the year, the Divvy Parking Pty Limited investment was impaired to nil. No impairment losses were recognised for the period ending 30 June 2021.

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 Dexus' share of those amounts.

Note 9 Investments accounted for using the equity method (continued)

d. Summarised financial information for individually material joint ventures and associates

Summarised Statement of Financial Position	Dexus Office Trust Australia 2022 $m	Dexus Office Trust Australia 2021 $m	Dexus 80C Trust 2022 $m	Dexus 80C Trust 2021 $m	Dexus Martin Place Trust 2022 $m	Dexus Martin Place Trust 2021 $m
Current assets						
Cash and cash equivalents	**57.7**	47.2	**6.6**	5.4	**14.3**	4.5
Non-current assets classified as held for sale	**-**	-	**-**	-	**-**	-
Other current assets	**170.6**	20.0	**29.0**	48.2	**4.8**	5.2
Total current assets	**228.3**	67.2	**35.6**	53.6	**19.1**	9.7
Non-current assets						
Investment properties	**4,479.8**	4,559.8	**1,664.0**	1,566.5	**1,996.9**	1,920.5
Investments accounted for using the equity method	**147.5**	585.7	**-**	-	**-**	-
Other non-current assets	**49.3**	48.4	**-**	-	**1.8**	76.0
Total non-current assets	**4,676.6**	5,193.9	**1,664.0**	1,566.5	**1,998.7**	1,996.5
Current liabilities						
Provision for distribution	**30.0**	33.1	**3.9**	2.8	**0.3**	6.7
Borrowings	**22.9**	0.1	**-**	-	**-**	-
Other current liabilities	**35.2**	59.1	**44.6**	78.0	**31.6**	26.2
Total current liabilities	**88.1**	92.3	**48.5**	80.8	**31.9**	32.9
Non-current liabilities	**-**	-	**-**	-	**-**	-
Borrowings	**-**	22.6	**-**	-	**-**	-
Other non-current liabilities	**-**	-	**-**	-	**-**	-
Total non-current liabilities	**-**	22.6	**-**	-	**-**	-
Net assets	**4,816.8**	5,146.2	**1,651.1**	1,539.3	**1,985.9**	1,973.3
Reconciliation to carrying amounts:						
Opening balance at the beginning of the year	**5,146.2**	5,392.8	**1,539.3**	1,106.8	**1,973.3**	1,853.0
Additions	**142.2**	64.2	**35.3**	436.1	**70.0**	116.0
Profit for the year	**321.5**	235.8	**122.0**	52.8	**30.6**	50.4
Distributions received/receivable	**(793.1)**	(546.6)	**(45.5)**	(56.4)	**(88.0)**	(46.1)
Closing balance at the end of the year	**4,816.8**	5,146.2	**1,651.1**	1,539.3	**1,985.9**	1,973.3
Group's share in $m	**2,408.4**	2,573.1	**1,238.3**	1,154.5	**993.0**	986.7
Capitalised transaction costs	**-**	-	**-**	-	**-**	-
Notional goodwill	**-**	-	**-**	-	**-**	-
Group's carrying amount	**2,408.4**	2,573.1	**1,238.3**	1,154.5	**993.0**	986.7
Summarised Statement of Comprehensive Income						
Property revenue	**228.0**	278.3	**64.8**	46.6	**81.9**	82.2
Property revaluations	**143.5**	50.3	**88.8**	29.5	**(11.6)**	(3.8)
Gain/(loss) on sale of investment properties	**-**	-	**-**	-	**-**	11.4
Interest income	**-**	-	**-**	0.1	**0.1**	-
Share of net profit of investments accounted for using the equity method	**38.3**	16.4	**-**	-	**-**	-
Other income	**1.3**	0.7	**-**	(0.1)	**-**	0.1
Property expenses	**(72.8)**	(92.4)	**(22.6)**	(14.9)	**(28.7)**	(28.9)
Finance costs	**(1.5)**	(1.5)	**-**	-	**-**	-
Income tax expense	**-**	-	**-**	-	**-**	-
Other expenses	**(15.3)**	(16.0)	**(9.0)**	(8.4)	**(11.1)**	(10.6)
Net profit/(loss) for the year	**321.5**	235.8	**122.0**	52.8	**30.6**	50.4
Total comprehensive income/(loss) for the year	**321.5**	235.8	**122.0**	52.8	**30.6**	50.4

Dexus Australian Logistics Trust		Dexus Australian Logistics Trust No.2		Bent Street Trust		Dexus 480 Q Holding Trust	
2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
16.6	10.6	**9.4**	35.7	**4.6**	3.8	**2.8**	5.6
-	–	**-**	–	**-**	–	**-**	–
4.6	3.8	**2.7**	1.2	**1.0**	2.1	**2.1**	3.0
21.2	14.4	**12.1**	36.9	**5.6**	5.9	**4.9**	8.6
1,372.6	1,096.6	**1,071.0**	719.9	**1,166.0**	1,130.0	**773.5**	775.5
-	–	**-**	–	**-**	–	**-**	–
0.6	0.6	**-**	–	**-**	–	**0.2**	0.2
1,373.2	1,097.2	**1,071.0**	719.9	**1,166.0**	1,130.0	**773.7**	775.7
8.5	8.4	**5.5**	1.5	**3.8**	4.6	**3.5**	4.5
-	–	**-**	–	**-**	–	**-**	–
7.3	6.5	**10.4**	23.6	**8.9**	4.4	**11.0**	8.4
15.8	14.9	**15.9**	25.1	**12.7**	9.0	**14.5**	12.9
-	–	**-**	–	**-**	–	**-**	–
-	–	**-**	–	**-**	–	**-**	–
-	–	**-**	–	**-**	–	**-**	–
-	–	**-**	–	**-**	–	**-**	–
1,378.6	1,096.7	**1,067.2**	731.7	**1,158.9**	1,126.9	**764.1**	771.4
1,096.7	912.0	**731.7**	255.1	**1,126.9**	1,076.3	**771.4**	780.1
6.4	–	**92.8**	277.3	**4.5**	20.2	**3.3**	–
313.9	237.0	**259.0**	203.1	**69.6**	89.4	**31.1**	31.4
(38.4)	(52.3)	**(16.3)**	(3.8)	**(42.1)**	(59.0)	**(41.7)**	(40.1)
1,378.6	1,096.7	**1,067.2**	731.7	**1,158.9**	1,126.9	**764.1**	771.4
703.1	559.3	**544.3**	373.2	**386.3**	375.6	**382.1**	385.7
-	–	**-**	–	**-**	–	**-**	–
-	–	**-**	–	**-**	–	**-**	–
703.1	559.3	**544.3**	373.2	**386.3**	375.6	**382.1**	385.7
64.4	62.3	**30.3**	7.9	**56.1**	56.6	**48.4**	49.9
272.2	195.2	**237.6**	197.9	**33.8**	47.4	**1.4**	1.9
-	–	**-**	–	**-**	–	**-**	–
-	–	**-**	0.1	**-**	–	**-**	–
-	–	**-**	–	**-**	–	**-**	–
0.1	–	**-**	(0.1)	**-**	–	**-**	–
(16.9)	(16.4)	**(5.8)**	(1.4)	**(14.8)**	(14.6)	**(14.4)**	(16.0)
-	–	**-**	–	**-**	–	**-**	–
-	–	**-**	–	**-**	–	**-**	–
(5.9)	(4.1)	**(3.1)**	(1.3)	**(5.5)**	–	**(4.3)**	(4.4)
313.9	237.0	**259.0**	203.1	**69.6**	89.4	**31.1**	31.4
313.9	237.0	**259.0**	203.1	**69.6**	89.4	**31.1**	31.4

Note 9 Investments accounted for using the equity method (continued)

d. Summarised financial information for individually material joint ventures and associates (continued)

	AAIG Holding Trust		Dexus Industrial Trust Australia		Jandakot City Holdings Trust	
Summarised Statement of Financial Position	**2022 $m**	**2021 $m**	**2022 $m**	**2021 $m**	**2022 $m**	**2021 $m**
Current assets						
Cash and cash equivalents	**24.5**	-	**7.6**	8.4	**17.7**	-
Non-current assets classified as held for sale	**-**	-	**-**	-	**-**	-
Other current assets	**36.0**	-	**1.2**	0.9	**4.0**	-
Total current assets	**60.5**	-	**8.8**	9.3	**21.7**	-
Non-current assets						
Investment properties	**979.1**	-	**598.0**	474.9	**1,295.3**	-
Investments accounted for using the equity method	**-**	-	**-**	-	**-**	-
Other non-current assets	**159.7**	-	**0.2**	-	**0.3**	-
Total non-current assets	**1,138.8**	-	**598.2**	474.9	**1,295.6**	-
Current liabilities						
Provision for distribution	**47.7**	-	**4.8**	4.7	**39.9**	-
Borrowings	**-**	-	**-**	-	**-**	-
Other current liabilities	**8.4**	-	**2.0**	2.4	**383.1**	-
Total current liabilities	**56.1**	-	**6.8**	7.1	**423.0**	-
Non-current liabilities	**-**	-	**-**	-	**-**	-
Borrowings	**450.0**	-	**-**	-	**-**	-
Other non-current liabilities	**(1.0)**	-	**-**	-	**146.5**	-
Total non-current liabilities	**449.0**	-	**-**	-	**146.5**	-
Net assets	**694.2**	-	**600.2**	477.1	**747.8**	-
Reconciliation to carrying amounts:						
Opening balance at the beginning of the year	**-**	-	**477.1**	436.8	**-**	-
Additions	**684.5**	-	**-**	-	**803.6**	-
Profit for the year	**58.3**	-	**142.0**	90.5	**(15.9)**	-
Distributions received/receivable	**(48.6)**	-	**(18.9)**	(50.2)	**(39.9)**	-
Closing balance at the end of the year	**694.2**	-	**600.2**	477.1	**747.8**	-
Group's share in $m	**342.7**	-	**300.1**	238.6	**249.8**	-
Capitalised transaction costs	**-**	-	**-**	-	**3.2**	-
Notional goodwill	**-**	-	**-**	-	**-**	-
Group's carrying amount	**342.7**	-	**300.1**	238.6	**253.0**	-
Summarised Statement of Comprehensive Income						
Property revenue	**68.6**	-	**24.5**	24.0	**43.8**	-
Property revaluations	**0.2**	-	**124.2**	72.6	**(34.9)**	-
Gain/(loss) on sale of investment properties	**-**	-	**-**	-	**-**	-
Interest income	**14.0**	-	**-**	-	**-**	-
Share of net profit of investments accounted for using the equity method	**-**	-	**-**	-	**-**	-
Other income	**-**	-	**(0.1)**	-	**-**	-
Property expenses	**(12.8)**	-	**(4.9)**	(4.7)	**(9.5)**	-
Finance costs	**(9.2)**	-	**-**	-	**(11.8)**	-
Income tax expense	**-**	-	**-**	-	**-**	-
Other expenses	**(2.5)**	-	**(1.7)**	(1.4)	**(3.5)**	-
Net profit/(loss) for the year	**58.3**	-	**142.0**	90.5	**(15.9)**	-
Total comprehensive income/(loss) for the year	**58.3**	-	**142.0**	90.5	**(15.9)**	-

	Dexus Kings Square Trust		Dexus Healthcare Property Fund		Dexus Industria REIT		Dexus Australian Logistics Trust No.3	
	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
	2.3	3.5	**1.9**	9.2	**5.6**	–	**2.5**	5.3
	–	–	**–**	–	**–**	–	**–**	–
	1.1	0.7	**4.4**	10.2	**22.1**	–	**12.9**	11.4
	3.4	4.2	**6.3**	19.4	**27.7**	–	**15.4**	16.7
	504.7	507.5	**1,140.1**	888.0	**1,319.4**	–	**203.7**	140.5
	–	–	**46.4**	26.0	**317.0**	–	**–**	–
	–	–	**33.0**	30.6	**51.6**	–	**–**	–
	504.7	507.5	**1,219.5**	944.6	**1,688.0**	–	**203.7**	140.5
	2.9	3.6	**9.6**	7.5	**13.7**	–	**1.8**	2.4
	–	–	**–**	–	**0.3**	–	**–**	–
	4.5	5.4	**7.1**	7.1	**20.9**	–	**2.8**	2.8
	7.4	9.0	**16.7**	14.6	**34.9**	–	**4.6**	5.2
	–	–	**–**	–	**–**	–		
	–	–	**131.0**	246.3	**475.9**	–	**–**	–
	–	–	**20.9**	19.8	**51.4**	–	**–**	–
	–	–	**151.9**	266.1	**527.3**	–	**–**	–
	500.7	502.7	**1,057.2**	683.3	**1,153.5**	–	**214.5**	152.0
	502.7	469.0	**683.3**	453.6	**–**	–	**152.0**	–
	1.3	–	**250.0**	170.0	**1,034.8**	–	**42.1**	150.5
	25.0	60.8	**162.5**	84.8	**169.4**	–	**27.0**	3.9
	(28.3)	(27.1)	**(38.6)**	(25.1)	**(50.7)**	–	**(6.6)**	(2.4)
	500.7	502.7	**1,057.2**	683.3	**1,153.5**	–	**214.5**	152.0
	250.3	251.4	**243.4**	157.6	**202.8**	–	**109.0**	77.0
	–	–	**–**	–	**–**	–	**–**	–
	–	–	**–**	–	**–**	–	**–**	–
	250.3	251.4	**243.4**	157.6	**202.8**	–	**109.0**	77.0
	37.5	36.4	**50.3**	30.7	**72.5**	–	**10.5**	2.6
	1.5	38.3	**110.9**	67.0	**114.7**	–	**20.7**	2.2
	–	–	**–**	–	**–**	–	**–**	–
	–	–	**2.2**	1.3	**–**	–	**–**	–
	–	–	**19.8**	(0.3)	**–**	–	**–**	–
	–	–	**–**	–	**17.8**	–	**–**	–
	(11.2)	(11.2)	**(7.2)**	(3.1)	**(15.3)**	–	**(3.4)**	(0.8)
	–	–	**(6.9)**	(6.0)	**(9.0)**	–	**–**	–
	–	–	**–**	–	**(3.7)**	–	**–**	–
	(2.8)	(2.7)	**(6.6)**	(4.8)	**(7.6)**	–	**(0.8)**	(0.1)
	25.0	60.8	**162.5**	84.8	**169.4**	–	**27.0**	3.9
	25.0	60.8	**162.5**	84.8	**169.4**	–	**27.0**	3.9

Note 9 Investments accounted for using the equity method (continued)

d. Summarised financial information for individually material joint ventures and associates (continued)

Summarised Statement of Financial Position	Site 7 Homebush Bay Trust 2022 $m	Site 7 Homebush Bay Trust 2021 $m	Dexus Australian Commercial Trust 2022 $m	Dexus Australian Commercial Trust 2021 $m	Site 6 Homebush Bay Trust 2022 $m	Site 6 Homebush Bay Trust 2021 $m
Current assets						
Cash and cash equivalents	**3.7**	3.9	**12.4**	13.5	**2.0**	2.4
Non-current assets classified as held for sale	**-**	–	**-**	–	**-**	–
Other current assets	**0.3**	0.1	**1.9**	1.7	**0.2**	–
Total current assets	**4.0**	4.0	**14.3**	15.2	**2.2**	2.4
Non-current assets						
Investment properties	**186.5**	180.0	**650.0**	627.5	**110.5**	87.0
Investments accounted for using the equity method	**-**	–	**-**	–	**-**	–
Other non-current assets	**-**	–	**0.2**	0.4	**-**	–
Total non-current assets	**186.5**	180.0	**650.2**	627.9	**110.5**	87.0
Current liabilities						
Provision for distribution	**6.4**	0.8	**4.9**	–	**0.3**	0.6
Borrowings	**-**	–	**-**	–	**-**	–
Other current liabilities	**1.6**	8.5	**7.1**	13.0	**1.2**	1.3
Total current liabilities	**8.0**	9.3	**12.0**	13.0	**1.5**	1.9
Non-current liabilities						
Borrowings	**-**	–	**-**	–	**-**	–
Other non-current liabilities	**0.8**	–	**-**	–	**0.6**	–
Total non-current liabilities	**0.8**	–	**-**	–	**0.6**	–
Net assets	**181.7**	174.7	**652.5**	630.1	**110.6**	87.5
Reconciliation to carrying amounts:						
Opening balance at the beginning of the year	**174.7**	124.2	**630.1**	686.4	**87.5**	92.6
Additions	**0.5**	5.9	**-**	(0.8)	**-**	–
Profit for the year	**12.9**	47.0	**27.4**	(51.5)	**29.9**	1.5
Distributions received/receivable	**(6.4)**	(2.4)	**(5.0)**	(4.0)	**(6.8)**	(6.6)
Closing balance at the end of the year	**181.7**	174.7	**652.5**	630.1	**110.6**	87.5
Group's share in $m	**90.9**	87.4	**65.1**	62.9	**55.3**	43.8
Capitalised transaction costs	**-**	–	**-**	–	**-**	–
Notional goodwill	**-**	–	**-**	–	**-**	–
Group's carrying amount	**90.9**	87.4	**65.1**	62.9	**55.3**	43.8
Summarised Statement of Comprehensive Income						
Property revenue	**10.9**	5.4	**31.9**	34.7	**9.2**	9.1
Property revaluations	**5.3**	44.5	**9.1**	(72.2)	**23.4**	(4.9)
Gain/(loss) on sale of investment properties	**-**	–	**-**	–	**-**	–
Interest income	**-**	–	**-**	–	**-**	–
Share of net profit of investments accounted for using the equity method	**-**	–	**-**	–	**-**	–
Other income	**-**	–	**-**	–	**-**	–
Property expenses	**(2.7)**	(2.4)	**(11.2)**	(11.3)	**(2.4)**	(2.4)
Finance costs	**-**	–	**-**	–	**-**	–
Income tax expense	**-**	–	**-**	–	**-**	–
Other expenses	**(0.6)**	(0.5)	**(2.4)**	(2.7)	**(0.3)**	(0.3)
Net profit/(loss) for the year	**12.9**	47.0	**27.4**	(51.5)	**29.9**	1.5
Total comprehensive income/(loss) for the year	**12.9**	47.0	**27.4**	(51.5)	**29.9**	1.5

Dexus Convenience Retail REIT		Grosvenor Place Holding Trust		Dexus Creek Street Trust		Other[1]		Total	
2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m	2022 $m	2021 $m
5.2	–	48.8	1.3	2.6	3.0	40.2	16.4	289.0	179.7
–	–	–	–	–	–	–	–	–	–
4.9	–	(0.3)	927.5	(0.4)	1.9	46.8	4.9	349.9	1,042.8
10.1	–	48.5	928.8	2.2	4.9	87.0	21.3	638.9	1,222.5
850.0	–	–	–	–	418.0	532.8	227.5	20,893.9	15,319.7
–	–	–	–	–	–	518.5	0.1	1,029.4	611.8
13.0	–	–	0.1	–	0.2	104.3	9.5	414.2	166.0
863.0	–	–	0.1	–	418.2	1,155.6	237.1	22,337.5	16,097.5
8.0	–	(0.4)	16.1	0.6	4.7	9.8	1.9	205.5	103.9
–	–	–	–	–	–	12.6	0.5	35.8	0.6
10.0	–	46.2	3.6	0.4	7.0	24.6	11.6	668.9	268.9
18.0	–	45.8	19.7	1.0	11.7	47.0	14.0	910.2	373.4
299.6	–	–	–	–	–	142.5	16.9	1,499.0	285.8
1.0	–	–	–	–	–	80.5	65.7	300.7	85.5
300.6	–	–	–	–	–	223.0	82.6	1,799.7	371.3
554.5	–	2.7	909.2	1.2	411.4	972.6	161.8	20,266.5	16,575.3
–	–	909.2	966.4	411.4	399.0	161.8	93.6	16,575.3	15,097.7
503.9	–	21.3	–	11.3	6.0	769.5	33.9	4,477.3	1,279.3
82.6	–	33.7	(15.7)	(20.2)	21.0	57.9	35.9	1,940.2	1,178.1
(32.0)	–	(961.5)	(41.5)	(401.3)	(14.6)	(16.6)	(1.6)	(2,726.3)	(979.8)
554.5	–	2.7	909.2	1.2	411.4	972.6	161.8	20,266.5	16,575.3
49.9	–	1.4	454.6	0.6	205.7	258.5	80.2	8,875.3	8,067.3
–	–	–	–	–	–	–	–	3.2	–
–	–	–	–	–	–	3.4	3.1	3.4	3.1
49.9	–	1.4	454.6	0.6	205.7	261.9	83.3	8,881.9	8,070.4
50.3	–	25.2	46.3	16.5	22.4	11.1	6.4	1,036.7	801.8
30.8	–	(4.8)	(48.8)	(23.4)	9.1	35.7	36.6	1,179.1	662.8
–	–	–	–	(4.0)	–	–	–	(4.0)	11.4
0.1	–	17.8	–	–	–	0.1	–	34.3	1.5
–	–	–	–	–	–	38.7	–	96.8	16.1
18.2	–	0.1	–	–	0.1	0.4	2.5	37.8	3.2
(7.6)	–	(4.6)	(13.2)	(7.0)	(8.3)	(7.4)	(6.8)	(283.2)	(248.8)
(3.4)	–	–	–	–	–	(1.1)	(0.2)	(42.9)	(7.7)
–	–	–	–	–	–	0.2	–	(3.5)	–
(5.8)	–	–	–	(2.3)	(2.3)	(19.8)	(2.6)	(110.9)	(62.2)
82.6	–	33.7	(15.7)	(20.2)	21.0	57.9	35.9	1,940.2	1,178.1
82.6	–	33.7	(15.7)	(20.2)	21.0	57.9	35.9	1,940.2	1,178.1

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. Development properties held for sale

	2022 $m	2021 $m
Current assets		
Development properties held for sale	**54.4**	137.2
Total current assets - inventories	**54.4**	137.2
Non-current assets		
Development properties held for sale	**-**	41.0
Total non-current assets - inventories	**-**	41.0
Total assets - inventories	**54.4**	178.2

b. Reconciliation

	Note	2022 $m	2021 $m
Opening balance at the beginning of the year		**178.2**	335.8
Transfer from/(to) investment properties	8	**-**	(6.9)
Acquisitions		**-**	9.6
Disposals		**(138.6)**	(176.2)
Reversal of impairment		**-**	4.7
Additions		**14.8**	11.2
Closing balance at the end of the year		**54.4**	178.2

Note 10 Inventories (continued)

Disposals

On 9 August 2021, settlement occurred for the disposal of 436-484 Victoria Road, Gladesville NSW for $55.0 million excluding transaction costs.

On 4 November 2021, settlement occurred for the disposal of a 49% interest in 7 Custom Place, Truganina VIC, 9 Custom Place, Truganina VIC, 8 Felstead Drive, Truganina VIC, and 58 Foundation Drive, Truganina VIC, for gross proceeds of $56.0 million excluding transaction costs.

On 17 November 2021, settlement occurred for the disposal of 22 Business Park Drive, Ravenhall VIC for $13.5 million excluding transaction costs.

On 2 December 2021, settlement occurred for the disposal of a 50% interest in 11 Lord Street, Botany NSW for gross proceeds of $48.0 million excluding transaction costs.

Impact of COVID-19 on Inventories

An assessment of whether the project result is impacted as a result of COVID-19 has been performed. There has been minimal impact on development services revenue and expenses as a result of project delays, changes in assessments related to future sales prices or changes in costs expected to be incurred to complete projects.

Key estimates used to determine the Net Realisable Value (NRV) of inventories have been reviewed and updated in light of COVID-19. No impairment provisions have been recognised.

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 2022, the balance related to 383-395 Kent Street, Sydney NSW.

At 30 June 2021, the balance related to 60 Miller Street, North Sydney NSW.

Note 12 Financial assets at fair value through profit or loss

The Group's investments in financial assets consists of minority equity interests in Australian managed property funds. Financial assets are initially recognised at cost, 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)

	2022 $m	2021 $m
Non-current assets		
Equity investments in Australian managed funds	**186.5**	180.5
Total current financial assets at fair value through profit or loss	**186.5**	180.5

b. Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

	2022 $m	2021 $m
Fair value gains/(losses) on equity investments in Australian managed funds	**6.5**	-
Total gains/(losses) at fair value through profit or loss	**6.5**	-

Note 12 Financial assets at fair value through profit or loss (continued)

c. Fair value measurement

Refer to note 13 for the methods used in the determination and disclosure of the fair value of financial instruments.

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. 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 investments held and classified as 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 $18.6 million (June 2021: $18.0 million).

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 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 Dexus' 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

Note 13 Capital and financial risk management (continued)

a. Capital risk management (continued)

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.

	2022 $m	2021 $m
Total interest bearing liabilities[1]	**4,653.8**	4,629.1
Total tangible assets[2]	**18,232.3**	17,447.1
Gearing ratio	**25.5%**	26.5%
Gearing ratio (look-through)[3]	**26.9%**[4]	26.7%

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, derivatives and deferred tax balances.
3 Adjusted for cash and debt in equity accounted investments.
4 Excluding Dexus's share of co-investments in pooled funds. Look-through gearing including Dexus's share of co-investments in pooled funds was 27.8% as at 30 June 2022.

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 2022 and 2021 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.

Dexus Wholesale Property Limited (DWPL), a wholly owned entity, has been issued with an AFSL as it is the responsible entity for Dexus Wholesale Property Fund (DWPF) and Dexus ADPF (DADPF). Dexus Wholesale Management Limited (DWML), a wholly owned entity, has been issued with an AFSL as it is the trustee of third party managed funds. Dexus Wholesale Funds Limited (DWFL), a wholly owned entity, has been issued with an AFSL as it is the responsible entity for Dexus Healthcare Property Fund (DHPF). Dexus Investment Management Limited (DIML), a wholly owned entity, has been issued with an AFSL as the responsible entity for Dexus Industrial Fund (DIF), a wholly owned entity. Dexus Asset Management Limited (DXAM), a wholly owned entity, has been issued with an AFSL as it is the responsible entity of third party managed funds. Dexus RE Limited (DXRE), a wholly owned entity, has been issued with an AFSL as the responsible entity for APD Trust, a wholly owned entity. These entities are subject to the capital requirements described above.

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.

Note 13 Capital and financial risk management (continued)

b. Financial risk management (continued)

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.

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 2022, 68% (2021: 76%) of the interest bearing liabilities of the Group were hedged. The average hedged percentage for the financial year was 64% (2021: 82%) and on a look-through basis 65% (2021:81%).

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 2023 $m	June 2024 $m	June 2025 $m	June 2026 $m	June 2027 $m
A$ fixed rate debt	1,795.0	1,653.3	1,370.0	1,246.7	1,163.3
A$ interest rate derivatives	2,208.3	2,214.6	1,950.0	535.4	200.0
Combined fixed rate debt and derivatives (A$ equivalent)	**4,003.3**	**3,867.9**	**3,320.0**	**1,782.1**	**1,363.3**
Hedge rate (%)	**1.77%**	**1.69%**	**1.67%**	**1.95%**	**1.96%**

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.

	2022 (+/-) $m	2021 (+/-) $m
+/- 1% (100 basis points)	**20.0**	15.6
Total A$ equivalent	**20.0**	15.6

The movement in interest expense is proportional to the movement in interest rates.

Note 13 Capital and financial risk management (continued)

b. Financial risk management (continued)

i. Market risk (continued)

Interest rate risk (continued)

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.

	2022 (+/-) $m	2021 (+/-) $m
+/- 1% (100 basis points)	**63.2**	56.0
Total A$ equivalent	**63.2**	56.0

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.

		2022 (+/-) $m	2021 (+/-) $m
+/- 1% (100 basis points)	US$ (A$ equivalent)	**0.2**	1.8
Total A$ equivalent		**0.2**	1.8

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.

Note 13 Capital and financial risk management (continued)

b. Financial risk management (continued)

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 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. An analysis of the contractual maturities of the Group's interest bearing liabilities and derivative financial instruments is shown in the table below. The amounts in the table represent undiscounted cash flows.

	2022				2021			
	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	**(180.4)**	**-**	**-**	**-**	(173.8)	–	–	–
Lease liabilities	**(4.2)**	**(3.5)**	**(11.6)**	**(11.3)**	(3.5)	(3.7)	(9.0)	(6.4)
Total payables and lease liabilities	**(184.6)**	**(3.5)**	**(11.6)**	**(11.3)**	(177.3)	(3.7)	(9.0)	(6.4)
Interest bearing liabilities & interest								
Fixed interest rate liabilities	**(129.6)**	**(123.7)**	**(2,068.8)**	**(1,846.2)**	(183.6)	(389.3)	(1,551.6)	(2,492.1)
Floating interest rate liabilities	**(107.9)**	**(811.2)**	**(1,014.5)**	**(138.9)**	(31.7)	(344.9)	(967.1)	(149.3)
Total interest bearing liabilities & interest[1]	**(237.5)**	**(934.9)**	**(3,083.3)**	**(1,985.1)**	(215.3)	(734.2)	(2,518.7)	(2,641.4)
Derivative financial liabilities								
Cash receipts	**119.4**	**197.4**	**1,117.0**	**845.2**	74.1	74.8	640.2	1,218.8
Cash payments	**(118.2)**	**(191.5)**	**(924.1)**	**(765.7)**	(52.0)	(52.9)	(505.9)	(1,143.0)
Total net derivative financial instruments[2]	**1.2**	**5.9**	**192.9**	**79.5**	22.1	21.9	134.3	75.8

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)

b. 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 all 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 Dexus 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 2022 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 2022 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 investments in associates at fair value through profit or loss 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.

All derivative financial instruments were measured at Level 2 for the periods presented in this report.

During the year, there were no transfers between Level 1, 2 and 3 fair value measurements.

Note 13 Capital and financial risk management (continued)

b. Financial risk management (continued)

iv. Fair value (continued)

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. Material differences are identified only for the following borrowings:

Type	Maturity	2022 Carrying Amount ($m)	2022 Fair Value ($m)	2021 Carrying Amount ($m)	2021 Fair Value ($m)
USD borrowing	2024	**64.9**	**66.1**	63.1	65.0
USD borrowing	2025	**158.4**	**161.6**	157.4	162.6
USD borrowing	2026	**225.5**	**230.5**	224.1	232.7
USD borrowing	2027	**445.1**	**452.6**	452.1	466.5
USD borrowing	2029	**175.0**	**175.0**	179.7	184.9
USD borrowing	2030	**291.0**	**291.0**	302.5	306.4
USD borrowing	2033	**237.8**	**241.0**	254.0	254.0
MTN	2023	**-**	**-**	161.3	167.6
MTN	2026	**186.6**	**190.9**	186.8	209.8
MTN	2027	**129.1**	**132.3**	129.0	147.1
MTN	2030	**198.3**	**180.5**	198.2	202.7
MTN	2032	**500.0**	**455.8**	500.0	512.9
MTN	2039	**30.0**	**32.0**	30.0	36.0
AUD USPP	2028	**100.0**	**104.0**	100.0	113.4
AUD USPP	2030	**50.0**	**52.0**	50.0	56.6
AUD USPP	2033	**100.0**	**106.5**	100.0	117.4
AUD USPP	2039	**75.0**	**80.6**	75.0	89.7
Fixed bank debt	2022	**-**	**-**	150.0	155.2
Exchangeable note	2026	**407.2**	**425.0**	403.1	425.0

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.

Note 13 Capital and financial risk management (continued)

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)).

Derivatives are measured at fair value with any changes in fair value recognised either in the 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.

Note 13 Capital and financial risk management (continued)

c. Derivative financial instruments (continued)

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.

	2022 $m	2021 $m
Current assets		
Interest rate derivative contracts	**1.6**	-
Cross-currency swap contracts	**11.0**	13.8
Total current assets - derivative financial instruments	**12.6**	13.8
Non-current assets		
Interest rate derivative contracts	**143.3**	–
Cross-currency swap contracts	**314.6**	333.3
Total non-current assets - derivative financial instruments	**457.9**	333.3
Current liabilities		
Interest rate derivative contracts	**1.2**	4.4
Cross-currency swap contracts	**–**	2.8
Total current liabilities - derivative financial instruments	**1.2**	7.2
Non-current liabilities		
Interest rate derivative contracts	**-**	17.2
Cross-currency swap contracts	**7.2**	0.3
Other derivative contracts	**33.3**	25.4
Total non-current liabilities - derivative financial instruments	**40.5**	42.9
Net derivative financial instruments	**428.8**	297.0

Note 13 Capital and financial risk management (continued)

c. Derivative financial instruments (continued)

The table below details a breakdown of the net fair value gain on derivatives in the Consolidated Statement of Comprehensive Income.

	2022 $m	2021 $m
Net fair value gain/(loss) of derivatives		
Cross-currency swap contracts	**(178.7)**	(120.1)
Interest rate swap contracts	**146.4**	29.6
Exchangeable note contracts	**(7.9)**	(11.9)
Total net fair value gain/(loss) of derivatives	**(40.2)**	(102.4)

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	2.4875	2.3478	2.3478
Average notional amount	1,304.7	1,256.4	624.1	624.1
Interest rate risk - Cross currency interest rate swap (hedging foreign currency debt)[1]				
Average contracted fixed USD rate	1.3906	1.3821	1.3705	1.3705
Average notional amount	1,304.7	1,256.4	624.1	624.1

1 Cross-currency interest rate swaps totalling $1,135.0 million (notional) have been split into cash flow hedge and fair value hedge relationships.

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/(liabilities)[1]	17.2	285.4
Cumulative change in fair value of the hedging instrument used for calculating hedge ineffectiveness	16.8	284.9
Current fair value notional amount of the hedged item	(16.8)	(1,597.7)
Cumulative change in value of the hedged item used for calculating hedge ineffectiveness	24.8	(293.0)
Balance in cash flow hedge reserve	(16.8)	-
Hedge ineffectiveness recognised in the Consolidated Statement of Comprehensive Income[2]	-	1.5

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.

Note 13 Capital and financial risk management (continued)

c. Derivative financial instruments (continued)

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.

Cash flow hedge reserve and foreign currency basis spread	Foreign exchange risk $m
Balance at 1 July 2021 (before tax)	(0.9)
Movement	
Gain/(loss) arising on changes in fair value of hedging instruments during the period	11.0
Changes in fair value of foreign currency basis spread during the period	6.0
Transfer out	
(Gain)/loss reclassified to profit or loss – hedged item has affected profit or loss	(3.6)
(Gain)/loss arising on changes in fair value of foreign currency basis spread during the period	4.7
Balance at 30 June 2022 (before tax)	**17.2**

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
- Makegood 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.

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 3.22%. 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.

Note 14 Lease liabilities (continued)

The following table details information relating to leases where the Group is a lessee.

	Note	2022 $m	2021 $m
Current			
Lease liabilities - ground leases	(a)	**0.8**	0.8
Lease liabilities - other property leases	(b)	**3.4**	2.7
Total current liabilities - lease liabilities		**4.2**	3.5
Non-current			
Lease liabilities - ground leases	(a)	**7.2**	7.8
Lease liabilities - other property leases	(b)	**15.5**	12.7
Total non-current liabilities - lease liabilities		**22.7**	20.5
Total liabilities - lease liabilities		**26.9**	24.0

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 Dexus offices and Dexus 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 profit or loss 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 profit or loss. Refer to note 13 *Capital and financial risk management* for further detail.

Note 15 Interest bearing liabilities (continued)

All borrowings with contractual maturities greater than 12 months after reporting date are classified as non-current liabilities.

	Note	2022 $m	2021 $m
Current			
Unsecured			
Bank loans	(b)	-	50.0
Total unsecured		-	50.0
Total current liabilities - interest bearing liabilities		-	50.0
Non-current			
Unsecured			
US senior notes[1]	(a)	**1,922.7**	1,957.8
Bank loans	(b)	**1,430.2**	1,229.2
Commercial paper	(c)	**100.0**	100.0
Medium term notes	(d)	**1,043.9**	1,205.3
Exchangeable notes	(e)	**407.2**	403.1
Total unsecured		**4,904.0**	4,895.4
Deferred borrowing costs		**(21.7)**	(20.7)
Total non-current liabilities - interest bearing liabilities		**4,882.3**	4,874.7
Total interest bearing liabilities		**4,882.3**	4,924.7

1 Includes cumulative fair value adjustments amounting to $49.9 million (2021: $123.1 million) in relation to effective fair value hedges.

Financing arrangements

The following table summarises the maturity profile of the Group's financing arrangements:

Type of facility	Notes	Currency	Security	Maturity Date	Utilised $m	Facility Limit $m
US Senior notes (USPP)[1]	(a)	US$	Unsecured	Jul-23 to Nov-32	**1,647.6**	**1,647.6**
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-23 to Jun-29	**1,439.8**	**3,425.0**
Commercial paper	(c)	A$	Unsecured	Apr-24	**100.0**	**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	**407.3**	**407.3**
Total					**4,963.6**	**6,948.8**
Bank guarantee in place					**(114.1)**	
Unused at balance date					**1,871.1**	

1 Includes drawn amounts and excludes fair value adjustments recorded in interest bearing liabilities in relation to effective fair value hedges.

Note 15 Interest bearing liabilities (continued)

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 their 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 (A$1,972.6 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$3,425.0 million of facilities maturing between October 2023 and June 2029 with a weighted average maturity of March 2026. A$114.1 million is utilised as bank guarantees for AFSL requirements and other business requirements including developments.

c. Commercial paper

This includes a total of A$100.0 million of Commercial paper which is supported by a standby facility of A$100.0 million with a maturity of April 2024. 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.

e. Exchangeable notes

This includes exchangeable notes with a face value totalling $425.0 million. The notes are exchangeable based on the exchange price (currently $15.00 representing approximately 28.3 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. As at 30 June 2022, no notes have been exchanged.

Exchange price[1]	$15.00
Coupon (per annum)	2.3%
Notes on issue at 30 June 2022	4,250,000.0

1 The exchange price has been adjusted for any subsequent equity raises completed at greater than 5% discount to the five-day VWAP prior to the raise. The price will also be adjusted in the event of any Dexus distributions which exceed quoted thresholds in the Exchangeable note terms and conditions.

Note 16 Commitments and contingencies

a. Commitments

Capital commitments

The following amounts represent capital expenditure on investment properties and inventories as well as committed fitout or cash incentives contracted at the end of each reporting period but not recognised as liabilities payable:

	2022 $m	2021 $m
Investment properties	**108.9**	87.1
Inventories and development management services	**1.9**	0.7
Investments accounted for using the equity method	**128.4**	311.5
Total capital commitments	**239.2**	399.3

Note 16 Commitments and contingencies (continued)

Lease receivable commitments

The future minimum lease payments receivable by the Group are:

	2022 $m	2021 $m
Within one year	**413.2**	467.0
Later than one year but not later than five years	**1,232.2**	1,398.5
Later than five years	**577.4**	592.9
Total lease receivable commitments	**2,222.8**	2,458.4

b. Contingencies

DPT, together with DXO, is a guarantor of A$6,948.8 million (June 2021: A$5,918.1 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$114.1 million, comprising A$70.2 million held to comply with the terms of the Australian Financial Services Licences (AFSL) and A$43.9 million largely in respect of developments.

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.

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.

Outgoings are excluded from contingencies as they are expensed when incurred.

Note 17 Contributed equity

	2022 No. of securities	2021 No. of securities
Opening balance at the beginning of the year	**1,075,565,246**	1,091,202,163
Buy-back of contributed equity	**-**	(15,636,917)
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*.

Transaction costs arising on the buy-back of equity instruments are recognised directly in equity (net of tax) as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the buy-back of those equity instruments and which would not have been incurred had those instruments not been bought back.

On 23 October 2019, Dexus announced plans to initiate an on-market securities buy-back of up to 5% of Dexus securities on issue over the next 12 months, as part of its active approach to capital management.

On 13 October 2020, Dexus announced an extension of the buy-back for a period of 12 months commencing on 23 October 2020.

On 22 October 2021, Dexus announced a further extension of the buy-back for a period of 12 months commencing on 25 October 2021.

During the 12 months to 30 June 2022, there were no Dexus securities acquired or cancelled.

Note 18 Reserves

	2022 $m	2021 $m
Asset revaluation reserve	**42.7**	42.7
Cash flow hedge reserve	**16.8**	9.4
Foreign currency basis spread reserve	**0.4**	(10.3)
Security-based payments reserve	**13.3**	10.6
Treasury securities reserve	**(22.1)**	(15.8)
Total reserves	**51.1**	36.6
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	**9.4**	24.0
Changes in the fair value of cash flow hedges	**7.4**	(14.5)
Closing balance at the end of the year	**16.8**	9.4
Foreign currency basis spread reserve		
Opening balance at the beginning of the year	**(10.3)**	(8.8)
Changes in cost of hedge reserve	**10.7**	(1.5)
Closing balance at the end of the year	**0.4**	(10.3)
Security-based payments reserve		
Opening balance at the beginning of the year	**10.6**	9.8
Issue of securities to employees	**(8.8)**	(8.5)
Security-based payments expense	**11.5**	9.3
Closing balance at the end of the year	**13.3**	10.6
Treasury securities reserve		
Opening balance at the beginning of the year	**(15.8)**	(17.1)
Issue of securities to employees	**8.8**	8.6
Purchase of securities	**(15.1)**	(7.3)
Closing balance at the end of the year	**(22.1)**	(15.8)

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.

Treasury securities reserve

The treasury securities reserve is used to record the acquisition of securities purchased to fulfil the obligations of the Deferred Short Term Incentive Plans (DSTI), Long Term Incentive Plans (LTI) and Senior Management Retention Awards. As at 30 June 2022, DXS held 2,536,188 stapled securities which includes acquisitions of 1,779,086 and unit vesting of 817,312 (2021: 1,574,324).

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.

	2022 $m	2021 $m
Rent receivable[1]	**18.3**	35.0
Less: provision for expected credit losses	**(7.6)**	(17.7)
Total rent receivables	**10.7**	17.3
Distributions receivable	**71.6**	49.0
Fees receivable	**54.6**	51.2
Other receivables	**29.6**	3.5
Total other receivables	**155.8**	103.7
Total receivables	**166.5**	121.0

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 2022 was determined as follows:

$m	Sector		
30 June 2022	Office	Industrial	Total
0-30 days[1]	3.0	–	3.0
31-60 days	0.5	0.2	0.7
61-90 days	0.4	0.1	0.5
91+ days	3.0	0.4	3.4
Total provision for expected credit losses	**6.9**	**0.7**	**7.6**

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:

	Trade receivables	
	2022 $m	2021 $m
Opening provision for expected credit losses	**17.7**	7.5
Provision recognised/(reversed) in profit or loss during the year	**(10.1)**	10.2
Closing provision for expected credit losses	**7.6**	17.7

c. Other current assets

	2022 $m	2021 $m
Prepayments	**16.8**	19.6
Other	**36.7**	8.7
Total other current assets	**53.5**	28.3

d. Payables

	2022 $m	2021 $m
Trade creditors	**41.0**	35.3
Accruals	**21.7**	21.6
Accrued capital expenditure	**54.8**	59.4
Prepaid income	**19.6**	19.6
Accrued interest	**29.7**	27.9
Other payables	**13.6**	10.0
Total payables	**180.4**	173.8

Note 19 Working capital (continued)

e. Provisions

A provision is recognised when a current 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.

	2022 $m	2021 $m
Current		
Provision for distribution	**271.0**	247.4
Provision for employee benefits	**44.4**	37.7
Provision for land tax	**0.5**	6.1
Total current provisions	**315.9**	291.2

	2022 $m	2021 $m
Non-current		
Provision for employee benefits	**3.4**	2.7
Total non-current provisions	**3.4**	2.7

	2022 $m	2021 $m
Provision for distribution		
Opening balance at the beginning of the year	**247.4**	254.3
Additional provisions	**572.2**	561.0
Payment of distributions	**(548.6)**	(567.9)
Closing balance at the end of the year	**271.0**	247.4

A provision for distribution has been raised for the period ended 30 June 2022. This distribution is to be paid on 30 August 2022.

Other disclosures

In this section

This section includes information that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the Corporations Regulations, but which are not considered critical in understanding the financial performance or position of the Group.

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, a wholly owned subsidiary of DXO, which entitles it to management fee revenue from both finite life trusts and indefinite life trusts. Those rights that are deemed to have a finite useful life (held at a value of $0.8 million (2021: $0.4 million)) are measured at cost and amortised using the straight line method over their estimated remaining useful lives of two to seven years. Management rights that are deemed to have an indefinite life are held at a value of $433.7 million (2021: $300.5 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 to sell and value in use. For the purposes of assessing impairment, assets 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).

During the year, management have performed a review of the recoverable amount of its management rights. The Directors and management have considered the key assumptions adopted and have identified an impairment associated with the management rights held.

The value in use has been determined using Board approved forecasts in conjunction with growth assumptions in a five-year discounted cash flow model and applying a terminal value in year five. Forecasts were based on projected returns of the business in light of current market conditions.

Key assumptions: value in use of management rights

Judgement is required in determining the following key assumptions used to calculate the value in use:

- Terminal capitalisation rate range of 8.3%-20.0% (2021: 8.3%–20.0%) has been applied incorporating an appropriate risk premium for a management business. A terminal capitalisation rate of 8.3% (2021: 8.3%) has been applied to the majority of the management rights
- Cash flows have been discounted at a post-tax rate of 9.0% (2021: 8.0%) based on externally published weighted average cost of capital for an appropriate peer group plus an appropriate premium for risk
- An average growth rate of 6.5% (2021: 3.0%) has been applied to forecast cashflows. The 2022 growth rate reflects the addition of new management rights recognised as part of the APN Group acquisition

Note 20 Intangible assets (continued)

	2022 $m	2021 $m
Management rights		
Opening balance at the beginning of the year		
Dexus Wholesale Property Fund (indefinite useful life)	**258.5**	244.0
Direct Property Funds (indefinite useful life)	**42.0**	42.0
Direct Property Funds (finite useful life)	**0.4**	0.5
Additions		
Dexus Convenience Retail REIT (indefinite useful life)	**35.6**	–
Dexus Industria REIT (indefinite useful life)	**75.5**	–
APN Real Estate Security Funds (indefinite useful life) [1]	**18.8**	–
APN Real Estate Security Funds (finite useful life) [1]	**0.7**	
Direct Property Funds (finite useful life)	**2.4**	–
Dexus Wholesale Property Fund (indefinite useful life) [2]	**3.4**	14.5
Impairment of management rights	**(1.9)**	–
Amortisation charge		–
Direct Property Funds (finite useful life)	**(0.9)**	(0.1)
Closing balance at the end of the year	**434.5**	300.9
Cost	**445.3**	308.9
Accumulated amortisation	**(6.3)**	(5.4)
Accumulated impairment	**(4.5)**	(2.6)
Total management rights	**434.5**	300.9
Goodwill		
Opening balance at the beginning of the year	**0.9**	0.9
Additions[3]	**49.0**	–
Closing balance at the end of the year	**49.9**	0.9
Cost	**54.9**	5.9
Accumulated impairment	**(5.0)**	(5.0)
Total goodwill	**49.9**	0.9
Software		
Opening balance at the beginning of the year	**3.6**	4.4
Additions	**1.5**	1.2
Amortisation charge	**(1.5)**	(2.0)
Closing balance at the end of the year	**3.6**	3.6
Cost	**19.1**	17.6
Accumulated amortisation	**(15.5)**	(14.0)
Cost - Fully amortised assets written off	**(16.6)**	(10.0)
Accumulated amortisation - Fully amortised assets written off	**16.6**	10.0
Total software	**3.6**	3.6
Total non-current intangible assets	**488.0**	305.4

1 On 13 August 2021 Dexus acquired 100% of APN Property Group, a specialist Australian real estate investment manager. As part of the acquisition $132.9 million of management rights were recognised. Refer to note 21 *Business combination* for further details.
2 During the period Dexus incurred costs in connection with Dexus Wholesale Property Limited, a Dexus entity, being appointed as Responsible Entity of Dexus ADPF.
3 The excess between the cash consideration transferred and the fair value of the net identifiable assets acquired as part of the APN acquisition has been recorded as goodwill. Refer to note 21 *Business combination* for further details.

Note 21 Business combination

Acquisition of APN Property Group (APN)

On 27 July 2021, APN security holders approved the Scheme of Arrangement for Dexus to acquire all of the stapled securities in APN for an all cash-consideration of 90 cents per security.

On 13 August 2021, the Scheme was implemented and Dexus acquired 100% of the issued share capital of APN. APN is a specialist Australian real estate investment manager and qualifies as a business as defined in AASB 3 *Business Combinations*. The acquisition further expands and diversifies Dexus's funds management business and contributed $2.9 billion of incremental funds under management to the platform.

The amounts recognised in respect of the consideration paid, identifiable assets acquired, and liabilities assumed are set out in the table below.

Purchase consideration

	$m
Cash consideration	**303.6**

Identifiable assets and liabilities recognised

	$m
Cash and cash equivalents	**23.6**
Trade and other receivables	**7.0**
Investments accounted for using the equity method	**164.6**
Investment properties	**1.9**
Property, plant and equipment	**0.5**
Intangible assets: management rights[1]	**132.9**
Right of use asset	**1.5**
Trade and other payables	**(13.9)**
Current tax liabilities	**(1.3)**
Provisions	**(2.0)**
Lease liability	**(1.7)**
Interest bearing liabilities	**(19.9)**
Deferred tax liabilities	**(38.6)**
Net identifiable assets acquired	**254.6**
Goodwill[2]	**49.0**
Net assets acquired	**303.6**

1 Recognised in connection with APN managed funds, which include both open ended and closed ended funds.
2 Goodwill is attributable to the people, established business practices and relationships obtained via the acquisition and is not deductible for tax purposes.

Payment for acquisition of subsidiary

	$m
Cash consideration	**303.6**
Less: Cash and cash equivalents acquired	**(23.6)**
Net outflow of cash from investing activities	**280.0**

Acquisition related costs

Acquisition related costs of $8.7 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.

Note 21 Business combination (continued)

Revenue and profit contribution

APN Property Group contributed revenues of $60.1 million and net profit of $53.3 million to the group for the period from 13 August 2021 to 30 June 2022. If the acquisition had occurred on 1 July 2021, consolidated pro-forma revenue and profit for the year ended 30 June 2022 would have been $61.1 million and $54.2 million respectively.

Acquired receivables

The fair value of trade receivables acquired was $7.0 million and reflects the gross contractual amount for trade receivables at the acquisition date. Based on management's best estimate on the acquisition date, the total amount was deemed recoverable and therefore no provision for expected credit losses was recognised.

Note 22 Audit, taxation and transaction service fees

During the year, the Auditor and its related practices earned the following remuneration:

	2022 $'000	2021 $'000
Audit and review services		
Auditors of the group - PwC		
Financial statement audit and review services	**1,331**	1,366
Audit and review fees paid to PwC	**1,331**	1,366
Assurance services		
Auditors of the group - PwC		
Outgoings audits	**88**	100
Regulatory audit and compliance assurance services	**187**	116
Sustainability assurance services	**146**	140
Other assurance services	**644**	509
Assurance fees paid to PwC	**1,065**	865
Total audit, review and assurance fees paid to PwC	**2,396**	2,231
Other services		
Auditors of the group - PwC		
Transaction services	**-**	712
Other services fees paid to PwC	**-**	712
Total audit, review, assurance and other services fees paid to PwC	**2,396**	2,943

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.

	2022 $m	2021 $m
Net profit/(loss) for the year	**1,615.9**	1,138.4
Capitalised interest	**(8.3)**	(1.8)
Depreciation and amortisation	**13.8**	9.1
Amortisation of incentives and straight line income	**87.4**	85.0
Impairment of intangibles	**1.9**	-
Net fair value (gain)/loss of investment properties	**(437.0)**	(273.7)
Net fair value (gain)/loss of financial assets at fair value through profit or loss	**(6.5)**	-
Share of net (profit)/loss of investments accounted for using the equity method	**(845.7)**	(565.6)
Net fair value (gain)/loss of derivatives	**178.7**	120.1
Net fair value (gain)/loss of interest rate swaps	**(138.5)**	(17.7)
Amortisation of deferred borrowing costs	**7.6**	3.8
Net (gain)/loss on sale of investment properties	**(0.1)**	(0.3)
Net fair value (gain)/loss of interest bearing liabilities	**(173.0)**	(115.2)
Net foreign exchange (gain)/loss	**0.2**	0.1
Distributions from investments accounted for using the equity method	**245.5**	478.1
Change in operating assets and liabilities		
(Increase)/decrease in receivables	**(12.1)**	11.2
(Increase)/decrease in prepaid expenses	**2.8**	(4.7)
(Increase)/decrease in inventories	**123.8**	157.6
(Increase)/decrease in other current assets	**(2.4)**	72.3
(Increase)/decrease in other non-current assets	**(127.2)**	(61.4)
Increase/(decrease) in payables	**(6.1)**	(6.0)
Increase/(decrease) in current tax receivables	**42.0**	(18.6)
Increase/(decrease) in current liabilities	**(0.5)**	25.1
Increase/(decrease) in other non-current liabilities	**(6.7)**	(36.9)
Increase/(decrease) in deferred tax liabilities	**4.6**	0.4
Net cash inflow/(outflow) from operating activities	**560.1**	999.3

b. Net debt reconciliation

Reconciliation of net debt movements:

	2022 Interest bearing liabilities $m	2021 Interest bearing liabilities $m
Opening balance	**4,924.7**	4,838.0
Changes from financing cash flows		
Proceeds from borrowings	**18,669.8**	8,405.0
Repayment of borrowings	**(18,681.0)**	(7,983.3)
Proceeds from loan with related party	**33.1**	-
Non cash changes		
Movement in deferred borrowing costs and other	**4.0**	(13.0)
The effect of changes in foreign exchange rates	**137.8**	(144.1)
Fair value hedge adjustment	**(173.0)**	(177.9)
Closing balance	**4,915.4**	4,924.7

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 Deferred Short Term Incentive Plans (DSTI), Long Term Incentive Plans (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. 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 security-based payments reserve in equity. 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.

a. Deferred Short Term Incentive Plan

25% of any award under the Short Term Incentive Plan (STI) for certain participants will be deferred and awarded in the form of performance rights to DXS securities.

50% of the performance rights awards will vest one year after grant and 50% of the awards 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. Consequently, 50% of the fair value of the performance rights is amortised over two years and 50% of the award is amortised over three years.

The number of performance rights granted in respect of the year ended 30 June 2022 was 432,632 (2021: 423,514) and the fair value of these performance rights is $8.88 (2021: $10.65) per performance right. The total security-based payments expense recognised during the year ended 30 June 2022 was $4,871,728 (2021: $1,794,299).

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 number of performance rights granted in respect of the year ended 30 June 2022 was 957,207 (2021: 580,350) and the fair value of these performance rights is $8.88 (2021: $6.53) per performance right. The total security-based payments expense recognised during the year ended 30 June 2022 was $1,843,901 (2021: $5,651,985).

Note 24 Security-based payments (continued)

c. Senior Management Retention Awards

CEO Incentive Award

A once-off CEO incentive award was granted to the CEO on 1 June 2020. 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.

The number of performance rights granted in respect of the year ended 30 June 2022 was 356,335 (2021: 356,335). The grant date fair value of these performance rights is $8.03 (2021: $8.93) per performance right. The total security-based payments expense related to this award recognised during the year ended 30 June 2022 was $1,024,443 (2021: $89,989).

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 number of equity rights granted in respect of the year ended 30 June 2022 was 306,960 (2021: 306,960). The fair value of these equity rights is $8.26 (2021: $8.20) per equity right. The total security-based payments expense related to this award recognised during the year ended 30 June 2022 was $690,692 (2021: $444,931).

Note 25 Related parties

Responsible Entity and Investment Manager

DXH is the parent entity of DXFM, the Responsible Entity of DPT and DXO, the trustee of Dexus Office Trust Australia (DOTA) and the investment manager of DOTA and Dexus Industrial Trust Australia (DITA).

DXH is also the parent entity of 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, Dexus Asset Management Limited, the responsible entity of Dexus Convenience Retail REIT (DXC), Dexus Industria REIT (DXI) and other third party managed funds, and Dexus RE Limited, the responsible entity of APD Trust.

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. DXFM's parent entity, DXH, is entitled to be reimbursed for administration expenses incurred on behalf of the Group. Dexus Property Services Pty Limited (DXPS), a wholly owned subsidiary of DXH, is entitled to property management fees from the Group.

The Group received Responsible Entity and other management 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. All 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

	2022 $'000	2021 $'000
Responsible entity (investment management fees)	**111,181.0**	71,357.3
Property management fee income	**44,075.5**	41,228.2
Development services revenue (DS), Development Management (DM), Project Delivery Group (PDG), capital expenditure and leasing fee income	**28,231.8**	108,848.9
Rent paid	**4,295.9**	5,052.2
Responsible entity fees receivable at the end of each reporting year (included above)	**34,163.1**	19,782.5
Property management fees receivable at the end of each reporting year (included above)	**4,621.1**	3,854.8
DS, DM, PDG, capital expenditure and leasing fees receivable at the end of each reporting year (included above)	**15,084.2**	12,123.4
Loans to related parties[1]	**33,700.0**	30,650.4
Loans from related parties[2]	**33,058.8**	–

1 Represents the Dexus share of a subordinated convertible loan which has been provided to the SAHMRI 2 Trust, a wholly owned subsidiary of SAHMRI 2 Holding Trust. This loan accrues interest at 5.5% per annum and matures on the date the development reaches practical completion. Under the subordination terms, repayment of this loan may only occur once the external construction loan has been repaid. The loan may be settled in cash or converted into equity at the election of the holders.

2 Represents the loan between a 100% owned subsidiary of DXO and DREP1 for 49.9% of the purchase price of 888 Christies Road Pty Ltd. The loan is interest free and repayable following DREP's acquisition of shares in the subsidiary on demand. The fair value of the option deeds acquired in relation to this transaction is recorded within other non-current assets in the Consolidated Statement of Financial Position for $72.0 million.

Key management personnel compensation

	2022 $'000	2021 $'000
Compensation		
Short-term employee benefits	**10,374.0**	10,604.8
Post-employment benefits	**705.3**	275.7
Security-based payments	**4,542.8**	4,582.6
Total key management personnel compensation	**15,622.1**	15,463.1

Information regarding individual Directors' and Senior Executives' remuneration is provided in the Remuneration Report on pages 79 to 111 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 Dexus 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.

Note 26 Parent entity disclosures (continued)

a. Summary financial information

The individual Financial Statements for the parent entity show the following aggregate amounts:

	2022 $m	2021[1] $m
Total current assets	**0.1**	60.6
Total assets	**12,022.5**	5,926.6
Total current liabilities	**222.1**	163.8
Total liabilities	**525.4**	2,122.1
Equity		
Contributed equity	**12,022.4**	2,341.4
Reserves	**-**	(0.8)
Retained profits	**(525.3)**	1,463.9
Total equity	**11,497.1**	3,804.5
Net profit/(loss) for the year	**3.1**	525.0
Total comprehensive income/(loss) for the year	**3.1**	509.0

1 As a result of the simplification of the stapled group structure implemented on 6 July 2021, DPT is deemed the new parent entity for financial reporting purposes. The parent entity for the comparative year was DDF. Refer to the Basis of preparation within the Notes to the Consolidated Financial Statements for further information.

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.

c. Contingent liabilities

The parent entity has no contingent liabilities. Refer to note 16 for the Group's contingent liabilities.

d. Capital commitments

The following amounts represent capital expenditure of the parent entity on investment properties contracted at the end of the reporting period but not recognised as liabilities payable:

	2022 $m	2021 $m
Investment properties	**-**	14.7
Total capital commitments	**-**	14.7

e. Going concern

The parent entity is a going concern. The Group has unutilised facilities of $1,871.1 (2021: $1,025.9 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 2022.

Note 27 Subsequent events

On 29 July 2022, settlement occurred for the disposal of 383-395 Kent Street, Sydney NSW for $385.0 million excluding transaction costs.

On 29 July 2022, settlement occurred for the disposal of 140 and 150 George Street, Parramatta NSW for $77.2 million excluding transaction costs.

Since the end of the year, other than the matters disclosed above, 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 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 121 to 184:

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 2022 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 2022.

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.

W Richard Sheppard
Chair
16 August 2022

Independent Auditor's Report

Independent auditor's report

To the stapled security holders of Dexus Property Trust

Report on the audit of the Group financial report

Our opinion

In our opinion:

The accompanying Group 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 2022 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 Group 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 Group financial report comprises:

- the Consolidated Statement of Financial Position as at 30 June 2022;
- 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; and
- the Directors' Declaration.

The Group financial report excludes the Directors' Report included on pages 114 to 119 of the annual report.

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 Group 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*

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

Independence Standards) (the Code) that are relevant to our audit of the Group financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the Group 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 Group 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 Group 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
• For the purpose of our audit we used overall materiality of $37.8 million, which represents approximately 5% of the Group's adjusted profit before tax (Funds from Operations or 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 Group 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.	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group is a stapled entity with operations in Australia. In a stapled group the securities of two or more entities are 'stapled' together and cannot be traded separately. In the case of the Group, the stapled entity includes the Trust, DXO and their respective controlled entities.	• Amongst other relevant topics, we communicated the following key audit matters to the Board Audit Committee: – Valuation of investment properties, including those investment properties in investments accounted for using the equity method – Carrying amount of indefinite life assets (Management Rights and Goodwill) – Acquisition Accounting (APN and Jandakot) • These are further described in the *Key audit matters* section of our report.

- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

As part of our audit, we also considered the potential impact of climate change on our risk assessment. We made enquiries of management to develop an understanding of the process that they adopted to assess the extent of the potential impact of climate change risk on the Group financial report. We considered management's progress in developing its assessment, and in particular the assessment of the impact on the fair value of investment properties.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group financial report for the current year. The key audit matters were addressed in the context of our audit of the Group 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 investments accounted for using the equity method *(Refer to Notes 8 and 9)*	
The Group's investment property portfolio comprises: • Directly held properties included in the Consolidated Statement of Financial Position as Investment Properties valued at $8,295.7 million as at 30 June 2022 (2021: $8,476.8 million). • The Group's share of investment properties valued at $9,322.8 million as at 30 June 2022 (2021: $7,474.6 million) held through associates and joint ventures included in the Consolidated Statement of Financial Position as Investments accounted for using the equity method. 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. The following significant assumptions are used in establishing fair value: • Capitalisation rate	To assess the valuation of investment properties we performed the following procedures amongst others: • We compared 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 stated valuation policy. • We obtained recent independent property market reports to develop an understanding of the prevailing market conditions in which the Group invests. We leveraged this knowledge to assess the reasonableness of movements in selected assumptions used in the investment property valuations including capitalisation rates and discount rates. • We assessed the design and tested the operating effectiveness of certain controls supporting the Group's investment property valuation process, including controls relating to the review and approval of the valuations adopted. • We agreed the fair values of all properties to the external or internal valuation models, or to the acquisition price for properties

- Discount rate

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 independently 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 the majority of cases to have such valuations performed every six months.

We considered the valuation of investment properties to be a key audit matter due to the:

- Financial significance of investment properties in the Consolidated Statement of Financial Position (including those within investments accounted for using the equity method).
- 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.

acquired close to year end where this was considered to be appropriate evidence of fair value.

- For selected data inputs to the valuations, we agreed relevant details to supporting documentation. For example, on a sample basis we compared the rental income used in the investment property valuations to relevant lease agreements.
- We performed a risk-based assessment of the investment property portfolio to determine those properties at greater risk of being carried at amounts other than fair value. Our risk-based selection criteria included qualitative considerations and quantitative measures which were informed by our knowledge of each property, its asset class and our understanding of the current market conditions.
- For those properties which met our selection criteria, we performed procedures to assess the appropriateness of selected assumptions used in the valuations. These procedures included, amongst others:
  - Discussions held with management on 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 capitalisation rate and discount rate used in the valuations by reference to market analysis published by industry experts and recent market transactions.
  - Testing the mathematical accuracy of the valuation calculations.
- As the Group engaged independent valuation firms to assist in the determination of the fair value of certain investment properties, we considered the independence, experience and competency of the independent valuation firms as well as the results of their work.
- We met with a selection of independent valuation firms used by the Group to develop an understanding of their processes, judgements and observations.

- We assessed the reasonableness of the Group's disclosures in the Group financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter

Carrying amount of indefinite life assets (Management Rights and Goodwill)
(Refer to Note 20)

The Group's indefinite life intangible assets comprises management rights $433.7 million (2021: $300.5 million) and goodwill $49.9 million (2021: $0.9 million). The balance increased during the year as a result of the APN Property Group acquisition.

The Group performed impairment testing at 30 June 2022 of the indefinite life assets by comparing the recoverable amount of the indefinite life assets to their carrying amount. The Group concluded that the indefinite life assets were not impaired.

We consider the carrying amount of indefinite life assets 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 life assets.
- Sensitivity of the Group's assessment of the recoverable amount of indefinite life assets to changes in assumptions such as terminal capitalisation rates, discount rates, and the growth rates applied to forecast cash flows.

We assessed the methodology applied in the Group's impairment models (the models) and evaluated the appropriateness of the significant assumptions used to determine the recoverable amount of the indefinite life assets in those models.

Our audit included the following procedures, amongst others, in conjunction with PwC valuation experts:

- We assessed whether the allocation of the Group's management rights and goodwill to cash generating units (CGU) was in line with Australian Accounting Standards and consistent with our knowledge of the Group's operations.
- We tested the mathematical accuracy of impairment model calculations.
- We assessed the appropriateness of the Group's impairment model methodology against commonly accepted valuation practice, and the appropriateness of selected inputs and assumptions used in the models by comparison to our knowledge of the Group's operations and observable market factors. These included terminal capitalisation rates, discount rates and growth rates.
- We evaluated the appropriateness of forecasted cash flows by reference to Board approved budgets and tested the mathematical accuracy of the underlying calculations. For cash flows beyond year three that were not covered by formal budgets, we have assessed the appropriateness of the growth rates applied.
- We evaluated the Group's historical ability to forecast future cash flows by comparing a selection of prior year budgets to reported actual results.
- We assessed 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 (APN and Jandakot)
(Refer to Notes 21 and 9)
 	
On 13 August 2021, the Group acquired 100% of the issued share capital of APN Property Group (APN) for total consideration of $303.6 million.
 	
The Group also executed a number of transactions between November 2021 and April 2022 that resulted in the Group holding an interest at 30 June 2022 of 33.4% in Jandakot City Holdings Trust, 32% in Jandakot Airport Holding Trust and 34.7% in Jandakot Airport Domestic Trust (collectively, Jandakot).
 	
We consider the acquisition accounting for these transactions a key audit matter given the:
• Financial significance of the associated balances in the Consolidated Statement of Financial Position.
• The judgement required in assessing the Group's ability to influence APN and Jandakot's financial and operating policies and hence whether the associated entities should be accounted for through consolidation or equity accounting.
• The complexity and judgement required in assessing the fair value of the assets and liabilities acquired. The Group engaged external valuation experts to assist in the determination of fair values for selected balances.
• Sensitivity of the Group's assessment of the valuation of indefinite life assets to changes in assumptions such as terminal capitalisation rates, discount rates, and the growth rate applied to forecast cash flows.
	Our audit included the following procedures, amongst others:
	• Evaluating the appropriateness of the Group's accounting for the acquisitions against the requirements of Australian Accounting Standards and key transaction agreements.
	• Assessing the reasonableness of the fair values of selected assets and liabilities acquired, including:
	  • Evaluating the appropriateness of the methodology used by the Group in determining the fair value of indefinite life assets and the appropriateness of selected inputs and assumptions used including:
	    • Assessing whether the allocation of the indefinite life assets to cash generating units (CGU) was in line with Australian Accounting Standards and consistent with our knowledge of the Group's operations.
	    • Assessing the appropriateness of the Group's valuation model methodology against commonly accepted valuation practice, and the appropriateness of selected inputs and assumptions used in the models by comparison to our knowledge of the Group's operations and observable market factors. These included the terminal capitalisation rate, discount rates and growth rates.
	    • Evaluating the appropriateness of forecasted cash flows used in the valuation models and testing the mathematical accuracy of the underlying calculations. For cash flows beyond year three that were not covered by formal budgets, we compared the growth rates applied to observable market expectations.
	    • Evaluating the Group's historical ability to forecast future cash flows by

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comparing a selection of prior year budgets to reported actual results.

- Agreeing the fair values of all newly acquired investment properties and development land to the relevant external valuation reports.
- Considering selected purchase price adjustments in light of the requirements of Australian Accounting Standards.
- Assessing the competence and capability of the Group's independent valuation experts and the results of their work.
- Testing the mathematical accuracy of the Group's purchase price allocation calculations.
- Assessed the reasonableness of the financial statement disclosures for against the requirements of Australian Accounting Standards requirements.

Other information

The Directors of Dexus Funds Management Limited as the Responsible Entity of the Trust and DXO (the Directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the Group financial report and our auditor's report thereon.

Our opinion on the Group financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial report our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Group 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 Group financial report

The Directors are responsible for the preparation of the Group 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 Group financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the Group 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 Group financial report

Our objectives are to obtain reasonable assurance about whether the Group 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 Group financial report.

A further description of our responsibilities for the audit of the Group 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 79 to 111 of the Directors Report for the year ended 30 June 2022.

In our opinion, the remuneration report of Dexus Property Trust for the year ended 30 June 2022 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
16 August 2022

Investor information

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 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 FY22, senior management together with the Investor Relations team held 192 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 telephone calls, conferences, site visits, roadshows, one-on-one meetings, investor briefings and roundtables.

Group meetings	9
One-on-one meetings	135
Property tours	10
Director engagement meetings	25
Roadshows	2
Conferences & panels	11

Australia	40%
UK	11%
North America	24%
Europe (ex UK)	14%
Asia	9%
Rest of world	2%

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 2021 and February and March 2022. 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.

Annual General Meeting

Dexus's Annual General Meeting will be held on Wednesday 26 October 2022 commencing at 2.00pm.

As we resume 'normal' life post the worst of the COVID-19 pandemic, we are planning to 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.

As the health and safety of our Security holders, our employees, all of their families, and the broader community, is paramount, this decision will be reviewed as we get closer to the date of the AGM.

2023 Reporting calendar[1]

2022 Annual General Meeting	26 October 2022
2023 Half year results	14 February 2023
2023 Annual results	16 August 2023
2023 Annual General Meeting	25 October 2023

Distribution calendar[1]

Period end	31 December 2022	30 June 2023
Ex-distribution date	29 December 2022	29 June 2023
Record date	30 December 2022	30 June 2023
Payment date	28 February 2023	30 August 2023

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.

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 by a webcast at www.dexus.com/investor-centre.

Details relating to the meeting and how it will be conducted will be provided in the 2022 Notice of Annual General Meeting when its released in September 2022.

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 and distributions are paid only 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, please visit the investor login facility 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 www.revenue.nsw.gov.au/unclaimed-moneyosr.nsw.gov.au/ucm or email unclaimedmoney@revenue.nsw.gov.au

AMMA Statement (previously the Annual Taxation Statement)

An Attribution Managed Investment Trust Member Annual Statement (AMMA) is sent to investors at the end of August each year. The 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

MAKING CONTACT

If you have any questions regarding your Security holding or wish to update your personal or distribution payment details, please contact the Registry by calling the Dexus Infoline 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

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 at www.dexus.com/update or by contacting Link Market Services on +61 1800 819 675.

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 investor section 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

Notifies investors on key events and reporting dates.

LinkedIn

We engage with our followers on LinkedIn at www.dexus.com/LinkedIn and click follow us.

Complaints handling process

Dexus has a complaints handling policy to ensure that all Security holders are dealt with fairly, promptly and consistently.

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 to:

Dispute Resolutions Officer
Dexus Funds Management Limited

PO Box R1822
Royal Exchange NSW 1225 or
Email: ir@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:

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

Additional information

Top 20 Security holders at 29 July 2022

Rank	Name	Number of stapled securities	% of issued capital
1	HSBC Custody Nominees (Australia) Limited	490,499,050	45.60
2	JP Morgan Nominees Australia Pty Limited	243,181,650	22.61
3	Citicorp Nominees Pty Limited	114,457,944	10.64
4	BNP Paribas Nominees Pty Limited <DRP>	42,100,238	3.91
5	National Nominees Limited	36,393,135	3.38
6	Citicorp Nominees Pty Limited <Colonial First State Inv <A/C>	10,895,096	1.01
7	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	9,852,382	0.92
8	HSBC Custody Nominees (Australia) Limited <NT-Commonwealth Super Corp A/C>	5,905,679	0.55
9	Medich Capital Pty Ltd <Roy Medich Investment A/C>	3,402,012	0.32
10	Artmax Investments Limited	3,273,924	0.30
11	HSBC Custody Nominees (Australia) Limited - A/C 2	2,876,462	0.27
12	Pacific Custodians Pty Limited Performance Rights Plan Trust	2,444,626	0.23
13	Australian Executor Trustees Limited <IPS IOOF Employer Super A/C>	2,054,100	0.19
14	HSBC Custody Nominees (Australia) Limited-GSCO ECA	2,040,655	0.19
15	Netwealth Investments Limited <Wrap Services A/C>	2,040,120	0.19
16	BNP Paribas Nominees Pty Ltd ACF Clearstream	1,893,878	0.18
17	HSBC Custody Nominees (Australia) Limited	1,515,307	0.14
18	Pelmavigel Pty Ltd	1,322,954	0.12
19	DJS Investment Holdings Pty Ltd <The Steinberg Family A/C>	1,207,167	0.11
20	BNP Paribas Nominees (NZ) Ltd <DRP>	1,203,773	0.11
Sub total		**978,560,152**	**90.98**
Balance of register		**97,005,094**	**9.02**
Total of issued capital		**1,075,565,246**	**100.00**

Substantial holders at 29 July 2022

The names of substantial holders, at 29 July 2022 that have notified the Responsible Entity in accordance with section 671B of the Corporations Act 2001, are:

Date	Name	Number of stapled securities	% voting
21 April 2022	Blackrock Group	117,798,795	10.95%
28 July 2021	Vanguard Group	109,255,969	10.16%
4 November 2021	State Street Corporation	90,161,016	8.38%

Class of securities

Dexus has one class of stapled security trading on the ASX with Security holders holding stapled securities at 29 July 2022.

Spread of securities at 29 July 2022

Range	Securities	%	No. of Holders
100,001 and over	995,162,493	92.52	63
50,001 to 100,000	3,505,119	0.33	52
10,001 to 50,000	20,039,436	1.86	1,156
5,001 to 10,000	18,492,055	1.72	2,653
1,001 to 5,000	32,833,529	3.05	13,521
1 to 1,000	5,532,614	0.51	11,980
Total	**1,075,565,246**	**100.00**	**29,425**

At 29 July 2022, the number of security holders holding less than a marketable parcel of 53 Securities ($500) was 704 and they held a total of 11,756 securities.

Voting rights

At meetings of the Security holders of Dexus Property Trust and Dexus Operations Trust, being the Trusts that comprise Dexus, 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

Dexus announced that it was continuing its on-market securities buy-back program on 22 October 2021 for up to 5% of DXS securities. In the 12 months to 30 June 2022, Dexus did not buy-back any securities under the buy-back program.

As at the date of this report the buy-back program is closed.

Cost base apportionment

For capital gains tax purposes, the cost base apportionment details for Dexus securities for the 12 months ended 30 June 2022 are:

Date	Dexus Property Trust	Dexus Operations Trust
1 Jul 2021 to 31 Dec 2021	97.18%	2.82%
1 Jan 2022 to 30 Jun 2022	97.06%	2.94%

Historical cost base details are available at www.dexus.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
D. Risks and opportunities		
An integrated report should answer the question: 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?	How we create value	12–13
	Megatrends	14–15
	Key resources	18–19
	Key risks	22–26
	Materiality assessment	27
	Climate resilience	67–69
E. Strategy and resource allocation		
An integrated report should answer the question: Where does the organisation want to go and how does it intend to get there?	Chair and CEO review	6–9
	How we create value	12–13
	Megatrends	14–15
	Strategy	16–17
	Key resources	18–19
	Key risks	22–26
	Materiality assessment	27
	Case study - Adopting a hybrid working model	55
	Performance:	
	– People and capabilities	52–55
	– Customers and communities	56–61
	– Environment, Climate resilience	62–69
	Collaborating with our suppliers	60
	Commitments	31, 47, 55, 61, 66
F. Performance		
An integrated report should answer the question: 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?	Chair and CEO review	6–9
	Materiality assessment	27
	Performance highlight:	
	– Financial	28–41
	– Properties	42–51
	– People and capabilities	52–55
	– Customers and communities	56–61
	– Environment, Climate resilience	62–69
	Customer NPS	56
	Office and Industrial portfolio performance	38, 39
	Collaborating with our suppliers, Modern slavery	60–61
	Achieving net zero	63
	Transitioning to renewable electricity, Balancing our remaining emissions	64, 65
	Advancing resource efficiency, valuing materials and the circular economy	66
	Climate resilience	67–69
	Corporate governance principles	71
	Compliance and regulatory risk	26
	Commitments	31, 47, 55, 61, 66
G. Outlook		
An integrated report should answer the question: 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?	FY22 highlights	2–3
	Chair and CEO review	6–9
	How we create value	12–13
	Megatrends	14–15
	Key risks	22–26
	Performance:	
	– Financial	28–41
	– People and capabilities	52–55
	Remuneration report	78
H. Basis of preparation and presentation		
An integrated report should answer the question: How does the organisation determine what matters to include in the integrated report and how are such matters quantified or evaluated?	Key resources	18–19
	Materiality assessments	27
Summary of materiality determination process	Materiality assessment	27
	About this report and report scope	IFC, 202
	Environment, Climate resilience	67–69
	Risks and opportunities:	
	– Megatrends	14–15
	– Key risks	22–26
	Materiality assessment	27
Reporting boundary	Report scope	202
Summary of significant frameworks and methods	FY22 highlights	2–3
	GRI standards	206
	Key risks	22–26
	Performance:	
	– Financial	28–41
	– Properties	42–51
	– People and capabilities	52–55
	– Customers and communities	56–61
	– Environment, Climate resilience	62–69

To: The Board of Directors of Dexus Funds Management Limited

Independent assurance report on the Integrated Reporting Content Elements Index within the 2022 Annual report for DEXUS Funds Management Limited (DEXUS)

Scope

In accordance with the terms of engagement letter dated 1 July 2022, we were engaged to perform an independent limited assurance engagement in respect of the Integrated Reporting Content Elements Index (the "Subject Matter") presented in the Annual Report for DEXUS Funds Management Limited (DEXUS) for the period 1 July 2021 to 30 June 2022 (the "Period"). The criteria against which we assessed the Integrated Reporting Content Element Index is as described within Section 4 of The International Integrated Reporting Framework (the "Criteria").

This assurance is focused on whether these Content Elements have been addressed in the Annual Report but does not extend to assessing the accuracy or validity of any statement made throughout the Annual Report.

The Assurance Criteria has been developed by the International Integrated Reporting Council. This is a publicly available document and can be found here: https://integratedreporting.org/resource/international-ir-framework/

Director's responsibilities

The Directors are responsible for the Integrated Reporting Content Elements Index within the DEXUS 2022 Annual Report and for the preparation of the Integrated Reporting Content Elements Index in accordance with the Criteria.

Our Independence and Quality control

We have complied with relevant ethical requirements related to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with Auditing Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, Other Assurance Engagements and Related Services Engagements* the firm maintains a comprehensive system of quality control including documented policies and 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 Integrated Reporting Content Elements Index has not been prepared, in all material respects, in accordance with the Criteria, for the Period. The procedures we performed were based on our professional judgement and included:

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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

- Undertaking enquiries of Management regarding the processes and controls for capturing, collating and reporting the Subject Matter;
- Reviewing and assessing the appropriateness of the Assurance Criteria;
- Reviewing and assessing the completeness of the Subject Matter;
- Assessing the preparation and presentation of the Subject Matter against the Assurance Criteria;
- Reviewing all references noted in the Subject Matter and confirming the appropriateness of the references against the Assurance Criteria; and
- Reconciling the sections and page numbers included within the Integrated Reporting Content Elements Index to the referenced sections of the Annual Report.

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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Use of report

This report was prepared for the Board of Directors of DEXUS. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the Board of Directors of DEXUS, or for any purpose other than that for which it was prepared.

Inherent limitations

Because of the inherent limitations due to the selective testing of the information being examined, it is 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 Integrated Reporting Content Elements Index with the Criteria, as it is limited primarily to making enquiries, of the Directors, and applying analytical procedures. The limited assurance conclusion expressed in this report has been formed on the above basis.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Subject Matter has not been prepared, in all material respects, in accordance with the Criteria for the period 1 July 2021 to 30 June 2022.

PricewaterhouseCoopers

PricewaterhouseCoopers

C. Mara

Caroline Mara
Partner

Sydney
16 August 2022

Key ASX announcements

17 August 2021	2021 Appendix 4E – Results for announcement to the market
17 August 2021	2021 Annual Results Release
17 August 2021	2021 Annual Report
17 August 2021	2021 Annual Results Presentation
17 August 2021	2021 Property Synopsis
17 August 2021	2021 Final distribution details
17 August 2021	2021 Financial Statements
17 August 2021	2021 Sustainability Report
17 August 2021	2021 Modern Slavery Statement
17 August 2021	2021 Appendix 4G and Corporate Governance Statement
17 August 2021	Appendix 3Y - Darren Steinberg
30 August 2021	30 June 2021 distribution payment
01 September 2021	Changes to Group Management Committee
22 September 2021	2021 Notice of Annual General Meeting
23 September 2021	Dexus expands industrial platform with $1.5 billion of acquisitions and developments
08 October 2021	Securities trading policy update
18 October 2021	Withdrawal of Resolution 4 for the 2021 Annual General Meeting
19 October 2021	2021 AGM Chair and CEO address
19 October 2021	2021 Annual General Meeting results
19 October 2021	September 2021 quarterly update - Platform expansion in line with strategy
22 October 2021	Appendix 3C - Notification of buy back
28 October 2021	Response to media speculation regarding potential divestments
01 November 2021	Initial settlement of Jandakot Airport, Perth
23 November 2021	Appendix 3Y - Darren Steinberg
23 November 2021	Appendix 3G – Notification of Issue, Conversion or Payment up of Unquoted Equity Securities
24 November 2021	Sale of 383 Kent Street, Sydney
02 December 2021	Settlement of Grosvenor Place, Sydney
03 December 2021	Sale of 201 Miller Street, North Sydney
10 December 2021	New investor secured for Dexus Australian Logistics Trust
17 December 2021	Strong investment demand supports industrial valuation uplift
17 December 2021	Notice of Distribution Appendix 3A
23 December 2021	Sale of 309-321 Kent Street, Sydney
23 December 2021	Sale of 140 & 150 George Street, Parramatta
14 January 2022	Appendix 3G - Notification of Issue, Conversion or Payment up of Unquoted Equity Securities
01 February 2022	New partner secured for Jandakot Airport, Perth
15 February 2022	HY22 Results release
15 February 2022	HY22 Appendix 4D and Financial Statements
15 February 2022	HY22 Distribution details
15 February 2022	HY22 Results presentation
15 February 2022	HY22 Property synopsis
21 February 2022	Settlement of 201 Miller Street, North Sydney
23 February 2022	Sale of 12 Creek Street, Brisbane
23 March 2022	Atlassian development update
31 March 2022	Settlement of 12 Creek Street, Brisbane
01 April 2022	Final settlement of Jandakot joint venture
19 April 2022	Response to market speculation
27 April 2022	Dexus agrees to acquire Collimate real estate and domestic infrastructure equity business
02 May 2022	Settlement of 309-321 Kent Street, Sydney
03 May 2022	2022 Macquarie Australia Conference
03 May 2022	March 2022 quarter update - Continuing to deliver on strategic initiatives
10 May 2022	Appendix 3Y - Warwick Negus
13 May 2022	Appendix 3Y - Warwick Negus
23 May 2022	Appendix 3Y - Mark Ford
21 June 2022	Notice of Distribution Appendix 3A
21 June 2022	Portfolio valuation update

Our memberships and affiliations

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

- Property Council of Australia
- Shopping Centre Council of Australia
- Committee for Sydney
- Committee for Melbourne
- Committee for Perth
- Committee for Brisbane
- WGEA Employer of Choice for Gender Equality
- InterBUILD
- UN Global Compact
- GRESB
- Investor Group on Climate Change
- Green Building Council Australia
- Better Buildings Partnership
- CitySwitch Green Office
- CDP Disclosure Insight Action
- Climate Active Carbon Neutral Organisation
- AIRA Australasian Investor Relations Association
- Sustainalytics a Morningstar company RATED

Signatory

- Science Based Targets – Driving ambitious corporate climate action
- World Green Building Council Advancing Net Zero
- RE100
- PRI Principles for Responsible Investment

Constituent

- S&P Dow Jones Indices – A Division of S&P Global
- FTSE Russell
- MSCI

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

W Richard Sheppard, Chair
Patrick Allaway
Penny Bingham-Hall
Tonianne Dwyer
Mark H Ford
Warwick Negus
The Hon. Nicola Roxon
Darren J Steinberg, CEO

Secretaries of the Responsible Entity

Brett Cameron
Scott Mahony

Registered office of the Responsible Entity

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264 George Street
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Phone: +61 2 9017 1100
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PricewaterhouseCoopers
Chartered Accountants
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Barangaroo NSW 2000

Investor Enquiries

Registry Infoline: +61 1800 819 675
Investor Relations: +61 2 9017 1330
Email: 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

Website: 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

Dexus engages with its followers via LinkedIn

Report Scope

This Annual Report has been prepared in accordance with the content elements of the 2022 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 200-201 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 2022 Annual Reporting Suite, which is prepared in accordance with the GRI Standards: Core option (GRI Content Index and is provided in our 2022 Sustainability Report). PwC has provided limited assurance over select environmental and social data, within the annual reporting suite covering the 12 months to 30 June 2022 (assurance statement provided in our 2022 Sustainability Report).

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 provided in our 2022 Sustainability Report.