

Notice of Annual General Meeting 2022

dexus

Notice is hereby given by Dexus Funds Management Limited, as responsible entity of each of the two trusts that comprise Dexus, that the 2022 Annual General Meeting of Security holders will be held as a hybrid meeting at:

Where

Security holders can attend online or in person at
Quay Quarter Tower
Level 20, 50 Bridge Street
Sydney NSW 2000

Date

Wednesday, 26 October 2022

Time

Registration – 1.30pm
Commencing – 2.00pm (AEDST)

In accordance with section 252S(1) of the *Corporations Act 2001* (Cth), Dexus Funds Management Limited appoints Richard Sheppard to act as Chair.



Meeting Information

The Dexus 2022 Annual General Meeting (AGM or Meeting) will be held on Wednesday 26 October 2022 commencing at 2.00pm (AEDST)

We invite you to attend and participate in the AGM.

The AGM will be held as a hybrid meeting, which provides Security holders with the option to attend and participate in person or through an online platform.

Registration will open at 1.30pm with the AGM commencing at 2.00pm.

Dexus continues to monitor the ongoing risks relating to the COVID-19 pandemic. Please note that should Federal or State Government guidance or regulations change to restrict the ability of Security holders to attend in person, Dexus will advise Security holders of alternative arrangements by making an announcement to the ASX or on its website.

How to attend in person

Security holders can attend the AGM in person which will be held at Quay Quarter Tower, Level 20, 50 Bridge Street, Sydney NSW 2000.

How to attend virtually

Dexus is using the Link Market Services Limited online AGM platform to enable Security holders to attend the AGM virtually by accessing the link available at www.dexus.com/AGM2022.

To attend and participate in the AGM virtually, you will need a desktop, laptop or mobile/tablet device with internet access. When you log on to the AGM platform, you will need to provide your details (including SRN or HIN) to be verified as a Security holder or proxyholder.

Proxyholders will need their login details which will be provided by Link Market Services Limited no later than 24 hours before the Meeting.

Virtual Meeting Online Guide

More information about how to use the online AGM platform (including how to vote, ask questions via the conference call and online during the AGM) is provided in the Virtual Meeting Online Guide which is available to download at www.dexus.com/AGM2022. You can also contact Link Market Services. If you wish to attend the Meeting via the online AGM platform, we recommend you read this guide and the other information available on the website prior to the start of the Meeting.

Questions

Security holders and proxyholders who are not attending the Meeting in person will be able to ask questions at the Meeting via a conference call telephone line.

Please contact Link Market Services on 1800 990 363 or +612 9189 8867 by 2.00pm on 21 October 2022 to obtain a PIN to enable you to ask questions on the conference call.

Alternatively, you can submit any questions you have at the start of the Meeting using the 'ask a question' facility on the AGM platform. Please submit any questions as early as you can during the Meeting to ensure they are received in time.

If you wish to submit questions prior to the AGM, please download the Question Form from www.dexus.com/AGM2022 and return it to Link Market Services Limited by 5.00pm Wednesday 19 October 2022.

If you are unable to participate in the AGM on 26 October 2022, a recording will be available to view after the Meeting at www.dexus.com/AGM2022.

Business of the Meeting

To present the Financial Report:

To present the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2022.

Resolutions:

1. Adoption of the Remuneration Report

To consider and if thought fit pass the following Resolution as an ordinary resolution:

"That the Remuneration Report for the financial year ended 30 June 2022 be adopted."

2. FY23 grant of long-term incentive performance rights to the Chief Executive Officer

To consider and if thought fit pass the following Resolution as an ordinary resolution:

"That approval is given for all purposes for:

- (a) The granting of 262,610 performance rights to Darren Steinberg under the Long-Term Incentive Rights Plan
- (b) The transfer or allocation of Securities to Darren Steinberg upon vesting of the performance rights

for the year commencing 1 July 2022 as described in the Explanatory Memorandum to the 2022 Notice of Annual General Meeting."

3. Approval of Independent Directors

3.1 Approval of an Independent Director – Mark Ford

To consider and if thought fit pass the following Resolution as an ordinary resolution:

"That the continuing appointment of Mark Ford as a Director of Dexus Funds Management Limited be approved (by ratification)."

3.2 Approval of an Independent Director – The Hon. Nicola Roxon

To consider and if thought fit pass the following Resolution as an ordinary resolution:

"That the continuing appointment of The Hon. Nicola Roxon as a Director of Dexus Funds Management Limited be approved (by ratification)."

3.3 Approval of an Independent Director – Elana Rubin AM

To consider and if thought fit pass the following Resolution as an ordinary resolution:

"That the initial appointment of Elana Rubin AM as a Director of Dexus Funds Management Limited be approved (by ratification)."

4. Constitutional Amendments

To consider and if thought fit pass the following Resolution as a special resolution of the Security holders of each Trust:

"That:

- (a) The Constitution of each Trust be amended as detailed in Annexure A of the 2022 Notice of Annual General Meeting in accordance with the provisions of the supplemental deeds poll tabled at the Meeting and initialed by the Chair for the purposes of identification
- (b) The Responsible Entity of each of the Trusts be authorised to execute the supplemental deeds poll in the same form as the supplemental deeds poll referred to in (a), and to lodge them with ASIC to give effect to the amendments to the Constitutions"

5. Conditional Spill Resolution

Important note: This Resolution will only be put to the meeting if at least 25% of the votes validly cast on Resolution 1 are cast against that Resolution.

To consider and if thought fit pass the following Resolution as an ordinary resolution:

"That:

- (a) A meeting of holders of Dexus stapled securities be held within 90 days of this Meeting ("Spill Meeting")
- (b) All of Dexus Funds Management Limited's directors who were directors when the resolution to adopt the 2022 Remuneration Report was passed, other than a managing director of the company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office, cease to hold office immediately before the end of the Spill Meeting
- (c) Resolutions to appoint persons to the offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting"

Information on each of the Resolutions is set out in the accompanying Explanatory Memorandum. You should also read the Procedural Notes which form part of this 2022 Notice of Annual General Meeting.

By Order of the Board



Brett Cameron
Company Secretary
Dexus Funds Management Limited
21 September 2022

Procedural Notes

Dexus is the collective name of the two Trusts (Dexus Property Trust and Dexus Operations Trust), and one unit in each of the Trusts together comprises one Security. As each Trust is a separate entity, each is required to conduct a separate meeting.

Richard Sheppard, as Chair of the meetings, has determined that because the Resolutions to be proposed at each of the two meetings and the persons eligible to vote on the Resolutions are the same, each of the two meetings will be conducted concurrently so that, from an administrative and attendee point of view, the conduct of the meetings will be as if they were one single Meeting.

Quorum

The quorum necessary for this Meeting is 20 Security holders present in person (including using virtual meeting technology) or by proxy. If a quorum is not present within 30 minutes after the scheduled time for the Meeting, the Meeting will be adjourned as the Chair directs.

Voting at the Meeting

If you wish to vote in person physically at the meeting, you should attend the Meeting on Wednesday 26 October 2022. Registration commences at 1.30pm with the Meeting to commence at 2.00pm at Quay Quarter Tower, Level 20, 50 Bridge Street, Sydney NSW 2000. Alternatively, you can attend and participate in the Meeting virtually by accessing the link available at www.dexus.com/AGM2022.

Voting before the Meeting

If you are unable to attend the Meeting in person (whether physically or virtually), you may cast a vote directly prior to the Meeting or you may appoint a proxy to attend the Meeting in your place.

If you appoint a proxy, the proxy does not need to be a Security holder. If you are entitled to cast two or more votes, then you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If no proportion or number is specified, each proxy may exercise half of your votes. To direct your vote before the Meeting or appoint a proxy, please complete a Voting Form and lodge it in one of the ways detailed as follows.

Lodgement of Voting Form

You may lodge your Voting Form in one of the following ways:

- Lodging it online at <https://investorcentre.linkgroup.com> in accordance with the instructions provided on the website
or
- Posting it in the reply-paid envelope provided to:
Dexus
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
or
- Hand delivering it to:
Link Market Services Limited
Parramatta Square
Level 22, Tower 6
10 Darcy Street
Parramatta NSW 2150
or
- Faxing it to +61 2 9287 0309

To lodge your Voting Form online, you will need your Holder Identification Number (HIN) or Security Reference Number (SRN).

If a Voting Form is signed under a power of attorney, it must be accompanied by the original power of attorney under which the Voting Form is signed, or a certified copy of that power of attorney.

In order to be effective, the Voting Form (and any accompanying documents) must be received by 2.00pm (AEDST) Monday, 24 October 2022.

Corporate representatives

A corporation that is a Security holder may appoint a person to act as its representative and vote at the Meeting. The appointment must comply with section 253B of the Corporations Act.

The representative must provide evidence of their appointment including any authority under which it is signed and a "Certificate of Appointment of Corporate Representative".

A form of the certification may be obtained from the Group's Security Registry and must be returned to the Security Registry, Link Market Services Limited, so it is received no later than 2.00pm (AEDST) Monday, 24 October 2022.

Joint holdings

If your Securities are jointly held, only one of the joint holders is entitled to vote. If both joint holders attend the Meeting through the online AGM platform, only the vote of the person who is the last to cast their vote prior to the poll closing will be counted. In the case of joint holders, the Voting Form may be completed by any one holder.

Voting entitlement

Subject to the following, all Security holders appearing on the register of Securities of Dexus as at 7.00pm (AEDST) on Monday, 24 October 2022 will be entitled to attend and vote at the Meeting.

Majority required

All Resolutions except Resolution 4 are ordinary resolutions. Each of those Resolutions will be passed if more than 50% of the votes cast by Security holders entitled to vote on the Resolution are cast in favour of the Resolution. Resolution 4 is a special resolution. That Resolution will be passed if at least 75% of the votes cast by Security holders entitled to vote on the Resolution are cast in favour of the Resolution.

Poll

All Resolutions will be decided on a poll. On a poll, each Security holder has one vote for each whole \$1.00 of Security value (Security value is measured by reference to the last sale price for Securities on the ASX on the last day of trading immediately prior to the Meeting being Tuesday, 25 October 2022).

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Voting exclusion statement

In accordance with section 253E of the Corporations Act, the Responsible Entity and its associates are not entitled to vote their interest on any Resolution if they have an interest in the Resolution other than as a member. The Responsible Entity and its associates may still vote as proxies, if their appointments specify the way they are to vote, and they vote that way.

Certain persons are not entitled to vote on Resolutions 1, 2 and 5. Refer to Resolutions 1, 2 and 5 of the Explanatory Memorandum for further information.

How the Chair will vote undirected proxies

In accordance with the instructions on your Voting Form, if you vote by proxy, the Chair is your proxy and you do not direct the Chair how to vote, you will be taken to have directed the Chair to vote as the Chair sees fit on all Resolutions, including Resolutions 1, 2 and 5 notwithstanding that these Resolutions are connected with the remuneration of members of Dexus's Key Management Personnel (KMP), details of whose remuneration are included in the Remuneration Report. The Chair intends to vote undirected proxies against Resolution 5 and in favour of all other Resolutions. Dexus asks all Security holders who submit proxies to direct their proxy on how to vote on each Resolution.

Enquiries

If you have any questions about the Resolutions, attending the Meeting, how to vote on the Resolutions or completing the Voting Form, please contact the Dexus Infoline on 1800 819 675 Monday to Friday between 8.30am and 5.30pm (Sydney time) or consult your financial or other professional advisor.

Introduction

This Explanatory Memorandum is intended to provide Security holders with information to assess the merits of the Resolutions contained in the accompanying 2022 Notice of Annual General Meeting. Defined terms have the meanings attributed to them in the glossary. All monetary amounts (unless otherwise stated) are expressed in Australian dollars and all times (unless otherwise stated) refer to Sydney time.

1. Adoption of the Remuneration Report

The purpose of Resolution 1 is to adopt the Remuneration Report for the financial year ended 30 June 2022. The Remuneration Report is in Dexus's 2022 Annual Report starting on page 78.

Under the *Corporations Act*, a listed company is required at its annual general meeting to put to its shareholders, a resolution to approve its remuneration report. Consistent with its corporate governance framework, the Board has determined that Dexus will be subject to this obligation even though it is a listed stapled group comprising real estate investment trusts. The vote on Resolution 1 is advisory only and does not bind the Directors or DXFM. However, if at least 25% of the votes cast on Resolution 1 are voted against the adoption of the 2022 Remuneration Report at the Meeting (i.e. a "second strike") then Resolution 5 will be put to the Meeting.

Following the "first strike" incurred at the 2021 AGM, where over 25% of votes were cast against the 2021 Remuneration Report, the Board consulted extensively with investors and proxy advisors to understand the reasons for the strike and to discuss their concerns. As detailed in the 2022 Remuneration Report, the primary areas of concern identified were:

- 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

The Board has made a number of changes to Dexus's remuneration framework to ensure the continued alignment of the Company's strategy and remuneration framework and to take into account the feedback received.

As detailed in the 2022 Remuneration Report, the Board conducted a thorough remuneration framework review in FY22 and changes have been made to the short-term and long-term incentive programs with effect from FY23. 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 in equity rather than cash
- 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 better reflect the individual 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
- Increasing the hurdle range for our ROCE measure in the LTI by setting hurdles at the "through the cycle" range (rather than setting hurdles within the range)

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In addition, while the retention awards made in FY21 to secure the continued service of key members of our senior management team have been successful in achieving that objective, no further retention awards have been granted in FY22 nor will any be made in FY23, which was a significant concern raised at the 2021 AGM.

During the Meeting, there will be an opportunity for Security holders to comment upon and ask questions about the Remuneration Report.

Voting exclusions

Consistent with Dexus's corporate governance framework and Section 250R of the Corporations Act, a vote must not be cast (in any capacity) on Resolution 1 by or on behalf of a member of Dexus's KMP and their closely related parties.

However, a vote may be cast on Resolution 1 by a KMP or its closely related parties as a proxy if the vote is not cast on behalf of a KMP or a closely related party of a KMP, and either:

- The voter is appointed as a proxy in writing, and that appointment specifies how the proxy is to vote on Resolution 1
- The voter is the Chair of the Meeting, and the proxy appointment does not specify the way the proxy is to vote, and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP

Resolution 1 will be decided by poll. It is an ordinary resolution. However, under the Corporations Act if more than 25% of the votes cast on the resolution are against the resolution then the Resolution in Item 5 will need to be put to Security holders.

Recommendation

The Board unanimously recommends that Security holders vote in favour of Resolution 1 to adopt the Remuneration Report.

2. FY23 grant of long-term incentive performance rights to the Chief Executive Officer

Under his employment agreement, Darren Steinberg's remuneration package for the current financial year (FY23) consists of:

- Fixed remuneration of \$1,600,000; and
- At risk remuneration comprising of:
 - Short-term incentive (STI), 25% of which is deferred remuneration and delivered in security rights which vests after one year. Darren Steinberg's maximum opportunity is \$2,000,000 or 125% of his fixed remuneration; and
 - Long-term incentive (LTI), all of which is deferred remuneration and delivered in performance rights which vest in two tranches at the end of year three and year four subject to achieving performance hurdles. Darren Steinberg's LTI opportunity for the performance rights granted this current financial year was \$2,400,000 or 150% of his fixed remuneration.

A performance right is the right, for no payment, to receive Securities on the vesting of that performance right.

It is proposed that Darren Steinberg (Chief Executive Officer and Executive Director) be awarded performance rights under the Group's LTI Rights Plan (Plan) in respect of his FY23 LTI. This proposal is consistent with the Group's remuneration framework and Darren Steinberg's remuneration structure since his appointment as CEO, as previously disclosed to Security holders.

Dexus has chosen to grant performance rights under the Plan to assist in the motivation, retention and reward of eligible employees, and to align their interests with the interests of Security holders. Performance rights only convert to Securities should performance conditions set by the Board be achieved.

The number of performance rights that have previously been issued to Darren Steinberg under the LTI is 1,885,968 with 562,812 rights yet to vest within their respective plans. These performance rights were acquired over 10 years.

Details of any securities that have been issued to Darren Steinberg under the Plan are published in the Dexus Annual Report relating to the period in which they were issued.

Why is Security holder approval being sought?

Dexus is not required to seek Security holder approval for the grant of performance rights to Darren Steinberg as Dexus acquires Securities on-market to satisfy these rights. However, for the purposes of transparency and good governance the Board has determined to seek Security holder approval for the grant of performance rights to be satisfied by the transfer of Securities to Darren Steinberg.

If approved by Security holders, Darren Steinberg will receive the FY23 LTI grant described in this Explanatory Memorandum. If not approved by Security holders, Darren Steinberg will not receive the grant, but he will remain entitled to all other remuneration to which he is entitled under his employment contract and any other discretionary incentives the Board determines to award him from time to time.

What is the new LTI structure?

The at risk LTI is delivered as performance rights which vest in two tranches at the end of year three and year four if performance hurdles are achieved.

The Board has determined to make the changes summarised below to the FY23 LTI, taking into account investor and proxy advisor feedback including concerns raised following the “first strike” at the 2021 AGM:

- The Absolute Total Security holder Return (ATSR) hurdle will be replaced with a Relative Total Security holder Return (RTSR) hurdle, assessed against the S&P/ASX 200 A-REIT Index

- The average Return on Contributed Equity (ROCE) hurdle targets will be set at ‘through the cycle’ levels of 7% (threshold) and 10% (maximum), rather than as in the past where targets have been set within this range

The performance hurdles for the FY23 grant are RTSR (40%), ROCE (40%), and strategic measures (20%). Each of these performance hurdles are described in more detail in the following paragraphs.

These measures provide focus on the fundamentals of Dexus’s business and on the performance of the Executive team and the successful execution of strategic objectives which the Board sets.

What is the RTSR hurdle?

The RTSR hurdle is a new performance hurdle and represents the total return for Dexus Security holders (TSR) relative to the TSR generated by our peers – the S&P/ASX 200 A-REIT Index. The introduction of RTSR means awards will only vest where Dexus’s TSR performance outperforms the Index TSR of our Real Estate sector peers. The S&P/ASX 200 A-REIT Index has been selected as it represents a robust group of peer entities across our sector, aligning with the enhanced diversification of Dexus’ platform. Performance is measured in two equal tranches over the respective three and four year Plan periods.

The vesting schedule for RTSR in the FY23 LTI grant is as follows:

| Vesting schedule | Performance target (50% of Rights tested after 3 years) | Performance target (50% of Rights tested after 4 years) | Vesting outcome |
|--------------------------------------|---------------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|
| Below Threshold performance | Below the Index | Below the Index | 0% |
| Threshold performance | Equal to the Index | Equal to the Index | 50% |
| Between Threshold and Outperformance | Between Index and Index + 9% | Between the Index and Index + 12% | Straight line pro-rata vesting between 50% and 100% |
| Outperformance | Index + 9% or greater | Index + 12% or greater | 100% |

What is the ROCE hurdle?

The ROCE hurdle refers to the average return on contributed equity. This is 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. The ROCE calculation excludes the impact of stabilised asset revaluations and includes the revaluations of major completed developments. ROCE is measured as the per annum average at the respective conclusion of the three and four-year vesting periods.

The vesting schedule for ROCE in the FY23 LTI grant is as follows:

| Vesting schedule | Performance target | Vesting outcome |
|--------------------------------------|---------------------|-----------------------------------------------------|
| Below Threshold performance | <7% p.a. | 0% |
| Threshold performance | 7% p.a. | 50% |
| Between Threshold and Outperformance | 7-10% p.a. | Straight line pro-rata vesting between 50% and 100% |
| Outperformance | 10% p.a. or greater | 100% |

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What are the strategic measures?

The strategic measures refer to a range of financial and non-financial outcomes which focus Plan participants on the execution of Dexus's strategy with the goal of enhancing sustained long-term growth and value creation for Security holders. The broad categories of these measures for FY23 include:

- The diversification of capital partners and investors, and overall growth in funds management
- Strategic acquisitions and divestments of assets across the Dexus investment portfolio
- Progressing the Group development pipeline

The measures will be assessed at the end of the respective 3 year and 4-year performance periods. Updates on progress against the strategic measures will be provided annually in the remuneration report. For 2022, these are outlined in more detail on page 92 of the Annual Report.

Can the hurdles be adjusted?

The Board reserves the right to adjust performance hurdles under the Plan to reflect the impact of any capital transaction occurring during the performance period (for example: a significant equity issue or the sale or joint venture of a material part of the portfolio).

How are the number of performance rights calculated?

The LTI grant value is based on 150% of the fixed remuneration of the CEO as at 1 July and the number of performance rights granted is calculated on a 'face value' basis.

The FY23 LTI grant value is \$2,400,000 which is divided by the value attributed to the right, being the volume weighted average price of Securities over ten trading days either side of the first trading day of the new financial year (\$9.1390 per security).

The proposed number of rights to be granted to Darren Steinberg is 262,610. The minimum value of the grant is nil if the performance conditions are not met. The actual value cannot be determined until the end of the vesting periods and will depend on the extent of vesting and the actual Security price at those times.

When will the performance rights be granted?

The proposed grant of performance rights to Darren Steinberg will be made as soon as practicable after Security holder approval is obtained, and in any event within 12 months of the AGM. The grant's performance period will commence on 1 July 2022.

What happens if Darren Steinberg leaves Dexus?

Forfeiture of the performance rights will occur should Darren Steinberg's employment terminate within 12 months of the issue of performance rights for any reason, or if he voluntarily resigns or is terminated for cause prior to the vesting date.

Notwithstanding the above, if Darren Steinberg's employment is terminated for reasons such as retirement, redundancy, reorganisation, change in control or other unforeseen circumstances, the Board People & Remuneration Committee will recommend whether he should remain in the Plan as a "good leaver", for decision by the Board.

What happens if there is a change of control?

Under the Plan, performance rights do not vest automatically as a consequence of a control transaction or a corporate restructuring. In relation to change control transactions, the Board retains the discretion to accelerate the vesting date for performance rights issued under the Plan.

Do forfeiture or cancellation provisions apply to the LTI?

Yes. Performance rights may be reduced or cancelled at the Board's discretion including in circumstances such as a participant committing an act of fraud, wilful misconduct, reputational damage to Dexus, serious or wilful negligence or incompetence, being convicted of a criminal offence or if there has been a material misstatement of the Group's financial accounts as a consequence of a deliberate misrepresentation or fraud.

What is the hedging policy?

Participants in the Plan are prohibited from entering into hedging arrangements in respect of unvested performance rights.

Voting exclusions

Dexus will disregard any votes cast in favour of Resolution 2 by or on behalf of the Chief Executive Officer or any of his associates. However, this does not apply to a vote cast in favour of Resolution 2 by:

- A person as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with directions given to the proxy or attorney to vote on the resolution in that way
- The Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides
- A Security holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - The beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution
 - The holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way

In addition, consistent with Dexus's corporate governance framework, a vote must not be cast on Resolution 2 by a member of Dexus's KMP or their closely related parties, acting as proxy for a person entitled to vote, if their appointment does not specify the way the proxy is to vote on Resolution 2.

This restriction on voting undirected proxies does not apply to the Chair of the Meeting acting as proxy for a person entitled to vote on Resolution 2, because the Voting Form expressly authorises the Chair of the Meeting to exercise undirected proxies.

Resolution 2 will be decided by poll. Resolution 2 must be decided by more than 50% of the votes cast at the Meeting by Security holders entitled to vote on the Resolution.

Recommendation

The Board, excluding Darren Steinberg, recommends that Security holders vote in favour of Resolution 2 to award Darren Steinberg performance rights under the Plan in respect of his FY23 LTI. Given his personal interest in the outcome of Resolution 2, Darren Steinberg has refrained from providing a recommendation in connection with this Resolution.

3. Approval of Independent Directors

At 30 June 2022, the Board of DXFM comprised eight members. All Directors are independent except for Dexus's CEO, Darren Steinberg. In accordance with the corporate governance framework adopted by Dexus, the Directors have determined that the continuing appointment of each Director other than the CEO will be approved (by ratification) by Security holders at the annual general meeting immediately succeeding their initial appointment, and thereafter at least every three years, with at least one Director seeking approval of their appointment at each annual general meeting. If an individual Director's appointment or continued appointment as a Director fails to be approved by a majority vote of Security holders at the required annual general meeting, then that Director will thereafter cease to hold the office of Director of DXFM.

3.1 Approval of an Independent Director – Mark Ford

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.

3.2 Approval of an Independent Director – The Hon. Nicola Roxon

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.

3.3 Approval of an Independent Director – Elana Rubin AM

As announced to ASX on 1 September 2022, Elana Rubin AM will be appointed an independent Director of Dexus Funds Management Limited effective 28 September 2022 subject to ratification at the AGM.

Ms. Rubin is Chair of Victorian Managed Insurance Authority and a non-executive director of Telstra Corporation and Slater and Gordon. She is also a director of several infrastructure and government bodies.

Ms. Rubin has extensive experience across technology, financial services, property, infrastructure and government sectors. Her non-executive directorships have spanned listed, unlisted, private and government companies. Previous roles include having served as Chair of Afterpay, Chair of AustralianSuper and WorkSafe Victoria. Ms. Rubin was formerly a member of the Federal Government's Infrastructure Australia Council and Climate Change Authority, and a member of the AICD Victorian Council.

Resolutions 3.1, 3.2 and 3.3 will be decided by poll. The Resolutions must be decided by more than 50% of the votes cast at the Meeting by Security holders entitled to vote on each Resolution.

Recommendation

The Board (other than the Directors abstaining) recommends that Security holders vote in favour of Resolutions 3.1, 3.2 and 3.3 to approve the continued and initial appointments (by ratification) of Mark Ford, The Hon. Nicola Roxon and Elana Rubin AM as Independent Directors of DXFM.

Each Director whose continued appointment is being voted upon has abstained from making a recommendation on their continued appointment.

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4. Constitutional Amendments

The purpose of Resolution 4 is to approve amendments to the Constitutions of each of the two Trusts that comprise Dexus.

Background

Dexus has traditionally announced an estimate of its distributions prior to the end of each financial year and half-year, with an announcement of its actual distribution following the finalisation of its full and half year accounts in August and February respectively. The record dates for its distributions have traditionally been 31 December for the half year and 30 June for the full year.

This reflects the provisions of the Constitutions of each of the Trusts (based on tax laws at the time the original trusts that comprised Dexus were established), which require that all Security holders on the register at the end of a distribution period are made presently entitled to the income of the trust at that time.

The timing for the record date and announcement of distributions for Dexus is different to the timing for most corporate entities listed on the ASX, which announce a dividend after finalisation of full and half year accounts and pay that dividend to members on a record date set after the announcement.

Recent changes to tax laws allow trusts like Dexus to align the timing of the record date for distributions to the timing of dividend payments for corporate entities. However, Dexus has not been able to take advantage of these changes because of the provisions of the Constitutions as described above.

The Responsible Entity now wishes to give itself the flexibility to make distributions on the same basis as most corporate entities, noting that some of its listed trust peers have already taken this step. Dexus has generally been able to successfully estimate its distribution prior to the end of each financial year, so that its estimated and actual distributions have been identical. However, recent uncertainty has made estimating its distribution before finalising accounts more challenging.

Impact for Security holders

The Responsible Entity considers that it is in the best interests of Security holders to make the Constitutional Amendments. If the Constitutional Amendments are made and the Responsible Entity then decides to change the timing for the record date, to align with corporate entities, the Responsible Entity would not expect there to be a material change to Security holders' entitlements to distributions.

In that case the record date for distributions would be expected to be at or around the same time as the accounts are finalised (generally February and August each year). Only the actual distribution would be announced, and no estimate would be announced prior to this time.

A potential benefit for Security holders in delaying the record date is that the actual distribution would be known and announced, rather than announcing an estimated distribution. In times of uncertainty, this reduces the potential for the market to trade on an inaccurate estimate of the distribution. If the record date is changed, it is the Security holders on that changed record date that will be entitled to the distributions from the Trust and liable for tax in respect of the distributions.

These Security holders will be liable for tax in respect of the distributions and will be assessed on the amounts comprised in the distribution in the year when they were derived, which will not necessarily be when the distribution is made. This is irrespective of when Security holders acquired their securities in Dexus. For example, a Security holder that acquires Dexus securities after 30 June but before the Record Date would be required to include an amount in their assessable income for the year ended on that 30 June even though they did not own Dexus securities during that year.

The Responsible Entity does not currently intend to change the record date if the Distribution Payment Amendments are passed. Instead, the amendments are to give the Responsible Entity flexibility to implement a change if it considers doing so would be in the best interests of Security holders in the future.

Resolution 4 will be decided by poll. The Resolution must be decided by at least 75% of the votes cast at the Meeting by Security holders entitled to vote on the Resolution.

Recommendation

The Board unanimously recommends that Security holders vote in favour of Resolution 4 and approve the proposed amendments to the Constitutions.

5. Conditional Spill Resolution

IMPORTANT NOTE: This resolution will only be put to the meeting if at least 25% of the votes validly cast are cast against the adoption of the Remuneration Report (Resolution 1). If you do not want the spill meeting to take place, you should vote "against" Resolution 5. If you want a spill meeting to take place, you should vote "for" Resolution 5.

If at least 25% of votes are cast against the adoption of the Remuneration Report at two consecutive Annual General Meetings, then a resolution will be put to Security holders at the second Annual General Meeting substantially in the form of Resolution 5.

At the Annual General Meeting held last year at least 25% of the votes validly cast were against the adoption of the Remuneration Report presented at that meeting. Accordingly, if at this Meeting at least 25% of votes validly cast are against the adoption of the Remuneration Report, then Resolution 5 will be put to the Meeting.

If this Resolution is put to the Meeting and is passed, then:

- (a) A meeting of Security holders will be held within 90 days of this Meeting ("Spill Meeting")
- (b) All of the current members of the Board other than Darren Steinberg (or any replacement executive director who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected) will vacate their offices immediately before the end of the Spill Meeting
- (c) At the Spill Meeting, resolutions will be voted on to elect individuals to the vacated offices

Annexure A

In voting on Resolution 5, the Board believes the following considerations are relevant for Security holders to factor in:

- The Board’s engagement with external stakeholders following the “first strike” at the 2021 AGM and the changes made to the remuneration framework based on the feedback received, as outlined in the 2022 Remuneration Report
- The disruption and uncertainty which would be caused should a Spill Meeting be convened, which the Board believes would not be in the best interests of Dexus or its Security holders

If all of the current Directors (other than Darren Steinberg or any replacement executive director who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected) cease to be Directors prior to the Spill Meeting, the meeting need not be held.

Voting exclusions

Consistent with Dexus’s corporate governance framework and Section 250R of the Corporations Act, a vote must not be cast (in any capacity) on Resolution 5 by or on behalf of a member of Dexus’s KMP and their closely related parties.

However, a vote may be cast on Resolution 5 by a KMP or its closely related parties as a proxy if the vote is not cast on behalf of a KMP or a closely related party of a KMP, and either:

- The voter is appointed as a proxy in writing, and that appointment specifies how the proxy is to vote on Resolution 5
- The voter is the Chair of the Meeting, and the proxy appointment does not specify the way the proxy is to vote, and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP

Resolution 5 will be decided by poll. Resolution 5 must be decided by more than 50% of votes cast at the Meeting by Security holders entitled to vote on the Resolution.

Recommendation

If Resolution 5 is put to the meeting, the Board unanimously recommends that Security holders vote against Resolution 5.

Constitutional Amendments

The following table summarises the amendments proposed to be made to the Constitutions in Resolution 4.

As the two Constitutions are identical in all material respects, the proposed amendments to each of the Constitutions are the same. Words not otherwise defined in this Notice of Annual General Meeting have the meanings attributed to them in the Constitutions.

| | Existing | Proposed |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Distribution Entitlements | The Constitutions provide that the Distributable Amount for a period is determined as at close of business on the Distribution Calculation Date for that Distribution Period. It also provides that the relevant Distribution Amount is to be distributed to persons who are Security holders on the Distribution Calculation Date for that Distribution Period. | The Distributable Amount will be determined as at the Record Date for the relevant Distribution Period. This will be the date determined by the Responsible Entity. Payments of Distribution Entitlements will be paid to persons who are Security holders on the close of business on the Record Date for that Distribution Period. |
| Distribution Entitlements (AMIT regime) | In circumstances where the AMIT regime is applicable, clause 9A of each Constitution provides that in the absence of any applicable allocation principles, the amount allocated to a Security holder is an amount determined by reference to all of the Determined Trust Components that are reflected in (amongst other amounts) the Distributable Amount to which the relevant Security holder has become entitled at or before the end of the financial year. | In the absence of any applicable allocation principles applying, the amount allocated to a Security holder is an amount determined by reference to all of the Determined Trust Components that are reflected in (amongst other amounts) the Distributable Amount to which the relevant Security holder has become entitled to in respect of the financial year. |

Glossary

| | |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ASX | means ASX Limited or the market operated by ASX Limited, as applicable |
| Board | means the Board of Directors of DXFM being the responsible entity of the Trusts |
| Constitution | means as the context requires, the constitution of DPT or DXO as amended from time to time, and Constitutions means both of them |
| Constitutional Amendments | means the amendments proposed in Resolution 4, as outlined in Annexure A |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth) |
| Dexus or the Trusts or the Group | means DPT and DXO together comprising Dexus (ASX: DXS) and their controlled entities |
| DPT | means Dexus Property Trust (ARSN 648 526 470) |
| DXFM or Responsible Entity | means Dexus Funds Management Limited (ABN 24 060 920 783) as the responsible entity of each of the two Trusts that comprise Dexus |
| DXO | means Dexus Operations Trust (ARSN 110 521 223) |
| KMP | means Key Management Personnel as described in the Remuneration Report available in the 2022 Dexus Annual Report |
| LTI | means Long-term incentives, as described in Resolution 2 and the Remuneration Report available in the 2022 Dexus Annual Report |
| Meeting | means the meetings of the Security holders of the units in each of the two Trusts to be held concurrently and in conjunction with each other on the date set out in the Notice of Annual General Meeting |
| Notice of Annual General Meeting | means this Notice of Annual General Meeting dated 21 September 2022 |
| Plan | means the Group's LTI Rights Plan |
| Resolution | means a resolution contained in the Notice of Annual General Meeting |
| ROCE | average Return On Contributed Equity, and the ROCE hurdle is described further in Resolution 2 and the Remuneration Report available in the 2022 Dexus Annual Report |
| RTSR | means the Relative Total Security holder Return, and the RTSR hurdle is described further in Resolution 2 |
| Security or Securities | means a stapled Security of Dexus each consisting of one unit in each of DPT and DXO |
| Security holders | means the holders of Securities |
| STI | means Short-term incentives, as described in the Remuneration Report available in the 2022 Dexus Annual Report |

Directory

Dexus Property Trust
ARSN 648 526 470

Dexus Operations Trust
ARSN 110 521 223

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Social media

Dexus engages with its followers via LinkedIn