

Dexus (ASX: DXS)

ASX release



14 February 2023

HY23 results presentation

Dexus provides its 2023 half year results presentation.

An investor conference call will be held at 9.30am (AEDT) today, which will be webcast via the Dexus website at www.dexus.com/investor-centre and available for download later today.

The property synopsis spreadsheet is also available at www.dexus.com/financialresults

This presentation should be read in conjunction with the HY23 results release and the HY23 Appendix 4D and Financial Statements.

Authorised by the Board of Dexus Funds Management Limited

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About Dexus

Dexus (ASX: DXS) is one of Australia's leading fully integrated real asset groups, managing a high-quality Australasian real estate and infrastructure portfolio valued at \$62.3 billion (pro forma post completion of the Collimate Capital acquisition). We believe that the strength and quality of our relationships will always be central to our success and are deeply committed to working with our customers to provide spaces that engage and inspire. We directly own \$17.8 billion of office and industrial assets and investments. We manage a further \$44.5 billion of investments in our funds management business (pro forma post completion of the Collimate Capital acquisition) which provides third party capital with exposure to quality sector specific and diversified real asset products. The funds within this business have a strong track record of delivering outperformance and benefit from Dexus's capabilities. The group's \$15.8 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. We consider sustainability (ESG) 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. Dexus is listed on the Australian Securities Exchange and is supported by more than 31,000 investors from 23 countries. With over 35 years of expertise in property investment, funds management, asset management and development, we have a proven track record in capital and risk management and delivering superior risk-adjusted returns for investors. www.dexus.com

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



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2023 Half year results

14 February 2023

Acknowledgement of country

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

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

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

Artwork: The Places Where We Thrive

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



Agenda

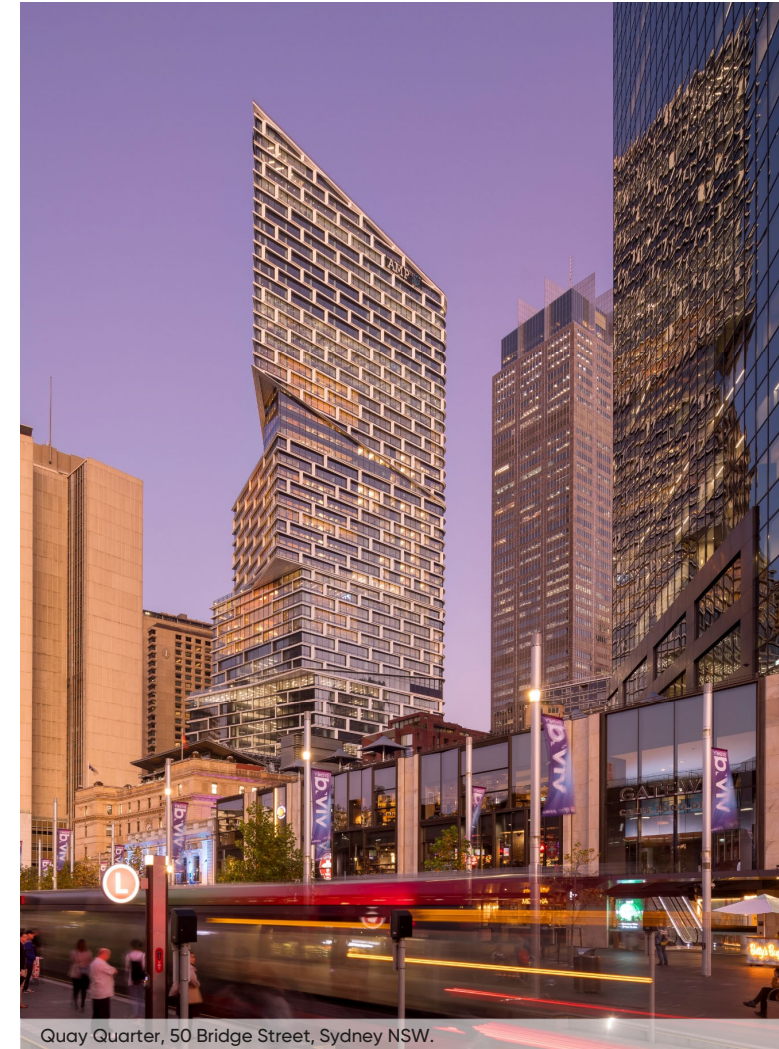
Overview	Darren Steinberg, CEO
Financial results	Keir Barnes, CFO
Funds management	Deborah Coakley, EGM Funds Management
Office portfolio	Kevin George, EGM Office
Industrial portfolio	Stewart Hutcheon, EGM Industrial, Retail & Healthcare
Investments and Developments	Ross Du Vernet, CIO
Summary	Darren Steinberg, CEO
Appendices	



25 Martin Place, Sydney NSW.

Active six months in subdued market

- › Maintained a **strong balance sheet** with 25.6% gearing, substantial headroom and 85% of debt hedged
- › Announced **\$773 million balance sheet divestments**, recycling capital into higher returning opportunities
- › **Successful equity raisings** in DHPF and DREP1 within the Funds management business
- › Maintained **high occupancy levels above 95%** through leasing activity, reinforcing the resilience of the portfolio
- › **Secured \$48.7 million** post-tax trading profits for FY23, and approximately **\$5 million** pre-tax to be realised across FY23 and FY24
- › **Progressed city-shaping developments** at Atlassian Central and Waterfront Brisbane
- › Dexus recognised as **a global leader in sustainability** in the S&P Global Sustainability Yearbook



Quay Quarter, 50 Bridge Street, Sydney NSW.

Our strategy

Vision >	To be globally recognised as Australia’s leading real asset investment manager		
Strategy >	To deliver superior risk-adjusted returns for investors from high-quality real assets		
Strategic objectives >	Resilient income streams		Investment manager of choice
Fully integrated, multi-sector platform of scale and deep capability >	Investment	Funds management	Development
	\$17.8bn of capital invested directly	\$26.3bn of third party FUM	\$15.8bn group development pipeline

Underpinned by prudent capital management and a commitment to sustainability

Evolution to a leading real asset manager

Acquisition of AMP Capital domestic RE and infra platform first stage completion expected in March 2023

up to \$62.3 billion under management across the Dexus platform					
Diverse platform across multiple capital sources	Real estate	Real estate up to \$34.3bn		Infrastructure up to \$10.2bn	Combined third-party FUM up to \$44.5 bn
		Dexus \$26.3bn	AMP Capital up to \$8.0bn ¹	AMP Capital up to \$10.2 bn ¹	
Pooled	Dexus balance sheet \$17.8bn	\$16.7bn 3 Funds	\$2.7bn 1 Fund	\$3.3bn 2 Funds	up to \$22.7bn 6 Funds
JV / Mandates		\$6.5bn 7 Funds	\$2.6bn 5 Funds	\$6.1bn 9 Funds	up to \$15.2bn 21 Funds
Listed / Retail		\$3.1bn 9 Funds	\$2.7bn 2 Funds	\$0.8bn 1 Fund	up to \$6.6bn 12 Funds

Delayed completion and renegotiated terms have resulted in DXS's maximum total consideration payable reducing to **\$225 million** (reflecting 1.2% of FUM)

Non-binding term sheet for alternative transaction structure, with first stage completion **expected to occur in March 2023**

Final completion dependent on satisfying the remaining condition precedent

1. Reflects AMP Capital FUM at 31 December 2022.

Environmental, Social and Governance highlights

Global ESG benchmarks

Global leader

Top 5% S&P Global ESG Score | Real estate
S&P Global Sustainability Yearbook 2023

Global sector leader

Listed office
GRESB 2022 Real Estate Assessment

Sector leader

AAA rating
MSCI – ESG rating 2022

5 Star rating

Principles of Responsible Investment
Investment & Stewardship Policy
and Direct Real Estate Modules

Climate change leader

A List
CDP Climate Change 2022

5 Star ★★★★★

NABERS Energy rating
Dexus office portfolio

4.8 Star ★★★★★

NABERS Water rating
Dexus office portfolio

4.6 Star ★★★★★

NABERS Indoor Environment
rating
Dexus office portfolio



HY23 ESG highlights

Healthy buildings

- › Dexus achieved its first WELL Health and Safety rating across 45 office properties

Modern Slavery awareness

- › 96% of Dexus employees completed modern slavery awareness training
- › Collaborated with suppliers to deliver multi-lingual Modern Slavery Risk Awareness Training to 8,887 supplier employees



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Financial results

Key earnings drivers and valuations

Resilient property portfolio with growth in Management operations and Trading

Key earnings drivers

Earnings driver	HY23 result
Property portfolio	Property AFFO ¹ of \$300.5 million +3.2% office LFL income ² +2.4% industrial LFL income ³ 98.9% rent collections
Funds management	Management operations FFO of \$52.0 million from funds management, property and development management income
Co-investment income	\$14.4 million distribution income earned from investments in pooled property and real estate securities funds
Trading	Trading profits post tax of \$48.7 million secured from St Leonards and Australian Bragg Centre and a further \$5 million pre-tax to be realised across FY23 and FY24

Property portfolio valuations

	31 Dec 2022 value ⁴		Valuation six months movement ⁵	Capitalisation rate six months movement
Total portfolio	\$17.8bn	↓ \$242.2m 1.4%	<p>Rent growth & other: 2.5% Cap rate mvmt: (3.9%) Total: (1.4%)</p>	4.80% ↑ 16bps
Office portfolio	\$12.9bn	↓ \$236.1m 1.8%	<p>Rent growth & other: 1.4% Cap rate mvmt: (3.2%) Total: (1.8%)</p>	4.89% ↑ 14bps
Industrial portfolio	\$4.2bn	↓ \$6.3m 0.2%	<p>Rental growth & other: 6.2% Cap rate mvmt: (6.4%) Total: (0.2%)</p>	4.46% ↑ 17bps

1. Property AFFO is equal to Property FFO of \$378.8m less total portfolio AFFO capex of \$78.3m.
2. Office LFL income was +9.9% including rent relief and provision for expected credit losses.
3. Industrial LFL income was +5.6% including rent relief and provision for expected credit losses.

4. Total portfolio value of \$17.8bn includes \$0.9bn look-through FUM for Dexus's co-investments in pooled funds and financial assets, and comprises office portfolio \$12.9bn, industrial portfolio \$4.2bn, healthcare portfolio \$0.5bn, retail \$0.1bn and real estate securities and other \$0.1bn.
5. Valuation movement excludes co-investments in pooled funds and financial assets. Includes other property revaluation gain of \$0.2m and excludes leased assets and right of use assets revaluation gain of \$5.5m.

HY23 financial results

Impact of higher interest rates offset by growth in Management operations and Trading

	HY23 \$m	HY22 \$m	Change %
Office property FFO	294.9	338.7	↓ 12.9%
Industrial property FFO	83.9	69.2	↑ 21.2%
Total property FFO	378.8	407.9	↓ 7.1%
Management operations ¹	52.0	37.2	↑ 39.8%
Group corporate	(23.0)	(22.4)	↑ 2.7%
Net finance costs	(65.2)	(54.7)	↑ 19.2%
Co-investments income ²	14.4	13.8	↑ 4.3%
Other ³	(16.6)	(6.7)	↑ 147.8%
Underlying FFO	340.4	375.1	↓ 9.3%
Trading profits (post tax)	48.7	21.6	↑ 125.5%
FFO	389.1	396.7	↓ 1.9%
Maintenance and leasing capex	(78.3)	(94.5)	↓ 17.1%
Adjusted Funds from Operations (AFFO)	310.8	302.2	↑ 2.8%
Distribution payout (% AFFO)	96.9%	99.7%	
Distribution	301.2	301.2	-

› Office property FFO decreased primarily due to the impact of divestments and non-recurring income from development impacted properties in the prior half, partly offset by fixed rent increases

› Industrial property FFO increased primarily due to a full period contribution from the Jandakot industrial precinct, recently completed developments, as well as leasing success

› Management operations FFO increased significantly, driven predominantly by the contribution from development milestones being achieved during the period and a full period contribution from growth in the funds platform

› Net finance costs increased, primarily due to higher floating rates in HY23, alongside the impact of non-recurring interest income in the prior corresponding half relating to the delayed settlement of Grosvenor Place, partially offset by a lower average debt balance following recent asset sales

› Other expenses increased primarily due to FFO tax expense on management operations

› AFFO capex reduced primarily due to timing of project commencements

Key per security metrics	HY23	HY22	Change
Underlying FFO per security	31.6 cents	34.9 cents	↓ 9.3%
FFO per security	36.2 cents	36.9 cents	↓ 1.9%
AFFO per security	28.9 cents	28.1 cents	↑ 2.8%
Distribution per security	28.0 cents	28.0 cents	-
	HY23	FY22	
Net Tangible Assets (NTA) per security	\$12.01	\$12.28	↓ 2.2%

1. Management operations FFO includes development management fees.

2. 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. See slide 37 in Appendices for further detail.

3. Other FFO includes non-trading related tax expense, directly owned healthcare property prior to disposal and other miscellaneous items.

Strong financial position

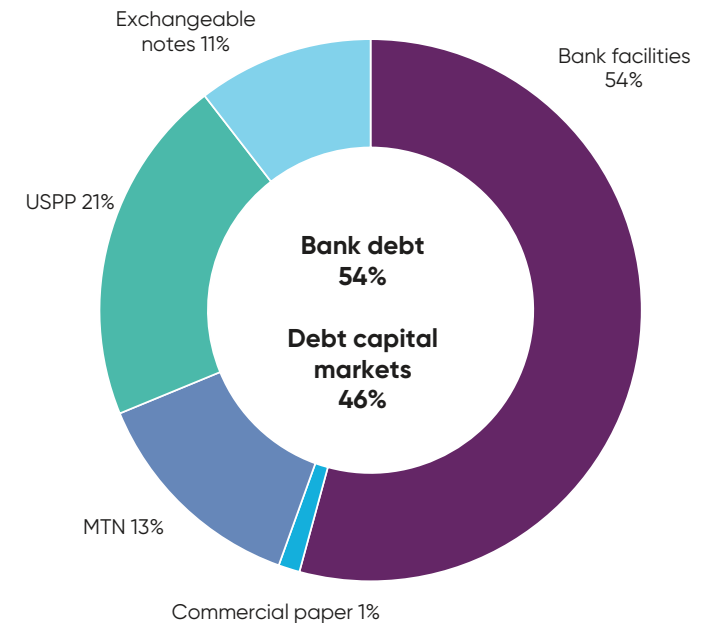
Prudent gearing and proactive refinancing to maintain balance sheet strength

- › **Substantial headroom**, and **gearing of 25.6%**¹ below the 30–40% target range, combined with strategic asset recycling, provides capacity to fund growth initiatives in funds management and developments
- › **\$1.9 billion new and refinanced facilities during HY23**
 - Further diversified debt through the issue of \$500 million of exchangeable notes and repurchased \$100 million of existing outstanding exchangeable notes due June 2026
- › **Additional \$300 million new and refinanced facilities** post 31 December, with average tenor of 6.4 years
- › **85% of debt hedged across HY23**, and an **average hedge maturity of 4.8 years** providing material protection against interest rate movements over the medium term

Key metrics	31 Dec 2022	30 June 2022
Gearing (look-through) ¹	25.6%	26.9%
Headroom ²	\$3.0bn	\$1.9bn
Cost of debt ³	3.6%	2.7%
Average maturity of debt	5.2 years	5.5 years
Hedged debt (incl caps) ⁴	85%	65%
Weighted average maturity of hedges	4.8 years	5.9 years
S&P/Moody's credit rating	A-/A3	A-/A3

1. Adjusted for cash and debt in equity accounted investments, excluding Dexus's share of co-investments in pooled funds. Look-through gearing including Dexus's share of co-investments in pooled funds was 26.4% at 31 December 2022.
 2. Undrawn available facilities plus cash.
 3. Weighted average for the period, inclusive of fees and margins on a drawn basis.
 4. Average for the period.

Diversified sources of debt





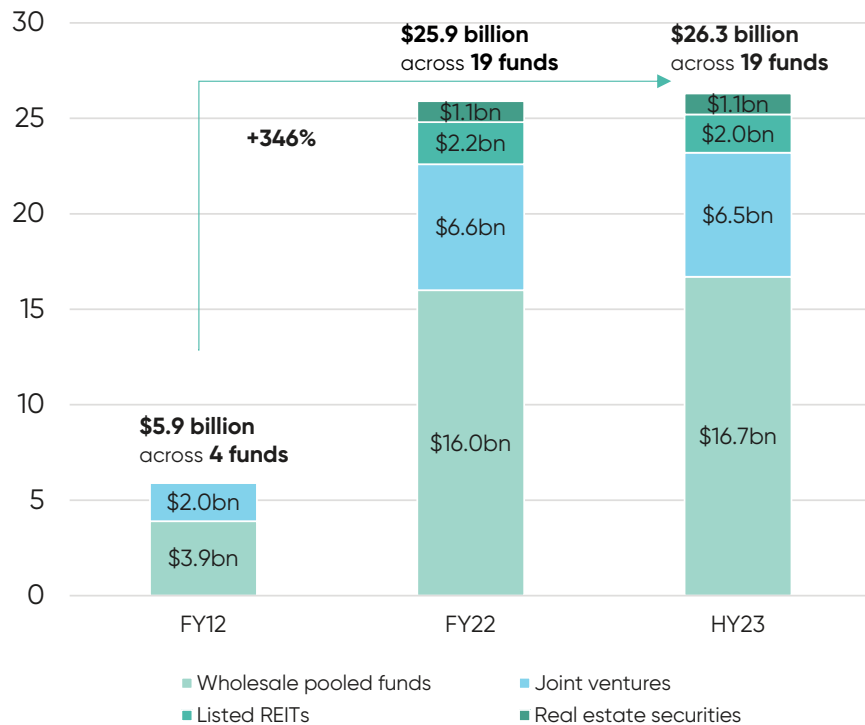
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Funds management

An active funds platform focused on investors

Focused on performance, governance, diversification and product choices

Funds management platform growth and diversification



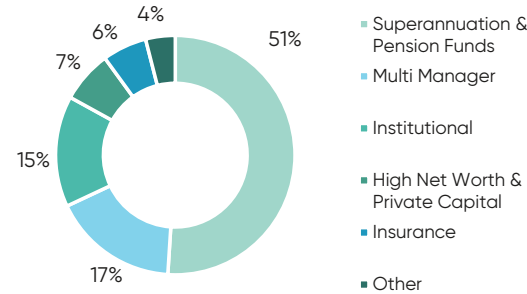
DWPF outperformed across 1, 3, 5, 7 and 10 years¹

DHPF recognised as a **global sector leader by GRESB for Healthcare** in the development benchmark in 2022

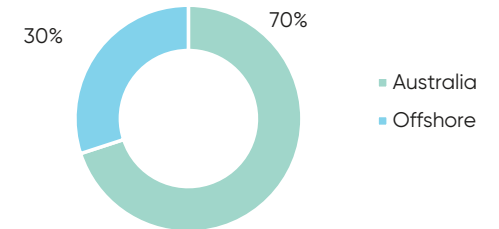
Raised \$553 million in new equity

Strong, established governance frameworks across all vehicles underpins our responsibility to deliver outcomes in the best interest of investors

Diversified investor base



Investors by location



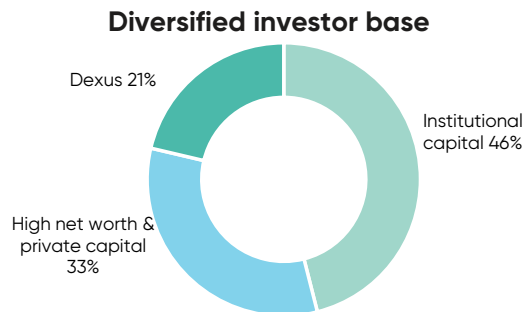
1. Benchmark: MSCI/Mercer Australia Core Wholesale Monthly Property Fund Index (Net returns, Net Asset weighted).

Achieving scale in new funds

Dexus Real Estate Property Partnership 1 (DREP1)

- › **Launched in 2021 as the first in a series** of closed ended funds that seek to provide investors with enhanced returns via exposure to investments in property repositioning, development, special situation opportunities and alternative credit
- › **Leverages Dexus's integrated platform and proven trading capabilities** to provide the fund with competitive differentiation
- › **Raised circa \$200 million equity in HY23**, taking the fund's investment capacity to circa \$1 billion, including leverage
- › **Strong interest across institutional and private investors** in Australia and Asia

\$475m
total equity raised since 2021¹

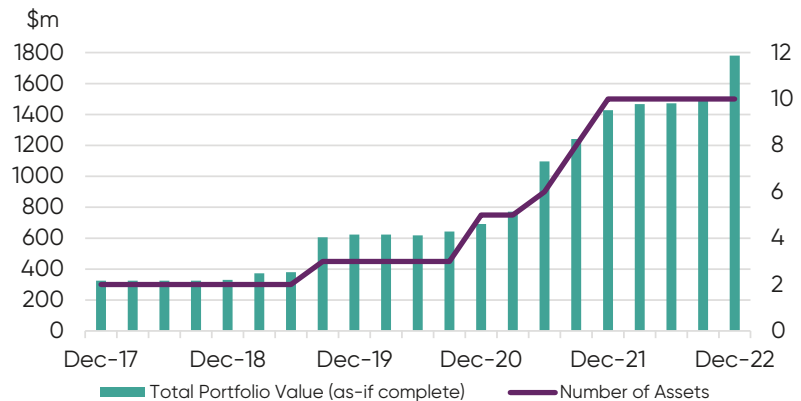


1. Total equity raised for DREP1 includes circa \$100m co-investment from Dexus.
 2. Includes on completion value of assets under development including Dexus ownership interest.
 3. Total equity raised for DHPF includes equity transactions, secondary transfers and co-investment by Dexus.

Dexus Healthcare Property Fund (DHPF)

- › **Launched in 2017** to capitalise on unprecedented growth of the Australian healthcare sector, underpinned by strong demand drivers and market fundamentals
- › **Leverages Dexus's scale and platform** to attract capital and build a \$1.8 billion² high-quality healthcare real estate portfolio
- › **Raised \$220 million equity in HY23** from existing and new investors
- › **Growing demand from institutional investors** in Australia, Asia, Europe and North America

Significant growth while maintaining a high-quality portfolio³



11.7%
Portfolio one-year return (post fees)

\$1.1bn
total equity raised since 2017³

An aerial photograph of Sydney, Australia, showing the city's skyline, the harbor, and the Sydney Opera House. The text 'dexus' is in the top right corner.

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Office portfolio

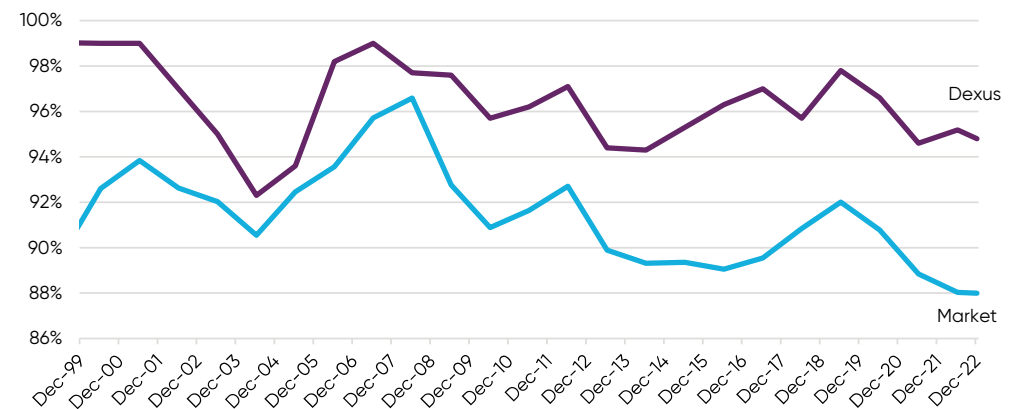
Office portfolio performance

Portfolio resilient in challenging market

<p>\$23.5 billion Dexus group office portfolio</p> <p>1,411 Customers</p> <p>45 properties Across key CBDs</p> <p>1.6 million Square metres</p> <p>3.5-4.0% Average fixed rental increases</p>	<p>\$12.9 billion Dexus balance sheet office portfolio</p>	
	<p>Leased by area^{1,3} 106,751sqm across 154 transactions HY22: 112,601sqm</p>	<p>Average incentives^{1,3} 31.8% FY22: 29.4%</p>
	<p>Occupancy³ 95.3% FY22: 95.6%</p>	<p>WALE³ 4.6 years FY22: 4.7 years</p>
	<p>Effective LFL income^{2,3} +3.2% Face: +4.4%</p>	<p>Portfolio one-year total return³ 4.3% at 31 December 2022</p>

- › **Occupancy by income maintained above 95%**, including recent years throughout the COVID-19 pandemic, consistently outperforming the wider market
- › **Effective like-for-like income growth has remained positive** each financial year over the past 10 years, averaging 2.7%
- › **Stabilised leasing volume increased by 94% from 2H22**
- › **Incentives expected to remain elevated in the near term**
- › Dexus continues to benefit from flight to quality with its **95% prime grade⁴ portfolio**

Historic Dexus occupancy vs market⁵

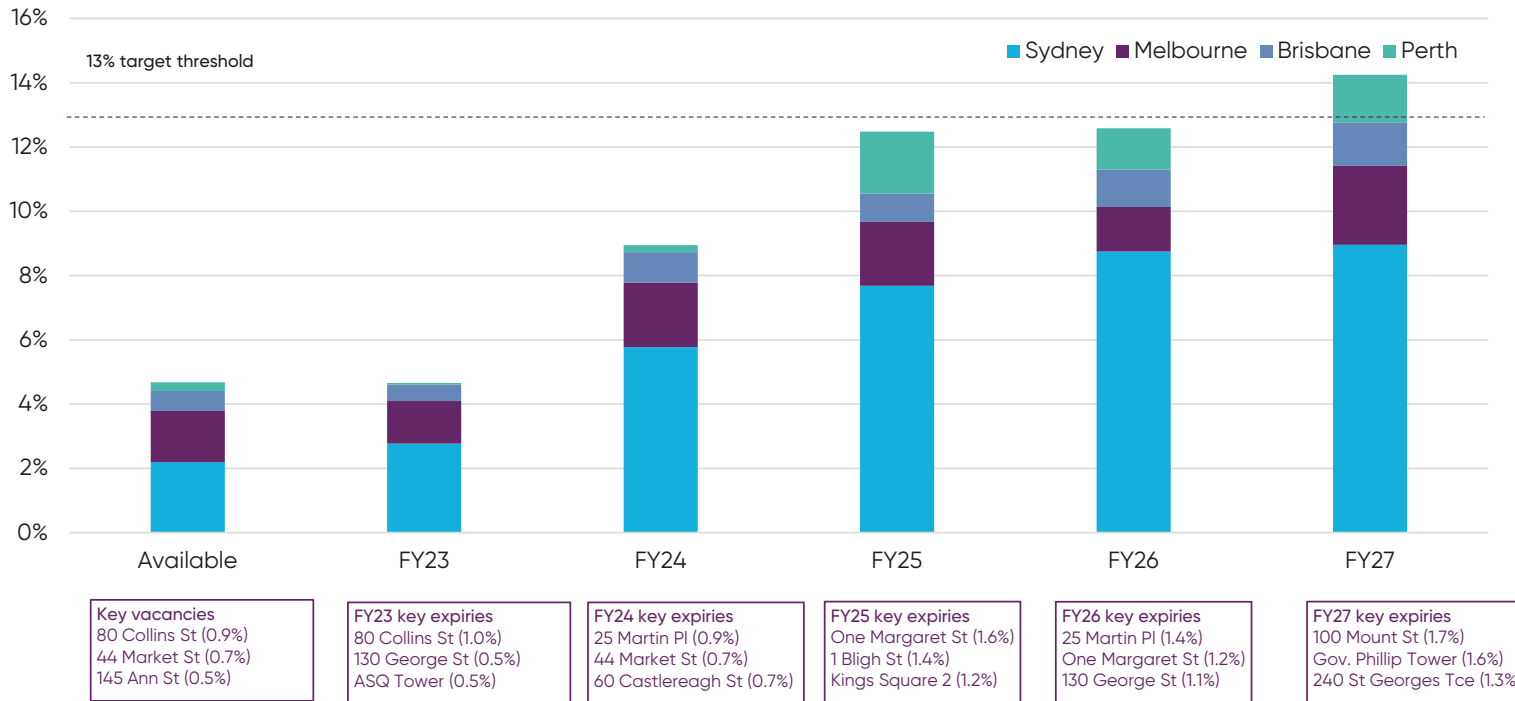


1. Excludes development leasing of 7,789sqm across 6 transactions.
 2. Excludes rent relief and provision for expected credit losses. Including these impacts: Effective +9.9% and Face +10.0%.
 3. Dexus balance sheet portfolio performance statistics exclude co-investments in pooled funds.
 4. Prime grade buildings represent 95% of the office portfolio excluding assets held for sale and including development-affected assets.
 5. Historic Dexus occupancy by area. Market occupancy refers to Australian CBD average by Property Council of Australia.

Staggered expiry profile and diverse customer base

Supporting resilient income streams

Dexus office portfolio lease expiry profile (by income)¹



Diverse customer base with limited concentration risk

Top customer – Woodside represents **3.2%** of property portfolio income

Top 10 customers represent **16.3%** of property portfolio income

Top office customer industry groups
 Financial/Insurance – **17%**
 Legal services – **15%**
 Rental/hiring/real estate services – **13%**
 (of Office portfolio income)

1. Dexus balance sheet portfolio performance statistics exclude co-investments in pooled funds.

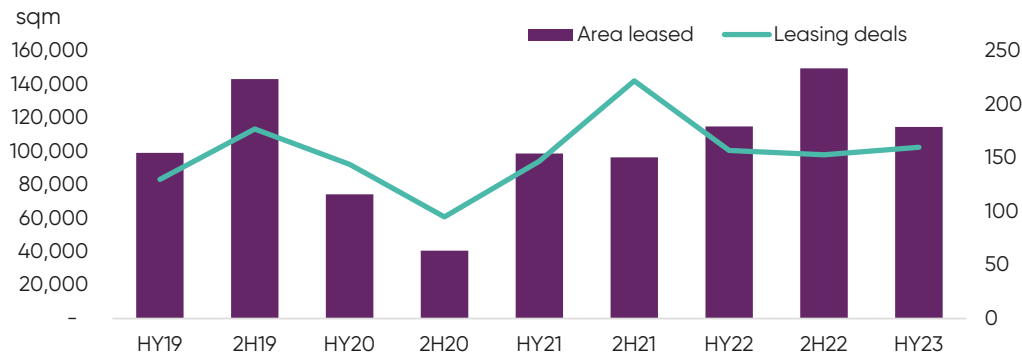
Dexus observations

Continued flight to quality, longer conversion times a cyclical outcome

Dexus portfolio

- › Continued evidence of **flight to quality**, with customers upgrading accounting for **53% of space leased** across new leasing deals
- › Of the space renewed across the office portfolio in HY23, **64%** were **expansions**, **2%** were **contractions** and **34%** retained the **same space**
- › A further **7,789 square metres of development leasing** achieved at Waterfront Brisbane, further evidence that large customers are making long term decisions regarding their office footprint

Historical leasing (including development leasing)

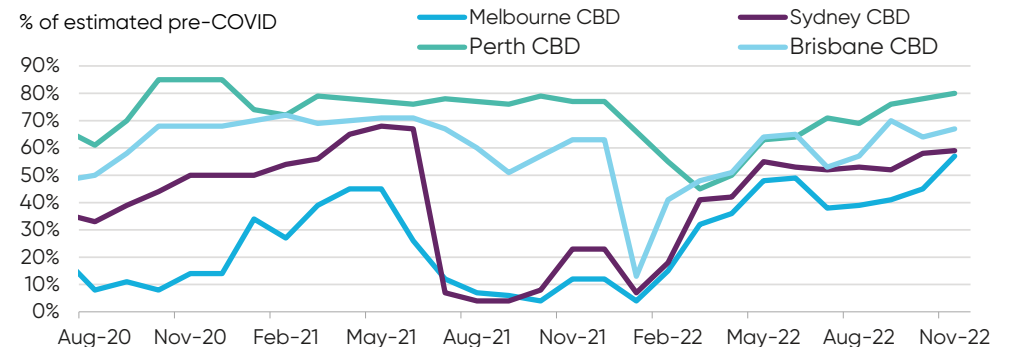


Source: Property Council Australia and Colliers.

Market observations

- › **Large tenant enquiry** has picked up, however conversion times have increased given economic uncertainty
- › **Physical occupancy improved** in all four CBD markets through 2022
- › Market face rent growth remains positive and sub-lease vacancy remains lower than during the pandemic
- › Vacancy rates are likely to remain elevated over the next few years as the existing supply pipeline completes in a climate of subdued demand

Office physical occupancy in the four major CBDs





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Industrial portfolio

Industrial portfolio performance

Strong stabilised leasing volumes

\$11.6 billion
Dexus group industrial portfolio

>632
Customers

212
Properties

3.7 million
Square metres

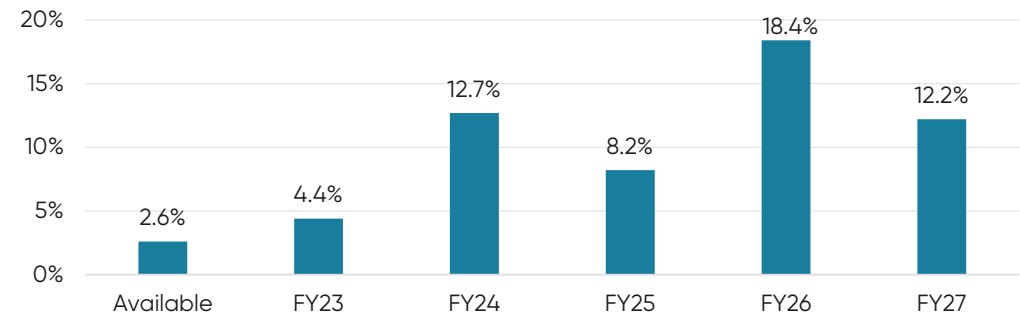
3.0-3.5%
Average fixed rental increases

\$4.2 billion
Dexus balance sheet industrial portfolio

Leased by area^{1,3} 153,989sqm across 34 transactions HY22: 115,664sqm	Occupancy³ 97.4% FY22: 98.1%
Average incentives^{1,3} 10.9% FY22: 13.5%	WALE³ 4.7 years FY22: 4.7 years
Effective LFL income^{2,3} +2.4% Face: +3.6%	Portfolio one-year total return³ 10.2% at 31 Dec 2022

- › **Strong leasing volumes** across stabilised portfolio
- › **Portfolio 9.3% under-rented** as a result of strong market rent growth, which remains supported by low vacancies and ongoing structural tailwinds
- › Examples of releasing spreads above 50%
- › ~20% of portfolio set to access **rental reversion** upon expiry by FY24
- › High transport costs to increasingly **favour well located industrial assets**

Dexus industrial lease expiry profile (by income)³

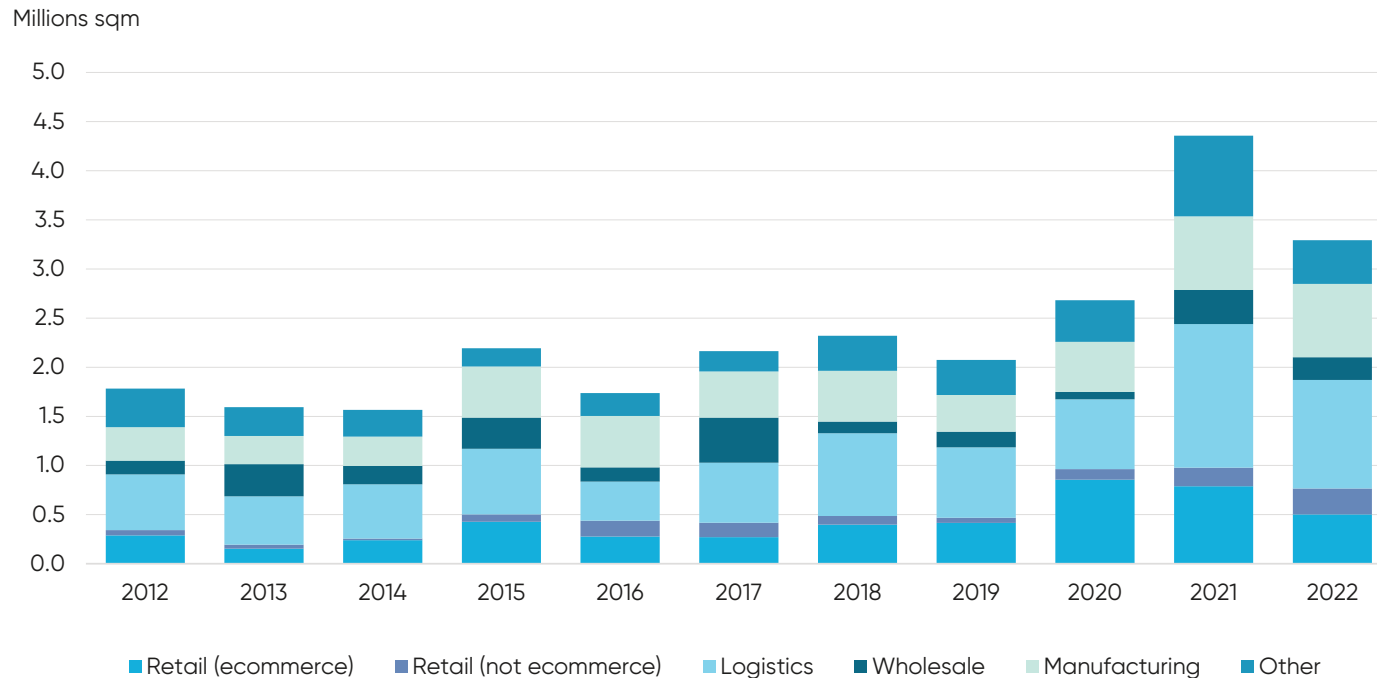


1. Excludes development leasing of 60,179 across five transactions.
 2. Excludes rent relief and provision for expected credit losses. Including these impacts: Effective +5.6% and Face +6.6%.
 3. Dexus balance sheet portfolio performance statistics exclude co-investments in pooled funds.

Industrial take-up has long-term drivers

Demand driven by investment in last mile fulfilment, population growth and retail spending

National industrial take-up remains above long-term average



Dexus leasing observations

- › **Demand is broad-based** including medical supplies, supermarkets, materials supporting transport infrastructure, ecommerce and retailers investing in last mile fulfilment
- › Transport costs account for up to 50% of a tenant's costs vs. rent accounting for circa 5%, reinforcing the **importance of having well located properties**
- › **Rent growth supported by** low vacancy rates, rising development costs and infrastructure/ motorway upgrades
- › 46% of HY23 leasing struck with CPI-linked reviews

Source: ABS, JLL Research.

An architectural rendering of a modern urban development. The scene features a prominent building with multiple levels of green balconies and a glass skyscraper in the background. The foreground shows a busy pedestrian plaza with people walking, a dog, and a bicycle. The sky is clear and blue.

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Investments and Developments

Significant transactional activity

Continued focus on capital recycling into higher returning opportunities

\$2.2 billion

Total group transactions

Recycling capital into higher returning opportunities

\$1.9 billion

Group property divestments

- › **\$773 million balance sheet divestments announced since FY22**
 - \$457 million industrial properties
 - \$214 million office properties
 - \$102 million healthcare¹ properties

\$351 million

Group property acquisitions

- › **No new balance sheet acquisitions**
- › **\$137 million new funds acquisitions** across healthcare, opportunistic and development product
- › \$214 million settlements of group transactions exchanged prior to HY23

Acquisitions



Artist impression: Australian Bragg Centre, Adelaide SA



113-153 Aldington Rd, Kemp's Creek NSW



Artist impression: Brighton St, Richmond VIC



Artist impression: 90 Goodchap Street, Noosaville QLD

1. Acquired by Dexus Healthcare Property Fund.

Key development projects

\$15.8 billion group pipeline, of which DXS \$2.5 billion committed remaining spend

› DXS **\$3.5 billion** share of **committed projects**, with **\$2.5 billion remaining spend** across five years

- **Atlassian Central, Sydney** – 100% pre-committed over a 15-year lease with Atlassian, construction commenced in August 2022
- **Stage 1 Waterfront Brisbane¹** – 45% pre-committed, construction commenced in January 2023

› DXS **\$5.0 billion** share of **uncommitted projects** – Flexibility around commencements and decision to commit will be assessed on project commerce and capital availability. Key city shaping projects include:

- **60 Collins Street, Melbourne**
- **Central Place Sydney**

› **Circa \$1 billion of DXS's previous concept pipeline has been removed** as these projects are no longer being pursued in the current market

Key committed projects	Sector	Project cost est. ²	Yield on cost ³	Est. cost to completion	Completion
123 Albert Street, Brisbane QLD	Office	\$0.60bn	c. 5%	\$0.16bn	Late 2023
Atlassian Central, Sydney NSW ⁴	Office	\$1.45bn	4-5%	\$1.30bn	Late 2026
Stage 1 Waterfront Brisbane QLD	Office	\$0.83bn	5-6%	\$0.80bn	Early 2028
141 Anton Road, Hemmant QLD	Industrial	\$0.17bn	4-5%	\$0.13bn	Early 2024
Jandakot Airport, Perth WA	Industrial	\$0.08bn	c. 5.5%	\$0.05bn	Mid 2024



1. Co-owned by Dexus 50%/DWPF 50%.
 2. Dexus share in development cost (including land, funding cost and excludes downtime and income earned through development).
 3. Target yield on cost calculation includes cost of land, funding cost, downtime and income earned through development in the denominator.
 4. Represents funding obligation for 100% of the project cost (excluding land).

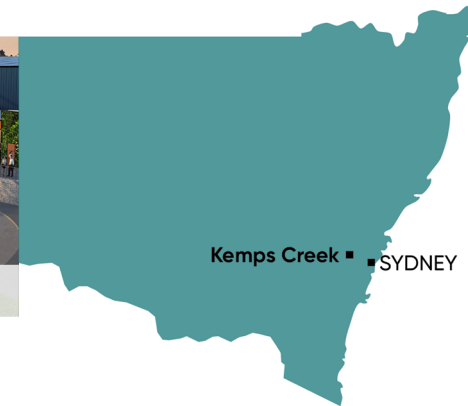
Industrial development landbank in major hubs

Circa 2.5 million square metres of land holdings to be developed over the next seven years

Jandakot	Group	Dexus (33%)
Land (ha)	81.7	
Developable GLA (sqm)	351,000	
Development costs (\$m) ¹	696	232

Ravenhall	Total	Dexus (39%)
Land (ha)	180.3	
Developable GLA (sqm)	534,100	
Development costs (\$m) ¹	1,041	411

Kemps Creek	Total	Dexus (50%)
Land (ha)	36.9	
Developable GLA (sqm)	207,000	
Development costs (\$m) ¹	534	267



1. Estimates only.

Trading profits

FY23 trading profits secured

- › **Realised \$48.7 million¹ post-tax trading profits** in HY23 and secured **approximately \$5 million² pre-tax trading profits** to be recognised across FY23 and FY24
- › **Three additional trading opportunities within existing portfolio** identified in FY22 remain unchanged, including 149 Orchard Road, Chester Hill, acquired in partnership with DREP1

Trading profit track record since FY12³

\$545 million
total trading profits

30%
Average unlevered IRR

1. Post tax trading profits including contribution from 12 Frederick Street, St Leonards and Australian Bragg Centre.
 2. Pre tax trading profits from 20 Distribution Drive, Truganina.
 3. Pre tax.



12 Frederick Street, St Leonards NSW.

An aerial photograph of the Sydney Opera House and the Sydney city skyline. The Opera House is in the foreground, situated on a peninsula. The city skyline is in the background, featuring numerous skyscrapers and buildings. The water is a deep blue, and there are some boats visible. The word "dexus" is written in the top right corner.

dexus

Summary

Summary

Demonstrated resilience in challenging environment

- › Dexus has **demonstrated resilience:**
 - Maintained a strong balance sheet through asset recycling and proactive capital management
 - Maintained strong portfolio occupancy with the portfolio continuing to benefit from flight to quality
- › The **macroeconomic environment remains challenging** with rising interest rates, ongoing supply chain disruptions, a global energy crisis and geopolitical risks contributing to continued economic uncertainty. Higher interest rates will continue to impact our results in FY23
- › Barring unforeseen circumstances, Dexus has **updated its guidance to deliver distributions of 51.0 – 51.5 cents per security** for the 12 months ended 30 June 2023, reflecting the **higher end of its previously stated guidance range**¹
- › Dexus is **set to emerge as one of the leading real asset managers in Australia.** Real assets traditionally perform well in inflationary environments as their economic drivers are often directly or indirectly tied to inflationary trends

1. Assumes floating interest rates of circa 3.25% (90-day BBSW), completion (or first stage completion under an alternate transaction structure) of the transition of circa \$18 billion of FUM from the acquisition of the AMP Capital real estate and domestic infrastructure equity platform in March 2023, and circa \$50 – \$55 million of trading profits (post-tax).



Artist impression: Atlasian Central and Central Place Sydney NSW.



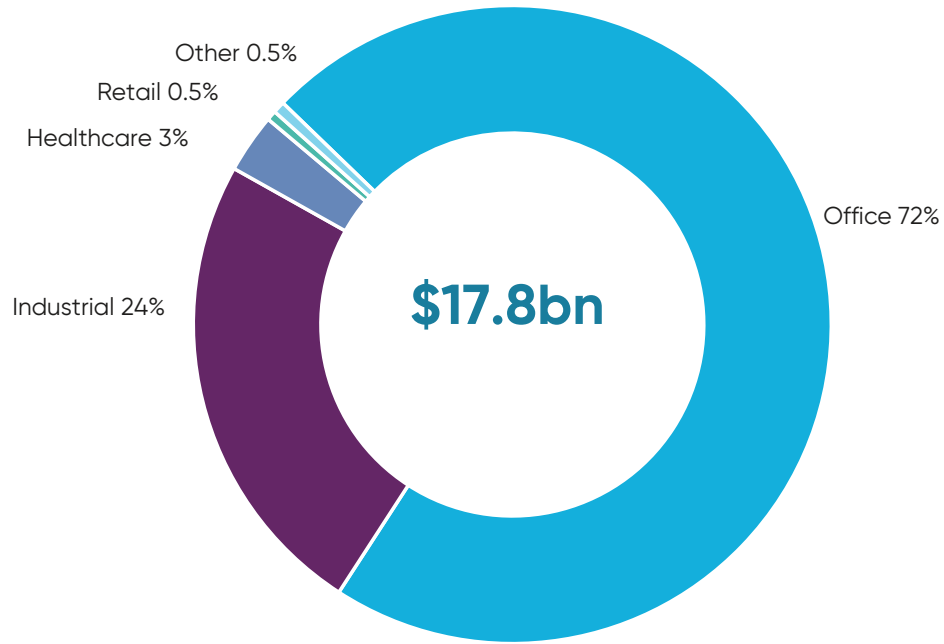
dexus

Appendices

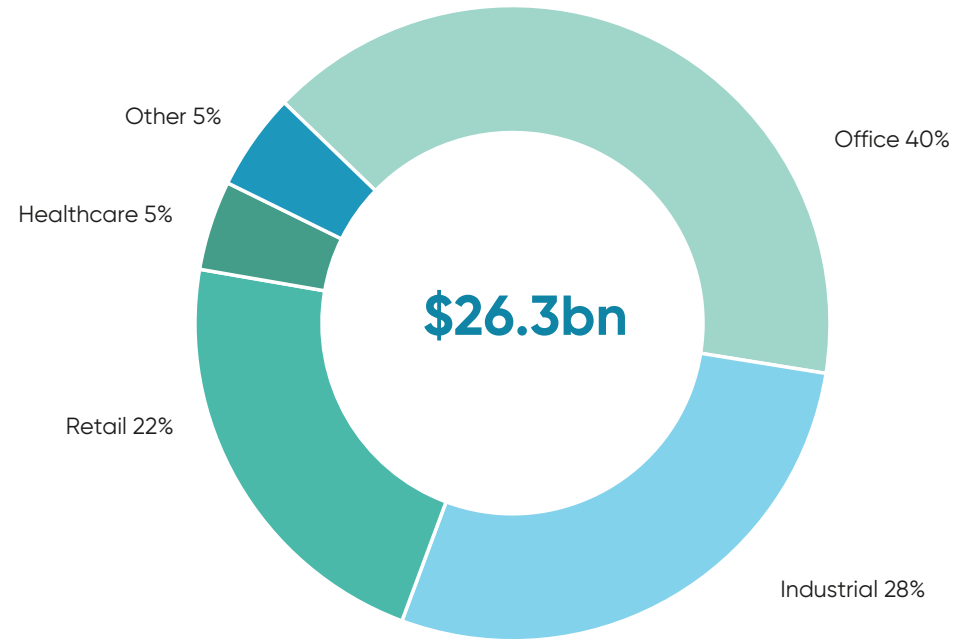
Dexus today

\$44.1 billion¹ – total funds under management

Dexus portfolio¹



Funds Management portfolio



1. Includes co-investments in pooled funds.

Financial results

Reconciliation to statutory profit

Reference	Item	31 Dec 2022 \$m	31 Dec 2021 \$m
Statutory AIFRS net profit after tax		23.1	803.2
Investment property and inventory	(Gain)/loss from sales of investment property	0.5	-
	Fair value (gain)/loss on investment properties	236.7	(486.2)
Financial instruments	Fair value (gain)/loss on the mark-to-market of derivatives	42.7	(1.0)
Incentives and rent straight-lining	Amortisation of cash and fit out incentives	27.9	31.8
	Amortisation of lease fees	6.7	7.0
	Amortisation of rent-free incentives	44.0	42.2
	Rent straight-lining	(2.9)	(3.9)
Tax	Non-FFO tax expense	(12.0)	(12.1)
Co-investments	Share of net profit of investments accounted for using the equity method	(11.3)	(45.4)
	Distributions from financial assets at fair value through profit or loss	(3.8)	(3.8)
	Distributions from co-investments	14.4	13.8
Other unrealised or one-off items ¹	Other unrealised or one-off items	23.1	51.1
Funds From Operations (FFO)		389.1	396.7
Maintenance and leasing capex	Maintenance capital expenditure	(13.5)	(24.4)
	Cash incentives and leasing costs paid	(23.3)	(25.6)
	Rent free incentives	(41.5)	(44.5)
Adjusted Funds From Operations (AFFO)		310.8	302.2
Distribution		301.2	301.2
AFFO Payout ratio		96.9%	99.7%

1. HY23 other unrealised or one-off items includes \$60.8m amortisation and impairment of intangible assets, \$25.0m transaction costs and one-off significant items (including costs associated with the AMP Capital platform acquisition and integration and other successful transaction and one-off significant items) partially offset by \$67.7m of unrealised fair value gains on interest bearing liabilities. The remaining net \$5.0m expense relates to exchangeable notes, debt modification and other items.

Financial results

Management operations profit

HY23 (\$m)	Funds Management	Property Management	Development Management	Management Operations
Revenue	62.6	37.2	24.9	124.7
Operating expenses	(23.5)	(33.5)	(15.7)	(72.7)
HY23 net profit	39.1	3.7	9.2	52.0
HY23 margin	62%	10%	37%	42%
HY22 margin	63%	15%	(45%)	37%



Financial results

Cash flow reconciliation

	31 Dec 2022 \$m	31 Dec 2021 \$m
Cash flow from operating activities	294.1	344.2
add back: payment for inventory acquisition and capex	10.0	2.3
less: cost of sale of inventory	(62.1)	(139.3)
less: tax on trading profits not yet paid	(20.9)	(9.2)
add back: capitalised interest	10.5	3.3
add back: adjustments for equity accounted distributions	48.1	80.2
less: other working capital movements	54.1	26.8
add back: transaction costs ¹	21.5	52.1
Adjusted cash flow from operating activities	355.3	360.4
Add back: rent free income	41.5	44.5
Less: depreciation and amortisation (including deferred borrowing costs)	(7.7)	(8.2)
FFO	389.1	396.7
Less: payments from maintenance capex and incentives ²	(78.3)	(94.5)
AFFO	310.8	302.2
Less: gross distribution	(301.2)	(301.2)
Cash surplus	9.6	1.0

1. Includes costs associated with the acquisition and integration of the AMP Capital platform and other successful transactions.

2. Includes cash and fitout incentives, lease fees and rent-free incentives.

Financial results

Interest reconciliation

	31 Dec 2022 \$m	31 Dec 2021 \$m
Total statutory finance costs	75.7	71.5
Less: Debt modification and movements related to exchangeable notes	(5.0)	(2.1)
Add: Finance costs attributable to investments accounted for using the equity method ¹	3.9	(0.3)
Less: AASB 16 interest expense	(0.4)	(0.4)
Gross finance costs for FFO²	74.2	68.7
Add: Interest capitalised	17.3	9.7
Gross finance costs for cost of debt purpose	91.5	78.4

1. Includes finance costs associated with properties held in investments accounted for using the equity method.
2. Excludes interest income of \$9.0m (HY22: \$14.0m) primarily in relation to Capital Square, Atlassian and general interest income.



Financial results

Change in net tangible assets and revaluations

	\$m	\$ps		Investment portfolio	Valuation change \$m	Weighted average cap rate	% of portfolio FUM
Opening net tangible assets¹ (1 July 22)	13,206.6	12.28	→	Dexus office portfolio	(236.1)	4.89%	72%
Revaluation of real estate	(236.7)	(0.22)		Dexus industrial portfolio	(6.3)	4.46%	24%
Retained earnings ²	87.9	0.08		Total Dexus portfolio	(242.2)⁵	4.80%	100%
Amortisation of tenant incentives ³	(75.7)	(0.07)					
Fair value and other movements ⁴	(62.9)	(0.06)					
Closing net tangible assets¹ (31 Dec 22)	12,919.2	12.01					

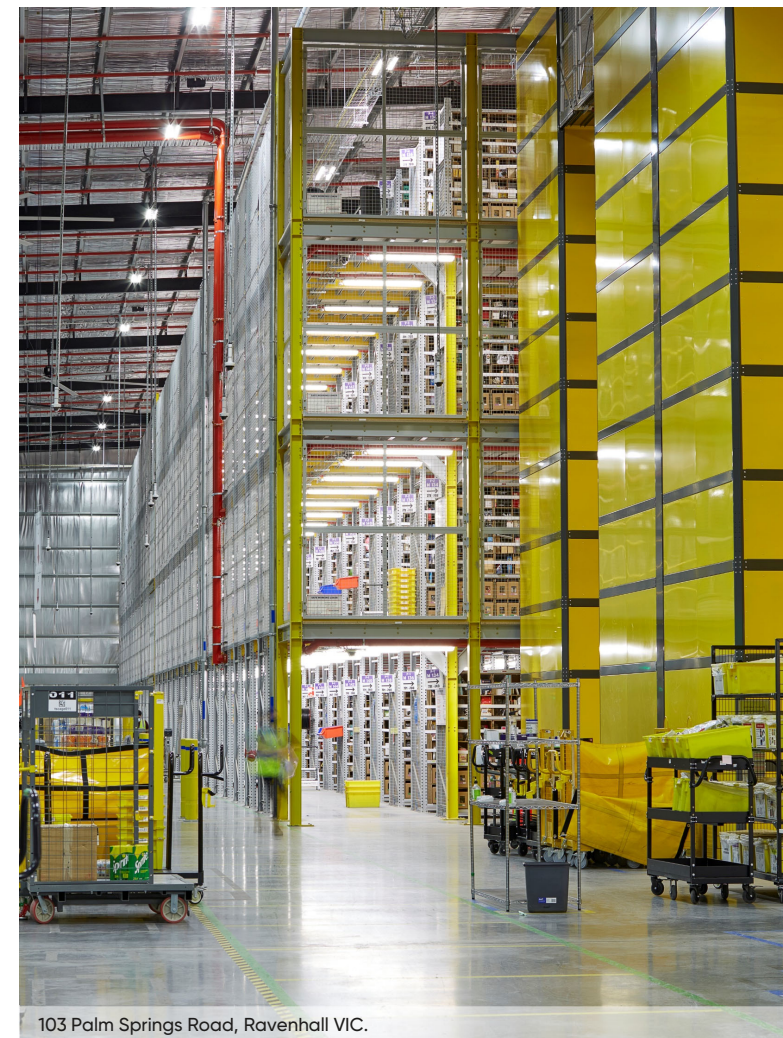
1. Net tangible assets exclude \$110.9m (FY22: \$117.4m) deferred tax liability relating to management rights.
2. Represents HY23 FFO less distributions.
3. Includes rent straight-lining.
4. Includes fair value movements of derivatives and interest-bearing liabilities, deferred tax and movement in reserves and other items.
5. Valuation movement excludes co-investments in pooled funds and financial assets. Includes other property revaluation gain of \$0.2m and excludes leased assets and right of use assets revaluation gain of \$5.5m.

Financial results

Direct property portfolio book value movements

	Office ¹ \$m	Industrial ¹ \$m	Healthcare and other ¹ \$m	Dexus total ¹ \$m	Trading assets ² (inventory) \$m
Opening direct property	13,294.7	3,955.8	136.5	17,387.0	54.4
Lease incentives ³	57.5	8.0	-	65.5	0.3
Maintenance capex	13.1	-	-	13.1	-
Acquisitions	44.5	49.5	-	94.0	-
Developments ⁴	81.2	69.3	21.1	171.6	10.0
Disposals ⁵	(459.3)	(151.7)	(136.0)	(747.0)	(60.4)
Revaluations	(236.1)	(6.3)	0.2	(242.2)	-
Amortisation	(69.3)	(9.3)	-	(78.6)	(0.3)
Rent straight lining	1.7	1.2	-	2.9	-
Closing balance at the end of the period	12,728.0	3,916.5	21.8	16,666.3	4.0

1. Includes Dexus's share of equity accounted investments except those classified as co-investments and financial assets at fair value through profit or loss and excludes leased assets.
2. Trading assets are included in Industrial and Dexus total amounts.
3. Includes rent free incentives.
4. Includes capitalised interest.
5. At book value and includes internal transfers to and from investment property.



Financial results

Co-investments in pooled funds

	Ownership stake (%)	Dexus co-investment value (\$m) ¹	Dexus HY23 co-investment income (\$m)	Passing distribution yield (%) ²	Number of properties	Total assets (\$m)	Occupancy (%)	WALE (years)	WACR (%)	Fund look-through gearing (%)
Healthcare										
DHPF	19.3%	\$254.0	\$4.0	3.8%	10	\$1,481	99.9%	17.3	4.3%	10.4%
AUHPT ³	~7.0%	\$188.4	\$3.9	4.0% ⁴	98	\$3,793	98.8%	16.4	4.7%	30.5%
Industrial										
DXI	17.5%	\$197.9	\$4.7	4.6% ⁵	93	\$1,564	97.4% ⁶	6.3	5.1%	29.5%
Other real estate classes										
DREP1	21.3%	\$23.4	-	n/a	3	\$173	n/a	n/a	n/a	45-55% ⁸
DXC	9.0%	\$48.9	\$1.3	5.4% ⁵	109	\$844	99.4%	10.2	5.9%	34.1%
Securities and other ⁷	n/a	\$29.9	\$0.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total		\$742.5	\$14.4							

1. Represents the equity accounted investment value or financial asset at fair value through profit or loss recognised on Dexus balance sheet.

2. With reference to the last announced distribution annualised (except for DHPF which refers to CY22 distributions over the weighted average unit price), and the closing unit price at 31 December 2022.

3. As reported by Australian Unity Healthcare Property Trust at 31 December 2022.

4. Returns stated are for the 12-month period to 31 December 2022 for AUHPT's Wholesale Units.

5. Passing yield based on the equity accounted book value of Dexus's co-investment at 31 December 2022. Passing yield based on market value was 5.7% for DXI and 7.4% for DXC based on closing security prices at 31 December 2022.

6. DXI occupancy by area.

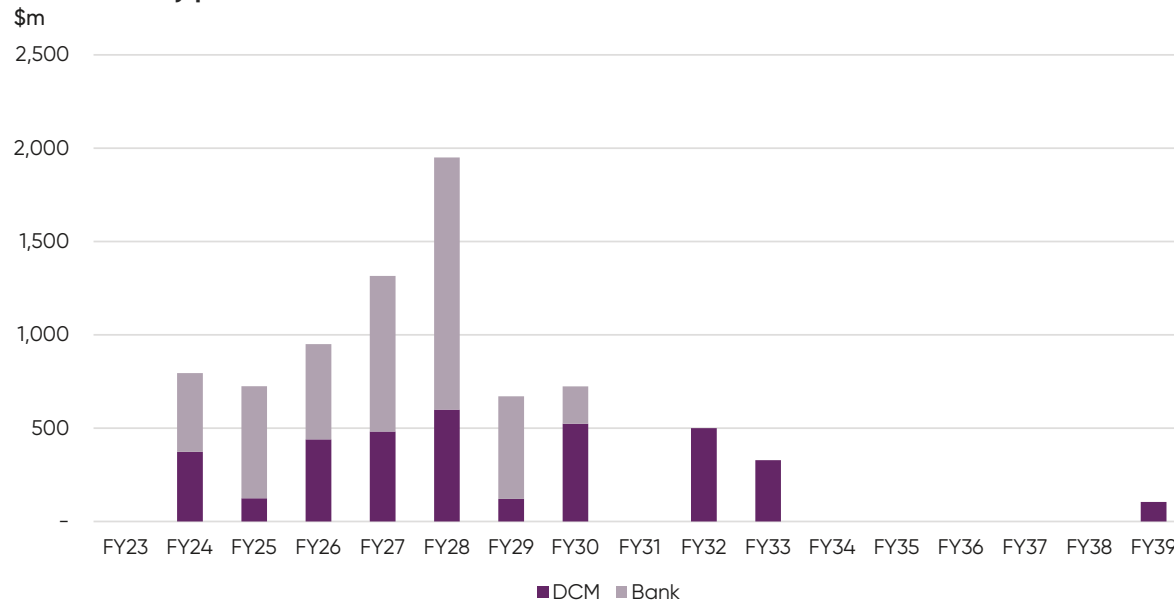
7. Includes investments in APN Asian REIT Fund, APN Global REIT Income Fund, Dexus Development Fund No. 2, Dexus Regional Property Fund, RealTech Ventures and Divvy Parking Pty Limited.

8. Target gearing range for Fund.

Capital management

HY23 position

Debt maturity profile¹



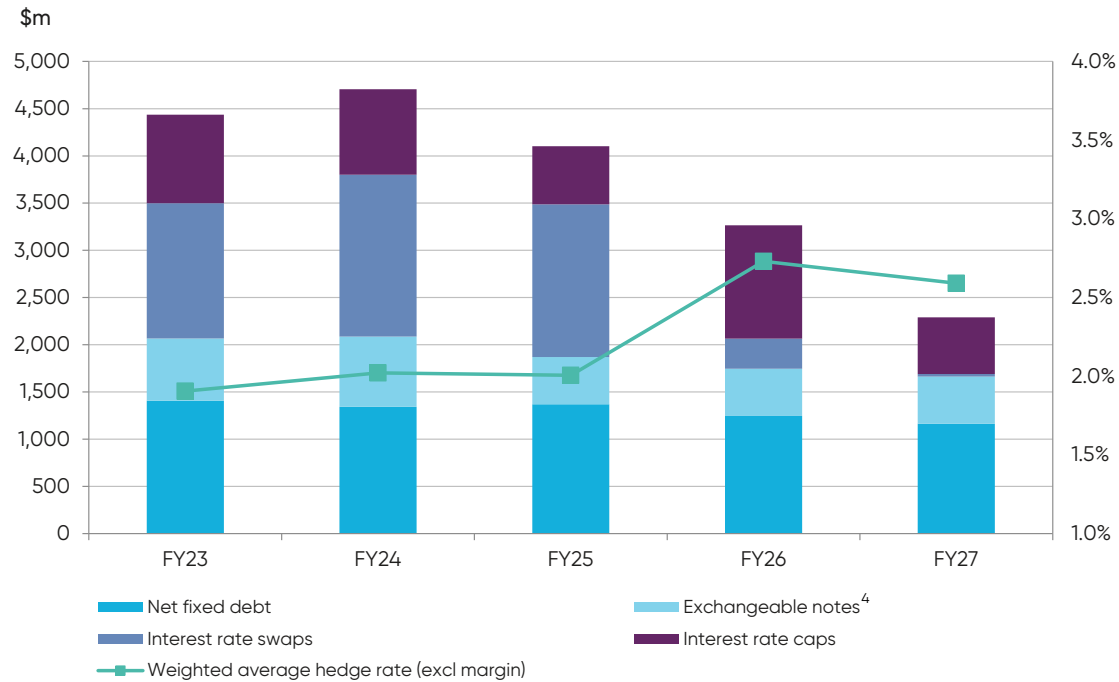
Key metrics	31 Dec 2022	30 June 2022
Total debt ²	\$4,531m	\$4,882m
Headroom (approximately) ³	\$3.0bn	\$1.9bn
Gearing (look-through) ⁴	25.6%	26.9%
Covenant gearing (covenant ⁵ <55%)	24.4%	25.5%
Interest cover (covenant ⁵ >2.0x)	5.0x	6.0x
Priority debt (covenant ⁵ <30%)	0.0%	0.2%

1. Includes \$325m series 1 exchangeable notes based on investor put date in FY24. Includes \$300m of new and refinanced bank facilities executed post 31 December 2022.
 2. Total debt does not include debt in equity accounted investments or Dexus's share of co-investments in pooled funds.
 3. Undrawn available facilities plus cash.
 4. Adjusted for cash and debt in equity accounted investments, excluding Dexus's share of co-investments in pooled funds. Look-through gearing including Dexus's share of co-investment in pooled funds was 26.4% as at 31 December 2022.
 5. As per public bond covenants.

Capital management

Interest rate hedging profile

Hedge profile



1. Average amount hedged for the period (including caps).
2. Including fixed rate debt (without credit margin).
3. Weighted average for the period, inclusive of fees and margins on a drawn basis.
4. \$325m series 1 exchangeable notes based on investor put date in FY24.

Hedging profile	31 Dec 2022	30 June 2022
Hedged debt (incl caps) ¹	85%	65%
Weighted average interest rate on hedged debt ²	1.8%	1.5%
Cost of debt ³	3.6%	2.7%
Weighted average maturity of hedges	4.8 years	5.9 years

Capital management

Debt facilities¹

	Facility limit A\$m	Drawn A\$m	Maturity	Currency
Bilateral bank debt	300	200	FY24	A\$
	600	389	FY25	A\$
	450	-	FY26	A\$
	750	-	FY27	A\$
	1,250	-	FY28	A\$
	550	196	FY29	A\$
Commercial paper²	100	100	FY26	A\$
Medium term notes	185	185	FY26	A\$
	130	130	FY27	A\$
	200	200	FY30	A\$
	500	500	FY32	A\$
	30	30	FY39	A\$
US senior notes (USPP)³				
Series 1	291	291	Jul-23 - Jul-28	US\$
Series 2	225	225	Feb-24 - Feb-27	US\$
Series 3	286	286	Dec-24 - Dec-26	US\$
Series 4 (A\$)	100	100	Jun-28	A\$
Series 5	503	503	Nov-29 - Nov-32	US\$
Series 5 (A\$)	150	150	Nov-29 - Nov-32	A\$
Series 6 (A\$)	75	75	Oct-38	A\$
Exchangeable notes				
Series 1	325	325	Mar-24 ⁴	A\$
Series 2	500	500	Nov-27	A\$

	Facility limit A\$m	Drawn A\$m
Sub total	7,500	4,384
Currency translation and fair value adjustments	252	252
Deferred borrowing costs and debt modifications	(33)	(33)
Exchangeable notes adjustments	(72)	(72)
Total interest bearing liabilities	7,647	4,531
Bank guarantee facilities (incl utilised)		(175)
Cash		87
Headroom including cash		3,028

- Does not include debt facilities in equity accounted investments or Dexus's share of co-investments in pooled funds. Excludes \$300m of new and refinanced bank debt facilities executed post 31 December 2022.
- Based on maturity date of commercial paper standby facility.
- USPP US\$ amount shown at the cross-currency swap contract rate.
- Based on investor put date in FY24.

Funds management

Development pipeline

\$7.0 billion
Funds management development pipeline

\$2.6 billion
Committed projects

\$4.4 billion
Uncommitted projects

Project cost on uncommitted projects in funds management business

Uncommitted projects	FY24	FY25	FY26+
Office - 4 properties		\$2.9bn	
Industrial - 7 properties		\$1.2bn	
Retail - 1 property		\$0.2bn	
Healthcare - 1 property		\$0.1bn	
Project cost on uncommitted funds management projects		\$4.4bn	

Property portfolio

Office and industrial key metrics



Rialto Towers, Melbourne VIC.

Key metrics	Office	Industrial
Amount of space leased ¹	106,751sqm ²	153,989sqm ³
No. of leasing transactions	154 ²	34 ³
Occupancy by income	95.3%	97.4%
Occupancy by area	94.8%	98.6%
Average incentives	31.8% ⁴	10.9% ⁵
No. of effective deals	36	11
Weighted average lease expiry ⁶ (WALE)	4.6 years	4.7 years
Like-for-like income growth (excluding rent relief and provision for expected credit losses)	Face +4.4% ⁷	Face +3.6% ⁸
	Effective +3.2% ⁷	Effective +2.4% ⁸

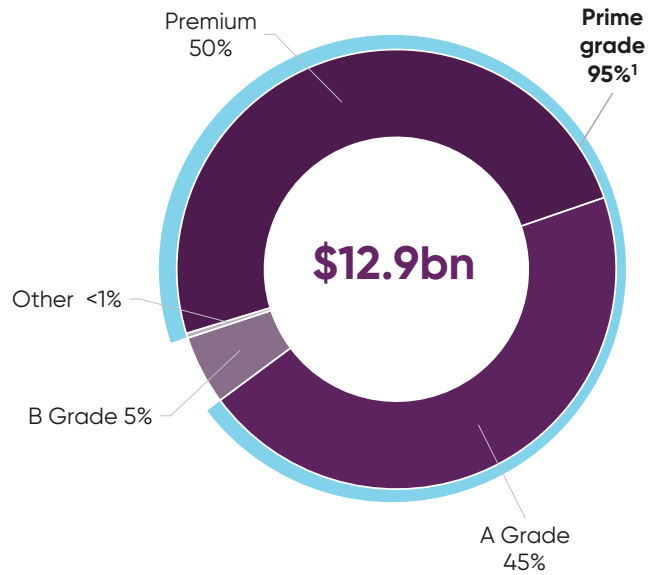
1. Including Heads of Agreement.
2. Excluding development leasing of 7,789sqm across six transactions.
3. Excluding development leasing of 60,179sqm across five transactions.
4. Gross basis excluding development leasing.
5. Net basis excluding development leasing.

6. By income.
7. Excludes rent relief and provision for expected credit losses. Including these impacts: Effective +9.9% and Face +10.0%.
8. Excludes rent relief and provision for expected credit losses. Including these impacts: Effective 5.6% and Face +6.6%.

Property portfolio

Office portfolio diversification

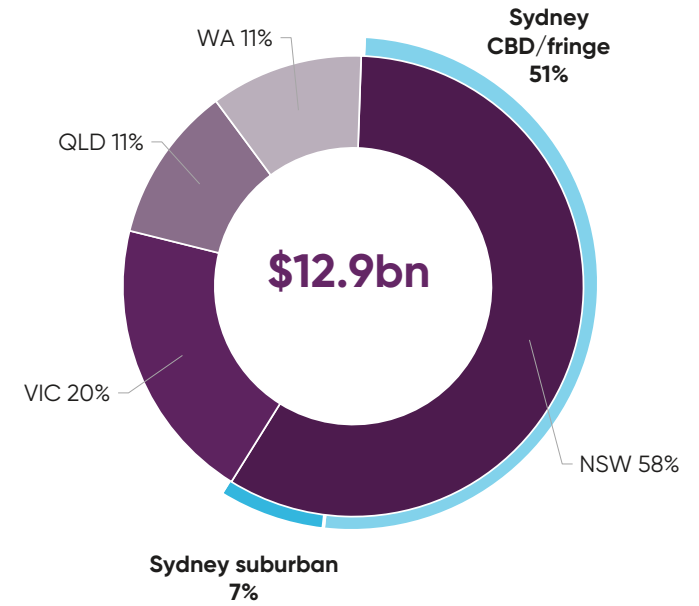
Office by asset type



1. Prime grade buildings represent 95% of the office portfolio including stabilised assets only and excluding development affected assets and land.

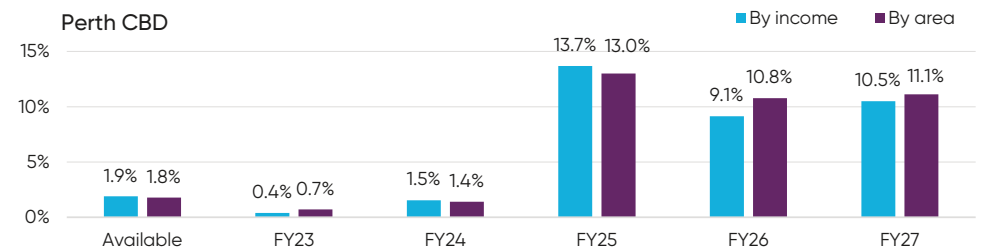
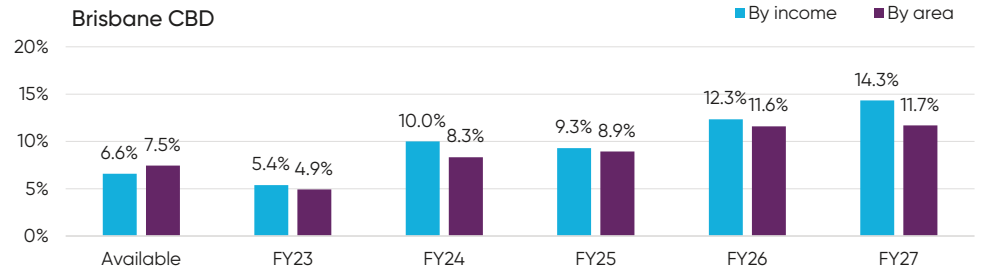
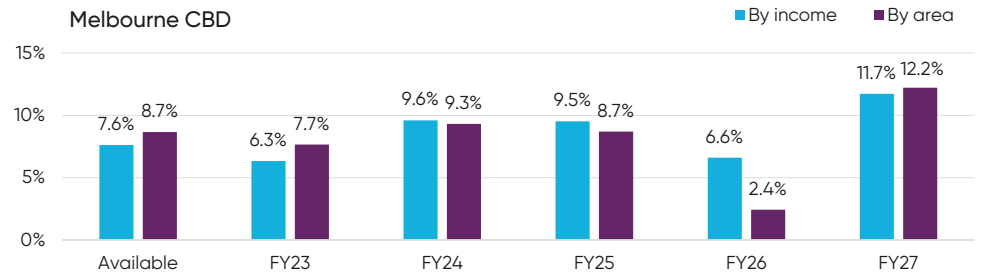
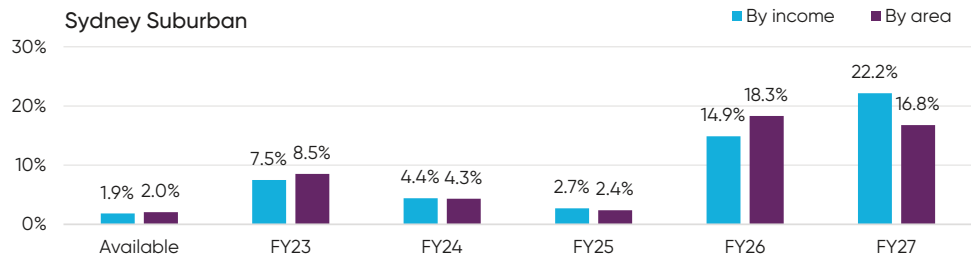
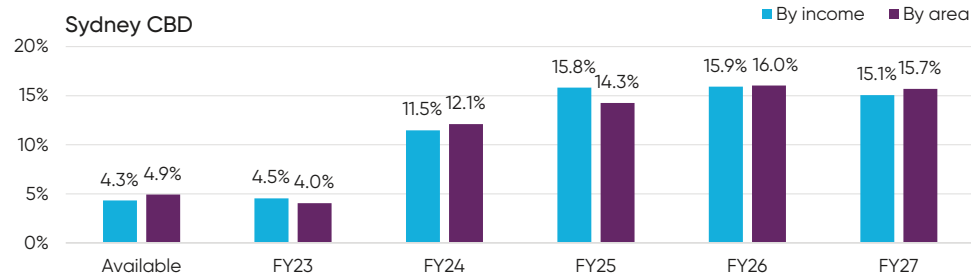


Office by location



Property portfolio

Office portfolio lease expiry profiles by region¹



Dexus Office ²	Value (\$m)	Cap rate (%)	Yield ³ (%)
Sydney CBD	6,266	4.71%	4.55%
Sydney suburban	938	4.99%	4.98%
Melbourne CBD	2,527	4.74%	3.83%
Brisbane CBD	995	5.18%	5.43%
Perth CBD	1,354	5.62%	5.92%

1. % relates to each of the regions total income only.
 2. Includes stabilised properties only.
 3. Past 12 months rolling FFO yield based on annualised income excluding the effects of COVID-19 rent waivers and one-off income.

Property portfolio

Office top 10 customers represents 16.3% of total property portfolio income

Office top 10 customers

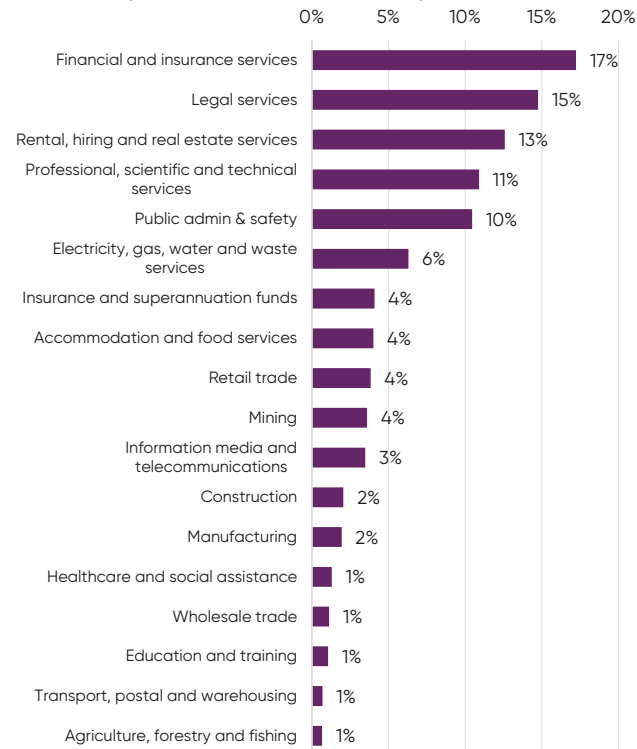
Office customers ¹	Credit rating ²	% of total property portfolio income ³
Woodside	BBB+	3.2%
Commonwealth of Australia	AA-	2.8%
Wilson Parking	Not rated	1.9%
State of Victoria	AA	1.8%
King & Wood Mallesons	Not rated	1.2%
Herbert Smith Freehills	Not rated	1.2%
HWL Ebsworth	Not rated	1.1%
Boeing	BBB-	1.1%
Shell Energy Australia	A	1.0%
Macquarie Group Limited	BBB+	1.0%

1. Includes executed heads of agreement at 31 December 2022.

2. Highest equivalent S&P rating.

3. Annualised income is based on the sum of the passing gross rental and secured gross rental (for signed leases and for signed Heads of Agreement).

Diversity of office customers (by income)

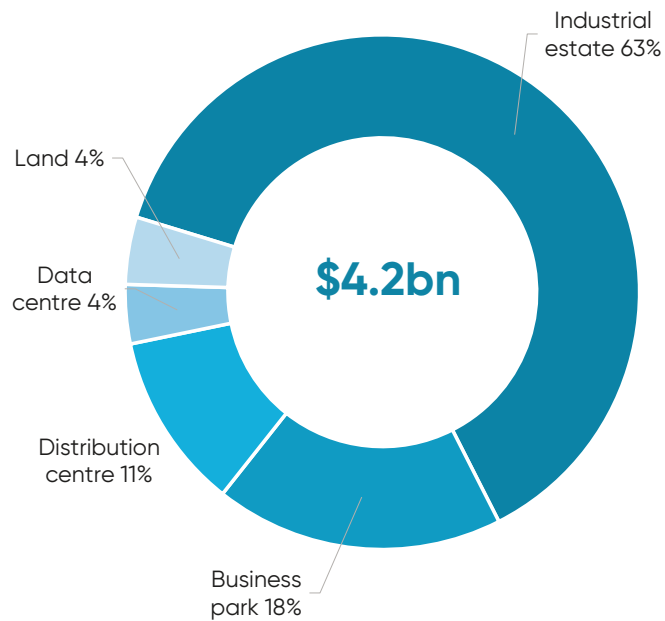


100 Mount Street, North Sydney NSW.

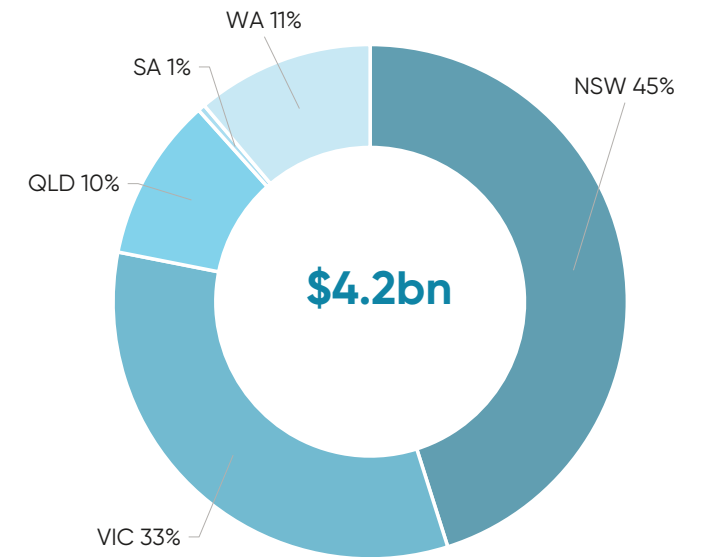
Property portfolio

Industrial portfolio diversification

Industrial by asset type

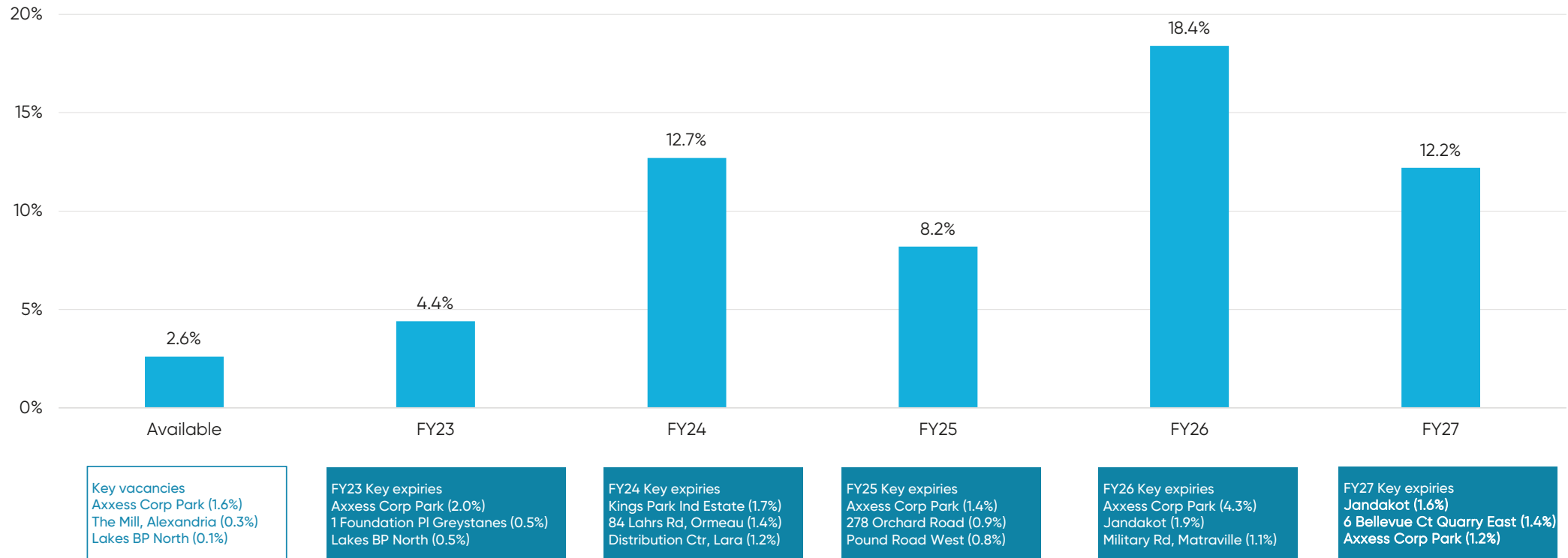


Industrial by location



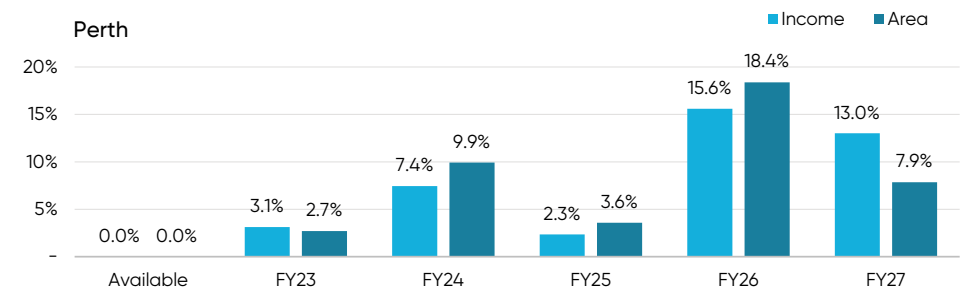
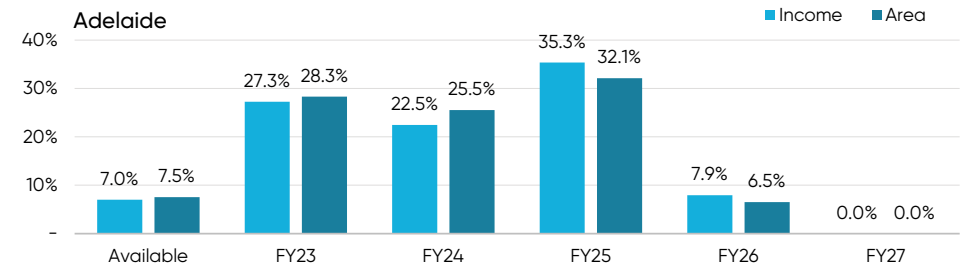
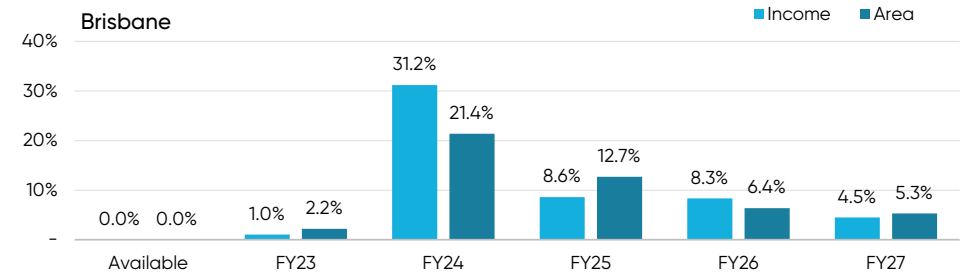
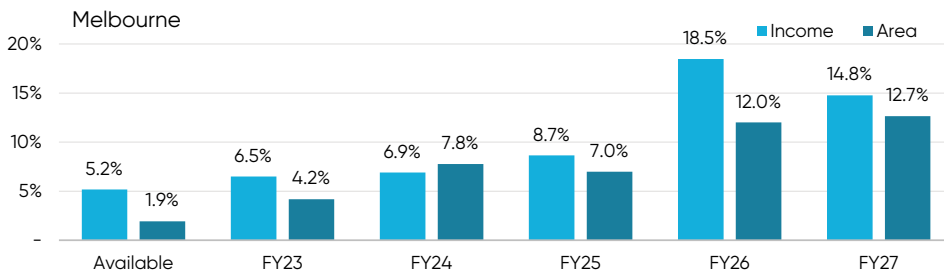
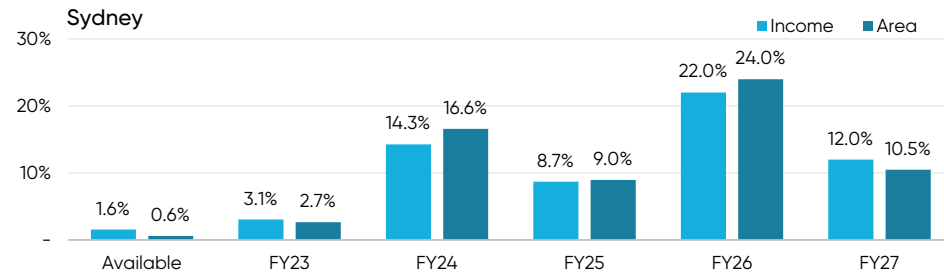
Property portfolio

Industrial portfolio lease expiry profile by income



Property portfolio

Industrial portfolio lease expiry profiles by region¹



Dexus Industrial ²	Value (\$m)	Cap rate (%)	Yield ³ (%)
Sydney	1,662	4.09%	3.82%
Melbourne	1,214	4.71%	4.56%
Brisbane	379	4.79%	4.95%
Adelaide	17	9.75%	9.13%
Perth	411	3.81%	5.30%

1. % relates to each regions total income only.
 2. Includes stabilised properties only.
 3. Past 12 months rolling FFO yield based on annualised income excluding the effects of COVID-19 rent waivers and one-off income.

Property portfolio

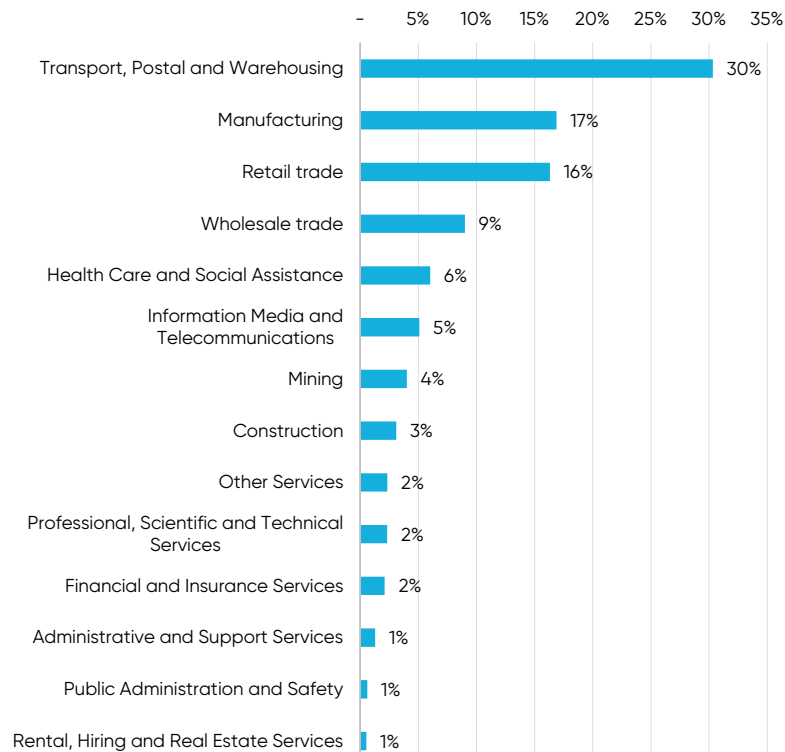
Industrial top 10 customers represent 4.2% of total property portfolio income

Industrial top 10 customers

Industrial customers ¹	% of total property portfolio income ²
Visy	0.8%
IBM Australia	0.6%
AWH	0.4%
Reece	0.4%
Symbion Health	0.4%
Coles	0.4%
Linfox	0.3%
Mcphee Distribution Services	0.3%
Bapcor	0.3%
WINIT	0.3%

1. Includes executed Heads of Agreement at 31 December 2022.
 2. Annualised income is based on the sum of the passing gross rental and secured gross rental (for signed leases and for signed Heads of Agreement).

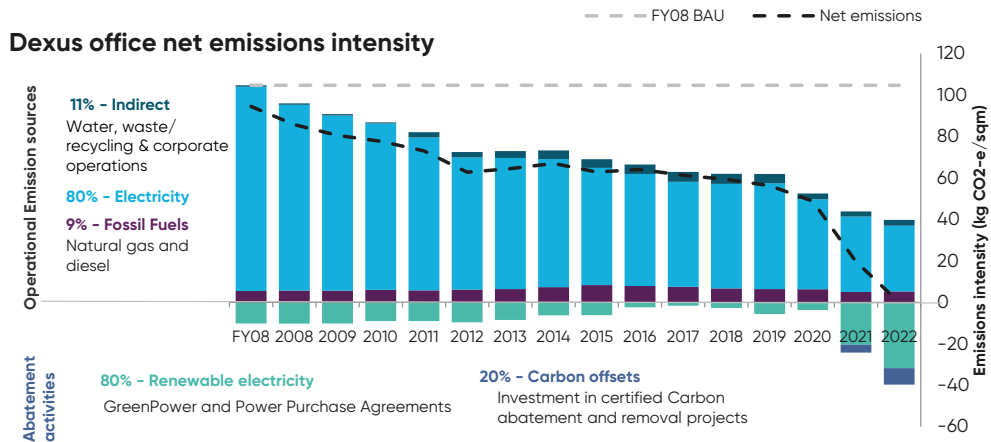
Diversity of industrial customers (by income)



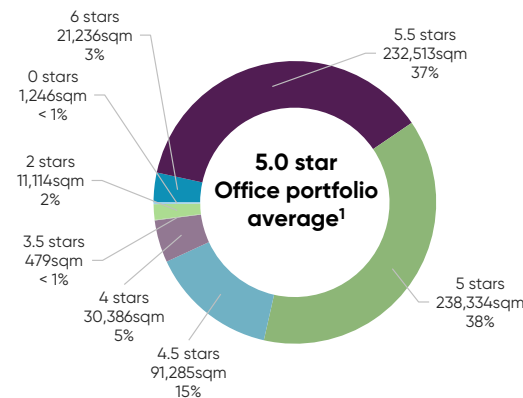
103 Palm Springs Road, Ravenhall VIC.

Environmental metrics

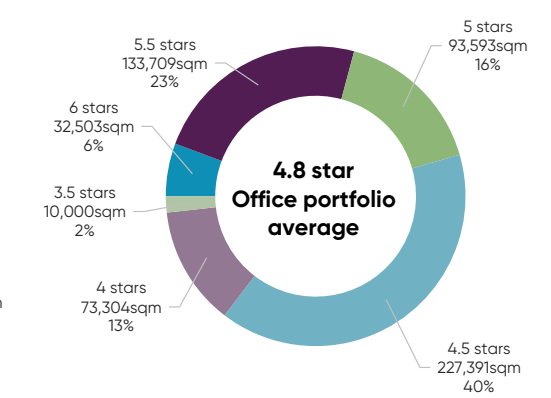
Office portfolio sustainability metrics



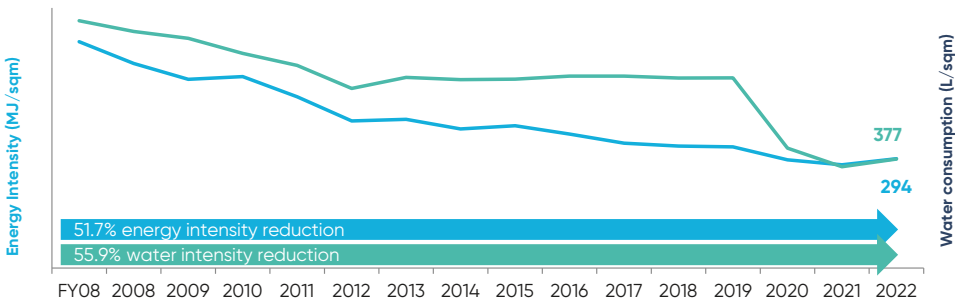
Dexus Office NABERS Energy ratings



Dexus Office NABERS Water ratings



Dexus Office Energy and Water intensity



Dexus Office NABERS portfolio average ratings (stars)

	Energy with GreenPower	Energy	Water	Waste	Indoor Environment
Jun 18	4.9	4.7	3.6	-	-
Jun 19	5.0	4.8	3.6	-	-
Jun 20	5.0	4.8	3.7	2.6	4.1
Jun 21	5.1	5.0	4.5	2.6	4.8
Jun 22	5.3	5.0	4.7	2.9	4.9
Dec 22	5.3	5.0	4.8	70% coverage 3.0	73% coverage 4.6
				73% coverage	87% coverage

1. Excluding GreenPower.

Development

Dexus completed developments

Pipeline	Building area ¹ sqm	Project cost ² \$m	Yield on cost %	Leased %	Completion due	Third party partner interest %
Industrial						
Palm Springs Road, Ravenhall VIC	51,100	17	6.0%	100%	Jul-22	75%
Jandakot Airport, Perth WA	34,300	22	4.8%	100%	Oct-22	67%
12 Frederick Street, St Leonards NSW ³	17,500	67	n/a	73%	Nov 22	0%
Total developments completed	102,900	106				

1. At 100% ownership.

2. Dexus share in development cost (including land, funding cost and excludes downtime and income earned through development).

3. 12 Frederick Street, St Leonards was sold on 22 December 2022.

Development

Dexus committed developments and fund-throughs

Pipeline		Building area ¹ sqm	Project cost est. ² \$m	Est. cost to completion ² \$m	Yield on cost ³ %	Leased %	Completion due	Third party partner interest %
Office	123 Albert Street, Brisbane QLD	39,300	597	160	c. 5%	54%	Late 2023	-
	Atlassian Central, Sydney NSW ⁴	58,000	1,450	1,298	4-5%	100%	Late 2026	-
	Stage 1, Waterfront Brisbane QLD ⁶	76,100	825	769	5-6%	45%	Early 2028	50%
Total office		173,400	2,872	2,227				
Industrial	Palm Springs Road, Ravenhall VIC	160,900	61	30	c. 6%	75%	Late 2023	75%
	Jandakot Airport, Perth WA	96,100	82	51	c. 5.5%	71%	Mid 2024	67% ⁵
	Stage 2 1-21 McPhee Drive, Berrinba QLD	13,800	42	24	n/a	100%	Early 2023	-
	884 Mamre Road, Kemps Creek NSW	42,300	67	67	n/a	100%	Mid 2024	50%
	141 Anton Road, Hemmant QLD	62,400	168	125	4-5%	77%	Early 2024	-
Total industrial		375,500	420	297				
City retail/healthcare	25 Martin Place, Sydney NSW	11,000	215	19	4-5%	97%	Early 2023	50%
Total city retail/healthcare		11,000	215	19				
Total committed developments		559,900	3,507	2,543				

1. At 100% ownership.

2. Dexus share in development cost (including land, funding cost and excludes downtime and income earned through development).

3. Target yield on cost calculation includes cost of land, funding cost, downtime and income earned through development in the denominator. "n/a" applies to developments acquired via a fund-through arrangement.

4. Represents funding obligation for 100% of the project cost (excluding land).

5. Reflects DXI 33.3% stake and Cbus Super 33.3% stake.

6. Estimated project cost and estimated cost to completion include the pad site costs associated with Waterfront Stage 2. Yield on cost excludes pad site costs associated with Waterfront Stage 2.

Development

Dexus uncommitted developments

Pipeline ⁵		Building area ^{1,5} sqm	Project cost est. ² \$m	Est. yield on est. project cost ³ %	Third party partner interest %
Office	Stage 2 Waterfront Brisbane QLD	57,500	c. 450	5-6%	50%
	60 Collins Street, Melbourne VIC	43,200	c. 950	c. 5%	-
	Central Place Sydney NSW ⁴	137,800	c. 800	5-6%	25%
	Pitt and Bridge Precinct, Sydney NSW	80,000	c. 1,550	c. 5%	50%
Total office		318,500	c. 3,750		
Industrial	Jandakot Airport, Perth WA	254,900	c. 150	5-6%	67%
	Palm Springs Road, Ravenhall VIC	138,800	c. 50	6-7%	75%
	113-153 Aldington Road, Kemps Creek NSW	164,700	c. 200	5-6%	50%
	311 South Street, Marsden Park NSW	43,800	c. 100	c. 5-6%	49%
	12 Church Road, Moorebank NSW	17,800	c. 50	5-6%	50%
	149 Orchard Road, Chester Hill NSW	24,100	c. 50	c. 5%	50%
	220 and Part 106 Riding Boundary Road, Ravenhall VIC	234,400	c. 300	4-5%	50%
	Stage 1 Axxess Corporate Park, Mount Waverley VIC	80,700	c. 300	5-6%	-
Total industrial		959,200	c.1,200		
Total uncommitted developments		1,277,700	c. 4,950		

1. At 100% ownership.

2. Dexus share in development cost (including land, funding cost and excludes downtime and income earned through development).

3. Target yield on cost calculation includes cost of land, funding cost, downtime and income earned through development in the denominator.

4. Excluding external party share of project. External JV partner owns 50% of this project.

5. Figures are indicative and subject to relevant planning approvals and leasing commitment outcomes. Building area and project costs are presented on a rounded basis.

Transactions

Dexus¹

Dexus acquisitions	Purchase price ² \$m	Interest %	Settlement	Dexus divestments	Sale price ² \$m	Interest %	Settlement
3 Spring, 58 Pitt and 60 Pitt Streets, Sydney NSW ³	\$46.2	50%	Aug 18–Aug 22	383–395 Kent Street, Sydney NSW	\$385.0	100%	29-Jul-22
Lot 2 884–928 Mamre Road, Kemps Creek NSW ⁴	\$62.7	50%	Apr 23	140 & 150 George Street, Parramatta NSW	\$77.3	50%	29-Jul-22
113–153 Aldington Road, Kemps Creek NSW ⁵	\$125.5	100%	Apr 23	Australian Bragg Centre, Adelaide SA ⁷	\$102.5	50%	16-Dec-22
220 and Part 106 Riding Boundary Road, Ravenhall VIC ⁶	\$33.2	50.1%	May 25	19 Stoddart Road, Prospect NSW ⁸	\$76.2	100%	16-Dec-22
All other acquisitions under \$30m	\$46.2	n/a	Jul 22–Dec 22	12 Frederick Street, St Leonards NSW	\$118.5	100%	22-Dec-22
				112 Cullen Avenue, Eagle Farm QLD ⁸	\$31.9	100%	24-Jan-23
				145–151 Arthur Street, Flemington NSW	\$73.3	100%	1-Feb-23
				20 Distribution Drive, Truganina VIC ^{8,9}	\$43.1	100%	May 23
				586 Wickham Street & 10 Light Street, Fortitude Valley QLD	\$98.0	100%	Jun 23
				8 Nicholson Street, East Melbourne VIC ⁸	\$213.7	100%	Jul 23
				All other divestments under \$30m	\$15.9	100%	Jul 22–Dec 22

1. Excludes Dexus's share in its co-investments in pooled funds.

2. Excludes transaction costs.

3. Reflects only the portion of the transaction that settled in HY23 which was made up of Lots in 58 Pitt Street, Sydney NSW.

4. Exchanged in September 2021. The purchase price reflects the development completion price and excludes acquisition costs. The property will be acquired via a fund-through arrangement with development payments expected to commence in 2023.

5. Exchanged in August 2021. Settlement subject to exercise of put and call option.

6. Exchanged in June 2022. Settlement subject to successful rezoning of land.

7. Price reflects the base purchase consideration for the 50% units in the trust inclusive of the Subordinated Convertible Loan Agreement debt and trust level adjustments.

8. Reflects net sale price and excludes transaction costs.

9. The sale price reflects the development completion price and excludes transaction costs.

Transactions

Funds management

Funds Management acquisitions	Purchase price ¹ \$m	Interest %	Settlement
3 Spring, 58 Pitt and 60 Pitt Streets, Sydney NSW ²	46.2	50%	Aug 18–Aug 22
Australian Bragg Centre, Adelaide SA ³	102.5	50%	16–Dec–22
90 Goodchap Street, Noosaville QLD	35.0	100%	21–Dec–22
Lot 2 884–928 Mamre Road, Kempas Creek NSW ⁴	62.7	50%	Apr 23
220 and Part 106 Riding Boundary Road, Ravenhall VIC ⁵	33.1	49.9%	May 25
All other acquisitions under \$30m	75.2	n/a	Jul 22–Dec 22

Funds Management divestments	Sale price ¹ \$m	Interest %	Settlement
140 & 150 George Street, Parramatta NSW	77.3	50%	29–Jul–22
Shepparton Marketplace, Shepparton VIC	88.1	100%	30–Sep–22
1A & 1C Homebush Bay Drive, Rhodes NSW	160.5	100%	30–Nov–22
26 Huntingwood Drive, Huntingwood NSW	38.0	100%	31–Jan–23
Carillon City, Perth WA ⁶	80.5	100%	Feb 23
Deepwater Plaza, Woy Woy NSW ⁷	115.0	100%	Mar 23
Beenleigh Marketplace, Beenleigh QLD	85.0	100%	Apr 23
All other divestments under \$30m	54.1	n/a	Jul 22–Jun 23

1. Excludes transaction costs.

2. Reflects only the portion of the transaction that settled in HY23 which was made up of Lots in 58 Pitt Street, Sydney NSW.

3. Price reflects the base purchase consideration for the 50% units in the trust inclusive of the Subordinated Convertible Loan Agreement debt and trust level adjustments.

4. Exchanged in September 2021. The purchase price reflects the development completion price and excludes acquisition costs. The property will be acquired via a fund-through arrangement with development payments expected to commence in 2023.

5. Contracts were exchanged in June 2022 and settlement is subject to the successful rezoning of land.

6. Exchanged in April 2022 and settlement will occur once ministerial consent has been achieved.

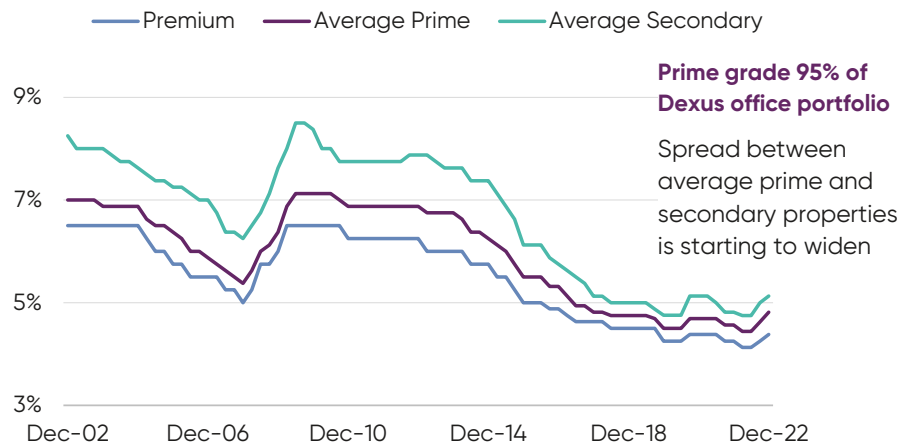
7. Conditional exchange of contracts occurred on 19 December 2022 and unconditional exchange occurred on 2 February 2023, with settlement targeting March 2023.

Prime grade properties better placed

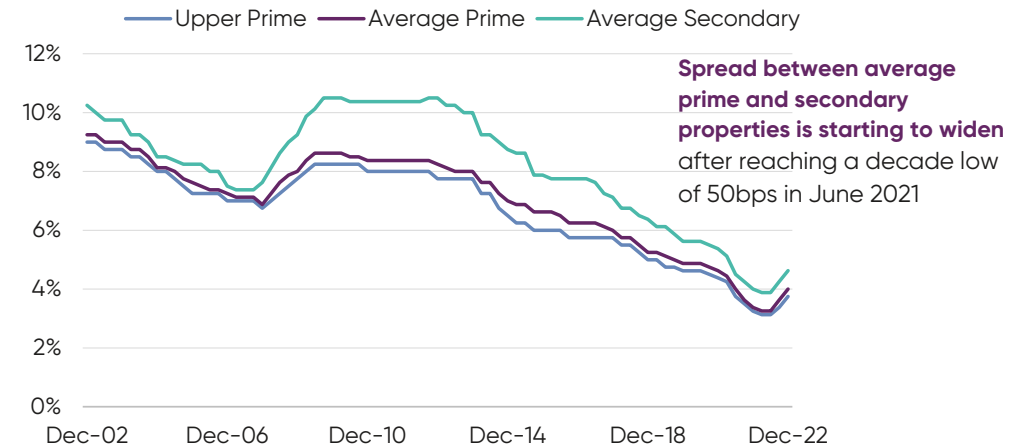
Dexus portfolio predominantly weighted to Prime grade

- › **We expect quality assets to continue performing better** in the current environment, with regard to both tenant and investor demand
- › Strong market rental growth to provide some support for industrial valuations
- › Direct property investors tend to hold **long term investment horizons**

Sydney CBD office capitalisation rates by grade



Sydney industrial capitalisation rates by grade¹

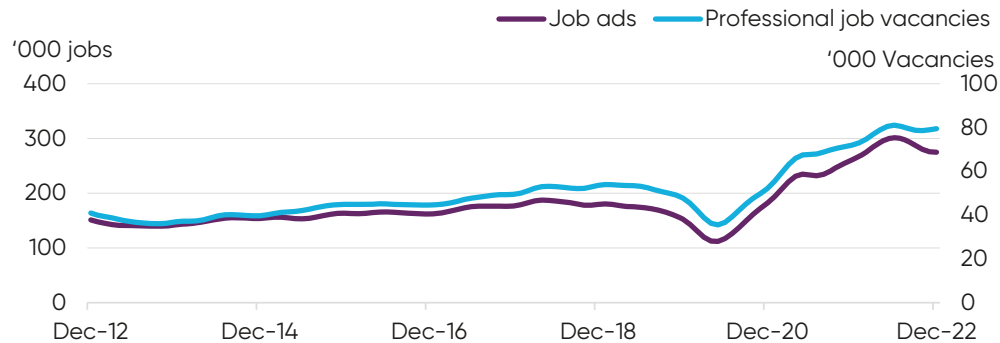


Source: JLL Research and Real Vantage.
 1. Outer Western Sydney industrial market cap rate data used.

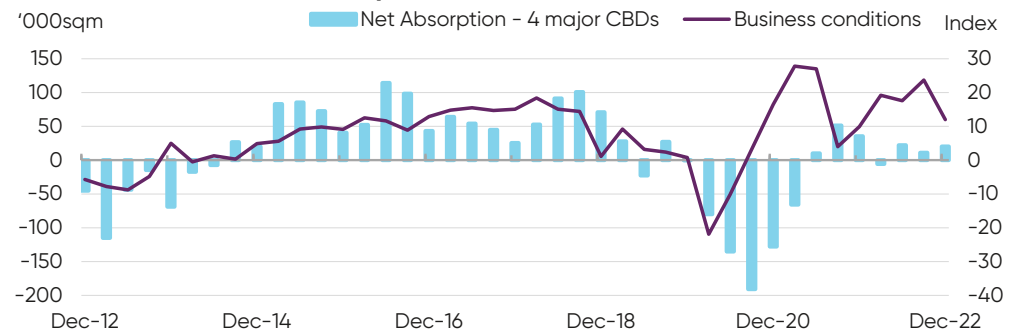
Office demand indicators

Demand indicators positive to December 2022, despite emerging cyclical risks

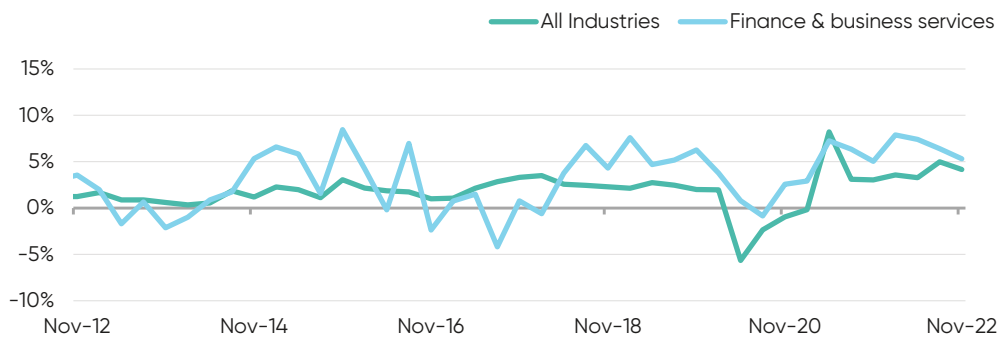
Job advertisements



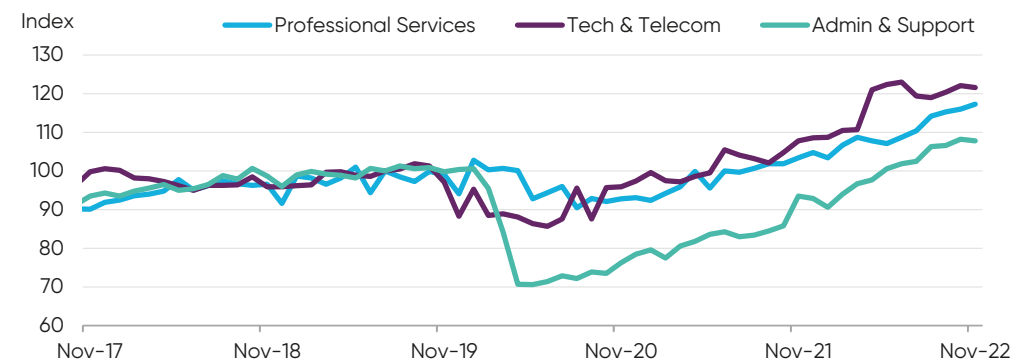
Business conditions remain positive



White collar employment growth



Professional company revenues

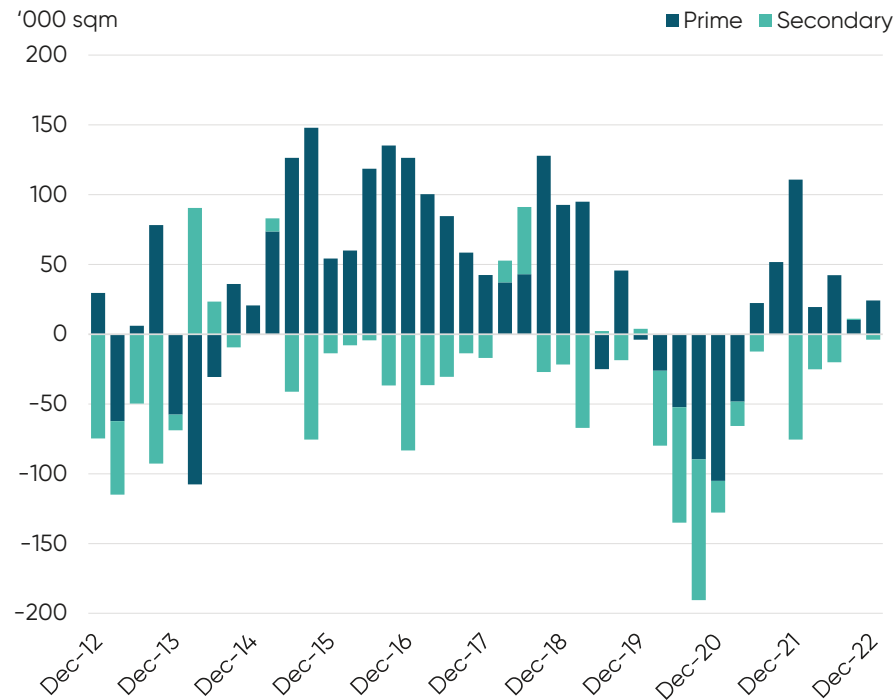


Source: National Skills Commission, NAB, ABS, PCA, JLL Research (*Sydney CBD, Melbourne CBD, Brisbane CBD, Perth CBD).

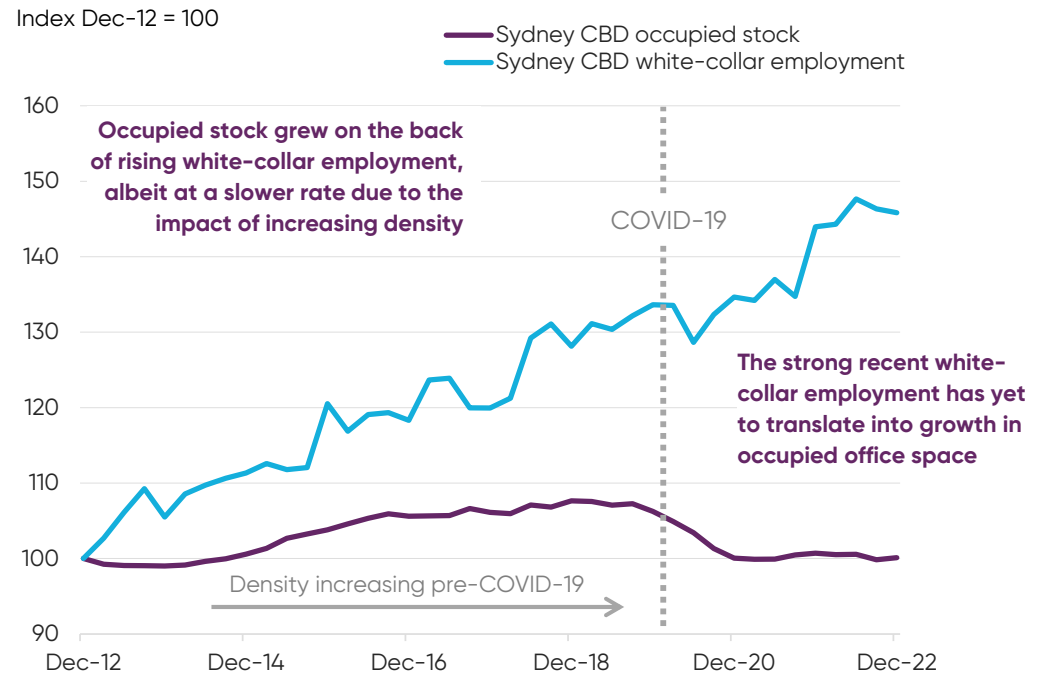
Office market outlook

Flight to quality, strong employment yet to translate into CBD demand

Net absorption by grade in the four major CBDs



Sydney CBD occupied stock vs. Sydney CBD white-collar employment

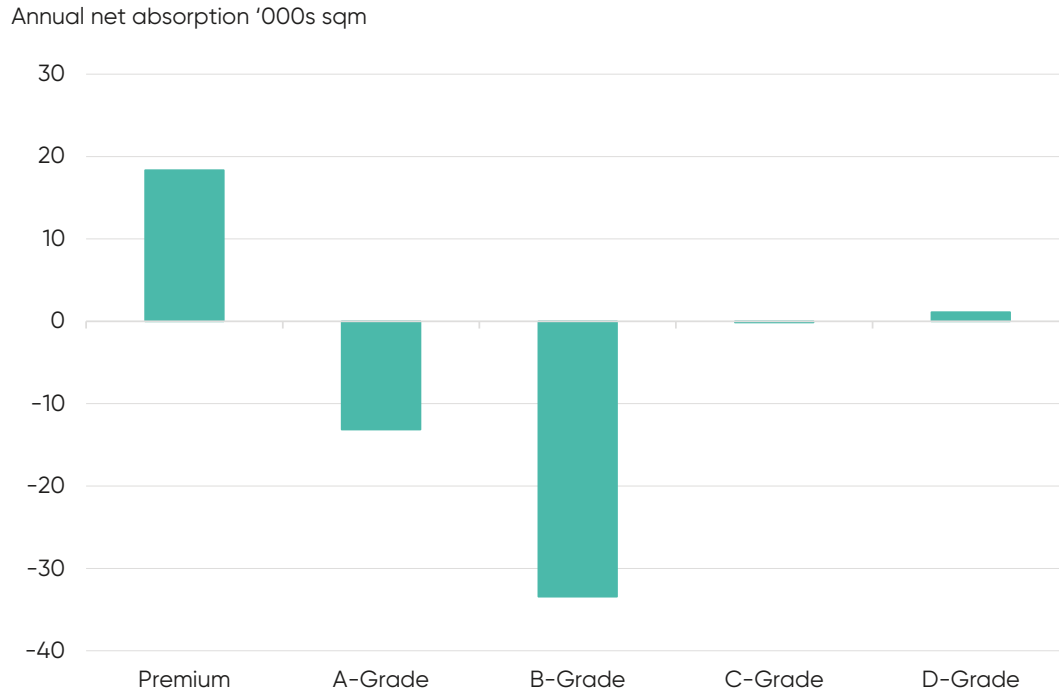


Source: JLL Research, Oxford Economics, Dexus Research. Four CBD's include Sydney, Melbourne, Brisbane and Perth.

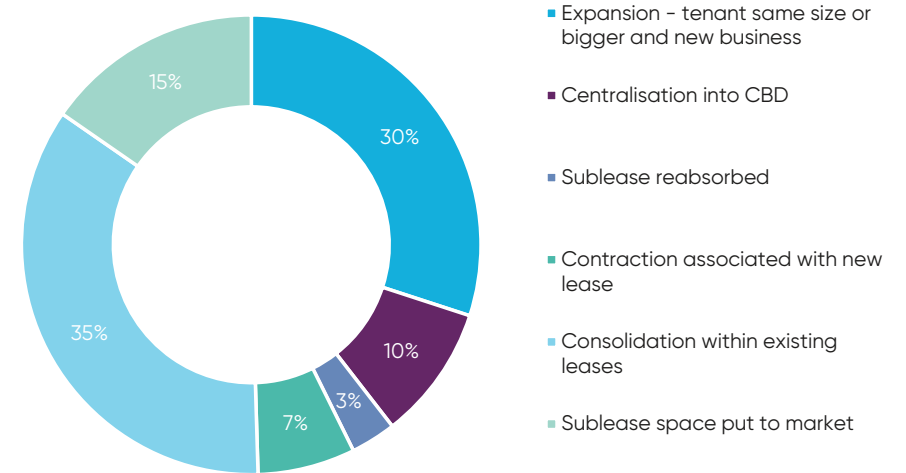
Sydney CBD net absorption

Flight to quality, expansion and centralisation the key themes

Tenant moves by grade (Sydney CBD, C2022)



Sydney CBD: expansion and centralisation accounted for 40% of occupier moves by area in 2022 (moves >1000sqm)

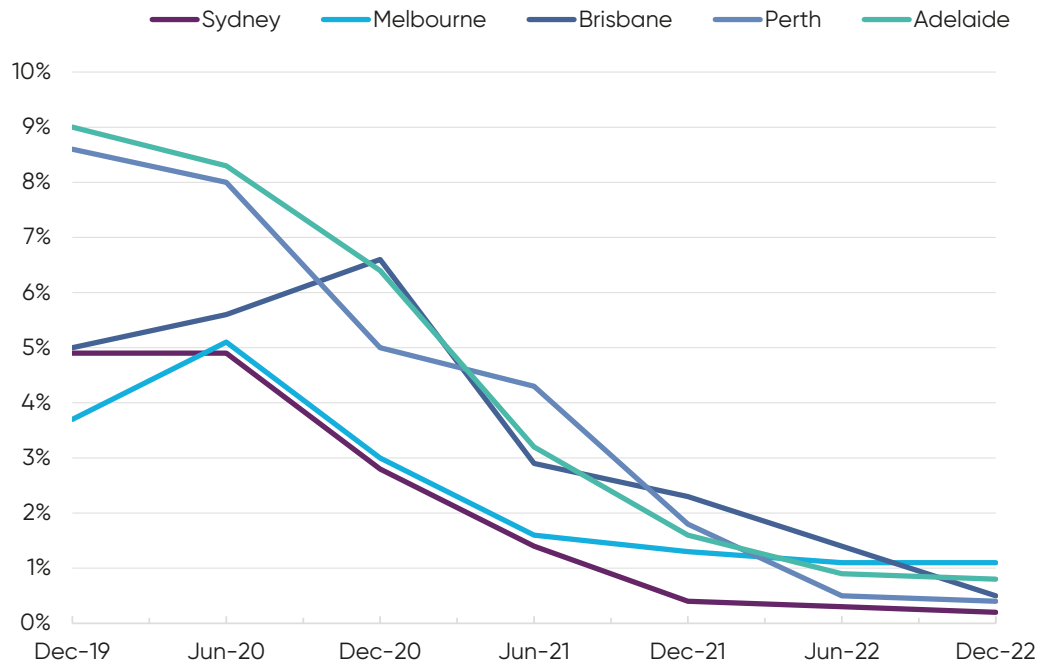


Source: Dexus Research, JLL Research.

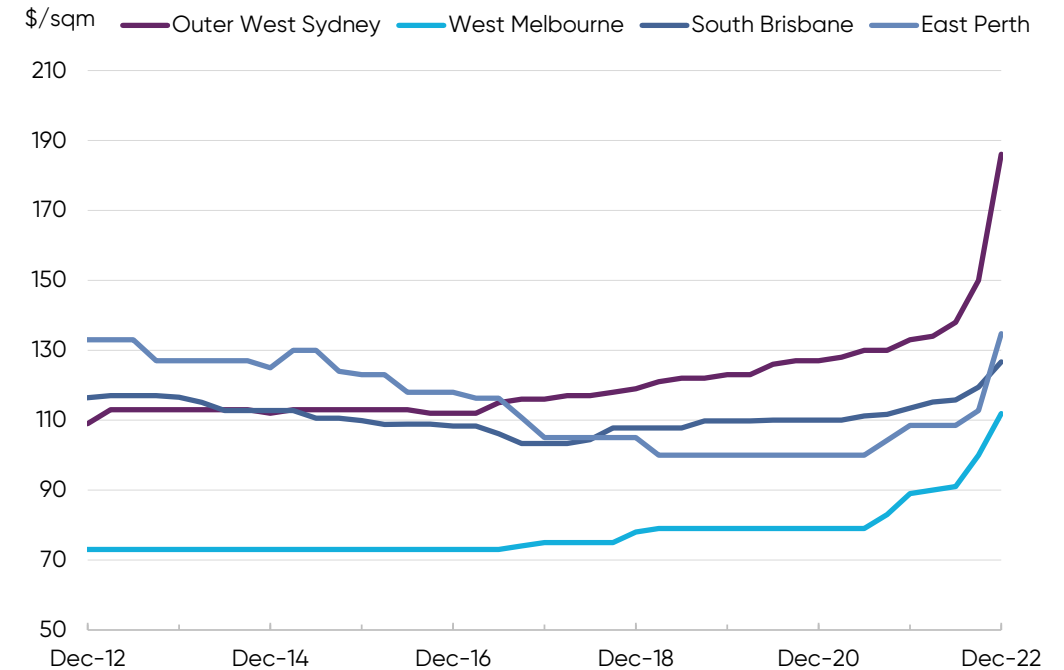
Industrial sector

Strong demand and low vacancy leading to significant rent growth

Vacancy rates hit record lows across all markets



Lack of space leading to rapid growth in rents

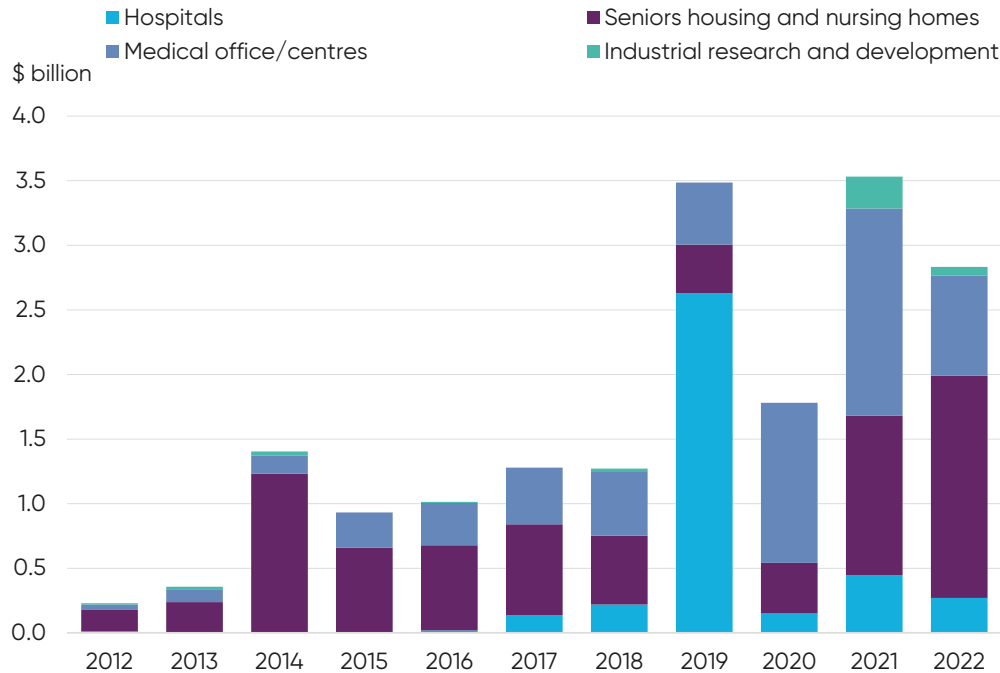


Source: Dexus Research, JLL Research.

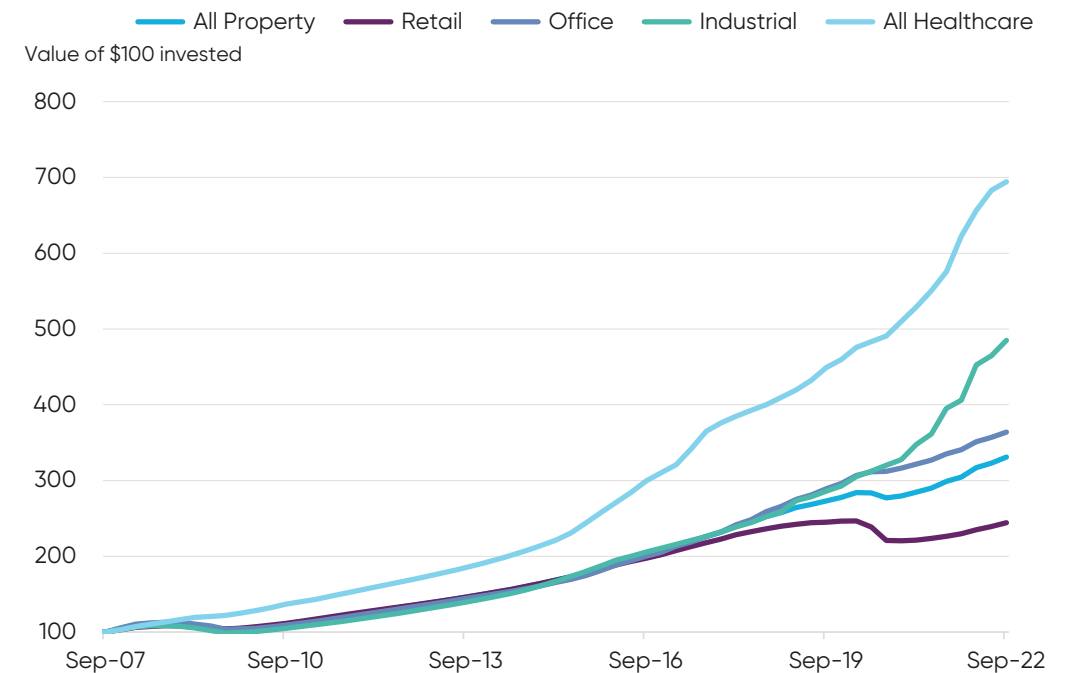
Healthcare sector

Healthcare has outperformed other sectors over the past decade

Growing institutional demand drives healthcare transactions higher



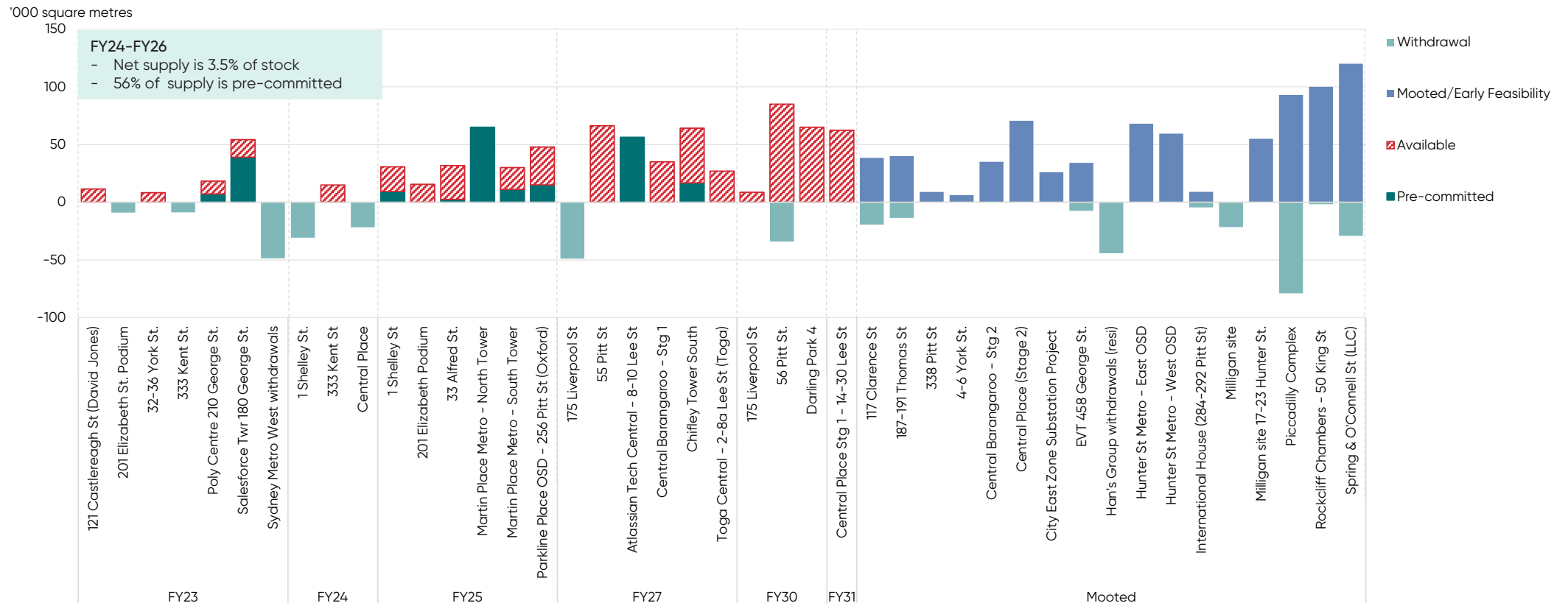
Indexed returns¹ by sector (15yrs) (September 2007=100)



1. MSCI and Dexus Research. MSCI total return index on a quarterly basis over 15 years to September 2022. Source: Real Capital Analytics, MSCI, Dexus Research. This information is provided for reference purposes only and is not a guarantee of future performance.

Market outlook

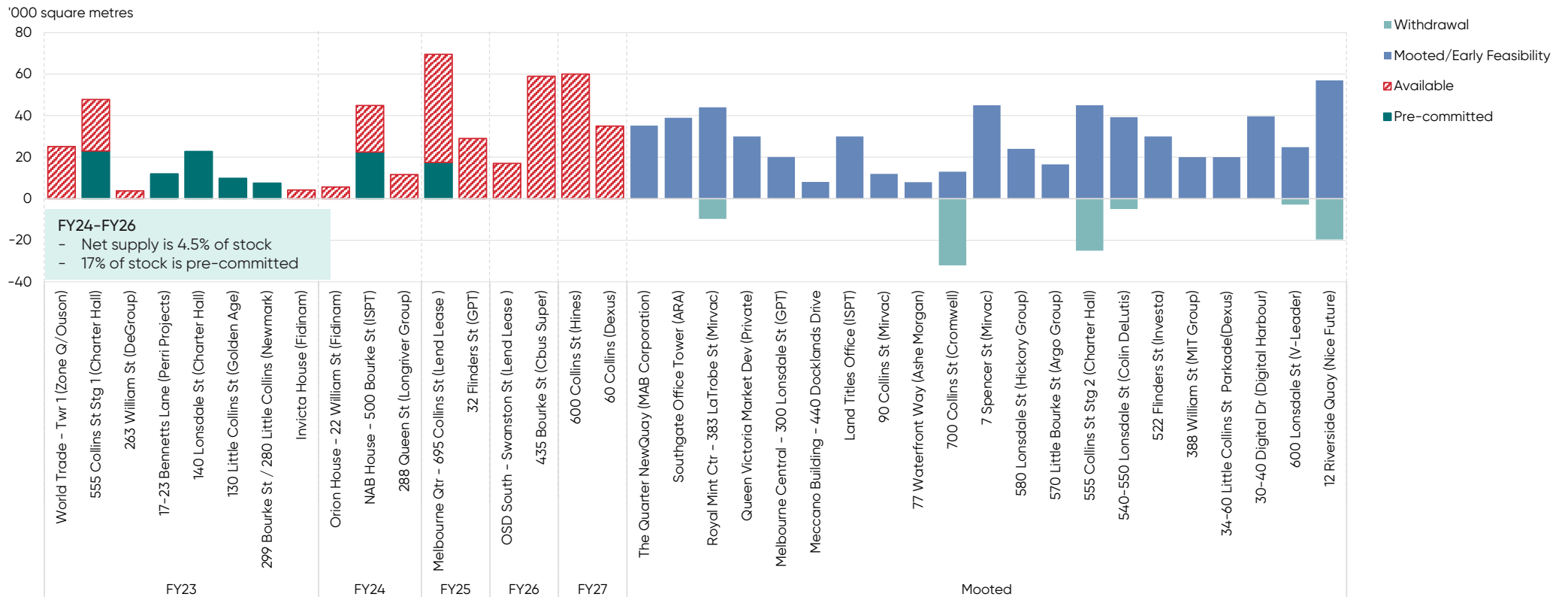
Sydney CBD – Supply reasonably subdued over the next two years



Source: JLL Research, Dexus Research.

Market outlook

Melbourne CBD – many projects will require pre-commitment in order to proceed



Source: JLL Research, Dexus Research.

Office markets

Dexus's position in CBD office

CBD office market	Sydney	Melbourne	Brisbane	Perth
Total NLA	3,364,481	3,630,167	1,350,464	1,118,136
Prime vacancy average	14.7% ¹	16.0%	14.7%	15.0%
Dexus CBD exposure				
Total NLA	523,968	422,153	262,816	183,849
Number of properties	14	8	4	4
Occupancy (by area)	94.7%	95.0%	92.5%	97.5%
Occupancy (by income)	95.4%	95.2%	93.4%	97.3%
WALE	3.9	4.7	4.5	7.6



Source: JLL
 1. JLL vacancy estimates include space currently occupied but available for lease in future periods and sublease space, majority of which is now committed under Heads of Agreements since 31 December 2022.

Other information

Exchange and securities used in statutory accounts

		31 Dec 2022	30 Jun 2022	31 Dec 2021
Closing rates for Statement of Financial Position	USD	0.6775	0.6889	0.7256
Average rates for Statement of Comprehensive Income	USD	0.6752	0.7030	0.7319
Post consolidation equivalent amounts				
		6 mths to 31 Dec 2022	12 mths to 30 Jun 2022	6 mths to 31 Dec 2021
Average weighted number of securities ¹		1,075,565,246	1,075,565,246	1,075,565,246
Closing number of securities		1,075,565,246	1,075,565,246	1,075,565,246

1. Used to calculate FFO, Underlying FFO and AFFO per security.

Glossary

Distribution payout policy:	Policy is to distribute in line with free cash flow for which AFFO is a proxy
Funds From Operations (FFO):	FFO is in line with Property Council of Australia definition and 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.
Adjusted FFO (AFFO):	AFFO in accordance with guidelines provided by the Property Council of Australia (PCA): 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, less maintenance capital expenditure and lease incentives.
Gearing:	Gearing is represented by Interest Bearing Liabilities (excluding deferred borrowing costs and including the currency gains and losses of cross currency swaps) less cash divided by Total Tangible Assets (excluding derivatives and deferred tax assets) less cash. Interest Bearing Liabilities and Total Tangible Assets are both adjusted for debt in equity accounted investments (other than Dexus's share of co-investments in pooled funds).
Covenant gearing:	Represents Gearing defined above but not adjusted for cash or debt in equity accounted investments (including co-investments in pooled funds).
Portfolio value:	Unless otherwise stated, portfolio value is represented by investment properties, inventories, financial assets at fair value through profit and loss and investments accounted for using the equity method, and excludes cash and other assets.
Weighted Average Lease Expiry (WALE):	A measure in years of the average term to expiry of in-place rent. Includes vacancies.

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