Dexus (ASX: DXS) Appendix 4D

Results for announcement to the market

dexus 📘

Dexus

ARSN 648 526 470

Financial reporting for the half year ended 31 December 2023

Dexus	Property	Trust ¹
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	31 Dec 2023	31 Dec 2022	%
	\$m	\$m	Change
Revenue from ordinary activities	480.6	463.5	3.7%
Statutory net (loss)/profit attributable to security holders after tax	(597.2)	23.1	n/m
Funds from operations (FFO) ²	364.8	389.1	-6.2%
Underlying FFO ³	355.8	340.4	4.5%
Adjusted funds from operations (AFFO)⁴	292.4	310.8	-5.9%
Distribution to security holders	287.2	301.2	-4.6%
	Cents	Cents	
FFO per security ²	33.9	36.2	-6.4%
AFFO per security⁴	27.2	28.9	-5.9%
Distribution per security for the period	26.7	28.0	-4.6%
Payout ratio (distribution as a % of AFFO)	98.2%	96.9%	1.3%
Basic earnings per security	(55.5)	2.2	n/m
Diluted earnings per security	(55.5)	1.4	n/m
Franked distribution amount per security	-	-	-
	31 Dec 2023	30 June 2023	%
	\$m	\$m	
Total assets	16,957.2	18,480.2	-8.2%
Total borrowings	4,694.0	5,309.7	-11.6%
Security holders equity	11,369.6	12,264.3	-7.3%
Market capitalisation	8,260.3	8,389.4	-1.5%
	\$ per security	\$ per security	
Net tangible assets	10.04	10.88	-7.7%
Securities price	7.68	7.80	-1.5%
Securities on issue	1,075,565,246	1,075,565,246	
Record date	29 Dec 2023	30 Dec 2022	
Payment date	29 Feb 2024	28 Feb 2023	

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Details of joint ventures and associates

	Ownership		24 Dec 2022	20 100 2022
Name of entity	31 Dec 2023 %	30 Jun 2023 %	31 Dec 2023 \$m	30 Jun 2023 \$m
Dexus Office Trust Australia (DOTA)	50.0	50.0	2,042.9	2,159.7
Dexus 80C Trust	75.0	75.0	1,097.5	1,177.1
Dexus Martin Place Trust	50.0	50.0	888.8	, 919.0
Dexus Australian Logistics Trust (DALT)	51.0	51.0	734.8	730.1
Dexus Australian Logistics Trust No.2 (DALT2)	51.0	51.0	574.6	584.6
Bent Street Trust	33.3	33.3	363.3	378.3
Dexus 480 Q Holding Trust	50.0	50.0	328.2	357.1
AAIG Holding Trust	49.4	49.4	325.3	326.6
Jandakot City Holdings Trust (JCHT)	33.4	33.4	305.8	317.8
Dexus Industrial Trust Australia (DITA)	50.0	50.0	299.8	301.7
Dexus Wholesale Australian Property Fund (DWAPF)	18.9	18.9	266.3	319.8
Dexus Healthcare Property Fund (DHPF)	16.2	16.4	230.3	241.3
Dexus Kings Square Trust	50.0	50.0	206.8	231.5
Dexus Industria REIT (DXI)	17.5	17.5	186.7	193.0
Dexus Community Infrastructure Fund (CommIF)	9.3	5.1	132.7	73.1
Dexus Australian Logistics Trust No.3 (DALT3)	51.0	51.0	124.1	125.6
Dexus Wholesale Shopping Centre Fund (DWSF)	5.3	-	123.0	-
Dexus Diversified Infrastructure Trust (DDIT)	5.1	-	100.1	-
Dexus Eagle Street Pier Trust	50.0	50.0	84.3	53.1
Dexus KC Trust	51.0	100.0	79.9	-
Dexus Core Infrastructure Fund (DCIF)	9.9	7.8	72.5	64.5
Site 7 Homebush Bay Trust	50.0	50.0	72.4	73.9
Dexus Real Estate Partnership 1 (DREP1)	21.3	21.3	69.1	35.3
Dexus Australia Commercial Trust (DACT)	10.0	10.0	56.2	58.1
Dexus Convenience Retail REIT (DXC)	9.0	9.0	45.2	46.5
Site 6 Homebush Bay Trust	50.0	50.0	37.1	42.1
Mercatus Dexus Australia Partnership (MDAP)	10.0	10.0	36.9	38.0
Dexus RBR Ravenhall Pty Limited	50.1	50.1	36.4	36.2
Dexus Australian Logistics Trust No.4 (DALT4)	51.0	51.0	31.7	31.7
Dexus Chester Hill Trust	50.0	50.0	25.1	25.1
Jandakot Airport Domestic Trust (JADT)	34.7	34.7	24.7	20.8
Jandakot Airport Holdings Trust (JAHT)	32.0	32.0	24.0	24.2
Dexus Moorebank Trust	50.0	50.0	22.6	22.7
Dexus Global REIT Income Fund (GREIT)	59.0	60.0	11.9	11.3
Dexus Walker Street Trust	50.0	50.0	7.7	7.7
Grosvenor Place Holding Trust	50.0	50.0	1.1	1.2
Dexus Asian REIT Fund	3.1	2.6	1.1	1.1
Dexus Regional Property Fund	3.3	3.3	1.1	1.0
Dexus Mamre Road Trust	50.0	50.0	0.9	1.0
Dexus Creek Street Trust	50.0	50.0	0.7	0.7
Dexus Development Fund No. 2	4.8	4.8	0.3	0.8
RealTech Ventures	-	62.1	-	16.7
Divvy Parking Pty Limited	24.8	24.8	-	
Total assets - investments accounted for using the			9,073.9	9,050.0

Distribution Reinvestment Plan (DRP)

As announced on 13 December 2010, the DRP has been suspended until further notice. As a consequence, the DRP will not operate for this distribution payment.

- 1 For the purposes of statutory reporting, the stapled entity, known as DXS, must be accounted for as a consolidated group. Accordingly, one of the stapled entities must be the "deemed acquirer" of all other entities in the group. Dexus Property Trust has been chosen as the deemed acquirer of the balance of the DXS stapled entities, comprising Dexus Operations Trust and its consolidated entities.
- 2 The Directors consider the Property Council of Australia's (PCA) definition of FFO to be a measure that reflects the underlying performance of the Group. FFO comprises net profit/loss after tax attributable to stapled security holders, calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments and reversal of impairments, derivative and foreign exchange mark-to-market impacts, fair value movements 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, amortisation of intangible assets, movements in right-of-use assets and lease liabilities, rental guarantees and coupon income.
- 3 Underlying FFO excludes trading profits (net of tax).
- 4. 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, 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.

Authorised by the Board of Dexus Funds Management Limited.

For further information please contact:

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

Media Luke O'Donnell Senior Manager, Media and Communications +61 2 9017 1216 +61 412 023 111 luke.odonnell@dexus.com

About Dexus

Dexus (ASX: DXS) is a leading Australasian fully integrated real asset group, managing a high-quality Australasian real estate and infrastructure portfolio valued at \$57.1 billion. We believe that the strength and quality of our relationships will always be central to our success and are deeply connected to our purpose: Unlock potential, create tomorrow. We directly and indirectly own \$15.8 billion of office, industrial, healthcare, retail and infrastructure assets and investments. We manage a further \$41.3 billion of investments in our funds management business which provides third party capital with exposure to quality sector specific and diversified real asset products. The funds within this business have a strong track record of delivering performance and benefit from Dexus's capabilities. The platform's \$16.9 billion real estate development pipeline provides the opportunity to grow both portfolios and enhance future returns. Our sustainability aspiration is to unlock the potential of real assets to create lasting positive impact and a more sustainable tomorrow, and is focused on the priorities of customer prosperity, climate action and enhancing communities. Dexus is supported by more than 35,000 investors from 22 countries. With four decades of expertise in real estate and infrastructure investment, funds management, asset management and development, we have a proven track record in capital and risk management and delivering returns for investors.

Dexus Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS) Level 30, 50 Bridge Street, Sydney NSW 2000



Dexus (ASX: DXS) Interim Report 31 December 2023

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Dexus consists of two stapled managed investment schemes, Dexus Property Trust and Dexus Operations Trust, collectively referred to as "DXS" or the "Group". Dexus stapled securities are listed on the Australian Securities Exchange under the "DXS" code. The registered office of the Group is Level 30, Quay Quarter Tower, 50 Bridge Street, Sydney, NSW 2000.

The Group's financial performance for the six months ended 31 December 2023 is summarised in the following section. In order to fully understand the results, the Interim Consolidated Financial Statements included in this Interim Report should be referred to.

Review of operations

The Directors consider the Property Council of Australia's (PCA) definition of FFO to be a measure that reflects the underlying performance of the Group. FFO comprises net profit/loss after tax attributable to stapled security holders, calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments and reversal of impairments, derivative and foreign exchange mark-to-market impacts, fair value movements on investments accounted for at fair value, 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, amortisation of intangible assets, movements in right-of-use assets and lease liabilities, rental guarantees and coupon income.

Strategy

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

Execution of the Dexus strategy is enabled by its dual objectives of generating resilient income streams and being identified as the investment manager of choice. These objectives complement each other and are both supported by a concentrated focus on factors that will position Dexus well through economic cycles.

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

The revised Dexus sustainability strategy strongly aligns ESG outcomes with its dual strategic objectives and increases a focus on delivering sustainability value to its customers and investors.

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

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

In November 2023, Dexus achieved Final Completion of the acquisition of AMP Capital's real estate and domestic infrastructure equity business after the final condition precedent relating to the transaction was satisfied. The acquisition of the AMP Capital business has grown and diversified Dexus's platform, setting up the funds management business for future growth.

Operating result

Group performance

Dexus continues to focus on executing on its strategic objectives of generating resilient income streams and being identified as the real asset investment manager of choice.

Operating in an uncertain economic environment remains challenging. In this environment Dexus has generated \$292.4 million of AFFO and settled \$1.3 billion of balance sheet divestments over the past six months, enabling it to maintain a strong balance sheet, recycle capital into other opportunities such as its committed development pipeline.

Dexus's statutory net loss after tax was \$597.2 million, compared to a statutory net profit after tax of \$23.1 million in HY23. The reduction was primarily driven by greater fair valuation losses on investment property compared to HY23, due to capitalisation rate softening in HY24.

The external independent portfolio valuations resulted in a total \$687.3 million or circa 4.7% decrease on prior book values for the six months to 31 December 2023. The weighted average capitalisation rate of the Dexus office portfolio softened 32 basis points from 5.21% at 30 June 2023 to 5.53% at 31 December 2023, and for the Dexus industrial portfolio softened 42 basis points from 4.76% at 30 June 2023 to 5.18% at 31 December 2023.

These revaluation losses primarily drove the 84 cent or 7.7% decrease in net tangible asset (NTA) backing per security during the period to \$10.04 at 31 December 2023.

Operating earnings measure, Funds From Operations was \$364.8 million, 6.2% lower than HY23. Operationally, Underlying Funds From Operations (excluding trading profits) of \$355.8 million was 4.5% higher than the previous corresponding period, driven by growth in management operations FFO and fixed rent increases, partially offset by the higher cost of debt and group corporate costs.

Key drivers included:

- Office and industrial property FFO both decreased this half, primarily due to the impact of divestments, partially offset by fixed rent increases. For the industrial portfolio, recently completed developments and higher one-off income also made a positive contribution
- Income from co-investments in pooled funds grew significantly, driven by new investments in AMP Capital platform funds
- Management operations FFO increased by \$20.5 million reflecting the acquisition of the AMP Capital platform, recognition of a portion of the Dexus Australian Logistics Trust (DALT) performance fee, partially offset by a lower contribution from development milestone income compared with HY23
- Group corporate expenses increased by \$12.9 million, primarily due to the AMP Capital platform acquisition as well as general cost inflation
- Net finance costs decreased by \$3.0 million, as higher floating rates were more than offset by the impact of divestments on the average debt balance
- Other FFO expenses decreased by \$7.6 million, as higher tax expenses as a result of growth in management operations FFO were more than offset by interest savings from debt associated with the AMP Capital platform acquisition

AFFO¹ was \$292.4 million, 5.9% lower than the previous corresponding period, driven by predominantly by lower trading profits. AFFO excluding trading profits increased by 8.1%. On a per security basis, AFFO of 27.2 cents decreased by 5.9% and distributions of 26.7 cents decreased by 4.6% on the previous corresponding period.

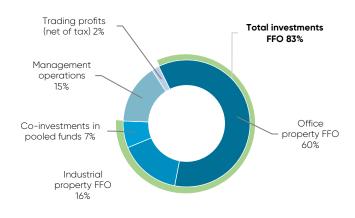
Despite lower trading profits which can vary from period to period, underlying earnings remain resilient with \$292.4 million of AFFO delivered for the half and rent collections for the Dexus office and industrial portfolio remaining strong at 99.4%.

Dexus maintained a strong balance sheet with gearing² (look-through) of 29.4%, remaining below the target range of 30-40%, and \$3.1 billion of cash and undrawn debt facilities. Dexus has a weighted average debt maturity of 4.6 years, manageable near-term debt expiries and remains within all of its debt covenant limits, retaining its credit ratings of A-/A3 from S&P and Moody's respectively.

On average 95% of Dexus's debt was hedged in HY24. Dexus's weighted average hedge maturity is 4.2 years, providing material protection against interest rate movements over the medium term.

Key financials	31 Dec 2023	31 Dec 2022	Change
Statutory net loss after tax (\$m)	(597.2)	23.1	(2,685.3%)
Funds From Operations (FFO) (\$m)	364.8	389.1	(6.2%)
Underlying FFO per security ³ (cents)	33.1	31.6	4.7%
FFO per security (cents)	33.9	36.2	(6.4%)
AFFO per security (cents)	27.2	28.9	(5.9%)
Distribution per security (cents)	26.7	28.0	(4.6%)
	31 Dec 2023	30 Jun 2023	Change
Net tangible asset backing per security (\$)	10.04	10.88	(7.7%)
Gearing (look-through) ² (%)	29.4	27.94	1.5ppt

83% of FFO from property portfolio⁵



AFFO (Adjusted Funds from Operations) is in line with the Property Council of Australia definition.

² Adjusted for cash and debt in equity accounted investments and excluding Dexus's share of co-investments in pooled funds. Look-through gearing including Dexus's share of equity accounted co-investments in pooled funds was 30.7% as at 31 December 2023.

³ Underlying FFO excludes trading profits net of tax.

⁴ 5

Proforma gearing. Look-through gearing as at 30 June 2023 was 30.3%. FFO contribution is calculated before net finance costs, group corporate costs and non-trading related tax.

Valuation movements		31 Dec 2023	30 Jun 2023
Office portfolio		\$(613.6)m	\$(1,177.8)m
Industrial portfolio		\$(72.8)m	\$(6.6)m
Total portfolio ⁶		\$(687.3)m	\$(1,183.9)m
Weighted average capitalisation rate			
Office portfolio		5.53%	5.21%
Industrial portfolio		5.18%	4.76%
Total portfolio		5.45%	5.11%
A reconciliation of Statutory profit/(loss) af	ter tax to FFO and AFFO is	set out below.	
Statutory profit/(loss) reconciliation		31 Dec 2023 (\$m)	31 Dec 2022 (\$m)
Statutory AIFRS net profit/(loss) after tax		(597.2)	23.1
(Gain)/loss from sales of investment prop	erty	(O.1)	0.5
Fair value (gain)/loss on investment prope	erty	687.3	236.7
Fair value (gain)/loss on leased assets		(1.9)	(0.5)
Fair value (gain)/loss of investments at fa	ir value	16.4	(1.9)
Fair value (gain)/loss on mark-to-market	of derivatives	28.8	42.7
Incentives amortisation and rent straight-	-line ⁷	76.5	75.7
Non-FFO tax expense		(11.8)	(12.0)
Share of co-investment adjustments		79.6	(0.7)
Amortisation and impairment of intangible	e assets	1.6	60.8
Other unrealised or one-off items ⁸	85.6	(35.3)	
Funds From Operations (FFO) ⁹		364.8	389.1
Maintenance capital expenditure		(13.4)	(13.5)
Cash incentives and leasing costs paid		(19.4)	(23.3)
Rent free incentives		(39.6)	(41.5)
Adjusted Funds From Operations (AFFO))	292.4	310.8
Distribution		287.2	301.2
Distribution payout ratio (%)		98.2%	96.9%
FFO composition	31 Dec 2023 (\$m)	31 Dec 2022 (\$m)	Change
Office property FFO	283.9	294.9	(3.7%)
Industrial property FFO	74.4	83.9	(11.3%)
Co-investments income	32.1	14.4	122.9%
Total investments FFO	390.4	393.2	(0.7%)
Management operations ¹¹	72.5	52.0	39.4%
Group corporate costs	(35.9)	(23.0)	(56.1%)
Net finance costs	(62.2)	(65.2)	4.6%
Other ¹²	(9.0)	(16.6)	(45.8%)
Underlying FFO	355.8	340.4	4.5%
Trading profits (net of tax)	9.0	48.7	(81.5%)
FFO	364.8	389.1	(6.2%)

⁶ Total portfolio excludes co-investments in pooled funds and financial assets held at fair value through profit or loss. Includes other property revaluation loss of \$0.9m.

⁷ Including cash, rent free and fit out incentives amortisation.

HY24 other unrealised or one-off items includes \$43.0m transaction costs (including costs associated with the AMP Capital platform acquisition and integration and other successful transactions) and one-off significant items, \$9.0m of other amortisation mainly relating to exchangeable 8 notes and debt modification and \$34.5m of unrealised fair value losses on interest bearing liabilities. The remaining net \$0.9m expense relates to other items.

<sup>Including Dexus's share of equity accounted investments.
AFFO is in line with the Property Council of Australia definition.
Management operations FFO includes development management fees.
Other includes non-trading related tax expense and other miscellaneous items.</sup>

Segment performance

The following sections review the HY24 performance of the Group's key financial drivers including funds management, the property portfolio, co-investment income and trading.

Funds management performance

Dexus manages \$41.3 billion of funds across its diversified funds management business.

Dexus continues to be regarded as a leading real asset manager. While investor appetite for core assets remains soft, the platform is harnessing pockets of interest from a diverse capital base with its broad real assets offering.

Dexus also satisfied circa \$720 million of redemptions during the half, providing liquidity for investors through the divestment of assets.

The first fund in Dexus's opportunity series Dexus Real Estate Partnership 1 (DREP1), completed its final close last year at \$475 million of equity commitments and circa \$1 billion of investment capacity including gearing. DREP1 is now circa 75% allocated, invested across multiple asset classes taking both equity and debt positions. During HY24 Dexus launched the second fund in its opportunity series, Dexus Real Estate Partnership 2 (DREP2).

Dexus Healthcare Property Fund's (DHPF) continues to attract interest from investors and is currently undertaking an equity raising. In August 2023, the fund acquired Southport Private Hospital, a 90-bed mental health and rehabilitation facility operated by Ramsay Health Care over a 20-year lease. DHPF's funds under management now stands at circa \$1.7 billion across 12 assets with an on-completion value of \$1.8 billion.

Wholesale Airport Fund¹³ (WAF), a single asset fund that invest in Australia Pacific Airports Corporation (APAC), the unlisted holding company of Melbourne Airport and Launceston Airport, raised an additional \$31 million in equity from private investors, bringing its FUM to \$216 million.

During the half, Dexus completed \$1.3 billion of fund divestments and \$0.2 billion of fund acquisitions¹⁴.

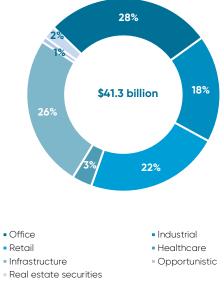
Since transitioning to Dexus's platform, Dexus Wholesale Shopping Centre Fund (DWSF) outperformed its benchmark during the six months to 31 December 2023, supported by leasing success in HY24.

Dexus Diversified Wholesale Property Fund (DWPF) also outperformed its benchmark over three, five, seven and ten-year time periods.

Diversified funds management product offering



Funds management portfolio by sector



- Infrastructure retail fund

The trustee of WAF is Dexus Capital Investment Services Pty Limited, a Dexus Group member, AMP Capital Investors Limited, Dexus Group 13 member continues to be the manager of WAF, APAF 1-4, DDIT, DCIF, DWSF and various Joint Ventures and Mandates.

¹⁴ Excluding transaction costs.

Management operations FFO

Management operations earnings increased significantly in HY24, reflecting the AMP Capital platform acquisition, recognition of a portion of the DALT performance fee, partially offset by a lower contribution from development milestones income compared with HY23.



Funds management outlook

The past year was a challenging one for real assets with rising interest rates weighing on investor sentiment. While a slowing in the economy is a consideration for occupier activity in the short term, a forecast fall in interest rates in FY25 is expected to be a major positive for real asset valuation as investors factor in a lower cost of capital. Transaction markets for real assets can be expected to become more active as we move through 2024 given interest rates appear to be peaking and price discovery is well underway. Longer-term trends remain sound with demand for real assets to be underpinned by strong population growth.

Property portfolio performance

Dexus remains focused on maximising the performance of the property portfolio through leasing and active asset management strategies, with the property portfolio contributing to 76% of FFO¹⁵ in HY24.

Dexus office portfolio	Dexus industrial portfolio
4.0% ¹⁶	+5.5% ¹⁷
Effective LFL income	Effective LFL income
HY23: +3.2%	HY23: +2.4%
29.4%	18.6%
Average incentives ¹⁸	Average incentives ¹⁹
FY23: 30.0%	FY23: 10.7%
94.5%	99.0%
Occupancy	Occupancy
FY23: 95.9%	FY23: 99.4%
66,600sqm	102,500sqm
Space leased ²⁰	Space leased ²¹
4.6 years	4.6 years
WALE ²²	WALE ²²

WALE²² FY23: 4.8 years

FFO contribution is calculated before finance costs, group corporate costs and other (including non-trading related tax expense). 15

16 Excludes the impact of rent relief and provisions for expected credit losses. Including these impacts: Effective +1.5% in HY24.

17 Excludes the impact of rent relief and provisions for expected credit losses. Including these impacts: Effective +3.7% in HY24.

18 Excluding development leasing of 8,700sqm across 4 transactions 19

Excluding development leasing of 31,000sqm across 3 transactions.

21 Includes He 22 By income. Includes Heads of Agreement and excludes development leasing of 31,000sqm across 3 transactions.

FY23: 4.8 years

²⁰ Includes Heads of Agreement and excludes development leasing of 8,700sqm across 4 transactions.

Dexus office portfolio performance

Dexus manages a high-quality \$22.4 billion office portfolio across its platform, \$10.9 billion of which sits in the Dexus portfolio.

During the six months to 31 December 2023, Dexus leased 66,600 square metres²³ of office space across 135 transactions, in addition to 8,700 square metres²⁴ of space across four transactions in relation to office developments underway.

Key leasing activity included:

- In Sydney, secured leasing across 7,100 square metres at 25 Martin Place, 6,300 square metres at 1 Bligh Street, 3,700 square metres at 56 and 58 Pitt Street, 3,500 square metres at 175 Pitt Street, 2,600 square metres at Australia Square and 2,600 square metres at 1 Farrer Place
- In Melbourne, secured 5,000 square metres at 180-222 Lonsdale Street, 4,200 square metres at 80 Collins Street, 4,100 square metres at 385 Bourke Street and 1,500 square metres at Rialto Towers
- In Brisbane, secured 6,800 square metres at 480 Queen Street, 3,500 square metres at Waterfront Place, 2,100 square metres at 145 Ann Street and development leasing across 8,600 square metres at 123 Albert Street
- In Perth, secured 6,300 square metres at 58 Mounts Bay Road

Occupancy of Dexus's high-quality portfolio remains strong at 94.5%, well above the market average of 86.5% in a challenging operating environment. The average term of leases agreed during the half was circa 5.6 years.

Average incentives were below the market average, reflecting the quality of the portfolio and a higher proportion of city retail and effective deals. Incentives are expected to stay elevated in the near term.

Office portfolio like-for-like income growth was +4.0% (HY23: +3.2%) supported by fixed rent reviews. Like-for-like growth is expected to soften in FY24, due to lower average physical occupancy in the second half in select assets.

Dexus industrial portfolio performance

Dexus manages a growing, high-quality \$11.0 billion industrial portfolio across its platform, \$3.6 billion of which sits in the Dexus portfolio.

During the six months to 31 December 2023, Dexus leased 102,500 square metres²³ of industrial space across 17 transactions as well as 31,000 square metres²⁴ of space across three industrial developments. Portfolio occupancy reduced slightly to 99.0%, albeit remaining high.

Key leasing activity included:

- In New South Wales, secured 9,600 square metres at 52 Holbeche Road, Arndell Park, 6,400 square metres at 1 Garigal Road, Belrose, 2,800 square metres at Botany Quarter, Botany and 2,300 square metres at 62 Ferndell Street in South Granville
- In Victoria, secured 35,200 square metres at Pound Road West, Dandenong South and development leasing of 28,800 square metres at Ravenhall
- In Queensland, secured 7,000 square metres at 278 Orchard Road, Richlands
- In Adelaide, secured 25,900 square metres at 15-23 Whicker Road, Gillman
- In Perth, secured 11,600 square metres across four customers, as well as development leasing across 2,200 square metres at Jandakot

Occupancy of Dexus's core industrial portfolio remains high and rent growth remains strong. The portfolio is 14.9% underrented, benefiting from continued market rent growth across key markets. This should underpin future income growth by resetting the rents on upcoming lease expiries across circa 28% of the portfolio by FY26.

The industrial portfolio effective like-for-like income growth was +5.5% (HY23: +2.4%) benefiting from positive reversions achieved in FY23 leasing.

Property market outlook

It has been a year of mixed signals for the office sector with demand varying between cities and building types. Demand in Brisbane and Perth is stronger than Sydney and Melbourne reflecting strength in the mining sector in a generally slowing economy. Corporates adopting hybrid working models which combine office-based work with a degree of flexibility are focused on the quality of their office accommodation. Higher quality buildings and central locations are showing stronger metrics than the rest of the market with availability falling in premium buildings.

²³ Including Heads of Agreement and excluding development leasing.

²⁴ Including Heads of Agreement.

The fundamentals of the Australian industrial sector remain positive although demand is moderating from the high levels of recent years. While leasing activity in the discretionary retail segments has softened, demand from the non-discretionary segments of food, groceries and pharmaceuticals as well as eCommerce has been much more stable. Vacancy rates in most precincts have lifted off the record lows of last year but remain well below global averages. Rents are expected to be supported by supply constraints driven by planning issues and high construction costs.

Co-investment income

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

In HY24, Dexus earned \$32.1 million in co-investment income, increasing from \$14.4 million in HY23, driven by new investments in AMP Capital platform funds.

Developments

Dexus has a proven track record and significant capabilities in developing office, industrial, retail and healthcare properties.

The platform's real estate development pipeline now stands at a cost of \$16.9 billion, of which \$8.4 billion sits within the Dexus portfolio and \$8.5 billion within third party funds.

The remaining spend on Dexus's committed pipeline is \$2.1 billion, of which only circa \$0.8 billion is expected to be spent over the next 18 months.

The real estate development pipeline benefits the group by improving portfolio quality, provides inventory for third party capital partners and can enhance returns for both Dexus and third party capital partners.

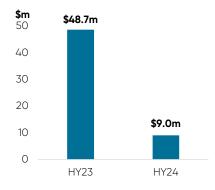
Dexus's city-shaping developments have been materially de-risked via 82% of weighted average pre-commitments and fixed price contracts. Atlassian Central and Waterfront Brisbane will become next generation assets and enhance portfolio quality for Dexus and its capital partners.

Over the half, Dexus committed to two attractive industrial developments in Sydney alongside Dexus Industria REIT and DREP1 respectively, while continuing to build out the Ravenhall and Jandakot precincts. The decision to activate uncommitted projects will be assessed on project commerce and capital availability.

Trading performance

Dexus delivered \$9.0 million (post tax) of trading profits in HY24, reflecting the majority of FY24 guidance.

Trading FFO (post tax)



Transactions

Transaction volumes slowed significantly across all major Australian real estate sub-sectors in CY23, down 60% compared to CY21. Despite this, Dexus undertook \$2.8 billion of property transactions, comprising \$2.6 billion of divestments and \$0.2 billion of acquisitions across the platform.

Since the FY23 result, Dexus has announced and settled circa \$300 million of balance sheet divestments including the sale of One Margaret Street, Sydney and a trading property at 20 Distribution Drive, Truganina.

Dexus remains focused on actively recycling capital and optimising its portfolio to provide the group with optionality to deploy into higher returning opportunities and invest in growth initiatives across a wide opportunity set, with many of the projects being undertaken alongside third party capital partners.

Environmental, Social and Governance (ESG) update

Dexus's commitment to delivering strong sustainability outcomes underpins long-term performance.

During the half, Dexus progressed the priority areas of its sustainability strategy:

- Customer Prosperity Focused on sustainability engagement to support customer attraction and retention, and
 improve waste diversion rates across the portfolio; expanded the GreenPower Buyers Group program, which has
 avoided over 1,600 tonnes of greenhouse gas emissions since inception
- Climate Action Progressed detailed decarbonisation roadmaps with commercially viable solutions across 26 assets to support long-term resilience; expanding the climate resilience program to an additional 55 assets and reviewing program parameters in preparation for climate-related financial disclosure requirements commencing in FY25
- Enhancing Communities Scaled the approach to community investment, implementing campaigns across 87 assets with major partners Foodbank and the Cerebral Palsy Alliance; and festive activations at multiple shopping centres which increased visitation and partner participation

Dexus was again recognised as a leader across a range of global sustainability benchmarks, achieving a top 10% S&P Global Corporate Sustainability Assessment (CSA) Score and being included in the S&P Global Sustainability Yearbook 2024. The platform has continued its strong sustainability performance in Global Real Estate Sustainability Benchmark (GRESB), with six funds achieving 5 star GRESB ratings for 2023. Dexus, Dexus Office Trust, Dexus Office Partnership and Dexus Wholesale Property Fund ranked in the top 5% of participants globally. Multiple Dexus funds and investments were also recognised with sector leadership by GRESB, including Dexus Healthcare Property Fund (DHPF), Dexus Wholesale Property Fund (DWPF) and Powerco in New Zealand. In addition, Melbourne Airport (an infrastructure investment) was awarded a 2023 'Airports Going Green Award' by Airports Going Green.

Financial position

Look-through net tangible assets decreased by \$903 million primarily due to property devaluations of \$687 million.

\$m	31 Dec 2023	30 Jun 2023
Office properties	10,763	12,152
Industrial properties	3,206	3,686
Other properties	22	23
Co-investment assets	1,854	1,452
Borrowings	(4,873)	(5,478)
Other ²⁵	(170)	(129)
Net tangible assets	10,802	11,706
Total number of securities on issue	1,075,565,246	1,075,565,246
NTA (\$ per security)	10.04	10.88

²⁵ Adjusted for cash and debt in equity accounted investments. Excludes \$168.0m (FY23: \$168.5m) of deferred tax liabilities recognised on management rights.

Capital management

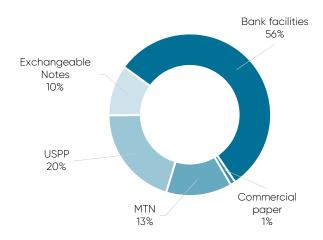
Dexus maintained a strong balance sheet with gearing (look-through)²⁶ at 29.4%, remaining below the target range of 30-40%, and \$3.1 billion of cash and undrawn debt facilities.

Dexus has a weighted average debt maturity of 4.6 years, manageable near-term debt expiries and remains within all of its debt covenant limits, retaining its credit ratings of A-/A3 from S&P and Moody's respectively.

On average 95% of Dexus's debt was hedged in HY24. Dexus's weighted average hedge maturity is 4.2 years providing material protection against interest rate movements over the medium term.

Key metrics	31 Dec 2023	30 Jun 2023
Gearing (look-through) ²⁶	29.4%	27.9% ²⁷
Cost of debt ²⁸	3.9%	3.7%
Average maturity of debt	4.6 years	5.1 years
Hedged debt (incl caps) ²⁹	95%	86%
Average maturity of hedged debt	4.2 years	4.8 years
S&P/Moody's credit rating	A-/A3	A-/A3

Diversified sources of debt



Group outlook

Markets remain challenging as capital flows and sentiment continue to be impacted by inflation, interest rates and geopolitical risks.

Despite these challenges, Dexus's property portfolio continues to benefit from the flight to quality and a disciplined approach to capital management has enabled Dexus to maintain a strong balance sheet. With the integration of the AMP Capital platform to complete by 30 June 2024, Dexus's funds platform is set up to grow as we revert to a normalised rates reaime.

Barring unforeseen circumstances, for the 12 months ended 30 June 2024³⁰, Dexus expects distributions of circa 48.0 cents per security. AFFO excluding trading profits is expected to be broadly in line with that delivered in FY23.

²⁶ Adjusted for cash and debt in equity accounted investments and excluding Dexus's share of co-investments in pooled funds. Look-through gearing including Dexus's share of equity accounted co-investments in pooled funds was 30.7% as at 31 December 2023.

²⁷ Pro forma gearing. Look-through gearing as at 30 June 2023 was 30.3% 28

Weighted average for the period, inclusive of fees and margins on a drawn basis.

Average for the period. Hedged debt (excluding caps) was 77% for the six months to 31 December 2023 and 69% for the 12 months to 29 30 June 2023.

³⁰ Subject to no material deterioration in conditions and assumes circa \$10 million of trading profits (post tax).

Key risks

Key Risk	Potential impacts	How Dexus is responding
Health, safety and wellbeing Providing an environment that ensures the safety and wellbeing of employees, customers, contractors and the community at Dexus managed assets and responding to events that have the potential to disrupt business continuity.	 Death or injury (physical or psychosocial) at Dexus properties Loss of broader community confidence Costs or sanctions associated with regulatory response remediation and/or restoration, and criminal or civil proceedings Inability to sustainably perform or deliver objectives Increased employee turnover or absenteeism Reduction in employee wellbeing, engagement and/or performance Business disruption 	As a priority, we focus on the health, safety and wellbeing of our employees and the people in our buildings. We adopt measures to ensure building and workplace health and safety is maintained in and around our properties. These include ongoing monitoring and testing at existing assets and regular training provided to our employees and service providers. We apply comprehensive work health and safety programs and enforce compliance requirements by site contractors and employees, in accordance with Dexus's ISO 45001 certified Occupational Health and Safety Management System. We engage external consultants to identify and remediate health and safety issues relating to the fabric of properties across the portfolio, including facades. We maintain a business continuity management framework to mitigate safety threats, including the adoption of plans relating to crisis management, business continuity and emergency management. Responsiveness at each Dexus-managed property is regularly tested through scenario exercises. Key performance indicators for reporting and resolution of security issues are embedded into contractor agreements at Dexus-managed assets. Our Safe & Well program supports the mental, physical, financial and work wellbeing of our people. Safe & Well provides a breadth of resources, designed to help our people to develop and maintain a healthy level of wellbeing.
Strategic resilience Ability to deliver the group's strategic objectives, generate value and deliver superior risk-adjusted performance.	 Sustained inflation and recessionary pressures on the economy which could impact strategic outcomes Loss of broader community confidence Reputational damage 	Dexus's vision is to be recognised as the leading real asset investment manager in Australia. Dexus aims to achieve this through providing superior risk adjusted returns for investors through investing Dexus balance sheet capital and managing investments on behalf of its third-party capital partners. Dexus has processes in place to monitor and manage strategic outcomes and risks. Its strategy and risk appetite are approved annually by the Board and reviewed throughout the year by management and the Board Risk Committee. Progress against strategy is subject to regular review and reporting to the Board and regular sensitivity analysis undertaken.
Investment and financial performance Ability to meet market guidance, achieve the group's performance objectives and mitigate factors that may adversely impact the Dexus portfolio.	 Inability to meet guidance Inability to sustainably perform or deliver investment objectives Sustained inflation and recessionary pressures on the economy which could impact financial performance Reduced investor sentiment (equity and debt) Loss of broader community confidence Reduced credit ratings and availability of debt financing Decline in asset valuations Reputational damage Sustained inflation and recessionary pressures on the economy which could impact 	We have processes in place to monitor and manage performance and risks that may impact on performance. The Investment Committee is responsible for the consideration, approval or endorsement, subject to delegated authority, of material investment decisions. Detailed due diligence is undertaken for all investment and divestment proposals and major capital expenditure before approval or endorsement of each investment decision. Major capital projects are monitored by control groups to assess delivery and performance outcomes.
Capital management Positioning the capital structure of the business to withstand unexpected changes in	 Constrained capacity to execute strategy Increased cost of funding (equity and debt) Fluctuations in interest rates which could impact the cost of debt 	Our prudent management of capital, including regular sensitivity analysis and periodic independent reviews of the Treasury Policy, assists in positioning Dexus's balance sheet in relation to unexpected changes in capital markets. We maintain a strong balance sheet with diversified sources of capital. Ongoing monitoring of capital management is undertaken to ensure metrics are within risk appetite

Key Risk	Potential impacts	How Dexus is responding
equity and debt markets.	 Fluctuations in foreign exchange rates which could impact profitability Reduced investor sentiment (equity and debt) Reduced credit ratings and availability of debt financing 	thresholds benchmarks and/or limits outlined within the Treasury Policy. Further information relating to financial risk management is detailed in Note 13 of the FY23 Annual Report.
Development Achieving strategic development objectives that provides the opportunity to grow Dexus's and its third party capital partners' portfolios and enhance future returns.	 Fund mandates negatively impacted Leasing outcomes impacting on completion valuations Fluctuations in construction costs Negative impacts on supply chain channels (cost and availability of resources) Reputational damage 	Dexus has a strong development capability with a proven track record of delivering projects with a focus on quality, sustainability and returns that satisfy the evolving needs of our growing customer base. We have platform-wide expertise that drives our development performance and objectives, including design and costing, leasing, risk and compliance and insurance coverage. The Investment Committee includes the Chief Executive Officer, Chief Investment Officer, Chief Financial Officer and other executive representatives who are responsible for the consideration, approval or endorsement, subject to delegated authority, of material investment decisions. Detailed due diligence is undertaken for all developments before approval or endorsement of each investment decision.
Institutional and retail investors Real asset manager of choice for third party capital. Ability to deliver on strategic objectives to meet the financial and non-financial expectations of listed and unlisted investors.	 Change in strategy and/or capacity of existing third party capital partners Inability to attract new third party capital partners Loss of confidence in governance structure and service delivery Loss of funds management income 	Our funds management model includes strong governance principles and processes designed to build and strengthen relationships with existing and prospective third party capital investors. Our active approach to engagement across the business enables employees to understand the interests of third- party capital investors and design strategies to maintain investor satisfaction. Our Funds Management team also undertakes a periodic client survey to understand perceptions and identify areas for improvement.
Cyber and data security Ability to access, protect and maintain systems and respond to major incidents including data loss, cyber security threats or breaches to information systems.	 Lack of resilience in Dexus's response to cyber security threats Impact to Dexus's customers and/or investors Loss of broader community confidence Data integrity compromised Loss or damage to systems or assets Adverse regulatory outcomes 	We aim to have the most efficient systems and processes, including financial accounting and operational systems. Regular reviews of policies and procedures on information security are undertaken. We have comprehensive Business Continuity and Disaster Recovery plans in place which are tested annually. Regular training, testing and disaster recovery activities are conducted, along with the employment of data security software, to assist in reducing the risk of threats or breaches to data. We also educate and train our people on how to best protect their data. Dexus also educates and trains its people on how to best protect data. Additional reviews have been undertaken in response to the increased frequency and nature of cyber-attacks experienced across the broader Australian corporate landscape. Mitigation strategies are in place to address potential cyber security threats to, or via, our assets.
Environmental and social sustainability Commitment to climate resilience and responding to the impacts of climate change, as well as focusing on having a positive social impact in the communities in which Dexus operates.	 Increased costs associated with global and domestic energy crisis Increased challenges and climate transition impacts in leasing assets due to heightened customer demand for sustainability and climate change performance in real assets Increased costs associated with physical risks (e.g. asset damage from extreme weather) Increased costs associated with transition risks (e.g. carbon regulation, 	Dexus implements an ISO 14001 accredited Environment Management system to communicate and manage Environment risks, including the implementation of an Environment risk management program to identify and assess risks associated with DXS owned assets and operations, and to monitor controls are effectively implemented. We use scenario analysis to understand the broad range of climate-related issues that may impact our business and focus on enhancing the resilience of our properties while implementing energy efficiency initiatives and renewable energy projects. Dexus's approach to climate change risk management is disclosed in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures across the 2023 Annual Reporting Suite. We are committed to ensuring our operations provide quality jobs with the right conditions and collaborate with our suppliers to understand how we can contribute to

Key Risk	Potential impacts	How Dexus is responding
	 requirements for building efficiency) Inability to maintain access to capital due to reputational damage Increased reputational risk for not supporting the community and social causes 	upholding human rights across our supply chain, including addressing modern slavery.
Compliance and regulatory Maintaining market leading governance and compliance practices.	 Sanctions impacting on business operations Reduced investor sentiment (equity and debt) Loss of broader community confidence Increased compliance costs 	Our compliance monitoring program supports our comprehensive compliance framework policies and procedures that are regularly updated to ensure the business operates in accordance with regulatory expectations. Our employees and service providers receive training on their compliance obligations and are encouraged to raise concerns where appropriate. We maintain grievance, complaints and whistleblower mechanisms for employees and stakeholders to safely, confidently and anonymously raise concerns. Independent industry experts are appointed to undertake reviews where appropriate.
Organisational culture Ability to maintain a respectful, open and transparent culture which supports diversity of opinion and values acting honestly, ethically and with integrity.	 Decreased business performance Inappropriate conduct leading to reputational damage or financial loss Reduced investor sentiment (equity and debt) Inability to attract and retain talent due to a perception of poor corporate culture 	We foster a culture and employee experience that aligns and continually reinforces the group's purpose statement, including our aspirations, values and behaviours. Our employee listening strategy enables employees to provide real-time feedback on their experience, as well as anecdotal and anonymous feedback via regular pulse surveys throughout the year. Insights gained are used to understand our culture and employee experience, to identify strengths and areas of opportunity that require additional focus. Our employee reference groups are empowered to implement organisational initiatives to build an inclusive workplace, such as our LGBTQ+ employee network and the RAP Working Group. We also invest in our employees' development and reward their achievement of sustainable business outcomes that add value to our stakeholders.
Talent and capability Ability to attract and retain the best talent to deliver business results.	 Decreased business performance Negative impact to customer relationships Decline in workforce productivity Increased workforce costs Loss of corporate knowledge and experience Poor employer branding leading to inability to attract talent Unplanned employee turnover and associated increased costs and time to resource 	We aim to attract, develop and retain an engaged and capable workforce that can deliver our business results both today and in the future. Professional development is undertaken at all organisational levels to drive continuous learning and engagement of our employees. Talent reviews are conducted at regular intervals to monitor and respond to emerging talent risks and opportunities and to inform succession plans for key talent and critical roles. External talent mapping is undertaken for critical roles. As a part of the employment value proposition, our people are offered the opportunity to have an ownership interest in Dexus and in doing so, promote a tangible link between the interests of employees, Dexus and its investors. All eligible employees are allocated a number of DXS securities with an aggregate equivalent cash value of \$1,000 each year.

Directors' Report

The Directors of Dexus Funds Management Limited (DXFM) as Responsible Entity of Dexus Property Trust (DPT or the Trust) present their Directors' Report together with the Interim Consolidated Financial Statements for the half year ended 31 December 2023. The Interim Consolidated Financial Statements represents DPT and its consolidated entities, which are referred to as Dexus (DXS or the Group).

The Trust, together with Dexus Operations Trust (DXO), form the Dexus stapled security.

Directors

The following persons were Directors of DXFM at all times during the half year and to the date of this Directors' Report, unless otherwise stated:

Directors	Appointed
Warwick M Negus, BBus, MCom, SF Fin	1 February 2021
Penny Bingham-Hall, BA (Industrial Design), FAICD, SF Fin	10 June 2014
Paula J Dwyer, BCom, FCA, SF Fin, FAICD	1 February 2023
Mark H Ford, Dip. Tech (Commerce), CA, FAICD	1 November 2016
Rhoda Phillippo, MSc (Telecommunications Business), GAICD	1 February 2023
The Hon. Nicola L Roxon, BA/LLB (Hons), GAICD	1 September 2017
Elana Rubin AM, BA (Hons), MA, SF Fin, FAICD	28 September 2022
Darren J Steinberg, BEc, FAICD, FRICS, FAPI	1 March 2012

Review of results and operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Operating and Financial Review on pages 2 to 14 of this Interim Report and forms part of this Directors' Report.

Significant changes in the state of affairs

In 2022, Dexus acquired the real estate and domestic infrastructure equity business of Collimate Capital Limited (Collimate Capital or AMP Capital) from AMP Limited under a transaction structure with a two-stage completion process ("AMP Capital transaction"). First Completion occurred on 24 March 2023 with consideration of \$175.0 million paid on this date. Final Completion occurred on 30 November 2023 following the satisfaction of the condition precedent relating to the transfer of AMP's ownership interest in China Life AMP Asset Management ("CLAMP") out of entities being acquired by Dexus under the AMP Capital transaction, with contingent consideration of \$50.0 million paid on this date.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16 and forms part of this Directors' Report.

Rounding of amounts and currency

As the Group is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the Directors have chosen to round amounts in this Directors' Report and the accompanying Interim Consolidated Financial Statements to the nearest tenth of a million dollars, unless otherwise indicated. All figures in this Directors' Report and the Interim Consolidated Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Interim Consolidated Financial Statements were authorised for issue by the Directors on 13 February 2024.

Warwick M Negus Chair 13 February 2024

Darren J Steinberg Chief Executive Officer 13 February 2024



Auditor's Independence Declaration

As lead auditor for the review of Dexus Property Trust for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dexus Property Trust and the entities it controlled during the period.

M. Lamarls

Marcus Laithwaite Partner PricewaterhouseCoopers

Sydney 13 February 2024

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001 T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124 T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2023

		31 Dec 2023	31 Dec 2022
	Note	\$m	\$m
Revenue from ordinary activities	7	170.0	010.7
Property revenue	3	170.0	210.3
Development revenue	10	88.8	112.8
Management fees and other revenue	2	212.5	136.2
Interest revenue	_	9.3	4.2
Total revenue from ordinary activities	0	480.6	463.5
Share of net profit of investments accounted for using the equity method	8	-	
Net fair value gain of foreign currency interest bearing liabilities Net fair value gain of investments accounted for at fair value	9		1.9
Other income	7	9.7	6.5
Total income		490.3	654.4
		470.0	00-1-1
Expenses			
Property expenses	3	(56.3)	(66.4)
Development costs	10	(75.1)	(62.1)
Management operations, corporate and administration expenses		(160.3)	(95.1)
Finance costs	4	(87.5)	(75.7)
Impairment of intangibles	17	-	(60.0)
Impairment of investments accounted for using the equity method	8	_	(3.4)
Share of net loss of investments accounted for using the equity method	8	(252.8)	_
Net fair value loss of derivatives		(25.6)	(43.0)
Net fair value loss of investment properties	7	(277.4)	(180.1)
Net fair value loss of investments accounted for at fair value	9	(73.1)	_
Net fair value loss of foreign currency interest bearing liabilities		(34.6)	_
Net loss on sale of investment properties		_	(0.5)
Transaction costs		(40.3)	(21.5)
Total expenses		(1,083.0)	(607.8)
(Loss)/profit for the period before tax		(592.7)	46.6
Income tax expense	5	(4.5)	(23.5)
(Loss)/profit for the period		(597.2)	23.1
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss		(5.2)	(7.0)
Changes in the fair value of cash flow hedges		(5.3)	(3.2)
Changes in the foreign currency basis spread reserve		(1.3)	(2.1)
Exchange differences on translation of foreign operations	_	(0.1)	
Total comprehensive (loss)/income for the period		(603.9)	17.8
(Loss)/profit for the period attributable to:			
Unitholders of the parent entity		(601.2)	7.6
Unitholders of other stapled entity (non-controlling interests)		4.0	15.5
(Loss)/profit for the period		(597.2)	23.1
Total comprehensive (loss)/income for the period attributable to:			
Unitholders of the parent entity		(607.8)	2.3
Unitholders of other stapled entity (non-controlling interests)		3.9	15.5
Total comprehensive (loss)/income for the period		(603.9)	17.8
		Cents	Cents
Earnings per unit on profit/(loss) attributable to unitholders of the Trust (parent en	ntity)	Conto	00110
Basic earnings per unit	•	(55.90)	0.71
Diluted earnings per unit		(55.90)	(0.06)
Earnings per stapled security on profit/(loss) attributable to stapled security holde	ers		
Basic earnings per security		(55.52)	2.15
Diluted earnings per security		(55.52)	1.36

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2023

		31 Dec 2023	30 Jun 2023
	Note	\$m	\$m
Current assets			
Cash and cash equivalents		77.6	123.9
Receivables		255.2	151.8
Non-current assets classified as held for sale	11	6.1	1,354.0
Inventories	10	60.3	30.6
Derivative financial instruments	14	97.0	98.6
Current tax receivable		32.5	11.2
Other		71.2	103.8
Total current assets		599.9	1,873.9
Non-current assets			
Investment properties	7	5,675.2	6,038.1
Plant and equipment		10.9	11.3
Right-of-use assets		90.8	6.5
Investments accounted for using the equity method	8	9,073.9	9,050.0
Investments accounted for at fair value	9	493.2	431.9
Derivative financial instruments	14	331.4	385.5
Intangible assets	17	678.0	679.4
Other		3.9	3.6
Total non-current assets		16,357.3	16,606.3
Total assets		16,957.2	18,480.2
Current liabilities			
Payables		181.6	196.3
Contingent consideration	18	_	50.0
Interest bearing liabilities	12	679.5	381.8
Lease liabilities	13	12.6	2.1
Derivative financial instruments	14	57.9	32.6
Provisions		345.0	314.1
Loans with related parties	19	5.7	21.5
Other		_	68.2
Total current liabilities		1,282.3	1,066.6
Non-current liabilities			
Interest bearing liabilities	12	4,014.5	4,927.9
Lease liabilities	13	87.1	12.5
Derivative financial instruments	14	62.7	53.4
Deferred tax liabilities		122.6	124.9
Provisions		8.6	10.8
Other		9.8	19.8
Total non-current liabilities		4,305.3	5,149.3
Total liabilities		5,587.6	6,215.9
Net assets		11,369.6	12,264.3
Equity			
Equity attributable to unitholders of the Trust (parent entity)			
Contributed equity	16	7,048.0	7,048.0
Reserves		12.6	19.2
Retained profits		4,080.8	4,969.2
Parent entity unitholders' interest		11,141.4	12,036.4
Equity attributable to unitholders of other stapled entity		11,141.4	12,030.4
		107 1	107.1
Contributed equity	16	107.1	107.1
Reserves		33.0	36.7
Retained profits		88.1	84.1
Other stapled entity unitholders' interest		228.2	227.9

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

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

		Equity att	ributable to u (parent		the Trust	Equity c	ittributable to stapled	unitholders of entity	other	
	Note	Con- tributed equity \$m	Reserves \$m	Retained profits \$m	Total \$m	Con- tributed equity \$m	Reserves \$m	Retained profits \$m	Total \$m	Total equity \$m
Opening balance as at 1 July 2022		7,048.0	17.3	6,159.4	13,224.7	107.1	33.8	201.6	342.5	13,567.2
Net profit/(loss) for the period		_	_	7.6	7.6	_	_	15.5	15.5	23.1
Other comprehensive income/(loss) for the period		_	(5.3)	_	(5.3)	_	_	_	_	(5.3)
Total comprehensive income/(loss) for the period		_	(5.3)	7.6	2.3	_	_	15.5	15.5	17.8
Transactions with owners in their capacity as owners										
Purchase of securities, net of transaction costs		_	_	_	_	_	(7.7)	_	(7.7)	(7.7)
Security-based payments expense		_	_	_	_	_	5.3	_	5.3	5.3
Distributions paid or provided for	6	_	_	(301.2)	(301.2)	_	_	_	_	(301.2)
Total transactions with owners in their capacity as owners		_	_	(301.2)	(301.2)	_	(2.4)	_	(2.4)	(303.6)
Closing balance as at 31 December 2022		7,048.0	12.0	5,865.8	12,925.8	107.1	31.4	217.1	355.6	13,281.4
Opening balance as at 1 July 2023		7,048.0	19.2	4,969.2	12,036.4	107.1	36.7	84.1	227.9	12,264.3
Net profit/(loss) for the period		-	-	(601.2)	(601.2)	-	-	4.0	4.0	(597.2)
Other comprehensive income/(loss) for the period		-	(6.6)	-	(6.6)	-	(0.1)	-	(0.1)	(6.7)
Total comprehensive income/(loss) for the period		-	(6.6)	(601.2)	(607.8)	-	(0.1)	4.0	3.9	(603.9)
Transactions with owners in their capacity as owners										
Purchase of securities, net of transaction costs		-	-	-	_	-	(11.5)	-	(11.5)	(11.5)
Security-based payments expense		-	-	-	-	-	7.9	-	7.9	7.9
Distributions paid or provided for	6	-	-	(287.2)	(287.2)	-	-	-	-	(287.2)
Total transactions with owners in their capacity as owners		_	-	(287.2)	(287.2)	-	(3.6)	_	(3.6)	(290.8)
Closing balance as at 31 December 2023		7,048.0	12.6	4,080.8	11,141.4	107.1	33.0	88.1	228.2	11,369.6

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	31 Dec 2023	31 Dec 2022
Note	\$m	\$ m
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	415.4	361.6
Payments in the course of operations (inclusive of GST)	(390.4)	(160.6)
Interest received	9.3	4.2
Finance costs paid	(72.0)	(109.8)
Distributions received	165.8	130.5
Income and withholding taxes paid	(28.0)	(34.6)
Proceeds from sale of property classified as inventory and development services	45.9	112.8
Payments for property classified as inventory and development services	(37.8)	(10.0)
Net cash inflow/(outflow) from operating activities	108.2	294.1
Cash flows from investing activities		
Proceeds from sale of investment properties	1,260.2	473.9
Proceeds from sale of investments accounted for using the equity method	12.8	145.3
Payments for capital expenditure on investment properties	(51.6)	(70.0)
Payments for investments accounted for using the equity method	(396.6)	(166.0)
Payments for investments accounted for at fair value	(72.5)	(163.8)
Proceeds from return of capital from investments accounted for using the equity method	2.5	_
Payments for plant and equipment	(0.9)	(1.0)
Payments for intangibles	(0.3)	(1.7)
Payment for acquisition of subsidiary, net of cash acquired	(51.8)	_
Net cash inflow/(outflow) from investing activities	701.8	216.7
Cash flows from financing activities		
Cash flows from financing activities Proceeds from borrowings	2,759.5	3,969.5
Repayment of borrowings	(3,347.5)	(4,221.1)
Borrowings provided to related parties	(0.2)	(4,221.1)
Proceeds from loan with related party	(0.2)	35.6
Payment of lease liabilities	(2.9)	(4.0)
Purchase of securities for security-based payments plans	(11.4)	(7.7)
Distributions paid to security holders	(253.8)	(271.1)
Net cash inflow/(outflow) from financing activities	(856.3)	(498.8)
	(000.0)	(-, , 0.0)
Net increase/(decrease) in cash and cash equivalents	(46.3)	12.0
Cash and cash equivalents at the beginning of the period	123.9	75.3
Cash and cash equivalents at the end of the period	77.6	87.3

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

Notes to the Interim Consolidated Financial Statements

In this section

This section sets out the basis upon which the Group's Interim Consolidated Financial Statements are prepared.

Basis of preparation

These Interim Consolidated Financial Statements have been prepared in accordance with the requirements of the Constitutions of the entities within the Group, the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* issued by the Australian Accounting Standards Board.

These Interim Consolidated Financial Statements do not include notes of the type normally included in an annual financial report. Accordingly, these Interim Consolidated Financial Statements should be read in conjunction with the annual Consolidated Financial Statements for the year ended 30 June 2023 and any public announcements made by the Group during the half year, and up to the date of issuance of this Interim Report, in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Unless otherwise stated, the Interim Consolidated Financial Statements have been prepared using consistent accounting policies in line with those of the previous financial year and corresponding interim reporting period. Where required, comparative information has been restated for consistency with the current period's presentation.

The Interim Consolidated Financial Statements are presented in Australian dollars, with all values rounded to the nearest tenth of a million dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

The Interim Consolidated Financial Statements have been prepared on a going concern basis using the historical cost convention, except for the following which are stated at their fair value:

- Investment properties;
- Investment properties within equity accounted investments;
- Investments accounted for at fair value;
- Non-current assets classified as held for sale;
- Derivative financial instruments; and
- Security-based payments.

Refer to the specific accounting policies within the Notes to the annual Consolidated Financial Statements for the year ended 30 June 2023 for the basis of valuation of assets and liabilities measured at fair value.

Critical accounting estimates

The preparation of the Interim Consolidated Financial Statements requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies.

In the process of applying the Group's accounting policies, management has considered the current economic environment including the impacts of persistent inflation and elevated interest rates and the estimates and assumptions used for the measurement of items such as:

- Investment properties;
- Investment properties within equity accounted investments;
- Investments accounted for at fair value;
- Non-current assets classified as held for sale;
- Derivative financial instruments;
- Security-based payments;
- Performance fees;
- Inventories; and
- Intangible assets.

No other key assumptions concerning the future or other estimation uncertainty at the end of the reporting period could have a significant risk of causing material adjustments to the Interim Consolidated Financial Statements.

Net current asset deficiency

As at 31 December 2023, the Group had a net current asset deficiency of \$682,400,000 (30 June 2023: surplus of \$807,300,000). This is primarily due to interest bearing liabilities of \$679,500,000 due within 12 months (30 June 2023: \$381,800,000) and a distribution provision of \$287,200,000 (30 June 2023: \$253,800,000).

Capital risk management is managed holistically through a centralised treasury function. The Group has in place both external and internal funding arrangements to support the cash flow requirements of the Group, including undrawn facilities of \$2,997,500,000 (30 June 2023: \$2,409,500,000).

In determining the basis of preparation of the Interim Consolidated Financial Statements, the Directors of the Responsible Entity have taken into consideration the unutilised facilities available to the Group. As such, the Group is a going concern and the Interim Consolidated Financial Statements have been prepared on that basis.

Climate change

On 26 June 2023, the International Sustainability Standards Board (ISSB) released new sustainability standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. Subsequently, the Australian Accounting Standards Board (AASB) issued Exposure Draft "Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information" and the Australian Treasury released related Exposure Draft legislation with their respective consultation periods ending on 1 March 2024 and 9 February 2024. The Group is continuing to develop its assessment of the impact of climate change in line with emerging industry and regulatory guidance on its Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements

The Notes include information which is required to understand the Interim Consolidated Financial Statements and is material and relevant to the operations, financial position and performance of the Group.

The Notes are organised into the following sections:

Gro	oup performance	Inv	estments		pital and financial risk nagement	Oth	ner disclosures
1.	Operating segments	7.	Investment properties	12.	Interest bearing liabilities	17.	Intangible assets
2.	Management fees and other revenue	8.	Investments accounted for using the equity method	13.	Lease liabilities	18.	Business combination
3.	Property revenue and expenses	9.	Investments accounted for at fair value	14.	Fair value measurement	19.	Related parties
4.	Finance costs	10.	Inventories	15.	Commitments and contingencies	20.	Subsequent events
5.	Taxation	11.	Non-current assets classified as held for sale	16.	Contributed equity		
6.	Distributions paid and payable						

Group performance

In this section

This section explains the results and performance of the Group.

It provides additional information about those individual line items in the Interim Consolidated Financial Statements that the Directors consider most relevant in the context of the operations of the Group, including:

- Results by operating segment
- Management fees and other revenue
- Property revenue and expenses
- Finance costs
- Taxation
- Distributions paid and payable

Note 1 Operating segments

Description of segments

The Group's operating segments have been identified based on the sectors analysed within the management reports reviewed in order to monitor performance across the Group and to appropriately allocate resources. Refer to the table below for a brief description of the Group's operating segments.

Segment	Description
Office	Domestic office space with any associated retail space; as well as car parks and office developments owned directly or in joint ventures or partnerships.
Industrial	Domestic industrial properties, industrial estates and industrial developments owned directly or in joint ventures or partnerships.
Co-investments	Distribution income earned from investments in pooled real asset funds and funds invested in securities.
Property management	Property management services for third party clients and owned assets.
Funds management	Funds management of third party client assets.
Development and trading	Revenue earned and costs incurred by the Group on development services for third party clients and inventory.
All other segments	Corporate expenses associated with maintaining and operating the Group. This segment also includes the centralised treasury function and the real assets portfolio value of other investments.

Note 1 Operating segments (continued)

	Office	Industrial
31 December 2023	\$m	\$ m
Segment performance measures		
Property revenue	319.1	89.3
Property management fees	_	_
Development revenue	_	37.9
Management fee revenue	_	_
Co-investment income	_	_
Total operating segment revenue	319.1	127.2
Property expenses and property management salaries	(96.1)	(19.5)
Management operations expenses	_	_
Development costs	_	(37.5)
Corporate and administration expenses	(7.9)	(2.7)
Foreign exchange gains/(losses)	_	-
Interest revenue	_	-
Finance costs	_	_
Incentive amortisation and rent straight line	68.8	7.4
Rental guarantees, coupon income and other	_	(0.5)
FFO tax expense	_	_
Funds From Operations (FFO)	283.9	74.4
Net fair value gain/(loss) of investment properties	(613.6)	(72.8)
Net fair value gain/(loss) of leased assets	_	_
Net gain/(loss) on sale of investment properties	0.1	_
Incentive amortisation and rent straight line	(68.8)	(7.4)
Net fair value gain/(loss) of investments accounted for at fair value	_	_
Net fair value gain/(loss) of derivatives	_	_
Net fair value gain/(loss) of interest bearing liabilities	_	_
Amortisation and impairment of intangible assets	_	_
Rental guarantees, coupon income and other	_	0.5
Transaction costs and other significant items	_	_
Co-investment income	_	_
Share of net profit/(loss) of investments accounted for using the equity method	_	_
Distribution income	_	_
Non FFO tax benefit	_	_
Net profit/(loss) attributable to stapled security holders	(398.4)	(5.3)
Investment properties	4,821.8	824.3
Equity accounted real estate funds ¹	5,723.3	2,314.9
Equity accounted real estate security funds ¹		
Equity accounted infrastructure funds ¹	_	_
Investments accounted for at fair value ²	217.7	_
Inventories		_
Non-current assets held for sale	_	6.1
Investments	10,762.8	3,145.3

1 Comprises the Group's portion of the underlying property, infrastructure assets and other investments accounted for using the equity method.

2 Comprises the carrying value of the Group's investments accounted for at fair value which consists of interests in Australian trusts, managed property funds and infrastructure assets.

Tota \$m 405.7	Eliminations \$m	segments	and trading	management	management	investments
	Sm	\$m	\$m	\$m	\$m	\$m
405.7	*		····	÷	÷	
	(2.7)	_	_	_	_	_
33.7	-	_	_	_	33.7	_
88.8	-	_	50.9	_	_	_
147.3	_	_	13.0	122.1	12.2	_
32.1	_	_	_	_	_	32.1
707.6	(2.7)	_	63.9	122.1	45.9	32.1
(130.0)	-	_	_	_	(14.4)	_
(95.2)	-	_	(15.1)	(54.8)	(25.3)	_
(75.5)	-	_	(38.0)	_	_	_
(43.8)	2.7	(35.9)	_	_	_	_
0.1	-	0.1	_	_	_	_
14.8	_	14.8	_	_	_	_
(77.0)	_	(77.0)	_	_	_	_
75.2	_	(1.0)	_	_	_	_
5.4	_	4.8	_	1.1	_	_
(16.8)	-	(12.9)	(3.9)	_	_	_
364.8	-	(107.1)	6.9	68.4	6.2	32.1
(687.3)	-	(0.9)	_	_	_	_
1.9	_	1.9	_	_	_	_
0.1	_	_	_	_	_	_
(76.5)	-	(0.3)	_	_	_	_
(16.4)	_	_	_	_	_	(16.4)
(28.8)	-	(28.8)	_	_	_	_
(34.5)	_	(34.5)	_	_	_	_
(1.6)	_	(1.6)	_	_	_	_
(8.1)	_	(8.6)	_	_	_	_
(43.0)	_	(43.0)	_	_	_	_
(32.1)	_	_	_	_	_	(32.1)
(51.7)	_	_	_	_	_	(51.7)
4.2	_	_	_	_	_	4.2
11.8	_	11.8	_	_	_	
(597.2)	-	(211.1)	6.9	68.4	6.2	(63.9)
5,675.2	_	29.1				
9,403.7	_	100.9	_	_	_	1,264.6
13.0	-		_		_	13.0
310.8	-		_		_	310.8
493.2	-	9.6	_		_	265.9
60.3	-	-	60.3			
6.1	-					
15,962.3	_	139.6	60.3	_	_	1,854.3

Note 1 Operating segments (continued)

	Office	Industrial
31 December 2022	\$m	\$m
Segment performance measures		
Property revenue	328.8	100.7
Property management fees	_	-
Development revenue	_	_
Management fee revenue	_	_
Co-investment income	_	_
Gain on sale of units in investments accounted for using the equity method	_	_
Total operating segment revenue	328.8	100.7
Property expenses and property management salaries	(95.3)	(23.5)
Management operations expenses	_	_
Development costs	_	_
Corporate and administration expenses	(6.2)	(2.9)
Interest revenue	_	_
Finance costs	_	_
Incentive amortisation and rent straight line	67.6	8.1
Rental guarantees, coupon income and other	_	1.5
FFO tax expense	_	_
Funds From Operations (FFO)	294.9	83.9
Net fair value gain/(loss) of investment properties	(236.1)	(6.3)
Incentive amortisation and rent straight line	(67.6)	(8.1)
Net fair value gain/(loss) of investments accounted for at fair value	_	_
Net fair value gain/(loss) of derivatives	_	_
Net fair value gain/(loss) of interest bearing liabilities	_	_
Net gain/(loss) on sale of investment properties	(0.5)	_
Amortisation and impairment of intangible assets	_	_
Rental guarantees, coupon income and other	_	(1.5)
Transaction costs and other significant items	_	_
Co-investment income	_	_
Share of net profit/(loss) of investments accounted for using the equity method	_	_
Distribution income	_	_
Non FFO tax expense	_	_
Net profit/(loss) attributable to stapled security holders	(9.3)	68.0
Investment properties	6,130.0	1.486.5
Equity accounted real estate funds ¹	6,384.2	2,196.4
Equity accounted real estate security funds ¹		
Investments accounted for at fair value ²	163.9	_
Non-current assets held for sale	213.8	229.6
Investments	12,891.9	3,912.5

Comprises the Group's portion of the underlying property assets accounted for using the equity method.
 Comprises the carrying value of the Group's investments accounted for at fair value which consists of interests in Australian trusts and managed property funds.

Totc \$r 426. 23. 112. 99. 14. 18. 695.	Eliminations \$m (2.7)	segments \$m	and trading	management	management	
23. 112. 99. 14. 18.			\$m	\$m	\$m	investments \$m
23. 112. 99. 14. 18.						
112. 99. 14. 18.			_	_	-	_
99. 14. 18.	-	_	_	_	23.1	_
14. 18.	-	_	112.8	_	_	_
18.	-	_	24.9	60.7	14.1	_
	-	_	_	_	_	14.4
695.	_	_	18.9	_	_	_
	(2.7)	_	156.6	60.7	37.2	14.4
(130.8	_	_	_	_	(12.0)	
(60.7	_	_	(15.7)	(23.5)	(21.5)	_
(62.1	_	_	(62.1)	_	_	_
(29.4	2.7	(23.0)	_	-	-	_
9.	_	9.0	_	_	_	_
(74.2	_	(74.2)	_	_	_	_
75.	_	_	_	_	_	_
3.	_	0.5	_	1.9	_	_
(38.0	_	(17.1)	(20.9)	_	_	_
389.	-	(104.8)	57.9	39.1	3.7	14.4
(236.7	_	5.7	_	_	_	_
(75.7	_	_	_	_	_	_
1.	_	1.9	_	_	_	_
(42.7	_	(42.7)	_	_	_	_
67.	_	67.7	_	_	_	_
(0.5	_	_	_	_	_	_
(60.8	_	(60.8)				
(6.9	_	(5.4)				_
(25.0		(25.0)				_
(14.4	_	(2010)				(14.4)
11.						11.3
3.	_		_			3.8
12.	_	12.0				
23.	_	(151.4)	57.9	39.1	3.7	15.1
7,646.		29.5				
9,317.						678.6
9,317.		58.5				12.3
352.	_		-	_	_	188.4
4.	_	_	4.0	_		_
443. 17,775.		88.0	4.0		-	879.3

Note 1 Operating segments (continued)

Other segment information

Funds from Operations (FFO)

The Directors consider the Property Council of Australia's (PCA) definition of FFO to be a measure that reflects the underlying performance of the Group. FFO comprises net profit/loss after tax attributable to stapled security holders, calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments and reversal of impairments, derivative and foreign exchange mark-to-market impacts, fair value movements on investments accounted for at fair value, 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, amortisation of intangible assets, movements in right-of-use assets and lease liabilities, rental guarantees and coupon income.

Reconciliation of segment revenue to the Consolidated Statement of Comprehensive Income

	31 Dec 2023	31 Dec 2022
	\$m	\$m
Property lease revenue	362.0	379.0
Property services revenue	43.7	47.8
Property revenue	405.7	426.8
Property management fees	33.7	23.1
Development revenue	88.8	112.8
Management fee revenue	147.3	99.7
Co-investment income	32.1	14.4
Gain on sale of units in investments accounted for using the equity method	-	18.9
Total operating segment revenue	707.6	695.7
Share of revenue from joint ventures and associates	(253.1)	(236.4)
Interest and other revenue	26.1	4.2
Total revenue from ordinary activities	480.6	463.5

Reconciliation of segment assets to the Consolidated Statement of Financial Position

	31 Dec 2023	30 Jun 2023
	\$m	\$m
Investments ^{1,2}	15,962.3	17,394.8
Right-of-use assets	90.8	6.5
Cash and cash equivalents	77.6	123.9
Receivables	255.2	151.8
Intangible assets	678.0	679.4
Derivative financial instruments	428.4	484.1
Plant and equipment	10.9	11.3
Prepayments and other net assets ³	(546.0)	(371.6)
Total assets	16,957.2	18,480.2

1 Includes the Group's portion of investment property, infrastructure assets and other investments accounted for using the equity method and the Group's investments accounted for at fair value.

2 Includes Co-investments in unlisted real estate, real estate security and infrastructure funds. The principal activity of these funds is to invest in domestic and global real estate and infrastructure investments. Where the Group is deemed to have significant influence over these funds due to its ability to influence the decisions made by the Board of the Responsible Entities of these funds, which are wholly owned subsidiaries of the Group, these investments are accounted for using the equity method. Other investments in this category are accounted for at fair value.

3 Other assets include the Group's share of total net assets of its investments accounted for using the equity method less the Group's share of the investment property and infrastructure asset value which is included in the investments portfolio.

Note 2 Management fees and other revenue

Management fees are brought to account on an accruals basis and, if not received at the end of the reporting period, are reflected in the Consolidated Statement of Financial Position as a receivable.

	31 Dec 2023	31 Dec 2022
	\$m	\$ m
Investment management and responsible entity fees	127.9	77.9
Rent and lease renewal fees	7.9	4.6
Property management fees	29.3	17.6
Capital works and development fees	11.8	7.1
Other fund fees ¹	10.8	18.7
Wages recovery and other fees	24.8	10.3
Total management fees and other revenue	212.5	136.2

1 Other fund fees include performance, transaction and advisory fees.

Note 3 Property revenue and expenses

Property rental revenue is derived from holding properties as investment properties and earning rental yields over time. Associated property expenses are incurred to maintain the properties.

	31 Dec 2023	31 Dec 2022
	\$m	\$m
Rent and recoverable outgoings	161.0	198.5
Services revenue	20.6	26.2
Incentive amortisation	(34.4)	(39.5)
Other revenue	22.8	25.1
Total property revenue	170.0	210.3

	31 Dec 2023	31 Dec 2022
	\$m	\$m
Recoverable outgoings	50.2	61.9
Other non-recoverable property expenses	6.1	4.5
Total property expenses	56.3	66.4

Note 4 Finance costs

Finance costs are expensed as incurred unless they relate to qualifying assets which are capitalised to the cost of the asset.

	31 Dec 2023	31 Dec 2022
	\$m	\$m
Interest paid/payable	116.5	85.5
Amount capitalised	(13.2)	(10.5)
Realised (gain)/loss of interest rate derivatives	(30.4)	(8.9)
Finance costs - leases and debt modification	1.0	5.4
Other finance costs	13.6	4.2
Total finance costs	87.5	75.7

The average interest rate used to determine the amount of borrowing costs eligible for capitalisation is 3.80% (December 2022: 3.80%).

Note 5 Taxation

Under current Australian income tax legislation, DPT is not liable for income tax provided it satisfies certain legislative requirements, which were met in the current and previous financial periods. DXO is liable for income tax and has formed a tax consolidated group with its wholly owned and controlled Australian entities. As a consequence, this tax consolidated group is taxed as a single entity.

Note 5 Taxation (continued)

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

	31 Dec 2023	31 Dec 2022
	\$m	\$m
(Loss)/profit before income tax	(592.7)	46.6
Add: loss/Less: (profit) attributed to entities not subject to tax	604.3	(14.8)
Profit subject to income tax	11.6	31.8
Prima facie tax expense at the Australian tax rate of 30% (December 2022: 30%)	(3.5)	(9.5)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
(Non-assessable)/non-deductible items	(1.0)	(14.0)
Income tax expense	(4.5)	(23.5)

Note 6 Distributions paid and payable

Distributions are recognised when declared.

a. Distribution to security holders

	31 Dec 2023	31 Dec 2022
	\$m	\$m
31 December (payable 29 February 2024)	287.2	301.2
Total distribution to security holders	287.2	301.2

b. Distribution rate

	31 Dec 2023	31 Dec 2022
	Cents per security	Cents per security
31 December (payable 29 February 2024)	26.7	28.0
Total distribution rate	26.7	28.0

Investments

In this section

Investments are used to generate the Group's performance and are detailed in the following notes:

- Investment properties (note 7): relates to investment properties (including ground leases where relevant), both stabilised and under development.
- Investments accounted for using the equity method (note 8): provides summarised financial information on the joint ventures and investments where the Group has significant influence and relates to interests in underlying property, infrastructure assets and other investments.
- Investments accounted for at fair value (note 9): relates to the fair value of investments in Australian trusts, managed funds and equity investments in infrastructure assets.
- Inventories (note 10): relates to the Group's ownership of office and industrial assets or land held for repositioning, development, and sale.
- Non-current assets classified as held for sale (note 11): relates to investment properties which are expected to be sold within 12 months of the reporting date and/or contracts have already exchanged.

Note 7 Investment properties

The Group's investment properties consist of properties held for long-term rental yields and/or capital appreciation and property that is being constructed or developed for future use as investment property.

a. Reconciliation

		Office	Industrial	Other	For the 6 months to 31 Dec 2023	For the 12 months to 30 Jun 2023
	Note	\$m	\$m	\$m	\$m	\$m
Opening balance		4,927.3	1,080.9	29.9	6,038.1	8,295.7
Additions		44.7	6.4	0.4	51.5	218.8
Acquisitions		-	-	-	-	134.4
Lease incentives		23.0	1.1	-	24.1	62.5
Amortisation of lease incentives		(32.8)	(2.4)	-	(35.2)	(90.9)
Rent straightlining		(0.6)	(0.1)	_	(0.7)	(0.9)
Disposals		-	(155.8)	_	(155.8)	(579.5)
Transfer (to)/from non-current assets classified as held for sale	11	99.0	(6.1)	-	92.9	(1,354.0)
Transfer (to)/from inventories	10	-	(60.0)	_	(60.0)	(25.7)
Net fair value gain/(loss) of investment properties		(238.8)	(39.7)	(1.2)	(279.7)	(622.3)
Closing balance		4,821.8	824.3	29.1	5,675.2	6,038.1

Disposals

Date	Property Name	Proceeds' \$m
21 November 2023	20 Distribution Drive, Truganina VIC - Lot EE	16.8
19 December 2023	153 Aldington Road, Kemps Creek	137.2

1 Excludes transaction costs.

Note 7 Investment properties (continued)

b. Fair value measurement, valuation techniques and inputs

The following table represents the level of the fair value hierarchy and the associated unobservable inputs utilised in the fair value measurement for each class of investment property, including investment property held within investments accounted for using the equity method. Refer to note 8 *Investments accounted for using the equity method* for details.

			Range of unobservable inp	
Class of property	Fair value hierarchy	Inputs used to measure fair value	31 Dec 2023	30 Jun 2023
Office ¹	Level 3	Adopted capitalisation rate	4.50% - 7.50%	4.25% - 6.75%
		Adopted discount rate	5.75% - 8.00%	5.75% - 8.00%
		Adopted terminal yield	4.50% - 7.75%	4.25% - 7.00%
		Net market rental (per sqm)	\$406 - \$1,727	\$459 - \$1,657
Industrial	Level 3	Adopted capitalisation rate	4.38% - 9.75%	4.00% - 10.00%
		Adopted discount rate	6.00% - 10.25%	5.75% - 10.00%
		Adopted terminal yield	4.63% - 9.75%	4.25% - 10.25%
		Net market rental (per sqm)	\$50 - \$802	\$50 - \$765
Leased assets	Level 3	Adopted discount rate	3.36% - 8.50%	3.51% - 8.50%

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

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

Judgement is required in determining the following significant unobservable inputs:

- Adopted capitalisation rate: The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence and the prior external valuation.
- Adopted discount rate: The rate of return used to convert cash flows, payable or receivable in the future, into present value. For industrial and office properties, it reflects the opportunity cost of capital, that is, the rate of return the cash can earn if put to other uses having similar risk. The rate is determined with regard to market evidence and the prior external valuation. For leased assets, the discount rate is determined with reference to the Group's incremental borrowing rate at inception of the lease.
- Adopted terminal yield: The capitalisation rate used to convert the future net market rental revenue into an indication
 of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow
 calculation. The rate is determined with regard to market evidence and the prior external valuation.
- Net market rental (per sqm): The net market rent is the estimated amount for which a property should lease between a lessor and a lessee on appropriate lease terms in an arm's length transaction.

c. Sensitivity information

Significant movement in any one of the valuation inputs listed in the table above may result in a change in the fair value of the Group's investment properties, including investment properties within investments accounted for using the equity method as shown below.

The estimated impact of a change in certain significant unobservable inputs would result in a change in the fair value as follows:

	Office		Industrial	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	\$m	\$m	\$m	\$m
A decrease of 25 basis points in the adopted capitalisation rate	499.3	550.4	162.5	183.6
An increase of 25 basis points in the adopted capitalisation rate	(456.1)	(500.0)	(147.5)	(165.3)
A decrease of 25 basis points in the adopted discount rate	421.4	456.5	122.7	139.0
An increase of 25 basis points in the adopted discount rate	(390.2)	(421.3)	(114.0)	(128.2)
A decrease of 5% in the net market rental (per sqm)	(527.3)	(546.0)	(160.3)	(165.6)
An increase of 5% in the net market rental (per sqm)	527.3	546.0	160.3	165.6

Note 7 Investment properties (continued)

c. Sensitivity information (continued)

Generally, a change in the assumption made for the adopted capitalisation rate is often accompanied by a directionally similar change in the adopted terminal yield. The adopted capitalisation rate forms part of the capitalisation approach while the adopted terminal yield forms part of the discounted cash flow approach.

Under the capitalisation approach, the net market rental has a strong interrelationship with the adopted capitalisation rate as the fair value of the investment property is derived by capitalising, in perpetuity, the total net market rent receivable. An increase (softening) in the adopted capitalisation rate may offset the impact to fair value of an increase in the net market rent. A decrease (tightening) in the adopted capitalisation rate may also offset the impact to fair value of a decrease in the net market rent. A directionally opposite change in the net market rent and the adopted capitalisation rate may increase the impact to fair value.

The discounted cash flow is primarily made up of the discounted cash flow of net income over the cash flow period and the discounted terminal value (which is largely based upon market rents grown at forecast market rental growth rates capitalised at an adopted terminal yield). An increase (softening) in the adopted discount rate may offset the impact to fair value of a decrease (tightening) in the adopted terminal yield. A decrease (tightening) in the discount rate may offset the impact to fair value of an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield may increase the impact to fair value.

A decrease (softening) in the forecast rental growth rate may result in a negative impact on the discounted cash flow approach value while a strengthening may have a positive impact on the value under the same approach.

Note 8 Investments accounted for using the equity method

a. Interest in joint ventures and associates

The following investments are accounted for using the equity method of accounting in the Interim Consolidated Financial Statements.

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

	Ownershi	p interest	Bala	ince
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
Name of entity	%	%	\$m	\$m
Dexus Office Trust Australia (DOTA)	50.0	50.0	2,042.9	2,159.7
Dexus 80C Trust	75.0	75.0	1,097.5	1,177.1
Dexus Martin Place Trust	50.0	50.0	888.8	919.0
Dexus Australian Logistics Trust (DALT)	51.0	51.0	734.8	730.1
Dexus Australian Logistics Trust No.2 (DALT2)	51.0	51.0	574.6	584.6
Bent Street Trust	33.3	33.3	363.3	378.3
Dexus 480 Q Holding Trust	50.0	50.0	328.2	357.1
AAIG Holding Trust	49.4	49.4	325.3	326.6
Jandakot City Holdings Trust (JCH)	33.4	33.4	305.8	317.8
Dexus Industrial Trust Australia (DITA)	50.0	50.0	299.8	301.7
Dexus Wholesale Australian Property Fund (DWAPF) ¹	18.9	18.9	266.3	319.8
Dexus Healthcare Property Fund (DHPF) ²	16.2	16.4	230.3	241.3
Dexus Kings Square Trust	50.0	50.0	206.8	231.5
Dexus Industria REIT (DXI)	17.5	17.5	186.7	193.0
Dexus Community Infrastructure Fund (COMMIF) ¹	9.3	5.1	132.7	73.1
Dexus Australian Logistics Trust No.3 (DALT3)	51.0	51.0	124.1	125.6
Dexus Wholesale Shopping Centre Stapled Fund (DWSF) ¹	5.3	_	123.0	_
Dexus Diversified Infrastructure Trust (DDIT) ¹	5.1	_	100.1	_
Dexus Eagle Street Pier Trust	50.0	50.0	84.3	53.1
Dexus KC Trust	51.0	_	79.9	_
Dexus Core Infrastructure Fund (DCIF) ¹	9.9	7.8	72.5	64.5
Site 7 Homebush Bay Trust ⁴	50.0	50.0	72.4	73.9
Dexus Real Estate Partnership 1 (DREP1)	21.3	21.3	69.1	35.3
Dexus Australia Commercial Trust (DACT)	10.0	10.0	56.2	58.1
Dexus Convenience Retail REIT (DXC)	9.0	9.0	45.2	46.5
Site 6 Homebush Bay Trust ⁴	50.0	50.0	37.1	42.1
Mercatus Dexus Australia Partnership (MDAP)	10.0	10.0	36.9	38.0
Dexus RBR Ravenhall Pty Limited	50.1	50.1	36.4	36.2
Dexus Australian Logistics Trust No.4 (DALT4)	51.0	51.0	31.7	31.7
Dexus Chester Hill Trust	50.0	50.0	25.1	25.1
Jandakot Airport Domestic Trust (JADT)	34.7	34.7	24.7	20.8
Jandakot Airport Holdings Trust (JAHT)	32.0	32.0	24.0	24.2
Dexus Moorebank Trust	50.0	50.0	22.6	22.7
Dexus Global REIT Income Fund (GREIT)	59.0	60.0	11.9	11.3
Dexus Walker Street Trust	50.0	50.0	7.7	7.7
Grosvenor Place Holding Trust ⁴	50.0	50.0	1.1	1.2
Dexus Asian REIT Fund	3.1	2.6	1.1	1.1
Dexus Regional Property Fund	3.3	3.3	1.1	1.0
Dexus Mamre Road Trust	50.0	50.0	0.9	1.0
Dexus Creek Street Trust	50.0	50.0	0.7	0.7
	4.8	4.8	0.3	
Dexus Development Fund No. 2	4.0		0.5	0.8
RealTech Ventures ³	-	62.1	-	16.7
Divvy Parking Pty Limited	24.8	24.8	_	_
Total assets - investments accounted for using the equity m	ethodĭ		9,073.9	9,050.0

1 Acquired in connection with the AMP Capital transaction.

2 In October 2023, DHPF raised equity resulting in a dilution of the Group's interest from 16.4% to 16.2%.

3 In October 2023, the Group sold down its interest in RealTech Ventures. The residual interest has been reclassified as a financial asset at fair value through profit or loss.

4 These entities are 50% owned by Dexus Office Trust Australia. The Group's economic interest is 75% when combined with the interest held by DOTA. 5 Group's share of the underlying property, infrastructure assets and other investments accounted for using the equity method was \$9,727.5 million. These

investments are accounted for using the equity method as a result of the Group having either significant influence over the financial and operating policy decisions of the associate or joint control over the associate under contractual arrangements requiring unanimous decisions on all relevant matters.

Note 9 Investments accounted for at fair value

The Group's investments accounted for at fair value consists of interests in Australian trusts, managed property funds and infrastructure assets.

a. Financial assets at fair value through profit or loss

	31 Dec 2023	30 Jun 2023
	\$m	\$m
Equity investments in Australian managed funds	265.9	225.1
Investments classified as debt in Australian trusts	217.7	206.8
Total financial assets at fair value through profit or loss	483.6	431.9

b. Investment in associates accounted for at fair value

	31 Dec 2023	30 Jun 2023
	\$m	\$m
Equity investments in infrastructure assets	9.6	_
Total investments in associates accounted for at fair value	9.6	_

c. Total investments accounted for at fair value

	31 Dec 2023	30 Jun 2023
	\$m	\$m
Total financial assets at fair value through profit or loss	483.6	431.9
Total investments in associates accounted for at fair value	9.6	-
Total investments accounted for at fair value ¹	493.2	431.9

1 Refer to note 14 Fair value measurement for further details.

d. Amounts recognised in profit or loss

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

	31 Dec 2023	31 Dec 2022
	\$m	\$m
Fair value (loss)/gain on equity investments in Australian managed funds	(16.5)	1.9
Fair value (loss)/gain on investments classified as debt in Australian trusts	(56.7)	_
Fair value gain on investments in associates accounted for at fair value	0.1	_
Total fair value (losses)/gains on investments accounted for at fair value	(73.1)	1.9

e. Equity price risks

The Group is exposed to equity price risk arising from equity investments in Australian managed funds classified as financial assets at fair value through profit or loss. The exposure to equity price risk at the end of the reporting period, assuming equity prices had been 10% higher or lower while all other variables were held constant, would increase/decrease net profit by \$26.6. million (June 2023: \$22.5 million).

f. Valuation risks

The Group is exposed to valuation risk on underlying investment property arising from investments classified as debt in Australian trusts classified as financial assets at fair value through profit or loss. The estimated impact of changes in valuations of underlying investment property at the end of the reporting period, assuming the adopted capitalisation rate had been 25 basis points lower or higher while all other variables were held constant, would increase/(decrease) net profit by \$86.2 million/ (\$77.4 million) respectively (June 2023: \$77.0 million/(\$68.9 million)).

The Group is exposed to valuation risk on the equity investments in infrastructure assets classified as investment in associates accounted for at fair value. The estimated impact of changes in valuations of underlying investments at the end of the reporting period, assuming the adopted discount rate had been 25 basis points lower or higher while all other variables were held constant, would increase/(decrease) net profit by \$0.2 million/(\$0.2 million) respectively (June 2023: nil).

Note 10 Inventories

Development properties held for repositioning, construction and sale are recorded at the lower of cost or net realisable value.

a. Development properties held for sale

	31 Dec 2023 \$m	30 Jun 2023 \$m
Current assets		
Development properties and trading assets	60.3	30.6
Total current assets - inventories	60.3	30.6

b. Reconciliation

	For the 6 months to 31 Dec 2023	For the 12 months to 30 Jun 2023
Note	\$m	\$m
Opening balance	30.6	54.4
Transfer from investment properties 7	60.0	25.7
Disposals	(32.5)	(60.4)
Additions	2.2	10.9
Closing balance	60.3	30.6

Note 11 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable.

At 31 December 2023, the balance relates to 20 Distribution Drive, Truganina VIC. 130 George Street, Parramatta NSW was transferred to investment properties during the period.

At 30 June 2023, the balance related to 20 Distribution Drive, Truganina VIC, 8 Nicholson Street, Melbourne VIC, 84 Lahrs Road, Ormeau QLD, 44 Market Street, Sydney NSW, Axxess Corporate Park, Mount Waverley VIC, 1 Margaret Street, Sydney NSW and 130 George Street, Parramatta NSW.

Capital and financial risk management

In this section

The Board of the Responsible Entity determines the appropriate capital structure of the Group, how much is borrowed from financial institutions and capital markets (debt), and how much is raised from security holders (equity) in order to finance the Group's activities both now and in the future. This capital structure is detailed in the following notes:

- Debt: Interest bearing liabilities in note 12, Lease liabilities in note 13, Fair value measurement in note 14, and Commitments and contingencies in note 15; and
- Equity: Contributed equity in note 16.

Note 12 Interest bearing liabilities

The following table summarises the Group's financing arrangements:

	Note	31 Dec 2023 \$m	30 Jun 2023 \$m
Current			
Unsecured			
US senior notes ¹	a.	115.1	67.1
Bank loans	b.	250.0	_
Exchangeable notes	e.	316.4	314.7
Total unsecured		681.5	381.8
Deferred borrowing costs and debt modifications		(2.0)	_
Total current liabilities - interest bearing liabilities		679.5	381.8
Non-current			
Unsecured			
US senior notes ¹	a.	1,756.5	1,844.4
Bank loans	b.	684.0	1,538.0
Commercial paper	С.	93.5	77.5
Medium term notes	d.	1,043.8	1,043.9
Exchangeable notes	e.	454.4	447.1
Total unsecured		4,032.2	4,950.9
Deferred borrowing costs and debt modifications		(17.7)	(23.0)
Total non-current liabilities - interest bearing liabilities		4,014.5	4,927.9
Total interest bearing liabilities		4,694.0	5,309.7

1 Includes cumulative fair value adjustments amounting to \$90.9 million (June 2023: \$125.6 million) in relation to effective fair value hedges.

Financing arrangements

The following table summarises the maturity profile of the Group's financing arrangements:

Type of facility	Note	Currency	Security	Maturity Date	Utilised \$m	Facility Limit \$m
US senior notes (USPP) ¹	a.	US\$	Unsecured	Feb-24 to Nov-32	1,637.5	1,637.5
US senior notes (USPP)	a.	A\$	Unsecured	Jun-28 to Oct-38	325.0	325.0
Multi-option revolving credit facilities	b.	Multi Currency	Unsecured	Oct-24 to Jul-30	934.0	4,100.0
Commercial paper	C.	A\$	Unsecured	Dec-25	93.5	100.0
Medium term notes	d.	A\$	Unsecured	Nov-25 to Aug-38	1,043.8	1,043.8
Exchangeable notes	e.	A\$	Unsecured	Mar-24 to Nov-27	770.8	770.8
Total					4,804.6	7,977.1
Bank guarantee in place ²					175.0	
Unused at balance date					2,997.5	

mar a than a

1 Excludes fair value adjustments recorded in interest bearing liabilities in relation to effective fair value hedges.

2 Includes utilised bank guarantees of \$140.9 million (June 2023: \$140.9 million).

Each of the Group's unsecured borrowing facilities are supported by guarantee arrangements and have negative pledge provisions which limit the amount and type of encumbrances that the Group can have over its assets and ensures that all senior unsecured debt ranks pari passu.

Note 12 Interest bearing liabilities (continued)

a. US senior notes (USPP)

This includes a total of US\$1,120.0 million and A\$325.0 million of US senior notes with a weighted average maturity of March 2029. US\$1,120.0 million is designated as an accounting hedge using cross currency interest rate swaps with the same notional value.

b. Multi-option revolving credit facilities

This includes A\$4,100.0 million of facilities maturing between October 2024 and July 2030 with a weighted average maturity of May 2027. A\$175.0 million represents bank guarantee facilities available for utilisation for Australian Financial Services Licences (AFSL) requirements and other business requirements including developments.

c. Commercial paper

This includes a total of A\$100.0 million of Commercial paper maturity of December 2025. The standby facility has same day availability.

d. Medium term notes

This includes a total of A\$1,045.0 million of Medium Term Notes with a weighted average maturity of February 2030. The remaining A\$1.2 million is the net discount on the issue of these instruments.

e. Exchangeable notes

This includes exchangeable notes with a face value of \$325.0 million issued on 19 March 2019 and maturing in June 2026 and exchangeable notes with a face value of \$500.0 million issued on 24 November 2022 and maturing in November 2027.

Issuance date - 19 March 2019:

The notes are exchangeable based on the exchange price (currently \$15.00 representing approximately 21.7 million securities) on the exchange date, at the election of the holder, until 19 March 2024. The holders have an option to put the notes to the issuer for face value 60 days prior but not later than 30 days before 19 March 2024. On expiration of the put option, the notes continue to be exchangeable until 10 days prior to maturity on 19 June 2026. Any securities issued on exchange will rank equally with existing securities. As at 31 December 2023, \$325.0 million notes remain outstanding paying a fixed coupon of 2.3%. The carrying value of notes is classified as current due to the exercise date on the put option being within 12 months of 31 December 2023.

Issuance date - 24 November 2022:

The notes are exchangeable based on the exchange price (currently \$9.16 representing approximately 54.6 million securities) on the exchange date, at the election of the holder, until 10 days prior to maturity on 24 November 2027. Any securities issued on exchange will rank equally with existing securities. If the notes are not exchanged, they will be redeemed on maturity at 104.15% of face value. The notes pay a fixed coupon of 3.5% per annum.

Note 13 Lease liabilities

The following table details information relating to leases where the Group is a lessee.

		31 Dec 2023	30 Jun 2023
	Note	\$m	\$m
Current			
Lease liabilities - ground leases	а.	1.3	0.9
Lease liabilities - other property leases	b.	11.3	1.2
Total current liabilities - lease liabilities		12.6	2.1
Non-current			
Lease liabilities - ground leases	а.	8.8	6.5
Lease liabilities - other property leases	b.	78.3	6.0
Total non-current liabilities - lease liabilities		87.1	12.5
Total liabilities – lease liabilities		99.7	14.6

a. Lease liabilities – ground leases

Lease liabilities include ground leases at Parkade, 34-60 Little Collins Street, Melbourne and Waterfront Place, 1 Eagle Street, Brisbane. Refer to note 7 *Investment properties* where the corresponding leased asset is included in the total value of investment properties.

b. Lease liabilities – other property leases

Lease liabilities relating to property leases predominantly relate to Dexus offices and Dexus Place property leases. Refer to the Consolidated Statement of Financial Position for disclosure of the corresponding right-of-use asset.

Note 14 Fair value measurement

The Group uses the following methods in the determination and disclosure of the fair value of assets and liabilities:

Level 1: the fair value is calculated using quoted prices in active markets.

Level 2: the fair value is determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable data.

Equity investments in Australian managed funds are measured at Level 3 having regard to unit prices which are determined by giving consideration to the net assets of the relevant fund. The unit prices and net asset values are largely driven by the fair values of investment properties, infrastructure assets and derivatives held by the funds. Recent arm's length transactions, if any, are also taken into consideration. The fair value of equity investments in Australian managed funds is impacted by the price per security of the investment. An increase to the price per security results in an increase to the fair value of the investment.

Investments classified as debt in Australian trusts are measured at Level 3 using a fair value model.

Equity investments in infrastructure assets are recognised initially at fair value and measured as a Level 3 investment. Subsequent to initial recognition, infrastructure assets are measured at fair value as determined by an independent valuer, having appropriate recognised professional qualifications and relevant experience in the nature of the investment being valued. The valuer applies the 'discounted cash flow method' where management's best estimate of expected future cash flows are discounted to their present value using a market determined risk adjusted discount rate.

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

All investment properties, infrastructure assets, listed securities and derivatives were appropriately measured at Level 1, 2 or 3, within investments accounted for using the equity method for the periods presented in this report.

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

Since cash, receivables and payables are short-term in nature, their fair values are not materially different from their carrying amounts. For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Note 15 Commitments and contingencies

a. Commitments

Capital commitments

The following amounts represent capital expenditure as well as committed fit out or cash incentives contracted at the end of each reporting period but not recognised as liabilities payable:

	31 Dec 2023	30 Jun 2023
	\$m	\$m
Investment properties	169.6	128.1
Investments accounted for using the equity method	436.0	446.8
Investments accounted for at fair value	709.3	740.9
Inventories and development management services	47.1	54.1
Total capital commitments	1,362.0	1,369.9

b. Contingencies

DPT and DXO are guarantors of A\$7,977.1 million (June 2023: A\$8,042.8 million) of interest bearing liabilities (refer to note 12 *Interest bearing liabilities*). The guarantees have been given in support of debt outstanding and drawn against these facilities and may be called upon in the event that a borrowing entity has not complied with certain requirements such as failure to pay interest or repay a borrowing, whichever is earlier. During the period no guarantees were called.

The Group has bank guarantees of A\$140.9 million, comprising A\$91.2 million held to comply with the terms of the Australian Financial Services Licences (AFSL) and A\$49.7 million largely in respect of developments, with \$34.1 million available for other corporate purposes.

The above guarantees are issued in respect of the Group and represent an additional commitment to those already existing in interest bearing liabilities on the Consolidated Statement of Financial Position.

Outgoings are excluded from contingencies as they are expensed when incurred.

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Group, other than those disclosed in the Notes to the Interim Consolidated Financial Statements, which should be brought to the attention of security holders as at the date of these Interim Consolidated Financial Statements.

Note 16 Contributed equity

	For the	For the
	6 months to	12 months to
	31 Dec 2023	30 Jun 2023
	No. of	No. of
	securities	securities
Opening balance	1,075,565,246	1,075,565,246
Closing balance	1,075,565,246	1,075,565,246

Other disclosures

In this section

This section includes other information that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the Corporations Regulations.

Note 17 Intangible assets

The Group's intangible assets comprise management rights, goodwill and capitalised software.

Management rights represent the asset management rights owned by Dexus Holdings Pty Limited (and its controlled entities), a wholly owned subsidiary of DXO, which entitles it to management fee revenue from both finite life trusts and indefinite life trusts. Those management rights that are deemed to have a finite useful life held at a value of \$6.6 million (June 2023: \$7.5 million) are measured at cost and amortised using the straight line method over their estimated remaining useful lives of one to six years. Management rights that are deemed to have an indefinite life are held at a value of \$599.0 million (June 2023: \$598.8 million).

Goodwill and management rights with an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The key assumptions used to determine the recoverable amount for goodwill and management rights and sensitivity information were disclosed in the annual Consolidated Financial Statements for the year ended 30 June 2023.

As at 31 December 2023, the Directors and management have considered whether any indicators of impairment exist. No impairment has been recognised in the period.

	For the 6 months to 31 Dec 2023	For the 12 months to 30 Jun 2023
	\$m	\$m
Management Rights		
Opening balance		
Dexus Wholesale Property Fund (indefinite useful life)	263.2	261.9
Direct Property Funds (indefinite useful life)	42.0	42.0
Direct Property Funds (finite useful life)	0.4	0.7
APN Real Estate Security Funds (indefinite useful life)	105.9	129.8
APN Real Estate Security Funds (finite useful life)	-	0.1
AMP Capital Funds (indefinite useful life)	187.7	_
AMP Capital Funds (finite useful life)	7.1	_
Additions		
Dexus Wholesale Property Fund (indefinite useful life) ¹	0.2	1.3
Direct Property Funds (finite useful life)	-	_
APN Real Estate Security Funds (indefinite useful life)	-	_
APN Real Estate Security Funds (finite useful life)	-	_
AMP Capital Funds (indefinite useful life) ²	-	187.7
AMP Capital Funds (finite useful life) ²	-	7.5
Impairment of management rights	-	(24.1)
Amortisation charge	(0.9)	(0.6)
Closing balance	605.6	606.3
Cost	642.0	641.8
Accumulated amortisation	(7.8)	(6.9)
Accumulated impairment	(28.6)	(28.6)
Total management rights	605.6	606.3
Goodwill		
Opening balance	68.7	49.9
Additions ³	_	54.7
Impairment	-	(35.9)
Closing balance	68.7	68.7
Cost	109.6	109.6
Accumulated impairment	(40.9)	(40.9)
Total goodwill	68.7	68.7

1 During the period Dexus incurred costs in connection with Dexus Wholesale Property Limited, a Dexus entity, being appointed as Responsible Entity of Dexus ADPF.

2 During the year ended 30 June 2023, the Group entered into a business combination to acquire Collimate Capital's real estate and domestic infrastructure equity business from AMP Limited. As part of the transaction, \$195.2 million of management rights were recognised.

3 The excess between the cash consideration transferred and the fair value of the net identifiable assets acquired as part of the prior period AMP transaction has been recorded as goodwill.

Note 17 Intangible assets (continued)

	For the 6 months to 31 Dec 2023	For the 12 months to 30 Jun 2023
	\$m	\$m
Software		
Opening balance	4.4	3.6
Additions	0.1	2.3
Amortisation charge	(0.8)	(1.5)
Closing balance	3.7	4.4
Cost	21.5	21.4
Accumulated amortisation	(17.8)	(17.0)
Cost - Fully amortised assets written off	(16.8)	(16.8)
Accumulated amortisation - Fully amortised assets written off	16.8	16.8
Total software	3.7	4.4
Total non-current intangible assets	678.0	679.4

Note 18 Business combination

In 2022, Dexus acquired the real estate and domestic infrastructure equity business of Collimate Capital Limited (Collimate Capital or AMP Capital) from AMP Limited under a transaction structure with a two-stage completion process ("AMP Capital transaction"). First Completion occurred on 24 March 2023 with consideration of \$175.0 million paid on this date. Final Completion occurred on 30 November 2023 following the satisfaction of the condition precedent relating to the transfer of AMP's ownership interest in China Life AMP Asset Management ("CLAMP") out of entities being acquired by Dexus under the AMP Capital transaction, with contingent consideration of \$50.0 million paid on this date.

Note 19 Related parties

Related party transactions

Transactions between the consolidated entity and related parties were made on commercial terms and conditions. Agreements with third party funds and joint ventures are conducted on normal commercial terms and conditions.

Transactions with related parties

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Responsible entity (investment management fees)	108,580.0	58,828.7
Property management fee income	29,514.0	17,502.9
Development services revenue (DS), Development management (DM), Project Delivery Group (PDG), capital expenditure and leasing fee income	45,468.6	29,112.6
Other fund fees and recoveries	28,961.2	5,549.4
Rental expense	2,390.1	652.6
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Responsible entity fees receivable at the end of each reporting period	55,885.6	46,055.4
Property management fees receivable at the end of each reporting period	6,852.9	8,917.2
DS, DM, PDG, capital expenditure and leasing fees receivable at the end of each period (included above)	59,393.8	20,969.9
Loans to related parties	3,906.2	1,750.2
Loans and payables from related parties	5,748.3	24,559.3

Note 20 Subsequent events

On 31 January 2024, the Group acquired a further co-investment stake in Dexus Wholesale Australian Property Fund (DWAPF) for total consideration of \$68.0 million excluding transaction costs.

Since the end of the period, the Directors are not aware of any other matter or circumstance not otherwise dealt within the Interim Consolidated Financial Statements that has significantly or may significantly affect the operations of the Group, the results of those operations, or state of the Group's affairs in future financial periods.

Directors' Declaration

In the Directors' opinion:

- a. The Interim Consolidated Financial Statements and Notes set out on pages 17 to 42 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Group's consolidated financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b. there are reasonable grounds to believe that Dexus Property Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Warwick M Negus Chair 13 February 2024



Independent auditor's review report to the stapled security holders of Dexus Property Trust

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Dexus Property Trust (the Trust) and the entities it controlled during the half-year (together the Group), which comprises the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date and selected explanatory notes and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- 1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
- 2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors of the Responsible Entity for the half-year financial report

The Directors of Dexus Funds Management Limited as the Responsible Entity of the Trust (the Directors) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757

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One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001 T: +61 2 8266 0000, F: +61 2 8266 9999

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124 T: +61 2 9659 2476, F: +61 2 8266 9999



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Kuchatehoure Coopes

PricewaterhouseCoopers

N. Lamails

Marcus Laithwaite Partner

Sydney 13 February 2024



Dexus Operations Trust Interim Report 31 December 2023

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Dexus consists of two stapled managed investment schemes, Dexus Property Trust and Dexus Operations Trust, collectively referred to as DXS or the Group. Dexus stapled securities are listed on the Australian Securities Exchange under the "DXS" code.

The registered office of the Group is Level 30, Quay Quarter Tower, 50 Bridge Street, Sydney, NSW 2000.

Directors' Report

The Directors of Dexus Funds Management Limited (DXFM) as Responsible Entity of Dexus Operations Trust (DXO or the Trust) present their Directors' Report together with the Interim Consolidated Financial Statements for the half year ended 31 December 2023. The Interim Consolidated Financial Statements represents DXO and its controlled entities.

The Trust, together with Dexus Property Trust (DPT), form the Dexus stapled security (DXS or the Group).

Directors

The following persons were Directors of DXFM at all times during the half year and to the date of this Directors' Report, unless otherwise stated:

Directors	Appointed
Warwick M Negus, BBus, MCom, SF Fin	1 February 2021
Penny Bingham-Hall, BA (Industrial Design), FAICD, SF Fin	10 June 2014
Paula J Dwyer, BCom, FCA, SF Fin, FAICD	1 February 2023
Mark H Ford, Dip. Tech (Commerce), CA, FAICD	1 November 2016
Rhoda Phillippo, MSc (Telecommunications Business), GAICD	1 February 2023
The Hon. Nicola L Roxon, BA/LLB (Hons), GAICD	1 September 2017
Elana Rubin AM, BA (Hons), MA, SF Fin, FAICD	28 September 2022
Darren J Steinberg, BEc, FAICD, FRICS, FAPI	1 March 2012

Review of results and operations

The results for the half year ended 31 December 2023 were:

- Profit attributable to unitholders was \$7.1 million (December 2022: \$8.2 million);
- Total assets were \$1,634.8 million (June 2023: \$1,358.1 million);
- Net assets were \$230.4 million (June 2023: \$222.5 million).

Information on the operations and financial position of the Group and its business strategies and prospects, of which the Trust forms part thereof, is set out on pages 2 to 14 of the Dexus Interim Financial Report.

Significant changes in the state of affairs

In 2022, Dexus acquired the real estate and domestic infrastructure equity business of Collimate Capital Limited (Collimate Capital or AMP Capital) from AMP Limited under a transaction structure with a two-stage completion process ("AMP Capital transaction"). First Completion occurred on 24 March 2023 with consideration of \$175.0 million paid on this date. Final Completion occurred on 30 November 2023 following the satisfaction of the condition precedent relating to the transfer of AMP's ownership interest in China Life AMP Asset Management ("CLAMP") out of entities being acquired by Dexus under the AMP Capital transaction, with contingent consideration of \$50.0 million paid on this date.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 3 and forms part of this Directors' Report.

Rounding of amounts and currency

As the Trust is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the Directors have chosen to round amounts in this Directors' Report and the accompanying Interim Consolidated Financial Statements to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Interim Consolidated Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Interim Consolidated Financial Statements were authorised for issue by the Directors on 13 February 2024.

Warwick M Negus Chair 13 February 2024

Darren J Steinberg Chief Executive Officer 13 February 2024



Auditor's Independence Declaration

As lead auditor for the review of Dexus Operations Trust for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Dexus Operations Trust and the entities it controlled during the period.

N. Lamarls

Marcus Laithwaite Partner PricewaterhouseCoopers

Sydney 13 February 2024

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001 T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124 T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2023

		31 Dec 2023	31 Dec 2022
	Note	\$'000	\$'000
Revenue from ordinary activities			
Property revenue	3	9,619	10,902
Development revenue	10	88,839	112,762
Distribution revenue		805	713
Interest revenue		1,151	3,679
Management fees and other revenue	2	234,944	163,691
Total revenue from ordinary activities		335,358	291,747
Net fair value gain of investment properties	7	5,552	_
Share of net profit of investments accounted for using the equity method	8	2,337	22,110
Gain on dilution of equity accounted investments		360	947
Gain on sale of investments accounted for using the equity method		2,655	_
Other income		1,892	2,148
Total income		348,154	316,952
Expenses			
Property expenses	3	(4,566)	(4,819)
Development costs	10	(75,106)	(62,088)
Finance costs	5	(24,156)	(9,574)
Net fair value loss of financial assets at fair value through profit or loss	9	(3,257)	
Transaction costs		(40,328)	(21,451)
Management operations, corporate and administration expenses	4	(189,191)	(118,768)
Impairment of intangibles	16	-	(65,532)
Impairment of investments accounted for using the equity method	8	_	(192)
Net fair value loss of investment properties	7	_	(2,248)
Net loss on sale of investment properties		_	(541)
Total expenses		(336,604)	(285,213)
Profit for the period before tax		11,550	31,739
Income tax expense	6	(4,489)	(23,515)
Profit for the period		7,061	8,224
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(143)	
Changes in financial assets at fair value through other comprehensive income		921	(1,643)
		7,839	
Total comprehensive income for the period		1,034	6,581
		Cents	Cents
Earnings per unit on profit/(loss) attributable to unitholders of the Trust (parent ent	ity)		· - ·
Basic earnings per unit		0.66	0.76
Diluted earnings per unit		0.61	0.74

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2023

		31 Dec 2023	30 Jun 2023
	Note	\$'000	\$'000
Current assets			
Cash and cash equivalents		28,117	81,717
Receivables		168,853	92,477
Non-current assets classified as held for sale	11	6,106	113,808
Inventories	10	60,288	30,575
Current tax receivable		32,504	11,249
Other		38,340	78,382
Total current assets		334,208	408,208
Non-current assets			
Investment properties	7	122,000	37,213
Plant and equipment		10,927	11,318
Right-of-use assets		101,674	20,313
Investments accounted for using the equity method	8	307,978	181,088
Investments accounted for at fair value	9	56,079	_
Intangible assets	16	678,016	679,370
Financial assets at fair value through other comprehensive income	18	22,593	19,326
Other		1,315	1,247
Total non-current assets		1,300,582	949,875
Total assets		1,634,790	1,358,083
Current liabilities			
Payables		76,665	85,708
Lease liabilities	12	13,699	4,802
Provisions		69,863	119,606
Loans with related parties	19	-	21,502
Contingent consideration	17	_	50,000
Other		1,383	418
Total current liabilities		161,610	282,036
Non-current liabilities			· · ·
Lease liabilities	12	91,137	17,886
Deferred tax liabilities		122,627	124,864
Provisions		17,166	23,562
Loans with related parties	19	1,002,520	667,942
Unearned revenue		9,318	19,318
Total non-current liabilities		1,242,768	853,572
Total liabilities		1,404,378	1,135,608
Net assets		230,412	222,475
Equity			
Contributed equity	15	107,185	107,185
Reserves		40,958	40,082
Retained profits		82,269	75,208
Total equity		230,412	222,475

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

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2023

	Contributed equity	Reserves	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000
Opening balance as at 1 July 2022	107,185	41,495	185,237	333,917
Net profit for the period	_		8,224	8,224
Other comprehensive income for the period	_	(1,643)	_	(1,643)
Total comprehensive income/(loss) for the period	_	(1,643)	8,224	6,581
Transactions with owners in their capacity as unitholders				
Purchase of securities, net of transaction costs	_	(192)	_	(192)
Security-based payments expense	_	121	_	121
Total transactions with owners in their capacity as unitholders	_	(71)	_	(71)
Closing balance as at 31 December 2022	107,185	39,781	193,461	340,427
Opening balance as at 1 July 2023	107,185	40,082	75,208	222,475
Net profit for the period	_	_	7,061	7,061
Other comprehensive income for the period	-	778	-	778
Total comprehensive income/(loss) for the period	-	778	7,061	7,839
Transactions with owners in their capacity as unitholders				
Purchase of securities, net of transaction costs	-	(238)	-	(238)
Security-based payments expense	-	336	-	336
Total transactions with owners in their capacity as unitholders	-	98	_	98
Closing balance as at 31 December 2023	107,185	40,958	82,269	230,412

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2023

	31 Dec 2023	31 Dec 2022
Note	\$'000	\$'000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	215,371	165,681
Payments in the course of operations (inclusive of GST)	(248,513)	(119,352)
Interest received	1,010	3,605
Finance costs paid	(22,606)	(11,530)
Distributions received	1,280	1,294
Income and withholding taxes paid	(27,980)	(34,622)
Proceeds from sale of property classified as inventory and development services	45,906	112,762
Payments for property classified as inventory and development services	(97,815)	(10,068)
Net cash inflow/(outflow) from operating activities	(133,347)	107,770
Cash flows from investing activities		
Proceeds from sale of investment properties	26,700	_
Proceeds from sale of investments accounted for using the equity method	12,800	68,511
Payments for capital expenditure on investment properties	(5,781)	(18,260)
Payments for investments accounted for using the equity method	(139,655)	(25,465)
Proceeds from return of capital from investments accounted for using the equity method	2,495	_
Payments for financial assets at fair value through profit or loss	(59,334)	_
Payments for plant and equipment	(935)	(1,010)
Payments for intangibles	(239)	(1,738)
Payment for acquisition of subsidiary, net of cash acquired	(51,815)	
Net cash inflow/(outflow) from investing activities	(215,764)	22,038
Cash flows from financing activities		<u> </u>
Borrowings received from related parties	805,595	415,310
Borrowings provided to related parties	(471,184)	(509,076)
Proceeds from loan with related party	26,650	33,961
Payment of lease liabilities	(4,765)	(4,072)
Purchase of securities for security-based payments plans	(11,590)	(7,676)
Distributions paid to unitholders	(50,000)	(50,000)
Distributions received	805	713
Net cash inflow/(outflow) from financing activities	295,511	(120,840)
Net increase/(decrease) in cash and cash equivalents	(53,600)	8,968
Cash and cash equivalents at the beginning of the period	81,717	42,848
Cash and cash equivalents at the beginning of the period	01,717	42,040

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

Notes to the Interim Consolidated Financial Statements

In this section

This section sets out the basis upon which the Trust's Interim Consolidated Financial Statements are prepared.

Basis of preparation

These Interim Consolidated Financial Statements have been prepared in accordance with the requirements of the Constitutions of the entities within the Trust, the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* issued by the Australian Accounting Standards Board.

These Interim Consolidated Financial Statements do not include notes of the type normally included in an annual financial report. Accordingly, these Interim Consolidated Financial Statements should be read in conjunction with the annual Consolidated Financial Statements for the year ended 30 June 2023 and any public announcements made by the Trust during the half year, and up to the date of issuance of this Interim Report, in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Unless otherwise stated, the Interim Consolidated Financial Statements have been prepared using consistent accounting policies in line with those of the previous financial year and corresponding interim reporting period. Where required, comparative information has been restated for consistency with the current period's presentation.

The Interim Consolidated Financial Statements are presented in Australian dollars, with all values rounded to the nearest thousand dollars in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, unless otherwise stated.

The Interim Consolidated Financial Statements have been prepared on a going concern basis using the historical cost convention, except for the following which are stated at their fair value:

- Investment properties;
- Investment properties within equity accounted investments;
- Investments accounted for at fair value;
- Non-current assets classified as held for sale;
- Security-based payments; and
- Financial assets at fair value through other comprehensive income.

Refer to the specific accounting policies within the Notes to the annual Consolidated Financial Statements for the year ended 30 June 2023 for the basis of valuation of assets and liabilities measured at fair value.

Critical accounting estimates

The preparation of the Interim Consolidated Financial Statements requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Trust's accounting policies. In the process of applying the Trust's accounting policies, management has considered the current economic environment including the impacts of persistent inflation and elevated interest rates and the estimates and assumptions used for the measurement of items such as:

- Investment properties;
- Investment properties within equity accounted investments;
- Investments accounted for at fair value;
- Non-current assets classified as held for sale;
- Security-based payments;
- Financial assets at fair value through other comprehensive income;
- Performance fees;
- Inventories; and
- Intangible assets.

No other key assumptions concerning the future or other estimation uncertainty at the end of the reporting period could have a significant risk of causing material adjustments to the Interim Consolidated Financial Statements.

Climate change

On 26 June 2023, the International Sustainability Standards Board (ISSB) released new sustainability standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. Subsequently, the Australian Accounting Standards Board (AASB) issued Exposure Draft "Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information" and the Australian Treasury released related Exposure Draft legislation with their respective consultation periods ending on 1 March 2024 and 9 February 2024. The Group is continuing to develop its assessment of the impact of climate change in line with emerging industry and regulatory guidance on its Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements

The Notes include information which is required to understand the Interim Consolidated Financial Statements and is material and relevant to the operations, financial position and performance of the Trust.

The Notes are organised into the following sections:

Trust performance		Inv	estments		pital and financial risk nagement	Oth	ner disclosures
1.	Operating segments	7.	Investment properties	12.	Lease liabilities	16.	Intangible assets
2.	Management fees and other revenue	8.	Investments accounted for using the equity method	13.	Fair value measurement	17.	Business combination
3.	Property revenue and expenses	9.	Investments accounted for at fair value	14.	Commitments and contingencies	18.	Financial assets at fair value through other comprehensive income
4.	Management operations, corporate and administration expenses	10.	Inventories	15.	Contributed equity	19.	Related parties
5.	Finance costs	11.	Non-current assets classified as held for sale			20.	Subsequent events
6.	Taxation						

Trust performance

In this section

This section explains the results and performance of the Trust.

It provides additional information about those individual line items in the Interim Consolidated Financial Statements that the Directors consider most relevant in the context of the operations of the Trust, including:

- Results by operating segment
- Management fees and other revenue
- Property revenue and expenses
- Management operations, corporate and administration expenses
- Finance costs
- Taxation

Note 1 Operating segments

Description of segments

The Trust's operating segments have been identified based on the sectors analysed within the management reports reviewed in order to monitor performance across the Group and to appropriately allocate resources.

The operating segments within DXS are reviewed on a consolidated basis and are not monitored at an individual trust level. Disclosures concerning DXS's operating segments are presented in the Group's Interim Consolidated Financial Statements included within the Dexus Interim Financial Report.

Note 2 Management fees and other revenue

Management fees are brought to account on an accruals basis and, if not received at the end of the reporting period, are reflected in the Consolidated Statement of Financial Position as a receivable.

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Investment management and responsible entity fees	133,919	85,851
Rent and lease renewal fees	12,852	8,485
Property management fees	33,348	22,845
Capital works and development fees	19,274	35,107
Other fund fees ¹	10,782	_
Wages recovery and other fees	24,769	11,403
Total management fees and other revenue	234,944	163,691

1 Other fund fees include performance and transaction fees.

Note 3 Property revenue and expenses

Property rental revenue is derived from holding properties as investment properties and earning rental yields over time. Associated property expenses are incurred to maintain the properties.

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Rent and recoverable outgoings	7,889	10,325
Services revenue	905	985
Incentive amortisation	(583)	(1,079)
Other revenue	1,408	671
Total property revenue	9,619	10,902

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Recoverable outgoings and direct recoveries	1,934	2,303
Other non-recoverable property expenses	2,632	2,516
Total property expenses	4,566	4,819

Note 4 Management operations, corporate and administration expenses

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Audit, taxation, legal and other professional fees	8,932	5,082
Depreciation and amortisation	7,016	6,940
Employee benefits expense	135,184	89,516
Administration and other expenses	37,045	14,371
Software customisation expenses	1,014	2,859
Total management operations, corporate and administration expenses	189,191	118,768

Note 5 Finance costs

Finance costs are expensed as incurred unless they relate to qualifying assets which are capitalised to the cost of the asset.

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Interest paid to related parties	22,651	10,171
Amount capitalised	-	(1,391)
Finance costs - leases	1,399	675
Other finance costs	106	119
Total finance costs	24,156	9,574

The average interest rate used to determine the amount of borrowing costs eligible for capitalisation is not applicable for the current period (December 2022: 3.80%).

Note 6 Taxation

DXO is liable for income tax and has formed a tax consolidated Group with its wholly owned and controlled Australian entities. As a consequence, these entities are taxed as a single entity.

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

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit before income tax	11,550	31,739
Profit subject to income tax	11,550	31,739
Prima facie tax (expense)/benefit at the Australian tax rate of 30% (December 2022: 30%)	(3,465)	(9,522)
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
(Non-assessable)/non-deductible items	(1,024)	(13,993)
Income tax expense	(4,489)	(23,515)

Investments

In this section

Investments are used to generate the Trust's performance and are detailed in the following notes:

- Investment properties (note 7): relates to investment properties (including ground leases where relevant), both stabilised and under development.
- Investments accounted for using the equity method (note 8): provides summarised financial information on the joint ventures and investments where the Trust has significant influence and relates to interests in underlying property, infrastructure assets and other investments.
- **Investments accounted for at fair value** (note 9): relates to the fair value of investments in Australian trusts, managed funds and equity investments in infrastructure assets.
- Inventories (note 10): relates to the Trust's ownership of office and industrial assets or land held for repositioning, development, and sale.
- Non-current assets classified as held for sale (note 11): relates to investment properties which are expected to be sold within 12 months of the reporting date and/or contracts have already exchanged.

Note 7 Investment properties

The Trust's investment properties consist of properties held for long-term rental yields and/or capital appreciation and property that is being constructed or developed for future use as investment property.

a. Reconciliation

	For the 6 months to 31 Dec 2023	For the 12 months to 30 Jun 2023
	\$'000	\$'000
Opening balance	37,213	212,650
Additions	5,781	80,468
Lease incentives	50	638
Amortisation of lease incentives	(645)	(1,759)
Rent straightlining	(131)	(41)
Disposals	(18,714)	(88,579)
Transfer (to)/from non-current assets classified as held for sale	92,894	(113,808)
Net fair value gain/(loss) of investment properties	5,552	(52,356)
Closing balance	122,000	37,213

Note 7 Investment properties (continued)

b. Fair value measurement, valuation techniques and inputs

The following table represents the level of the fair value hierarchy and the associated unobservable inputs utilised in the fair value measurement of investment property.

			Range of unob	servable inputs
Class of property	Fair value hierarchy	Inputs used to measure fair value	31 Dec 2023	30 Jun 2023
Office ¹	Level 3	Adopted capitalisation rate	7.25%	-
		Adopted discount rate	7.75%	_
		Adopted terminal yield	7.75%	-
		Net market rental (per sqm)	\$556	-
Industrial ²	Level 3	Adopted value (per sqm of land)	-	\$633
Other	Level 3	Adopted capitalisation rate	5.25% - 5.50%	5.00% - 5.50%
		Adopted rate (per licensed place)	\$53,333 - \$75,652	\$52,500 - \$77,391
		Net market rental (per licensed place)	\$2,948 - \$3,988	\$2,900 - \$3,872

1 No office investment properties were held as at 30 June 2023. 130 George Street, Parramatta NSW was transferred to investment properties during the period from non-current assets classified as held for sale.

2 No industrial investment properties are held as at 31 December 2023.

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

Judgement is required in determining the following significant unobservable inputs:

- Adopted capitalisation rate: The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence and the prior external valuation.
- Adopted discount rate: The rate of return used to convert cash flows, payable or receivable in the future, into present value. For industrial and office properties, it reflects the opportunity cost of capital, that is, the rate of return the cash can earn if put to other uses having similar risk. The rate is determined with regard to market evidence and the prior external valuation. For leased assets, the discount rate is determined with reference to the Trust's incremental borrowing rate at inception of the lease.
- Adopted terminal yield: The capitalisation rate used to convert the future net market rental revenue into an indication
 of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow
 calculation. The rate is determined with regard to market evidence and the prior external valuation.
- Net market rental: The net market rent is the estimated amount for which a property should lease between a lessor and a lessee on appropriate lease terms in an arm's length transaction.
- Adopted rate (per licensed place): The market evidence is compared with the subject property to determine a value on a rate per licensed place basis whilst considering the location, nature and condition of each property.

c. Sensitivity information

Significant movement in any one of the valuation inputs listed in the table above may result in a change in the fair value of the Trust's investment properties as shown below.

The estimated impact of a change in certain significant unobservable inputs would result in a change in the fair value as follows:

	Office ¹		Other	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	\$'000	\$'000	\$'000	\$'000
A decrease of 25 basis points in the adopted capitalisation rate	3,571	—	1,110	1,190
An increase of 25 basis points in the adopted capitalisation rate	(3,333)	_	(960)	(1,010)
A decrease of 25 basis points in the adopted discount rate	3,333	_	-	—
An increase of 25 basis points in the adopted discount rate	(3,125)	_	-	_
A decrease of 5% in the net market rental (per sqm)	(5,000)	_	(1,070)	(1,090)
An increase of 5% in the net market rental (per sqm)	5,000	_	1,120	1,150

1 No office investment properties were held as at 30 June 2023.

Generally, a change in the assumption made for the adopted capitalisation rate is often accompanied by a directionally similar change in the adopted terminal yield. The adopted capitalisation rate forms part of the capitalisation approach while the adopted terminal yield forms part of the discounted cash flow approach.

Under the capitalisation approach, the net market rental has a strong interrelationship with the adopted capitalisation rate as the fair value of the investment property is derived by capitalising, in perpetuity, the total net market rent receivable. An increase (softening) in the adopted capitalisation rate may offset the impact to fair value of an increase in the net market rent. A decrease (tightening) in the adopted capitalisation rate may also offset the impact to fair value of a decrease in the net market rent. A directionally opposite change in the net market rent and the adopted capitalisation rate may increase the impact to fair value.

Note 7 Investment properties (continued)

c. Sensitivity information (continued)

The discounted cash flow is primarily made up of the discounted cash flow of net income over the cash flow period and the discounted terminal value (which is largely based upon market rents grown at forecast market rental growth rates capitalised at an adopted terminal yield). An increase (softening) in the adopted discount rate may offset the impact to fair value of a decrease (tightening) in the adopted terminal yield. A decrease (tightening) in the discount rate may offset the impact to fair value of an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield may increase the impact to fair value.

A decrease (softening) in the forecast rental growth rate may result in a negative impact on the discounted cash flow approach value while a strengthening may have a positive impact on the value under the same approach.

Note 8 Investments accounted for using the equity method

a. Interest in joint ventures and associates

The following investments are accounted for using the equity method of accounting in the Interim Consolidated Financial Statements.

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

	Ownership interest		Balance	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
Name of entity	%	%	\$'000	\$'000
Dexus Diversified Infrastructure Trust (DDIT) ¹	5.1	-	100,125	—
Dexus Real Estate Partnership 1 (DREP1)	21.3	21.3	69,475	35,333
Dexus RBR Ravenhall Pty Limited	50.1	50.1	36,469	36,222
Dexus Chester Hill Trust	50.0	50.0	25,183	25,120
Jandakot Airport Domestic Trust (JADT)	34.7	34.7	24,561	20,790
Jandakot Airport Holdings Trust (JAHT)	32.0	32.0	24,150	24,239
Dexus Core Infrastructure Fund (DCIF)	1.5	1.3	10,651	10,788
Dexus Convenience Retail REIT (DXC)	1.7	1.7	8,734	9,005
Dexus Walker Street Trust	50.0	50.0	7,587	7,659
Dexus Regional Property Fund	3.3	3.3	809	1,030
Dexus Development Fund No. 2	4.8	4.8	234	756
Other ²	-	32.9	_	10,146
Total assets - investments accounted for using the equity meth	od ³		307,978	181,088

1 In October 2023, DXO acquired a 5.1% interest in Dexus Diversified Infrastructure Trust.

2 Includes investments in entities where the Trust has immaterial interests which were disposed during the period.

3 The Trust's share of the underlying property, infrastructure assets and other investments accounted for using the equity method was \$276.4 million. These investments are accounted for using the equity method as a result of the Group having either significant influence over the financial and operating policy decisions of the associate or joint control over the associate under contractual arrangements requiring unanimous decisions on all relevant matters.

Note 9 Investments accounted for at fair value

The Trust's investments accounted for at fair value consists of interests in Australian trusts, managed property funds and infrastructure assets.

a. Financial assets at fair value through profit or loss

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Equity investments in Australian managed funds	46,569	_
Total financial assets at fair value through profit or loss	46,569	_

During the period DXO acquired a 24.6% interest in QE1 Margaret Street Holding Trust (No2).

b. Investment in associates accounted for at fair value

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Equity investments in infrastructure assets	9,510	-
Total investments in associates accounted for at fair value	9,510	-

Note 9 Investments accounted for at fair value (continued)

c. Total investments accounted for at fair value

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Total financial assets at fair value through profit or loss	46,569	—
Total investments in associates accounted for at fair value	9,510	_
Total investments accounted for at fair value ¹	56,079	_

1 Refer to note 13 Fair value measurement for further details.

d. Amounts recognised in profit or loss

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

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Fair value loss on financial assets at fair value through profit or loss	(3,433)	-
Fair value gain on investments in associates accounted for at fair value	176	_
Net fair value loss of financial assets at fair value through profit or loss	(3,257)	-

e. Equity price risks

The Trust is exposed to equity price risk arising from equity investments in Australian managed funds classified as financial assets at fair value through profit or loss. The exposure to equity price risk at the end of the reporting period, assuming equity prices had been 10% higher or lower while all other variables were held constant, would increase/decrease net profit by \$4.7 million (June 2023: nil).

f. Valuation risks

The Trust is exposed to valuation risk on the equity investments in infrastructure assets classified as investment in associates accounted for at fair value. The estimated impact of changes in valuations of underlying investments at the end of the reporting period, assuming the adopted discount rate had been 25 basis points lower or higher while all other variables were held constant, would increase/(decrease) net profit by \$0.2 million/(\$0.2 million) respectively (June 2023: nil).

Note 10 Inventories

a. Development properties held for sale

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Current assets		
Development properties held for sale	60,288	30,575
Total current assets - inventories	60,288	30,575

b. Reconciliation

	For the 6 months to 31 Dec 2023	For the 12 months to 30 Jun 2023
	\$'000	\$'000
Opening balance	30,575	54,355
Acquisitions and additions	62,211	36,633
Disposals	(32,498)	(60,413)
Closing balance	60,288	30,575

Note 11 Non-current assets classified as held for sale

At 31 December 2023, the balance relates to 20 Distribution Drive, Truganina VIC. 130 George Street, Parramatta NSW was transferred to investment properties during the period.

At 30 June 2023, the balance relates to 130 George Street, Parramatta NSW and 20 Distribution Drive, Truganina VIC.

Capital and financial risk management

In this section

The Board of the Responsible Entity determines the appropriate capital structure of the Trust, how much is borrowed from financial institutions and capital markets (debt), and how much is raised from security holders (equity) in order to finance the Trust's activities both now and in the future. This capital structure is detailed in the following notes:

- Debt: Lease liabilities in note 12, Fair value measurement in note 13 and Commitments and contingencies in note 14; and
- **Equity:** Contributed equity in note 15.

Note 12 Lease liabilities

The following table details information relating to leases where the Trust is a lessee.

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current		
Lease liabilities - property leases	13,699	4,802
Total current liabilities - lease liabilities	13,699	4,802
Non-current		
Lease liabilities - property leases	91,137	17,886
Total non-current liabilities - lease liabilities	91,137	17,886
Total liabilities - lease liabilities	104,836	22,688

Lease liabilities relating to property leases predominantly relate to Dexus offices and Dexus Place property leases. Refer to the Consolidated Statement of Financial Position for disclosure of the corresponding right-of-use asset.

Note 13 Fair value measurement

The Trust uses the following methods in the determination and disclosure of the fair value of assets and liabilities:

Level 1: the fair value is calculated using quoted prices in active markets.

Level 2: the fair value is determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable data.

Equity investments in Australian managed funds are measured at Level 3 having regard to unit prices which are determined by giving consideration to the net assets of the relevant fund. The unit prices and net asset values are largely driven by the fair values of investment properties, infrastructure assets and derivatives held by the funds. Recent arm's length transactions, if any, are also taken into consideration. The fair value of equity investments in Australian managed funds is impacted by the price per security of the investment. An increase to the price per security results in an increase to the fair value of the investment.

Equity investments in infrastructure assets are recognised initially at fair value and measured as a Level 3 investment. Subsequent to initial recognition, infrastructure assets are measured at fair value as determined by an independent valuer, having appropriate recognised professional qualifications and relevant experience in the nature of the investment being valued. The valuer applies the 'discounted cash flow method' where management's best estimate of expected future cash flows are discounted to their present value using a market determined risk adjusted discount rate.

All investment properties, infrastructure assets, listed securities and derivatives were appropriately measured at Level 1, 2 or 3, within investments accounted for using the equity method for the periods presented in this report.

Financial assets at fair value through other comprehensive income relate to DXS securities acquired on-market in order to fulfil the future requirements of the security-based payment plans and are measured at Level 1.

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

Since cash, receivables and payables are short-term in nature, their fair values are not materially different from their carrying amounts. The fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Note 14 Commitments and contingencies

a. Commitments

Capital commitments

The following amounts represent capital expenditure as well as committed fit out or cash incentives contracted at the end of each reporting period but not recognised as liabilities payable:

	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
Investment properties	2,554	4,789
Investments accounted for using the equity method	512	2
Inventories and development management services	47,135	54,126
Total capital commitments	50,201	58,917

b. Contingencies

DPT and DXO are guarantors of A\$7,977.1 million (June 2023: A\$8,042.8 million) of interest bearing liabilities. The guarantees have been given in support of debt outstanding and drawn against these facilities and may be called upon in the event that a borrowing entity has not complied with certain requirements such as failure to pay interest or repay a borrowing, whichever is earlier. During the period no guarantees were called.

The Trust has bank guarantees of A\$140.9 million, comprising A\$91.2 million held to comply with the terms of the Australian Financial Services Licences (AFSL) and A\$49.7 million largely in respect of developments, with \$34.1 million available for other corporate purposes.

The above guarantees are issued in respect of the Trust and represent an additional commitment to those already existing on the Consolidated Statement of Financial Position.

Outgoings are excluded from contingencies as they are expensed when incurred.

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Trust, other than those disclosed in the Notes to the Interim Consolidated Financial Statements, which should be brought to the attention of unitholders as at the date of these Interim Consolidated Financial Statements.

Note 15 Contributed equity

	For the 6 months to 31 Dec 2023	For the 12 months to 30 Jun 2023
	No. of units	No. of units
Opening balance	1,075,565,246	1,075,565,246
Closing balance	1,075,565,246	1,075,565,246

Other disclosures

In this section

This section includes other information that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the Corporations Regulations.

Note 16 Intangible assets

The Trust's intangible assets comprise management rights, goodwill and capitalised software.

Management rights represent the asset management rights owned by Dexus Holdings Pty Limited (and its controlled entities), a wholly owned subsidiary of DXO, which entitles it to management fee revenue from both finite life trusts and indefinite life trusts. Those management rights that are deemed to have a finite useful life held at a value of \$6.6 million (June 2023: \$7.5 million) are measured at cost and amortised using the straight line method over their estimated remaining useful lives of one to six years. Management rights that are deemed to have an indefinite life are held at a value of \$599.0 million (June 2023: \$598.8 million).

Goodwill and management rights with an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

The key assumptions used to determine the recoverable amount for goodwill and management rights and sensitivity information were disclosed in the annual Consolidated Financial Statements for the year ended 30 June 2023.

As at 31 December 2023, the Directors and management have considered whether any indicators of impairment exist. No impairment has been recognised in the period.

	For the	For the
	6 months to 31	12 months to 30
	Dec 2023	Jun 2023
	\$'000	\$'000
Management Rights		
Opening balance		
Dexus Wholesale Property Fund (indefinite useful life)	263,200	261,869
Direct Property Funds (indefinite useful life)	42,000	42,000
Direct Property Funds (finite useful life)	378	692
APN Funds (indefinite useful life)	105,936	129,828
APN Funds (finite useful life)	54	126
AMP Capital Funds (indefinite useful life)	187,687	_
AMP Capital Funds (finite useful life)	7,076	-
Additions		
Dexus Wholesale Property Fund (indefinite useful life) ¹	160	1,331
AMP Capital Funds (indefinite useful life) ²	-	187,687
AMP Capital Funds (finite useful life) ²	-	7,535
Impairment of management rights	-	(24,129)
Amortisation charge	(912)	(608)
Closing balance	605,579	606,33
Cost	641,888	641,728
Accumulated amortisation	(7,712)	(6,800)
Accumulated impairment	(28,597)	(28,597)
Total management rights	605,579	606,331
Goodwill		
	(0.770	

Opening balance	68,732	55,444
Additions ³	-	54,691
Impairment	-	(41,403)
Closing balance	68,732	68,732
Cost	115,141	115,141
Accumulated impairment	(46,409)	(46,409)
Total goodwill	68,732	68,732

1 During the period Dexus incurred costs in connection with Dexus Wholesale Property Limited, a Dexus entity, being appointed as Responsible Entity of Dexus ADPF.

2 During the year ended 30 June 2023, the Group entered into a business combination to acquire Collimate Capital's real estate and domestic

infrastructure equity business from AMP Limited. As part of the transaction, \$195.2 million of management rights were recognised.

3 The excess between the cash consideration transferred and the fair value of the net identifiable assets acquired as part of the prior period AMP transaction has been recorded as goodwill.

Note 16 Intangible assets (continued)

	For the 6 months to 31 Dec 2023	For the 12 months to 30 Jun 2023
	\$'000	\$'000
Software		
Opening balance	4,307	3,578
Additions	79	2,268
Amortisation charge	(681)	(1,539)
Closing balance	3,705	4,307
Cost	21,507	21,428
Accumulated amortisation	(17,802)	(17,121)
Cost - Fully amortised assets written off	(19,322)	(16,792)
Accumulated amortisation - Fully amortised assets written off	19,322	16,792
Total software	3,705	4,307
Total non-current intangible assets	678,016	679,370

Note 17 Business combination

In 2022, Dexus acquired the real estate and domestic infrastructure equity business of Collimate Capital Limited (Collimate Capital or AMP Capital) from AMP Limited under a transaction structure with a two-stage completion process ("AMP Capital transaction"). First Completion occurred on 24 March 2023 with consideration of \$175.0 million paid on this date. Final Completion occurred on 30 November 2023 following the satisfaction of the condition precedent relating to the transfer of AMP's ownership interest in China Life AMP Asset Management ("CLAMP") out of entities being acquired by Dexus under the AMP Capital transaction, with contingent consideration of \$50.0 million paid on this date.

Note 18 Financial assets at fair value through other comprehensive income

Financial assets through other comprehensive income comprise DXS securities acquired on-market in order to fulfil the future requirements of the security-based payment plans which the Trust has irrevocably elected at initial recognition to recognise in this category.

Changes in fair value arising on valuation are recognised in other comprehensive income net of tax, in a separate reserve in equity. On disposal of these equity investments, any related balance within Financial assets at fair value through other comprehensive income reserve is reclassed to retained earnings.

Note 19 Related parties

Related party transactions

Transactions between the consolidated entity and related parties were made on commercial terms and conditions. Agreements with third party funds and joint ventures are conducted on normal commercial terms and conditions.

Transactions with related parties

	31 Dec 2023	31 Dec 2022
	\$	\$
Responsible entity (investment management fees)	132,106,454	84,022,282
Property management fee income	33,261,017	22,580,929
Development services revenue (DS), Development management (DM), Project Delivery Group (PDG), capital expenditure and leasing fee income	57,559,607	43,170,135
Other fund fees and recoveries	34,219,533	5,736,057
Rental expense	3,993,630	3,503,820
	31 Dec 2023	30 Jun 2023
	\$	\$
Responsible entity fees receivable at the end of each reporting period	56,222,854	47,027,524
Property management fees receivable at the end of each reporting period	6,852,903	8,917,167
DS, DM, PDG, capital expenditure and leasing fees receivable at the end of each period	59,498,403	23,107,907
Loans to related parties	2,117,076	2,870,675
Payables owed to related parties	8,324,662	5,534,411
Loans from related parties	1,002,520,181	689,443,719

Note 20 Subsequent events

Since the end of the period, the Directors are not aware of any matter or circumstance not otherwise dealt within the Interim Consolidated Financial Statements that has significantly or may significantly affect the operations of the Trust, the results of those operations, or state of the Trust's affairs in future financial periods.

Directors' Declaration

In the Directors' opinion:

- a. The Interim Consolidated Financial Statements and Notes set out on pages 4 to 20 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Trust's consolidated financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b. there are reasonable grounds to believe that Dexus Operations Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Warwick M Negus Chair 13 February 2024



Independent auditor's review report to the stapled security holders of Dexus Operations Trust

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Dexus Operations Trust (the Trust) and the entities it controlled during the half-year (together the Group), which comprises the Consolidated Statement of Financial Position as at 31 December 2023, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date and selected explanatory notes and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- 1. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
- 2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations* 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors of the Responsible Entity for the half-year financial report

The Directors of Dexus Funds Management Limited as the Responsible Entity of the Trust (the Directors) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001 T: +61 2 8266 0000, F: +61 2 8266 9999

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124 T: +61 2 9659 2476, F: +61 2 8266 9999



Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Kinakehome Coopes

PricewaterhouseCoopers

N. Lamails

Marcus Laithwaite Partner

Sydney 13 February 2024