Financial Statements 2024

dexus

Dexus Operations Trust

ARSN 110 521 223

Contents

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) present their Directors' Report together with the Consolidated Financial Statements for the year ended 30 June 2024. The Consolidated Financial Statements represent DXO and its controlled entities, which are referred to as the Trust.

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

Directors and Secretaries

Directors

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

Directors	Appointed
Warwick Negus, BBus, MCom, SF Fin	1 February 2021
Penny Bingham-Hall, BA (Industrial Design), SF Fin, FAICD[1]	10 June 2014
Ross Du Vernet, BBus, MBA	28 March 2024
Paula Dwyer, BCom, FCA, SF Fin, FAICD	1 February 2023
Mark Ford, Dip. Tech (Commerce), CA, FAICD	1 November 2016
Peeyush Gupta AM, BA (CompSc), MBA (Finance), FAICD	24 April 2024
Rhoda Phillippo, MSc (Telecommunications Business), GAICD	1 February 2023
The Hon. Nicola Roxon, BA/LLB (Hons), GAICD	1 September 2017
Elana Rubin AM, BA (Hons), MA, SF Fin, FAICD	28 September 2022
Darren Steinberg, BEc, FAICD, FRICS, FAPI[1]	1 March 2012

1 Resigned, effective 28 March 2024.

Company Secretaries

The names and details of the Company Secretaries of DXFM as at 30 June 2024 are as follows:

Brett Cameron LLB/BA (Science and Technology), GAICD, FGIA

Appointed: 31 October 2014

Brett is the General Counsel and a Company Secretary of Dexus companies and is responsible for the legal function, company secretarial services and compliance and governance systems and practices across the Dexus Group.

Prior to joining Dexus, Brett was Head of Legal for Macquarie Real Estate (Asia) and has held senior legal positions at Macquarie Capital Funds in Hong Kong and Minter Ellison in Sydney and Hong Kong. Brett has over 25 years' experience as inhouse counsel and in private practice in Australia and in Asia, where he worked on real estate structuring and operations, funds management, mergers and acquisitions, private equity and corporate finance across a number of industries.

Scott Mahony BBus (Acc), Grad Dip (Business Administration), MBA (eCommerce), Grad Dip (Applied Corporate Governance) FGIA, FCIS

Appointed: 5 February 2019

Scott is the Head of Governance of Dexus and is responsible for the development, implementation and oversight of Dexus's governance policies and practices and internal audit function. Prior to being appointed the Head of Governance in 2018, Scott had oversight of Dexus's risk and compliance programs.

Scott joined Dexus in October 2005 after two years with Commonwealth Bank of Australia as a Senior Compliance Manager. Prior to this, Scott worked for over 11 years for Assure Services & Technology (part of AXA Asia Pacific) where he held various management roles.

Attendance of Directors at Board Meetings and Board Committee Meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below. The Directors met 13 times during the year, of which two were Board Sub-committee and special meetings.

	Main meetings held	Main meetings attended	Special meetings held	Special meetings attended
Warwick Negus	11	11	2	2
Penny Bingham-Hall[1]	8	8	1	1
Ross Du Vernet[2]	3	3	–	–
Paula Dwyer	11	11	1	1
Mark Ford	11	11	2	2
Peeyush Gupta AM[3]	3	3	–	–
Rhoda Phillippo	11	9	1	1
The Hon. Nicola Roxon	11	11	1	1
Elana Rubin AM	11	11	1	1
Darren Steinberg[1]	8	8	2	2

1 Resigned, effective 28 March 2024.
2 Appointed, effective 28 March 2024.
3 Appointed, effective 24 April 2024.

Board Sub-committee and special meetings are held at a time to enable the maximum number of Directors to attend and are generally held to consider specific items that cannot be held over to the next scheduled main meeting.

The table below shows Non-Executive Directors' attendances at Board Committee meetings of which they were a member during the year ended 30 June 2024. All Non-Executive Directors have a standing invitation to attend any or all Board Committee meetings.

	Board Audit Committee		Board Nomination and Governance Committee		Board People and Remuneration Committee		Board Risk and Compliance Committee		Board Sustainability Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Warwick Negus	4	4	3	3	7	7	5	5	4	4
Penny Bingham-Hall[1]	–	–	2	2	5	5	–	–	3	3
Paula Dwyer	4	4	3	3	1	1	4	4	–	–
Mark Ford	4	4	3	3	–	–	2	2	3	3
Peeyush Gupta AM[2]	1	1	1	1	–	–	–	–	1	1
Rhoda Phillippo	3	3	3	3	–	–	5	3	1	1
The Hon. Nicola Roxon	–	–	3	3	7	7	–	–	4	4
Elana Rubin AM	–	–	3	3	7	7	5	5	–	–

1 Resigned, effective 28 March 2024.
2 Appointed, effective 24 April 2024.

Directors' relevant interests

The relevant interests of each Director in DXS stapled securities as at the date of this Directors' Report are shown below:

Directors	No. of securities
Warwick Negus	60,000
Penny Bingham-Hall[1]	32,773
Ross Du Vernet[2]	251,153
Paula Dwyer	25,000
Mark Ford	17,339
Peeyush Gupta AM[3]	–
Rhoda Phillippo	10,000
The Hon. Nicola Roxon[4]	25,669
Elana Rubin AM	27,828
Darren Steinberg[5]	2,904,774

1 Resigned, effective 28 March 2024.
2 Appointed, effective 28 March 2024.
3 Appointed, effective 24 April 2024.
4 Includes interests held directly and through Non-Executive Director (NED) Plan rights.
5 Resigned, effective 28 March 2024. Includes interests held directly and through performance rights (refer to note 27).

Operating and financial review

The results for the year ended 30 June 2024 were:

- Loss attributable to unitholders was $29.8 million (2023: $60.0 million);
- Total assets were $1,559.2 million (2023: $1,349.6 million);
- Net assets were $150.0 million (2023: $222.5 million).

A review of the results, financial position and operations of the Group, of which the Trust forms part thereof, is set out on pages 30 to 37 of the Dexus Annual Report and forms part of this Directors' Report.

Remuneration Report

The Remuneration Report is set out on pages 90 to 121 of the Dexus Annual Report and forms part of this Directors' Report.

Directors' directorships in other listed entities

The following table sets out directorships of other ASX listed entities (unless otherwise stated), not including DXFM, held by the Directors at any time in the three years immediately prior to the end of the year, and the period for which each directorship was held.

Directors	Company	Date appointed
Warwick Negus	Pengana Capital Group Limited (Chairman)[1]	1 June 2017
	Bank of Queensland	22 September 2016
	Washington H. Soul Pattison and Company Ltd[2]	1 November 2014
Penny Bingham-Hall[3]	BlueScope Steel Limited[4]	29 March 2011
	Fortescue Metals Group Ltd	16 November 2016
Ross Du Vernet[5]	-	-
Paula Dwyer	AMCIL Limited	6 June 2023
	ANZ Group Holdings Ltd[6]	1 April 2012
Mark Ford	Kiwi Property Group Limited[7]	16 May 2011
Peeyush Gupta AM[8]	Liberty Group	1 July 2024
	Link Administration Holdings Limited[9]	18 November 2016
	Charter Hall Long Wale REIT[10]	6 June 2016
	National Australia Bank Limited[11]	5 November 2014
Rhoda Phillippo	APA Group	1 June 2020
The Hon. Nicola Roxon	Lifestyle Communities Limited[12]	1 September 2017
Elana Rubin AM	Telstra Corporation	14 February 2020
Darren Steinberg[3]	VGI Partners Limited[13]	12 May 2019

1 Resigned from the Board of Pengana Capital Group Limited, effective 1 April 2023.
2 Resigned from the Board of Washington H. Soul Pattison and Company Ltd, effective 31 December 2022.
3 Resigned from the Board of DXFM, effective 28 March 2024.
4 Resigned from the Board of BlueScope Steel Limited, effective 31 October 2022.
5 Appointed to the Board of DXFM, effective 28 March 2024.
6 Resigned from the Board of ANZ Group, effective 16 December 2021.
7 Resigned from the Board of Kiwi Property Group Limited, effective 28 June 2023 (listed for trading on the New Zealand Stock Exchange).
8 Appointed to the Board of DXFM, effective 24 April 2024.
9 Resigned from the Board of Link Administration Holdings Limited, effective 28 November 2023.
10 Resigned from the Board of Charter Hall Long WALE REIT, effective 24 April 2024.
11 Resigned from the Board of National Australia Bank Limited, effective 15 December 2023.
12 Resigned from the Board of Lifestyle Communities Limited, effective 31 December 2023.
13 Resigned from the Board of VGI Partners Limited, effective 3 June 2022.

Principal activities

During the year, the principal activities of the Trust were to:

- Own, manage and develop high quality real assets
- Invest in Australian managed funds
- Manage real asset funds on behalf of third party investors
- Invest in the operations of Jandakot Airport and related infrastructure

Significant changes in the nature of the Trust's activities during the year are detailed below.

Total value of Trust assets

The total value of the assets of the Trust as at 30 June 2024 was $1,559.2 million (2023: $1,349.6 million). Details of the basis of this valuation are outlined in the Notes to the Consolidated Financial Statements and form part of this Directors' Report.

Likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and future developments or results of the Trust, other than the information already outlined in this Directors' Report or the Consolidated Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Trust.

Significant changes in the state of affairs

In 2022, Dexus announced the acquisition of the real estate and domestic infrastructure equity business of Collimate Capital Limited (Collimate Capital or AMP Capital) from AMP Limited ("AMP Capital transaction"). The transaction occurred under a two-stage completion process. 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. Contingent consideration of $50.0 million was paid on this date. In connection with the transaction, a co-owner has taken steps seeking to compulsorily acquire an interest in a property owned by a Dexus fund. The Dexus platform intends to defend the action with resolution anticipated by 30 June 2025.

Matters subsequent to the end of the financial year

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

Distributions

Distributions paid or payable by the Trust for the year ended 30 June 2024 are as outlined in note 8.

DXFM fees

Fees paid or payable by the Trust to DXFM are eliminated on consolidation. Details are outlined in note 28 and form part of this Directors' Report.

Units on Issue

The movement in units on issue in the Trust during the year and the number of units on issue as at 30 June 2024 are detailed in note 18 and form part of this Directors' Report.

Interests held in the Trust by DXFM at the end of the financial year is nil (2023: nil).

Environmental regulation

The Board Risk and Compliance Committee and Board Sustainability Committee oversee the policies, procedures and systems that have been implemented to ensure the adequacy of Dexus's environmental risk management practices. The Committees are not aware of any material breaches of the Corporations Act or Regulatory Guide 68.

The Group is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (NGER Act). The NGER Act requires the Group to report its annual greenhouse gas emissions and energy use.

The Group has implemented systems and processes for the collection and calculation of the data required. The Group submitted its 2023 report to the Greenhouse and Energy Data Officer on 30 October 2023 and will submit its 2024 report by 31 October 2024. During the 12 month period ending 30 June 2024, the Group complied with all the relevant requirements as set out by the NGER Act.

Information regarding the Group's participation in the NGER program is available at: www.dexus.com/sustainability

Indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, Officers and others (as defined in the relevant policy of insurance) is paid by DXFM's immediate parent entity, Dexus Holdings Pty Limited (DXH).

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against Directors and Officers in their capacity as Directors and Officers of DXFM, its subsidiaries or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings.

PricewaterhouseCoopers (PwC or the Auditor), is indemnified out of the assets of the Trust pursuant to the Dexus Specific Terms of Business agreed for all engagements with PwC, to the extent that the Trust inappropriately uses or discloses a report prepared by PwC. The Auditor is not indemnified for the provision of services where such an indemnification is prohibited by the *Corporations Act 2001*.

Audit

Auditor

PwC continues in office in accordance with section 327 of the Corporations Act 2001. In accordance with section 324DAA of the *Corporations Act 2001*, the Trust's lead auditor must be rotated every five years unless the Board grants approval to extend the term for up to a further two years.

Non-audit services

The Trust may decide to employ the Auditor on assignments, in addition to the statutory audit engagement, where the Auditor's expertise and experience with the Trust are important.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out in note 25.

The Board Audit Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the standard of independence for auditors imposed by the *Corporations Act 2001*.

The reasons for the Directors being satisfied are:

- All non-audit services have been reviewed by the Board Audit Committee to ensure that they do not impact the impartiality and objectivity of the Auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

The above Directors' statements are in accordance with the advice received from the Board Audit Committee.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of this Directors' Report.

Corporate governance

DXFM's Corporate Governance Statement is available at: www.dexus.com/corporategovernance

Rounding of amounts and currency

As the 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 Consolidated Financial Statements to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Consolidated Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Consolidated Financial Statements were authorised for issue by the Directors on 19 August 2024.

Warwick Negus
Chair
19 August 2024

Ross Du Vernet
Group CEO & Managing Director
19 August 2024

Auditor’s Independence Declaration

As lead auditor for the audit of Dexus Operations Trust for the year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

M. Laithwaite

Marcus Laithwaite
Partner
PricewaterhouseCoopers

Sydney
19 August 2024

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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Revenue from ordinary activities			
Property revenue	2	**17,445**	20,398
Development revenue	13	**135,654**	113,754
Distribution revenue		**2,347**	1,314
Management fees and other revenue	3	**460,977**	360,020
Interest revenue		**2,929**	3,031
Total revenue from ordinary activities		**619,352**	498,517
Share of net profit of investments accounted for using the equity method	11	**8,776**	21,306
Gain on dilution of equity accounted investments		**360**	604
Gain on sale of investments accounted for using the equity method		**2,655**	–
Other income		**5,388**	3,930
Total income		**636,531**	524,357
Expenses			
Property expenses	2	**(10,563)**	(8,643)
Development costs	13	**(117,711)**	(61,004)
Finance costs	5	**(57,992)**	(25,013)
Net fair value loss of financial assets at fair value through profit or loss	12	**(9,722)**	–
Transaction costs		**(87,403)**	(90,570)
Management operations, corporate and administration expenses	4	**(366,338)**	(269,372)
Impairment of intangibles	22	**–**	(65,532)
Impairment of investments accounted for using the equity method	11	**(712)**	(192)
Net fair value loss of investment properties	9	**(25,570)**	(52,356)
Net loss on sale of investment properties		**(44)**	(553)
Total expenses		**(676,055)**	(573,235)
Loss for the year before tax		**(39,524)**	(48,878)
Income tax benefit/(expense)	6	**9,719**	(11,151)
Loss for the year		**(29,805)**	(60,029)
Other comprehensive loss:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	19	**(296)**	71
Changes in financial assets at fair value through other comprehensive income	19	**(2,632)**	(1,516)
Total comprehensive loss for the year		**(32,733)**	(61,474)
		Cents	**Cents**
Earnings per unit on profit/(loss) attributable to unitholders of the Trust (parent entity)			
Basic earnings per unit	7	**(2.77)**	(5.58)
Diluted earnings per unit	7	**(2.77)**	(5.58)

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

Consolidated Statement of Financial Position

As at 30 June 2024

	Note	2024 $'000	2023 $'000
Current assets			
Cash and cash equivalents	20(a)	**25,941**	81,717
Receivables	20(b)	**156,310**	92,477
Non-current assets classified as held for sale	14	**69,133**	113,808
Inventories	13	**60,200**	30,575
Current tax receivable	6(c)	**20,101**	11,249
Other	20(c)	**56,143**	78,382
Total current assets		**387,828**	408,208
Non-current assets			
Investment properties	9	**21,900**	37,213
Plant and equipment	21	**9,879**	11,318
Right-of-use assets	10	**86,654**	20,313
Investments accounted for using the equity method	11	**314,987**	181,088
Investments accounted for at fair value	12	**49,613**	–
Deferred tax assets	6(d)	**673**	–
Intangible assets	22	**667,831**	670,874
Financial assets at fair value through other comprehensive income	24	**18,465**	19,326
Other		**1,390**	1,247
Total non-current assets		**1,171,392**	941,379
Total assets		**1,559,220**	1,349,587
Current liabilities			
Payables	20(d)	**72,387**	86,491
Lease liabilities	16	**12,117**	4,802
Provisions	20(e)	**130,312**	117,259
Loans with related parties	28	**–**	21,502
Contingent consideration	23	**–**	50,000
Other		**2,602**	418
Total current liabilities		**217,418**	280,472
Non-current liabilities			
Lease liabilities	16	**80,210**	17,886
Deferred tax liabilities	6(f)	**89,284**	117,932
Provisions	20(e)	**17,335**	23,562
Loans with related parties	28	**1,004,938**	667,942
Unearned revenue		**–**	19,318
Total non-current liabilities		**1,191,767**	846,640
Total liabilities		**1,409,185**	1,127,112
Net assets		**150,035**	222,475
Equity			
Equity attributable to unitholders of the Trust (parent entity)			
Contributed equity	18	**107,185**	107,185
Reserves	19	**(5,291)**	40,082
Retained profits		**48,141**	75,208
Parent entity unitholders' interest		**150,035**	222,475
Total equity		**150,035**	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 year ended 30 June 2024

	Note	Contributed equity $'000	Reserves $'000	Retained profits $'000	Total $'000
Opening balance as at 1 July 2022		107,185	41,495	185,237	333,917
Net profit/(loss) for the year		–	–	(60,029)	(60,029)
Other comprehensive loss for the year	19	–	(1,445)	–	(1,445)
Total comprehensive income/(loss) for the year		–	(1,445)	(60,029)	(61,474)
Transactions with owners in their capacity as unitholders					
Movement of securities, net of transaction costs	19	–	(192)	–	(192)
Security-based payments expense	19	–	224	–	224
Distributions paid or provided for	8	–	–	(50,000)	(50,000)
Total transactions with owners in their capacity as unitholders		–	32	(50,000)	(49,968)
Closing balance as at 30 June 2023		107,185	40,082	75,208	222,475
Opening balance as at 1 July 2023		**107,185**	**40,082**	**75,208**	**222,475**
Net profit/(loss) for the year		**–**	**–**	**(29,805)**	**(29,805)**
Other comprehensive loss for the year	19	**–**	**(2,928)**	**–**	**(2,928)**
Total comprehensive income/(loss) for the year		**–**	**(2,928)**	**(29,805)**	**(32,733)**
Transfers from reserves to retained profits	19	**–**	**(42,738)**	**42,738**	**–**
Transactions with owners in their capacity as unitholders					
Movement of securities, net of transaction costs	19	**–**	**162**	**–**	**162**
Security-based payments expense	19	**–**	**131**	**–**	**131**
Distributions paid or provided for	8	**–**	**–**	**(40,000)**	**(40,000)**
Total transactions with owners in their capacity as unitholders		**–**	**293**	**(40,000)**	**(39,707)**
Closing balance as at 30 June 2024		**107,185**	**(5,291)**	**48,141**	**150,035**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 $'000	2023 $'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		**483,863**	480,375
Payments in the course of operations (inclusive of GST)		**(472,350)**	(452,405)
Interest received		**2,773**	2,859
Finance costs paid		**(55,254)**	(27,677)
Distributions received		**6,581**	18,246
Income and withholding taxes paid		**(28,429)**	(56,821)
Proceeds from sale of property classified as inventory and development services		**71,455**	113,754
Payments for property classified as inventory and development services		**(164,758)**	(10,943)
Net cash inflow/(outflow) from operating activities	26	**(156,119)**	67,388
Cash flows from investing activities			
Proceeds from sale of investment properties		**28,361**	88,579
Proceeds from sale of investments accounted for using the equity method		**12,800**	68,511
Payments for capital expenditure on investment properties		**(1,175)**	(80,468)
Payments for investments accounted for using the equity method		**(154,457)**	(41,143)
Proceeds from return of capital from investments accounted for using the equity method		**8,033**	–
Payments for investments at fair value		**(59,334)**	–
Payments for plant and equipment		**(1,276)**	(4,325)
Payments for intangibles		**(1,112)**	(3,599)
Payment for acquisition of subsidiary, net of cash acquired		**(51,815)**	(216,116)
Net cash inflow/(outflow) from investing activities		**(219,975)**	(188,561)
Cash flows from financing activities			
Borrowings received from related parties		**1,238,665**	1,097,519
Borrowings provided to related parties		**(878,443)**	(927,509)
Proceeds from loan with related party		**26,650**	55,462
Payment of lease liabilities		**(6,386)**	(9,056)
Purchase of securities for security-based payments plans		**(11,590)**	(7,676)
Distributions paid to unitholders		**(50,000)**	(50,012)
Distributions received		**1,422**	1,314
Net cash inflow/(outflow) from financing activities		**320,318**	160,042
Net increase/(decrease) in cash and cash equivalents		**(55,776)**	38,869
Cash and cash equivalents at the beginning of the year		**81,717**	42,848
Cash and cash equivalents at the end of the year		**25,941**	81,717

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

Notes to the Consolidated Financial Statements

In this section

This section sets out the basis upon which the Trust's Consolidated Financial Statements are prepared.
Specific accounting policies are described in their respective notes to the Consolidated Financial Statements.

Basis of preparation

These Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with the requirements of the Constitutions of the entities within the Trust, the Corporations Act 2001, Australian Accounting Standards issued by the Australian Accounting Standards Board and the International Financial Reporting Standards adopted by the International Accounting Standards Board.

The Trust is a for-profit entity for the purpose of preparing the Consolidated Financial Statements.

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

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

The Consolidated Financial Statements have been prepared on a going concern basis using 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;
- Security-based payments; and
- Financial assets at fair value through other comprehensive income.

Significant change from the previous annual financial report

During the year, the Group completed its acquisition of Collimate Capital's real estate and domestic infrastructure equity business from AMP Limited. Details of the acquisition are outlined in note 23. The accounting policy for business combinations and related goodwill is outlined below.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date and adjusted for the amount of any non-controlling interests in the acquiree. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Trust recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the net identifiable assets of the acquired entity. Acquisition-related costs are expensed as incurred.

Goodwill is the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition date fair value of any previous equity interest in the acquired entity, less the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured at fair value with changes in fair value recognised in profit or loss.

Where the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses and is tested for impairment annually. Where a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Critical accounting estimates

The preparation of the Consolidated Financial Statements requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the 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;
- Derivative financial instruments;
- Security-based payments;
- Financial assets at fair value through other comprehensive income;
- Inventories;
- Intangible assets; and
- Performance fees.

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 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 on 27 March 2024, the "Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024" was introduced into Parliament. Under the proposed Bill, the new reporting requirements will be mandatory for the year ended 30 June 2026 for the Group. 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. Refer to specific considerations relating to Investment Properties within note 9.

Principles of consolidation

These Consolidated Financial Statements incorporate the assets, liabilities and results of all subsidiaries as at 30 June 2024.

a. Controlled entities

Subsidiaries are all entities over which the Trust has control. The Trust controls an entity when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Trust. They are deconsolidated from the date that control ceases.

b. Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

Joint operations

Where assets are held directly as tenants in common, the Trust's proportionate share of revenues, expenses, assets and liabilities are included in their respective items of the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income.

Joint ventures

Investments in joint ventures are accounted for using the equity method. Under this method, the Trust's share of the joint ventures' post-acquisition profits or losses are recognised in the Consolidated Statement of Comprehensive Income and distributions received from joint ventures are recognised as a reduction of the carrying amount of the investment.

c. Employee share trust

The Trust has formed a trust to administer the Trust's security-based employee benefits. The employee share trust is consolidated as the substance of the relationship is that the trust is controlled by the Trust.

Foreign currency

The Consolidated Financial Statements are presented in Australian dollars.

Foreign currency transactions are translated into the Australian dollars functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of financial assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income, except for qualifying cash flow hedges, which are deferred to equity.

On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

- Income and expenses: Average exchange rate
- Assets and liabilities: Reporting date
- Equity: Historical date
- Reserves: Reporting date

Foreign exchange differences resulting from translation of foreign operations are initially recognised in the foreign currency translation reserve and subsequently transferred to the Consolidated Statement of Comprehensive Income on disposal of the foreign operation.

Goods and services tax

Revenues, expenses and capital assets are recognised net of any amount of Australian Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as cash flows from operating activities.

Notes to the Consolidated Financial Statements

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

The Notes are organised into the following sections:

Trust performance	Investments	Capital and financial risk management and working capital	Other disclosures
1. Operating segments	9. Investment properties	15. Capital and financial risk management	21. Plant and equipment
2. Property revenue and expenses	10. Right-of-use assets	16. Lease liabilities	22. Intangible assets
3. Management fees and other revenue	11. Investments accounted for using the equity method	17. Commitments and contingencies	23. Business combination
4. Management operations, corporate and administration expenses	12. Investments accounted for at fair value	18. Contributed equity	24 Financial assets at fair value through other comprehensive income
5. Finance costs	13. Inventories	19. Reserves	25. Audit, taxation and transaction service fees
6. Taxation	14. Non-current assets classified as held for sale	20. Working capital	26. Cash flow information
7. Earnings per unit			27. Security-based payments
8. Distributions paid and payable			28. Related parties
			29. Parent entity disclosures
			30. Subsequent events

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 Consolidated Financial Statements that the Directors consider most relevant in the context of the operations of the Trust, including:

- Operating segments
- Property revenue and expenses
- Management fees and other revenue
- Management operations, corporate and administration expenses
- Finance costs
- Taxation
- Earnings per unit
- Distributions paid and payable

Note 1 Operating segments

Description of segments

The Trust's operating segments have been identified based on the sectors analysed within the management reports 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 Consolidated Financial Statements included within the Dexus Financial Report.

Note 2 Property revenue and expenses

Property revenue

Property rental revenue is derived from holding properties as investment properties and earning rental yields over time. Rental revenue is recognised on a straight line basis over the lease term for leases with fixed rent review clauses.

Prospective tenants may be offered incentives as an inducement to enter into operating leases. The costs of incentives are recognised as a reduction of rental revenue being incentive amortisation calculated on a straight line basis from the lease commencement date to the end of the lease term. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

Within its lease arrangements, the Trust provides certain services to tenants (such as utilities, cleaning, maintenance and certain parking arrangements) which are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*. A portion of the consideration within the lease arrangements is therefore allocated to services revenue within property revenue.

	2024 $'000	2023 $'000
Rent and recoverable outgoings	**16,098**	18,939
Services revenue	**1,318**	2,031
Incentive amortisation	**(1,165)**	(1,792)
Other revenue	**1,194**	1,220
Total property revenue	**17,445**	20,398

Property expenses

Property expenses include:

- Rates;
- Taxes;
- Expected credit losses on receivables; and
- Other property outgoings incurred in relation to investment properties.

Note 2 Property revenue and expenses (continued)

Property expenses (continued)

These expenses are recognised in the Consolidated Statement of Comprehensive Income on an accrual basis. If these items are recovered from a tenant by the Trust, they are recorded within services revenue or direct recoveries within property revenue.

	2024 $'000	2023 $'000
Recoverable outgoings and direct recoveries	**4,609**	4,441
Other non-recoverable property expenses	**5,954**	4,202
Total property expenses	**10,563**	8,643

Note 3 Management fees and other revenue

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

	2024 $'000	2023 $'000
Investment management and responsible entity fees	**255,327**	206,378
Lease review and renewal fees	**23,685**	22,682
Property management fees	**69,028**	51,858
Capital works and development management fees	**35,153**	50,105
Performance and transaction fees	**26,451**	1,417
Wages recovery and other fees	**51,333**	27,580
Total management fees and other revenue	**460,977**	360,020

Performance fees are for performance obligations fulfilled over time and for which consideration is variable. The fees are determined in accordance with the relevant agreement which stipulates out-performance of a benchmark over a given period. Performance fee revenue is recognised to the extent that it is highly probable that the amount of variable consideration recognised will not be significantly reversed when the uncertainty is resolved. Detailed calculations and an assessment of the risks associated with the recognition of the fee are completed to inform the assessment of the appropriate revenue to recognise.

As at 30 June 2024, there was no unearned revenue relating to performance fees recorded within non-current liabilities (2023: $19.3 million).

Critical accounting estimates: input used to measure performance fee

Judgement is required in determining the following significant inputs for recognition of performance fee revenue:

- Estimates of future underlying asset values and income measures compared to benchmark on the final performance fee calculation date
- The period of time remaining from balance date to the final performance fee calculation date and the degree of probability that any potential fee may be reversed taking into consideration historical performance, prevailing and future economic conditions

Note 4 Management operations, corporate and administration expenses

	2024 $'000	2023 $'000
Audit, taxation, legal and other professional fees	**15,346**	17,226
Depreciation and amortisation	**15,792**	13,781
Employee benefits expense	**272,475**	190,576
Administration and other expenses	**62,725**	47,789
Total management operations, corporate and administration expenses	**366,338**	269,372

Note 5 Finance costs

Finance costs include:

- Interest;
- Amortisation or other costs incurred in connection with arrangement of borrowings;
- Finance costs on lease liabilities; and
- Realised gains and losses on interest rate swaps.

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

A qualifying asset is an asset under development where the works being carried out to bring it to its intended use or sale are expected to take a substantial period of time. Finance costs incurred for the acquisition and construction of a qualifying asset are capitalised to the cost of the asset for the period of time that is required to complete the asset. To the extent that funds are borrowed generally to fund development, the amount of borrowing costs to be capitalised to qualifying assets must be determined by using an appropriate interest rate.

	2024 $'000	2023 $'000
Interest paid to related parties	**53,036**	26,573
Amount capitalised	**–**	(3,070)
Finance costs - leases	**4,754**	1,305
Other finance costs	**202**	205
Total finance costs	**57,992**	25,013

The average interest rate used to determine the amount of borrowing costs eligible for capitalisation is not applicable for the current year (2023: 3.70%).

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.

Income tax expense is comprised of current and deferred tax expense. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or directly in equity, respectively.

Current tax expense represents the expense relating to the expected taxable income at the applicable rate of the financial year.

Deferred tax expense represents the tax expense in respect of the future tax consequences of recovering or settling the carrying amount of an asset or liability. Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax assets are recognised for all deductible temporary differences and unused tax losses, to the extent that it is probable that future taxable profit will be available to utilise them.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at reporting date.

The carrying amount of deferred income tax assets is reviewed at balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilise them.

a. Income tax (expense)/benefit

	2024 $'000	2023 $'000
Current income tax expense	**(19,602)**	(30,555)
Deferred income tax benefit	**29,321**	19,404
Income tax benefit/(expense)	**9,719**	(11,151)
Deferred income tax expense included in income tax (expense) / benefit comprises:		
Increase in deferred tax assets	**8,349**	3,626
Decrease in deferred tax liabilities	**20,972**	15,778
Total deferred tax benefit	**29,321**	19,404

Note 6 Taxation (continued)

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

	2024 $'000	2023 $'000
Loss before income tax	**(39,524)**	(48,878)
Loss subject to income tax	**(39,524)**	(48,878)
Prima facie tax (expense)/benefit at the Australian tax rate of 30% (2023: 30%)	**11,857**	14,663
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non-assessable/(non-deductible) items	**(2,138)**	(25,814)
Income tax benefit/(expense)	**9,719**	(11,151)

c. Current tax assets/liabilities

	2024 $'000	2023 $'000
Increase in current tax assets	**8,876**	11,249
Decrease in current tax liabilities	**–**	16,059
Increase in current tax assets	**8,876**	27,308

d. Deferred tax assets

	2024 $'000	2023 $'000
The balance comprises temporary differences attributable to:		
Employee provisions	**31,593**	26,457
Software expenditure	**5,981**	9,835
Other	**39,657**	32,590
Total non-current assets - deferred tax assets	**77,231**	68,882
Movements:		
Opening balance	**68,882**	42,561
Deferred tax assets arising from business combination	**–**	22,695
Movement in deferred tax asset arising from temporary differences	**8,349**	3,626
Closing balance	**77,231**	68,882

e. Deferred tax liabilities

	2024 $'000	2023 $'000
The balance comprises temporary differences attributable to:		
Intangible assets	**165,542**	166,509
Investment properties	**200**	16,622
Other	**100**	3,683
Total non-current liabilities - deferred tax liabilities	**165,842**	186,814
Movements		
Opening balance	**186,814**	144,747
Deferred tax liabilities arising from management rights on business combination	**–**	57,845
Movement in deferred tax liability arising from temporary differences	**(20,972)**	(15,778)
Closing balance	**165,842**	186,814

f. Net deferred tax liabilities

	2024 $'000	2023 $'000
Deferred tax assets	**77,231**	68,882
Deferred tax liabilities	**(165,842)**	(186,814)
Net deferred tax liabilities[1]	**(88,611)**	(117,932)

1 Net deferred tax liabilities of $88.6m is presented in the Consolidated Statement of Financial Position as $89.3m in net deferred tax liabilities related to Australian entities and net deferred tax assets of $0.7m related to foreign entities.

Note 7 Earnings per unit

Earnings per unit are determined by dividing the net profit or loss attributable to unitholders by the weighted average number of ordinary units outstanding during the year. Diluted earnings per unit are adjusted from the basic earnings per unit by taking into account the impact of dilutive potential units.

a. Net profit used in calculating basic and diluted earnings per unit

	2024 $'000	2023 $'000
Loss attributable to unitholders of DXO	**(29,805)**	(60,029)

b. Weighted average number of securities used as a denominator

	2024 No. of units	2023 No. of units
Weighted average number of units outstanding used in calculation of basic earnings per unit	**1,075,565,246**	1,075,565,246
Effect on exchange of Exchangeable Notes	**68,498,708**	53,412,698
Weighted average number of units outstanding used in calculation of diluted earnings per unit	**1,144,063,954**	1,128,977,944

Note 8 Distributions paid and payable

Distributions are recognised when declared.

a. Distribution to unitholders

	2024 $'000	2023 $'000
30 June (payable 29 August 2024)	**40,000**	50,000
Total distribution to unitholders	**40,000**	50,000

b. Distribution rate

	2024 Cents per unit	2023 Cents per unit
30 June (payable 29 August 2024)	**3.72**	4.65
Total distributions	**3.72**	4.65

c. Franked dividends

	2024 $'000	2023 $'000
Opening balance	**154,643**	114,317
Income tax paid during the year	**28,012**	61,755
Franking credits utilised for payment of distribution	**(17,143)**	(21,429)
Closing balance	**165,512**	154,643

Investments

In this section

Investments are used to generate the Trust's performance. The assets are detailed in the following notes:

- **Investment properties** (note 9): relates to investment properties (including ground leases where relevant), both stabilised and under development.
- **Right-of-use assets** (note 10): relates to property leases, predominantly the Dexus offices leases.
- **Investments accounted for using the equity method** (note 11): 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 12): relates to the fair value of investments in Australian trusts, managed property funds and equity investments in infrastructure assets.
- **Inventories** (note 13): 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 14): relates to investment properties which are expected to be sold within 12 months of the reporting date and/or contracts have already exchanged.

Note 9 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. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently measured at fair value.

The basis of valuations of investment properties is fair value, being the estimated price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Changes in fair values are recorded in the Consolidated Statement of Comprehensive Income. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Consolidated Statement of Comprehensive Income in the year of disposal.

Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property.

Leasing fees incurred and incentives provided are capitalised and amortised over the lease periods to which they relate.

a. Reconciliation

	Note	Office $'000	Industrial $'000	Other $'000	2024 $'000	2023 $'000
Opening balance		**–**	**14,812**	**22,401**	**37,213**	212,650
Transfer from non-current assets classified as held for sale		**99,000**	**–**	**–**	**99,000**	–
Additions		**539**	**275**	**361**	**1,175**	80,468
Lease incentives		**103**	**–**	**–**	**103**	638
Amortisation of lease incentives		**(1,285)**	**–**	**(4)**	**(1,289)**	(1,759)
Rent straightlining		**(711)**	**–**	**314**	**(397)**	(41)
Disposals		**–**	**(19,202)**	**–**	**(19,202)**	(88,579)
Transfer to non-current assets classified as held for sale	14	**(69,133)**	**–**	**–**	**(69,133)**	(113,808)
Net fair value gain/(loss) of investment properties		**(28,513)**	**4,115**	**(1,172)**	**(25,570)**	(52,356)
Closing balance		**–**	**–**	**21,900**	**21,900**	37,213

Disposals

Date	Property Name	Proceeds[1] $'000
21 November 2023	20 Distribution Drive, Truganina, VIC - Lot EE	**16,750**
12 June 2024	20 Distribution Drive, Truganina, VIC - Lot DD	**8,551**

1 Excludes transaction costs.

Note 9 Investment properties (continued)

b. Valuation process

It is the policy of the Trust to obtain independent valuations for each individual property at least once every three years by a member of the Australian Property Institute of Valuers. It has been the Trust's practice in the majority of cases to have such valuations performed at least every six months. Each valuation firm and its signatory valuer are appointed on the basis that they are engaged for no more than three years except for properties under development and co-owned properties where it is deemed appropriate to extend beyond this term. Independent valuations may be undertaken more frequently where the Responsible Entity believes there is potential for a change in the fair value of the property, being 5% of the asset value. At 30 June 2024, all investment properties were independently externally valued.

The Trust's policy requires investment properties, including those held within investments accounted for using the equity method, to be internally valued at least every six months at each reporting period (interim and full-year) unless they have been independently externally valued. Where appropriate, internal valuations are performed by the Trust's internal valuers who hold recognised relevant professional qualifications and have previous experience as property valuers from major real estate valuation firms.

An appropriate valuation methodology is utilised according to asset class. This includes the capitalisation approach (market approach) and the discounted cash flow approach (income approach). The valuation is also compared to, and supported by, direct comparison to recent market transactions. The adopted capitalisation rates and discount rates are determined based on industry expertise and knowledge and, where possible, a direct comparison to third party rates for similar assets in a comparable location. Rental revenue from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also factored into each asset assessment of fair value.

In relation to development properties under construction for future use as investment property, where reliably measurable, fair value is determined based on the market value of the property on the assumption it had already been completed at the valuation date (using the methodology as outlined above) less costs still required to complete the project, including an appropriate adjustment for industry benchmarked profit and development risk.

c. Sustainability valuation considerations

The Trust engages independent valuation firms to assist in determining fair value of the investment property assets at each reporting period. As qualified valuers, they are required to follow both the RICS Valuation - Global Standards and the Australian Property Institute's International Valuation Standards, and accordingly their valuations are required to take into account the sustainability features of properties being valued and the implications such factors could have on property values in the short, medium and longer term.

Where relevant, the Trust's independent valuation firms note in their valuation reports that sustainability features are considered as part of the valuation approach and that sustainability features have been influencing value for some time.

Where the independent valuation firms give consideration to the impacts of sustainability, they are incorporating their understanding of how market participants consider the impact of sustainability on market valuations, noting that valuers should reflect markets and not lead them.

d. Fair value measurement, valuation techniques and inputs

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

			Range of unobservable inputs	
Class of property	**Fair value hierarchy**	**Inputs used to measure fair value**	**2024**	**2023**
Industrial[1]	Level 3	Adopted value (per sqm of land)[2]	–	$633
Other	Level 3	Adopted capitalisation rate	**5.25% - 5.75%**	5.00% - 5.50%
		Adopted rate (per licensed place)	**$51,667 - $75,652**	$52,500 - $77,391
		Net market rental (per licensed place)	**$2,948 - $3,988**	$2,900 - $3,872

1 No industrial investment properties are held as at 30 June 2024.
2 The direct comparison approach is used as the primary method of determining the market value of industrial development land.

Critical accounting estimates: inputs used to measure fair value of investment properties including those held within investments accounted for using the equity method

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 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.
- **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.

Note 9 Investment properties (continued)

e. Impact of the current economic environment on the fair value of investment properties

The elevated levels of economic uncertainty, coupled with a lack of recent comparable transactions in the market, has created heightened levels of judgment when deriving the fair value of the Trust's investment property portfolio.

Whilst the fair values of investment property can be relied upon at the date of valuation, a higher level of valuation uncertainty than normal is assumed. A sensitivity analysis has been included in note 9(f), showing indicative movements in investment property valuations should certain significant unobservable inputs differ by reasonably possible amounts from those assumed in the valuations.

f. Sensitivity information

Significant movement in any one of the 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:

	Other	
	2024 $'000	2023 $'000
A decrease of 25 basis points in the adopted capitalisation rate	**1,120**	1,190
An increase of 25 basis points in the adopted capitalisation rate	**(920)**	(1,010)
A decrease of 5% in the net market rental (per sqm)	**(1,050)**	(1,090)
An increase of 5% in the net market rental (per sqm)	**1,150**	1,150

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 would offset the impact to fair value of an increase in the net market rent. A decrease (tightening) in the adopted capitalisation rate would also offset the impact to fair value of a decrease in the net market rent. Directionally opposite changes in the net market rent and the adopted capitalisation rate would 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 would offset the impact to fair value of a decrease (tightening) in the adopted terminal yield. A decrease (tightening) in the discount rate would offset the impact to fair value of an increase (softening) in the adopted terminal yield. Directionally similar changes in the adopted discount rate and the adopted terminal yield would 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 10 Right-of-use assets

Right-of-use assets are depreciated on a straight line basis from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term, unless they meet the definition of an investment property.

The Trust tests all right-of-use assets for impairment where there is an indicator that the asset may be impaired. If an impairment exists, the carrying amount of the asset is written down to its recoverable amount as per the requirements of AASB 136 *Impairment of Assets*.

Carrying amounts

	2024 $'000	2023 $'000
Property leases	**86,654**	20,313
Total right-of-use assets	**86,654**	20,313

Movement in carrying amount for the current financial year

	Total $'000
Opening balance	**20,313**
Additions	**86,320**
Disposals	**(4,696)**
Depreciation and lease remeasurement	**(15,283)**
Closing balance	**86,654**

Note 11 Investments accounted for using the equity method

a. Interest in joint ventures and associates

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

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

	Ownership interest		Balance	
Name of entity	2024 %	2023 %	2024 $'000	2023 $'000
Dexus Diversified Infrastructure Trust (DDIT)[1]	**5.1**	–	**102,718**	–
Dexus Real Estate Partnership 1 (DREP1)	**21.3**	21.3	**63,031**	35,333
Dexus RBR Ravenhall Pty Limited	**50.1**	50.1	**36,534**	36,222
Dexus Chester Hill Trust	**50.0**	50.0	**29,692**	25,120
Jandakot Airport Domestic Trust (JADT)	**34.7**	34.7	**24,679**	20,790
Jandakot Airport Holdings Trust (JAHT)	**32.0**	32.0	**24,381**	24,239
Dexus Core Infrastructure Fund (DCIF)	**1.7**	1.3	**10,284**	10,788
Other[2]			**23,668**	28,596
Total assets - investments accounted for using the equity method			**314,987**	181,088

1 In October 2023, DXO acquired a 5.1% interest in Dexus Diversified Infrastructure Trust.
2 The Trust also has interests in a number of immaterial joint ventures and associates that are accounted for using the equity method.

b. Impairment assessment on Investments accounted for using the equity method

At each reporting date, management assess whether there is any indication of impairment to the carrying value of Investments accounted for using the equity method, which in certain instances may include notional goodwill recognised on acquisition. As a result, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. Impairment losses of $0.7 million were recognised during the year (2023: impairment losses of $0.2 million were recognised).

Note 11 Investments accounted for using the equity method (continued)

c. Summarised financial information for individually material equity accounted investments

The following table provides summarised financial information for the joint ventures and associates accounted for using the equity method which, in the opinion of the Directors, are material to the Group. The information disclosed reflects the amounts presented in the Financial Statements of the relevant joint ventures and associates and not the Trust's share of those amounts.

	Dexus Diversified Infrastructure Trust		Dexus Real Estate Partnership 1		Dexus RBR Ravenhall Pty Limited	
	2024	2023	2024	2023	2024	2023
Statement of Financial Position	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	**57,923**	–	**15,742**	7,731	**6**	6
Other current assets	**2,006,085**	–	**157,749**	134,911	**–**	–
Non-current assets	**–**	–	**222,496**	87,387	**72,923**	72,299
Current borrowings	**–**	–	**(21,049)**	(57,408)	**–**	–
Other current liabilities	**(50,195)**	–	**(15,347)**	(6,859)	**(4)**	(4)
Non-current borrowings	**–**	–	**–**	–	**–**	–
Other non-current liabilities	**–**	–	**(63,991)**	(62)	**–**	–
Net assets	**2,013,813**	–	**295,600**	165,700	**72,925**	72,301
Reconciliation to carrying amounts:						
Opening balance	**–**	–	**165,700**	22,285	**72,301**	–
Additions	**1,960,548**	–	**166,106**	160,193	**627**	72,303
Return of capital	**–**	–	**(33,020)**	–	**–**	–
Disposals	**–**	–	**–**	–	**–**	–
Profit/(loss) for the year	**123,283**	–	**8,911**	(14,673)	**(3)**	(2)
Distributions received/receivable	**(70,018)**	–	**(12,097)**	(2,105)	**–**	–
Closing balance	**2,013,813**	–	**295,600**	165,700	**72,925**	72,301
Trust's share in $'000	**102,718**	–	**63,031**	35,333	**36,534**	36,222
Capitalised transaction costs	**–**	–	**–**	–	**–**	–
Notional goodwill	**–**	–	**–**	–	**–**	–
Trust's carrying amount	**102,718**	–	**63,031**	35,333	**36,534**	36,222
Statement of Comprehensive Income						
Revenue	**134,825**	–	**20,682**	5,547	**–**	1
Interest income	**1,156**	–	**13,285**	3,724	**–**	1
Finance costs	**(100)**	–	**(3,234)**	(2,422)	**–**	–
Income tax benefit/(expense)	**–**	–	**–**	–	**–**	–
Net profit/(loss)	**123,283**	–	**8,911**	(14,673)	**(3)**	(2)
Total comprehensive income/(loss)	**123,283**	–	**8,911**	(14,673)	**(3)**	(2)

Note 11 Investments accounted for using the equity method (continued)

c. Summarised financial information for individually material equity accounted investments (continued)

	Dexus Chester Hill Trust		Jandakot Airport Domestic Trust		Jandakot Airport Holdings Trust	
	2024	2023	2024	2023	2024	2023
Statement of Financial Position	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	**3,437**	160	**411**	685	**265**	37
Other current assets	**19**	–	**–**	–	**–**	100
Non-current assets	**59,347**	51,150	**72,102**	70,997	**76,341**	75,184
Current borrowings	**–**	–	**–**	–	**–**	–
Other current liabilities	**(3,621)**	(1,405)	**(1,419)**	(11,794)	**(1,349)**	(510)
Non-current borrowings	**–**	–	**–**	–	**–**	–
Other non-current liabilities	**–**	–	**–**	–	**–**	–
Net assets	**59,182**	49,905	**71,094**	59,888	**75,257**	74,811
Reconciliation to carrying amounts:						
Opening balance	**49,905**	–	**59,888**	49,904	**74,811**	65,218
Additions	**9,322**	49,905	**12,351**	–	**1,147**	–
Return of capital	**–**	–	**–**	–	**–**	–
Disposals	**–**	–	**–**	–	**–**	–
Profit/(loss) for the year	**(45)**	160	**4,887**	12,308	**4,636**	11,788
Distributions received/receivable	**–**	(160)	**(6,032)**	(2,324)	**(5,337)**	(2,195)
Closing balance	**59,182**	49,905	**71,094**	59,888	**75,257**	74,811
Trust's share in $'000	**29,591**	24,953	**24,670**	20,781	**24,082**	23,940
Capitalised transaction costs	**101**	167	**–**	–	**–**	–
Notional goodwill	**–**	–	**9**	9	**299**	299
Trust's carrying amount	**29,692**	25,120	**24,679**	20,790	**24,381**	24,239
Statement of Comprehensive Income						
Revenue	**13**	268	**5,659**	13,036	**5,408**	12,519
Interest income	**13**	2	**54**	12	**23**	5
Finance costs	**–**	–	**–**	–	**–**	–
Income tax benefit/(expense)	**–**	–	**–**	–	**–**	–
Net profit/(loss)	**(45)**	160	**4,887**	12,308	**4,636**	11,788
Total comprehensive income/(loss)	**(45)**	160	**4,887**	12,308	**4,636**	11,788

Note 11 Investments accounted for using the equity method (continued)

c. Summarised financial information for individually material equity accounted investments (continued)

	Dexus Core Infrastructure Fund		Other[1]		Total	
	2024	2023	2024	2023	2024	2023
Statement of Financial Position	$'000	$'000	$'000	$'000	$'000	$'000
Cash and cash equivalents	**14,907**	–	**31,234**	22,087	**123,925**	30,706
Other current assets	**7,471**	23,818	**12,294**	46,281	**2,183,618**	205,110
Non-current assets	**586,101**	819,796	**772,194**	853,998	**1,861,504**	2,030,811
Current borrowings	**–**	(3,430)	**(604)**	(12,820)	**(21,653)**	(73,658)
Other current liabilities	**(10,067)**	(8,819)	**(28,926)**	(25,580)	**(110,928)**	(54,971)
Non-current borrowings	**–**	–	**(243,378)**	(286,844)	**(243,378)**	(286,844)
Other non-current liabilities	**–**	(8,556)	**(10,517)**	(1,458)	**(74,508)**	(10,076)
Net assets	**598,412**	822,809	**532,297**	595,664	**3,718,580**	1,841,078
Reconciliation to carrying amounts:						
Opening balance	**822,809**	–	**595,664**	654,242	**1,841,078**	791,649
Additions	**106,625**	825,618	**22,690**	190	**2,279,416**	1,108,209
Return of capital	**(297,365)**	–	**(25,408)**	–	**(355,793)**	–
Disposals	**–**	–	**(15,736)**	–	**(15,736)**	–
Profit/(loss) for the year	**(10,757)**	3,681	**(14,478)**	(27,388)	**116,434**	(14,126)
Distributions received/receivable	**(22,900)**	(6,490)	**(30,435)**	(31,380)	**(146,819)**	(44,654)
Closing balance	**598,412**	822,809	**532,297**	595,664	**3,718,580**	1,841,078
Trust's share in $'000	**10,284**	10,788	**23,668**	25,518	**314,578**	177,535
Capitalised transaction costs	**–**	–	**–**	–	**101**	167
Notional goodwill	**–**	–	**–**	3,078	**308**	3,386
Trust's carrying amount	**10,284**	10,788	**23,668**	28,596	**314,987**	181,088
Statement of Comprehensive Income						
Revenue	**15,579**	6,571	**67,409**	69,601	**249,575**	107,543
Interest income	**1,873**	532	**547**	384	**16,951**	4,660
Finance costs	**–**	–	**(12,348)**	(12,056)	**(15,682)**	(14,478)
Income tax benefit/(expense)	**(122)**	(37)	**–**	(4,894)	**(122)**	(4,931)
Net profit/(loss)	**(10,757)**	3,681	**(14,478)**	(27,388)	**116,434**	(14,126)
Total comprehensive income/(loss)	**(10,757)**	3,681	**(14,478)**	(27,388)	**116,434**	(14,126)

1 The Trust also has interests in a number of immaterial joint ventures and associates that are accounted for using the equity method.

Note 12 Investments accounted for at fair value

The Trust's investments accounted for at fair value consist of interests in Australian trusts, managed property funds and infrastructure assets. Financial assets are initially recognised at fair value, excluding transaction costs. Transaction costs are expensed as incurred in the Consolidated Statement of Comprehensive Income. Financial assets are subsequently measured at fair value with any realised or unrealised gains being recognised in the Consolidated Statement of Comprehensive Income in the period in which they arise.

a. Financial assets at fair value through profit or loss

	2024 $'000	2023 $'000
Equity investments in Australian managed funds	39,726	–
Total financial assets at fair value through profit or loss	**39,726**	–

During the year, the Trust acquired a 24.6% interest in QE 1 Margaret Street Holding Trust (No2).

b. Investment in associates accounted for at fair value

	2024 $'000	2023 $'000
Equity investments in infrastructure assets	9,887	–
Total investments in associates accounted for at fair value	**9,887**	–

c. Total investments accounted for at fair value

	2024 $'000	2023 $'000
Total financial assets at fair value through profit or loss	39,726	–
Total investments in associates accounted for at fair value	9,887	–
Total investments accounted for at fair value[1]	**49,613**	–

1 Refer to note 15(b)(iv) for the fair value measurement.

d. Amounts recognised in profit or loss

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

	2024 $'000	2023 $'000
Fair value loss on financial assets at fair value through profit or loss	(10,275)	–
Fair value gain on investments in associates accounted for at fair value	553	–
Net fair value loss of financial assets at fair value through profit or loss	**(9,722)**	–

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 $4.0 million (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 (2023: N/A).

Note 13 Inventories

Development properties held for repositioning, construction and sale are recorded at the lower of cost or net realisable value. Cost is assigned by specific identification and includes the cost of acquisition, development costs and holding costs such as borrowing costs, rates and taxes. Holding costs incurred after completion of development are expensed.

Development revenue includes proceeds on the sale of inventory and revenue earned through the provision of development services on assets sold as inventory. Revenue earned on the provision of development services is recognised using the percentage complete method. The stage of completion is measured by reference to costs incurred to date as a percentage of estimated total costs for each contract. Where the project result can be reliably estimated, development services revenue and associated expenses are recognised in profit or loss. Where the project result cannot be reliably estimated, profits are deferred and the difference between consideration received and expenses incurred is carried forward as either a receivable or payable. Development services revenue and expenses are recognised immediately when the project result can be reliably estimated.

Transfers from investment properties to inventories occur when there is a change in intention regarding the use of the property from an intention to hold for rental income or capital appreciation purposes to an intention to develop and sell. The transfer price is recorded as the fair value of the property as at the date of transfer. Commencement of development activities occur immediately after the transfer.

Critical accounting estimates: Net Realisable Value (NRV) of inventories

NRV is determined using the estimated selling price in the ordinary course of business less estimated costs to bring inventories to their finished condition, including marketing and selling expenses. NRV is based on the most reliable evidence available at the time and the amount the inventories are expected to be realised. These key assumptions are reviewed annually or more frequently if indicators of impairment exist. No impairment provisions have been recognised.

a. Development properties held for sale

	2024 $'000	2023 $'000
Current assets		
Development properties held for sale	**60,200**	30,575
Total current assets – inventories	**60,200**	30,575

b. Reconciliation

	2024 $'000	2023 $'000
Opening balance	**30,575**	54,355
Acquisitions and additions	**63,392**	36,633
Disposals	**(33,767)**	(60,413)
Closing balance	**60,200**	30,575

Note 14 Non-current assets classified as held for sale

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

Non-current assets classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position. Non-current assets classified as held for sale relate to investment properties measured at fair value.

At 30 June 2024, the balance relates to 130 George Street, Parramatta NSW.

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

Capital and financial risk management and working capital

In this section

The Trust's overall risk management program focuses on reducing volatility from impacts of movements in financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust.

Note 15 *Capital and financial risk management* outlines how the Trust manages its exposure to a variety of financial risks (interest rate risk, foreign currency risk, liquidity risk and credit risk) including details of the various derivative financial instruments entered into by the Trust.

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 16, and *Commitments and contingencies* in note 17
- **Equity:** *Contributed equity* in note 18 and *Reserves* in note 19.

Note 20 provides a breakdown of the working capital balances held in the Consolidated Statement of Financial Position .

Note 15 Capital and financial risk management

Capital and financial risk management is carried out through a centralised treasury function which is governed by a Board approved Treasury Policy. The Trust has an established governance structure which consists of the Executive Committee and Capital Markets Committee.

The Board has appointed an Executive Committee responsible for achieving Dexus' goals and objectives, including the prudent financial and risk management of the Trust. A Capital Markets Committee has been established to advise the Executive Committee.

The Capital Markets Committee is a management committee that is accountable to the Board. It convenes at least four times per annum and conducts a review of financial risk management exposures including liquidity, funding strategies and hedging. It is also responsible for the development of financial risk management policies and funding strategies for recommendation to the Board, and the approval of treasury transactions within delegated limits and powers.

a. Capital risk management

The Trust manages its capital to ensure that entities within the Trust will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Trust consists of debt, cash and cash equivalents and equity attributable to security holders. The Trust continuously monitors its capital structure and it is managed in consideration of the following factors:

- The cost of capital and the financial risks associated with each class of capital
- Gearing levels and other debt covenants
- Potential impacts on net tangible assets and security holders' equity
- Potential impacts on the Group's credit rating
- Other market factors

DXFM is the Responsible Entity for DXO. The Responsible Entity has been issued with an Australian Financial Services Licence (AFSL). The licence is subject to certain capital requirements including the requirement to maintain liquidity above specified limits. The Responsible Entity must also prepare rolling cash projections over at least the next 12 months and demonstrate it will have access to sufficient financial resources to meet its liabilities that are expected to be payable over that period. Cash projections and assumptions are approved, at least quarterly, by the Board of the Responsible Entity.

AFSLs have been issued to the following wholly owned entities:

- Dexus Wholesale Property Limited (DWPL), as the responsible entity for Dexus Wholesale Property Fund (DWPF)
- Dexus Wholesale Management Limited (DWML), as the trustee of third party managed funds
- Dexus Wholesale Funds Limited (DWFL), as the responsible entity for Dexus Healthcare Property Fund (DHPF)
- Dexus Investment Management Limited (DIML), as the responsible entity for Dexus Industrial Fund (DIF)
- Dexus Asset Management Limited (DXAM), as the responsible entity of Dexus Convenience Retail REIT (DXC), Dexus Industria REIT (DXI) and other third party managed funds
- Dexus RE Limited (DXRE), as the responsible entity for APD Trust, a wholly owned entity
- Dexus Capital Funds Management Limited (DCFM), as the responsible entity of third party managed funds
- Dexus Capital Investment Services Pty Limited (DCIS), as the trustee of third party managed funds
- Dexus Capital Investors Limited (DCIL), as the trustee of third party managed trusts

Certain group entities are subject to capital and liquidity requirements under their respective AFSLs. Refer to note 28 for further details. All capital requirements were complied with during the year.

Note 15 Capital and financial risk management (continued)

b. Financial risk management

The Trust's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Trust. The Trust's principal financial instruments, other than derivatives, comprise cash, bank loans and capital markets issuance. The main purpose of financial instruments is to manage liquidity and hedge the Trust's exposure to financial risks namely:

- Interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk

i. Market risk

Interest rate risk

Interest rate risk arises from interest bearing financial assets and liabilities that the Trust utilises. Non-derivative interest bearing financial instruments are predominantly short term liquid assets and long term debt issued at fixed rates which expose the Trust to fair value interest rate risk as the Trust may pay higher interest costs than if it were at variable rates. The Trust's cash and borrowings which have a variable interest rate give rise to cash flow interest rate risk due to movements in variable interest rates.

The Trust's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its asset and liability portfolio through active management of the exposures. The policy prescribes minimum and maximum hedging amounts for the Trust, which is managed on a portfolio basis.

Sensitivity analysis on interest expense

The table below shows the impact on the Trust's net interest expense of a 100 basis point movement in market interest rates. The sensitivity on cash flow arises due to the impact that a change in interest rates will have on the Trust's floating rate debt and derivative cash flows on average during the financial year. Net interest expense is only sensitive to movements in market rates to the extent that floating rate debt is not hedged.

	2024 (+/-) $'000	2023 (+/-) $'000
+/- 1% (100 basis points)	**10,049**	6,679
Total A$ equivalent	**10,049**	6,679

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

Foreign currency risk

Foreign currency risk refers to the risk that the value or the cash flows arising from a financial commitment, or recognised asset or liability will fluctuate due to changes in foreign currency rates. The Trust's foreign currency risk arises primarily from borrowings denominated in foreign currency.

The objective of the Trust's foreign exchange risk management policy is to ensure that movements in exchange rates have minimal adverse impact on the Trust's foreign currency assets and liabilities.

ii. Liquidity risk

Liquidity risk is associated with ensuring that there are sufficient funds available to meet the Trust's financial commitments as and when they fall due and planning for any unforeseen events which may curtail cash flows. The Trust identifies and manages liquidity risk across the following categories:

- Short-term liquidity risk management through ensuring the Trust has sufficient liquid assets, working capital and borrowings facilities to cover short-term financial obligations; and
- Funding and refinancing liquidity risk management through ensuring an adequate spread of maturities of borrowing facilities so that refinancing risk is not concentrated in certain time periods and ensuring an adequate diversification of funding sources where possible, subject to market conditions.

Refinancing risk

Refinancing risk is the risk that the Trust:

- Will be unable to refinance its debt facilities as they mature
- Will only be able to refinance its debt facilities at unfavourable interest rates and credit market conditions (margin price risk)

The Trust's key risk management strategy for margin price risk on refinancing is to spread the maturities of debt facilities over different time periods to reduce the volume of facilities to be refinanced and the exposure to market conditions in any one period.

Note 15 Capital and financial risk management (continued)

b. Financial risk management (continued)

ii. Liquidity risk (continued)

Refinancing risk (continued)

	2024				2023			
	Within one year $'000	Between one and two years $'000	Between two and five years $'000	After five years $'000	Within one year $'000	Between one and two years $'000	Between two and five years $'000	After five years $'000
Payables	**(72,387)**	**–**	**–**	**–**	(86,491)	–	–	–
Lease liabilities	**(12,117)**	**(13,174)**	**(36,960)**	**(68,253)**	(4,802)	(4,199)	(9,431)	(7,079)
Total payables and lease liabilities	**(84,504)**	**(13,174)**	**(36,960)**	**(68,253)**	(91,293)	(4,199)	(9,431)	(7,079)
Interest bearing liabilities								
Interest bearing loans with related parties	**(47,132)**	**(44,318)**	**(137,978)**	**(1,051,808)**	(31,660)	(30,792)	(89,471)	(758,315)
Total interest bearing liabilities	**(47,132)**	**(44,318)**	**(137,978)**	**(1,051,808)**	(31,660)	(30,792)	(89,471)	(758,315)

iii. Credit risk

Credit risk is the risk that the counterparty will not fulfil its obligations under the terms of a financial instrument and will cause financial loss to the Trust. The Trust has exposure to credit risk on financial assets included in the Trust's Consolidated Statement of Financial Position.

The Trust manages this risk by:

- Adopting a process for determining an approved counterparty, with consideration of qualitative factors as well as the counterparty's credit rating
- Regularly monitoring counterparty exposure within approved credit limits that are based on the lower of an S&P and Moody's credit rating. The exposure includes the current market value of in-the-money contracts and the potential exposure, which is measured with reference to credit conversion factors as per APRA guidelines
- Entering into International Swaps and Derivatives Association (ISDA) Master Agreements once a financial institution counterparty is approved
- For some trade receivables, obtaining collateral where necessary in the form of bank guarantees and tenant bonds
- Regularly monitoring loans and receivables on an ongoing basis

A minimum S&P rating of A– (or Moody's equivalent) is required to become or remain an approved counterparty unless otherwise approved by the Responsible Entity's Board.

The Trust is exposed to credit risk on cash balances and on derivative financial instruments with financial institutions. The Trust has a policy that sets limits as to the amount of credit exposure to each financial institution. New derivatives and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Trust's policy requirements.

Financial instrument transactions are spread among a number of approved financial institutions within specified credit limits to minimise the Trust's exposure to any one counterparty. As a result, there is no significant concentration of credit risk for financial instruments. The maximum exposure to credit risk at 30 June 2024 is the carrying amounts of financial assets recognised on the Consolidated Statement of Financial Position.

The Trust is exposed to credit risk on trade receivable balances. The Trust has a policy to assess and monitor the credit quality of trade debtors on an ongoing basis. Given the historical profile and exposure of the trade receivables, it has been determined that no significant concentrations of credit risk exists for receivables balances. The maximum exposure to credit risk at 30 June 2024 is the carrying amounts of the receivables recognised on the Consolidated Statement of Financial Position.

iv. Fair value

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.

Note 15 Capital and financial risk management (continued)

b. Financial risk management (continued)

iv. Fair value (continued)

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 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.

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

Since cash, receivables and payables are short-term in nature, their fair values are not materially different from their carrying amounts. 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.

v. Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position where there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. No financial assets and liabilities are currently held under netting arrangements.

Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement. Under the terms of these arrangements, where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Trust does not presently have a legally enforceable right of set-off, these amounts have not been offset in the Consolidated Statement of Financial Position.

Note 16 Lease liabilities

Under AASB 16 *Leases*, as a lessee, the Trust recognises a right-of-use asset and lease liability on the Consolidated Statement of Financial Position for all material leases. In relation to leases of low value assets, such as IT equipment, small items of office furniture or short-term leases with a term of 12 months or less, the Trust has elected not to recognise right-of-use assets and lease liabilities. Instead, the Trust recognises the lease payments associated with these leases as an expense in the Consolidated Statement of Comprehensive Income as incurred over the lease term.

The Trust recognises a right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, adjusted for any remeasurements of the lease liability. The cost of the right-of-use asset includes:

- The amount of initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs
- Make good costs

Right-of-use assets are depreciated on a straight line basis from the commencement date of the lease to the earlier of the end of the useful life of the asset or the end of the lease term, unless they meet the definition of an investment property.

The Trust tests all right-of-use assets for impairment where there is an indicator that the asset may be impaired. If an impairment exists, the carrying amount of the asset is written down to its recoverable amount as per the requirements of AASB 136 *Impairment of Assets*.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Trust's incremental borrowing rate. Generally, the Trust uses its incremental borrowing rate as the discount rate. The weighted rate applied was 7.08% (2023: 3.12%). Variable lease payments that depend on an index or rate are included in the lease liability, measured using the index or rate as at the date of lease commencement.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The liability is remeasured when there is a change in future lease payments arising from a change in index or rate or changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Interest costs and variable lease payments not included in the initial measurement of the lease liability are recognised in the Consolidated Statement of Comprehensive Income in the period to which they relate.

Note 16 Lease liabilities (continued)

The Trust has applied judgement to determine the lease term for contracts which include renewal and termination options. The Trust's assessment considered the facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option.

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

	2024 $'000	2023 $'000
Current		
Lease liabilities - property leases	**12,117**	4,802
Total current liabilities - lease liabilities	**12,117**	4,802
Non-current		
Lease liabilities - property leases	**80,210**	17,886
Total non-current liabilities - lease liabilities	**80,210**	17,886
Total liabilities - lease liabilities	**92,327**	22,688

Lease liabilities relating to property leases predominantly relate to Dexus offices. Refer to note 10 for disclosure of the corresponding right-of-use asset.

Note 17 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:

	2024 $'000	2023 $'000
Investment properties	**134**	4,789
Investments accounted for using the equity method	**31,848**	2
Inventories and development management services	**51,125**	54,126
Total capital commitments	**83,107**	58,917

Lease receivable commitments

The future minimum lease payments receivable by the Trust are:

	2024 $'000	2023 $'000
Within one year	**1,329**	12,437
Later than one year but not later than five years	**5,866**	20,202
Later than five years	**24,728**	11,594
Total lease receivable commitments	**31,923**	44,233

b. Contingencies

DPT and DXO are guarantors of A$7,676.4 million (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$139.7 million (2023: A$140.9 million), comprising A$91.2 million held to comply with the terms of the Australian Financial Services Licences (AFSL) and A$48.4 million largely in respect of developments, with $35.3 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 Consolidated Financial Statements, which should be brought to the attention of unitholders as at the date of these Consolidated Financial Statements.

Note 18 Contributed equity

	2024 No. of units	2023 No. of units
Opening balance	**1,075,565,246**	1,075,565,246
Closing balance	**1,075,565,246**	1,075,565,246

Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the Trust.

Each stapled security entitles the holder to vote in accordance with the provisions of the Constitutions and the *Corporations Act 2001.*

During the 12 months to 30 June 2024, no Dexus securities were issued or cancelled.

Note 19 Reserves

	2024 $'000	2023 $'000
Asset revaluation reserve	**–**	42,738
Security-based payments reserve	**460**	467
Treasury securities reserve	**(388)**	(688)
Financial assets at fair value through other comprehensive income	**(5,138)**	(2,506)
Foreign currency translation reserve	**(225)**	71
Total reserves	**(5,291)**	40,082
Movements:		
Asset revaluation reserve		
Opening balance	**42,738**	42,738
Transfer to retained profits	**(42,738)**	–
Closing balance	**–**	42,738
Security-based payments reserve		
Opening balance	**467**	465
Issue of securities to employees	**(138)**	(222)
Security-based payments expense	**131**	224
Closing balance	**460**	467
Treasury securities reserve		
Opening balance	**(688)**	(718)
Issue of securities to employees	**138**	222
Movement of securities	**162**	(192)
Closing balance	**(388)**	(688)
Financial assets at fair value through other comprehensive income		
Opening balance	**(2,506)**	(990)
Changes in the fair value	**(2,632)**	(1,516)
Closing balance	**(5,138)**	(2,506)
Foreign currency translation reserve		
Opening balance	**71**	–
Exchange differences on translation of foreign operations	**(296)**	71
Closing balance	**(225)**	71

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve is used to record the fair value adjustment arising on a business combination.

The balance of this reserve was transferred to retained profits during the year.

Security-based payments reserve

The security-based payments reserve is used to recognise the fair value of performance rights to be issued under the Deferred Short Term Incentive Plans (DSTI), Long Term Incentive Plans (LTI) and Senior Management Retention Awards. Refer to note 27 for further details.

Note 19 Reserves (continued)

Nature and purpose of reserves (continued)

Treasury securities reserve

The treasury securities reserve is used to record the acquisition of securities purchased to fulfil the obligations of the DSTI, LTI and Senior Management Retention Awards. As at 30 June 2024, DXS held 2,900,349 stapled securities which includes 1,657,718 acquired during the year net of 1,302,637 vested during the year (2023: 931,986).

Financial assets at fair value through other comprehensive income

Changes in the fair value arising on valuation of investments, classified as fair value through other comprehensive income, are recognised in other comprehensive income and accumulated in a separate reserve within equity. On disposal of these equity investments, any related balance within the financial assets at fair value through other comprehensive income reserve is reclassed to retained earnings.

Foreign currency translation reserve

The foreign currency translation reserve is used to record the exchange differences arising from the translation of the financial operations of foreign subsidiaries.

Note 20 Working capital

a. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b. Receivables

Rental income and management fees are brought to account on an accrual basis.

Dividends and distributions are recognised when declared and, if not received at the end of the reporting period, reflected in the Consolidated Statement of Financial Position as a receivable.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly.

A provision for expected credit losses is recognised for expected credit losses on trade and other receivables. The provision for expected credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted as the effect of discounting is immaterial.

The calculation of expected credit losses relating to rent and other receivables requires judgement to assess the future uncertainty of tenants' ability to pay their debts. Expected credit losses have been estimated using a provision matrix that has been developed with reference to the Trust's historical credit loss experience, general economic conditions and forecasts, assumptions around rent relief that may be provided to tenants and tenant risk factors such as size, industry exposure and the Trust's understanding of the ability of tenants to pay their debts. Accordingly, expected credit losses include both the part of the rent receivable that is likely to be waived and any additional amount relating to credit risk associated with the financial condition of the tenant.

In relation to distributions and fees receivables, an assessment has been performed taking into consideration the ability of the funds and mandates managed by the Trust to cash-settle their distributions and pay their fees outstanding.

For any provisions for expected credit losses, the corresponding expense has been recorded in the Consolidated Statement of Comprehensive Income within property expenses.

	2024 $'000	2023 $'000
Rent receivable[1]	**608**	754
Less: provision for expected credit losses	**–**	(118)
Total rent receivables	**608**	636
Distributions receivable	**6,736**	1,870
Fees receivable	**141,823**	82,583
Other receivables from related entities	**5,673**	4,269
Other receivables	**2,033**	5,885
Less: provision for expected credit losses - other	**(563)**	(2,766)
Total other receivables	**155,702**	91,841
Total receivables	**156,310**	92,477

1 Rent receivable includes outgoings recoveries.

Note 20 Working capital (continued)

b. Receivables (continued)

The provision for expected credit losses as at 30 June 2024 was determined as follows:

$'000	
30 June 2024	**Total**
0-30 days[1]	–
31-60 days	–
61-90 days	–
91+ days	563
Total provision for expected credit losses	**563**

1 0-30 days includes deferred rent receivable but not due.

The provision for expected credit losses as at the reporting date reconciles to the opening loss allowances as follows:

	2024 $'000	2023 $'000
Opening balance	**2,884**	2,169
Increase in provision recognised in profit or loss during the year	**263**	832
Receivables written off during the year	**(2,584)**	(117)
Closing balance	**563**	2,884

c. Other current assets

	2024 $'000	2023 $'000
Prepayments	**9,804**	8,569
Net receivable acquired through business combination[1]	**–**	42,665
Deposit paid for property to be held as inventory	**19,195**	–
Other	**27,144**	27,148
Total other current assets	**56,143**	78,382

1 Refer to note 23 for further details.

d. Payables

	2024 $'000	2023 $'000
Trade creditors	**18,753**	29,673
Accruals	**35,201**	39,599
Accrued capital expenditure	**7,843**	7,922
GST payable	**1,120**	879
Payables owed to related parties	**6,895**	5,534
Other payables	**2,575**	2,884
Total payables	**72,387**	86,491

e. Provisions

A provision is recognised when an obligation exists as a result of a past event, and it is probable that a future outflow of cash or other benefit will be required to settle the obligation.

In accordance with the Constitutions, the Trust distributes its distributable income to security holders by cash or reinvestment. Distributions are provided for when they are approved by the Board of Directors and declared.

Provision for employee benefits relates to the liabilities for wages, salaries, annual leave and long service leave.

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months represent present obligations resulting from employees' services provided to the end of the reporting period. They are measured based on remuneration wage and salary rates that the Trust expects to pay at the end of the reporting period including related on-costs, such as workers compensation, insurance and payroll tax.

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows, to be made resulting from employees' services provided to the end of the reporting period.

Note 20 Working capital (continued)

e. Provisions (continued)

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history.

The provision for employee benefits also includes the employee incentives schemes which are shown separately in note 27.

	2024 $'000	2023 $'000
Current		
Provision for distribution	**40,000**	50,000
Provision for employee benefits	**90,312**	67,259
Total current provisions	**130,312**	117,259

	2024 $'000	2023 $'000
Non-current		
Provision for employee benefits	**17,335**	23,562
Total non-current provisions	**17,335**	23,562

	2024 $'000	2023 $'000
Current provisions		
Opening balance	**117,259**	101,337
Additional provisions	**105,360**	122,097
Payment of distributions	**(50,000)**	(50,000)
Payment of employee benefits	**(42,307)**	(56,175)
Closing balance	**130,312**	117,259

A provision for distribution has been raised for the period ended 30 June 2024. This distribution is to be paid on 29 August 2024.

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 21 Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to its acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Comprehensive Income during the reporting period in which they are incurred.

Plant and equipment is tested for impairment whenever events or changes in circumstances indicate that the carrying amounts exceed their recoverable amounts.

Depreciation is calculated using the straight line method so as to allocate their cost, net of their residual values, over their expected useful lives as follows:

- Furniture and fittings 10-20 years
- IT and office equipment 3-5 years

	2024 $'000	2023 $'000
Opening balance	**11,318**	11,674
Additions	**1,276**	4,325
Depreciation charge	**(2,715)**	(4,681)
Closing balance	**9,879**	11,318

	2024 $'000	2023 $'000
Cost	**21,094**	31,431
Accumulated depreciation	**(11,215)**	(20,113)
Cost - Fully depreciated assets written off	**(4,286)**	(11,613)
Accumulated depreciation - Fully depreciated assets written off	**4,286**	11,613
Net book value as at the end of the year	**9,879**	11,318

Note 22 Intangible assets

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

Costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Trust are recognised as intangible assets. Costs associated with configuration and customisation in a cloud computing arrangement are recognised as an expense when incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customise the cloud-based software for the Trust, in which case the costs are recorded as a prepayment for services and amortised over the expected renewable term of the arrangement. Software is measured at cost and amortised using the straight line method over its estimated useful life, expected to be three to five years.

Management rights represent the asset management rights owned by subsidiaries of the Group, which entitle the Group 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 $5.9 million (2023: $8.7 million) are measured at cost and amortised using the straight line method over their estimated useful lives of three to five years. Management rights that are deemed to have an indefinite life are held at a value of $591.5 million (2023: $591.3 million).

Goodwill represents the excess of the cost of an acquisition over the fair value of the Trust's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Note 22 Intangible assets (continued)

Goodwill and management rights with an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised in the Consolidated Statement of Comprehensive Income for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, management rights are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Goodwill has been grouped at the lowest level at which the goodwill is monitored, which may comprise of a number of cash generating units to which the goodwill relates. Impairment charges recorded in relation to management rights may be reversed at a future point in time to the extent that the recoverable amount exceeds the carrying amount. Impairment charges recorded in relation to goodwill cannot be reversed.

Where relevant, the value-in-use has been determined using a five-year discounted cash flow model and applying a terminal multiple in year five. The fair value less costs of disposal has been determined using a five-year discounted cash flow model and applying a terminal multiple in year five (2023: a three-year discounted cash flow model and applying a terminal growth rate in year three). Forecasts were based on projected returns in light of current market conditions and hence classified as a Level 3 fair value.

Key assumptions: management rights

Judgement is required in determining the following key assumptions used to calculate:

Value in use

- Terminal multiple range of 5 to 12 times (2023: 5 to 12 times) has been applied incorporating an appropriate risk premium.
- Cash flows have been discounted at a post-tax rate of 9.0% (2023: 9.0%) based on externally published weighted average cost of capital for an appropriate peer group plus an appropriate premium for risk.
- An income growth rate range of 3.0% to 5.5% (2023: 3.0% to 5.5%) has been applied to forecast cash flows based on past performance and management's estimate of the future cash flows to be derived from the cash generating units.

Fair value less costs of disposal

- A terminal multiple range of 6 to 12 times (2023: terminal growth rate: 0% to 2.5%) has been applied incorporating an appropriate risk premium.
- Cash flows have been discounted at a post-tax rate range of 8.0% to 11.0% (2023: 8.0% to 11.0%) based on externally published weighted average cost of capital for an appropriate peer group plus an appropriate premium for risk.
- An income growth rate range of 3.0% to 5.0% has been applied to forecast cash flows based on past performance and management's estimate of the future cash flows to be derived from the cash generating units.

Sensitivity information

A significant movement in any one of the inputs listed in the table above as at the reporting date would result in a change in the recoverable amount of the Trust's management rights and goodwill.

The estimated impact of a change in certain significant inputs would result in the following impairment of intangibles:

	Intangibles	
Assumption	**2024**	**2023**
Value in use	**$'000**	**$'000**
An increase of 0.25% in the adopted discount rate	**(424)**	–
A decrease of 1x the adopted terminal yield multiple	**(4,604)**	(6,284)
A decrease of 1% in the adopted income growth rate	**(2,975)**	(3,919)
Fair value less cost of disposal		
An increase of 0.25% in the adopted discount rate	**–**	(3,773)
A decrease of 1x the adopted terminal yield multiple	**–**	N/A
A decrease of 1% in the adopted terminal growth rate	**N/A[1]**	(16,165)
A decrease of 1% in the adopted income growth rate	**–**	N/A

1 The fair value less costs of disposal has been determined using a five-year discounted cash flow model and applying a terminal multiple in year five (2023: a three-year discounted cash flow model and applying a terminal growth rate in year three).

Note 22 Intangible assets (continued)

	2024 $'000	2023 $'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)	**180,190**	–
AMP Capital funds (finite useful life)	**8,303**	–
Movements		
Dexus Wholesale Property Fund (indefinite useful life)[1]	**219**	1,331
AMP Capital funds (indefinite useful life)[2]	**–**	180,190
AMP Capital funds (finite useful life)[2]	**–**	8,762
Impairment of management rights	**–**	(24,129)
Amortisation charge	**(2,892)**	(608)
Closing balance	**597,388**	600,061
Cost	**635,677**	635,458
Accumulated amortisation	**(9,692)**	(6,800)
Accumulated impairment	**(28,597)**	(28,597)
Total management rights	**597,388**	600,061
Goodwill		
Opening balance	**66,506**	55,444
Additions[3]	**–**	52,465
Impairment	**–**	(41,403)
Closing balance	**66,506**	66,506
Cost	**112,915**	112,915
Accumulated impairment	**(46,409)**	(46,409)
Total goodwill	**66,506**	66,506
Software		
Opening balance	**4,307**	3,578
Additions	**893**	2,268
Amortisation charge	**(1,263)**	(1,539)
Closing balance	**3,937**	4,307
Cost	**8,568**	7,752
Accumulated amortisation	**(4,631)**	(3,445)
Cost - Fully amortised assets written off	**(3,126)**	(77)
Accumulated amortisation - Fully amortised assets written off	**3,126**	77
Total software	**3,937**	4,307
Total non-current intangible assets	**667,831**	670,874

1 Dexus has incurred costs to date in connection with Dexus Wholesale Property Limited, a Dexus entity, being appointed as responsible entity of Dexus ADPF. Dexus may incur further costs, including but not limited to stamp duty and legal costs in relation to the merger of DWPF and Dexus ADPF.
2 Acquired as part of the AMP Capital transaction.
3 The excess between the cash consideration transferred and the fair value of the net identifiable assets acquired as part of the AMP Capital transaction has been recorded as goodwill.

Note 23 Business combination

In 2022, Dexus announced the acquisition of the real estate and domestic infrastructure equity business of Collimate Capital Limited (Collimate Capital or AMP Capital) from AMP Limited ("AMP Capital transaction"). The transaction occurred under a two-stage completion process. 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. Contingent consideration of $50.0 million was paid and Dexus Capital Investors Limited (previously known as AMP Capital Investors Limited) became a wholly owned subsidiary of Dexus on this date.

The Group reported provisional fair values on the acquisition of identifiable assets, including management rights, and liabilities in the consolidated financial statements for the year ending 30 June 2023. Following Final Completion on 30 November 2023, these fair value assessments were finalised during the year. The amounts recognised in respect of the consideration paid and the assets and liabilities recognised are set out below.

Note 23 Business combination (continued)

Purchase consideration

	$'000
Cash consideration - base purchase price	175,000
Working capital adjustments paid	65,626
Contingent consideration	50,000
Equity accounted investment acquisition consideration	10,474
Total consideration	**301,100**

Identifiable assets and liabilities

	$'000
Cash and cash equivalents	52,096
Trade and other receivables	93,859
Investments accounted for using the equity method	10,474
Intangible assets: management rights[1]	188,952
Trade and other payables	(3,513)
Current tax liabilities	(734)
Provisions	(57,349)
Deferred tax assets	22,695
Deferred tax liabilities	(57,845)
Net identifiable assets acquired	**248,635**
Goodwill[2]	52,465
Net assets acquired	**301,100**

1 Recognised in connection with AMP Capital managed funds, which include both open ended and closed ended funds and mandates.
2 Goodwill is attributable to the people, established business practices and relationships obtained via the acquisition and is not deductible for tax purposes.

Adjustments to the provisional purchase price allocation

The final fair value for management rights at acquisition was $188.9 million, $6.3 million lower than the provisional fair value, with a corresponding decrease in deferred tax liabilities of $1.9 million. Other adjustments to the fair value of other net identifiable assets and liabilities resulted in a net increase to trade and other payables of $0.8 million, a decrease in provisions of $2.3 million and an increase in deferred tax assets of $5.1 million. As a result of these adjustments, there was a corresponding decrease in goodwill of $2.2 million, resulting in total goodwill arising on the acquisition of $52.5 million. These adjustments have been made in the prior year comparatives in accordance with applicable accounting standards.

Payment for the business combination

	$'000
Cash consideration paid	301,100
Less: Cash and cash equivalents acquired	(52,096)
Net cash flow on acquisition	**249,004**

Acquisition-related costs

Acquisition-related costs of $84.6 million (2023: $81.3 million) have been included within Transaction costs in the Consolidated Statement of Comprehensive Income and in Operating cash flows in the Consolidated Statement of Cash Flows.

Acquired receivables

The fair value of trade and other receivables acquired was $93.9 million and reflects the gross contractual amount at the acquisition date.

Note 24 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 25 Audit, taxation and transaction service fees

During the year, the Auditor and its related practices earned the following remuneration:

	2024 $	2023 $
Audit and review services		
Auditors of the Trust - PwC		
Financial statement audit and review services	**1,232,844**	1,273,147
Audit and review fees paid to PwC	**1,232,844**	1,273,147
Assurance services		
Auditors of the Trust - PwC		
Outgoings audits	**6,983**	5,314
Regulatory audit and compliance assurance services	**286,580**	227,513
Sustainability assurance services	**6,835**	6,063
Other assurance services	**–**	337,500
Assurance fees paid to PwC	**300,398**	576,390
Total audit, review and assurance fees paid to PwC	**1,533,242**	1,849,537
Other services		
Auditors of the Trust - PwC		
Taxation services	**631,460**	423,738
Other services	**45,000**	35,000
Other services fees paid to PwC	**676,460**	458,738
Total audit, review, assurance and other services fees paid to PwC	**2,209,702**	2,308,275

Note 26 Cash flow information

a. Reconciliation of cash flows from operating activities

Reconciliation of net profit/(loss) for the year to net cash flows from operating activities.

	2024 $'000	2023 $'000
Net loss for the year	**(29,805)**	(60,029)
Capitalised interest	**–**	(3,070)
Depreciation and amortisation	**15,792**	13,780
Amortisation of incentives and straight line income	**1,583**	1,755
Impairment of intangibles	**–**	65,532
Net (gain)/loss on sale of investment properties	**44**	553
Net fair value (gain)/loss of investment properties	**25,570**	52,356
Net fair value (gain)/loss of investments at fair value	**9,722**	–
Share of net (profit)/loss of investments accounted for using the equity method	**(9,136)**	(21,306)
Net (gain)/loss on sale of investment accounted for using the equity method	**(2,655)**	–
Development services revenue non-cash settled	**(23,393)**	–
Impairment of investments accounted for using the equity method	**712**	192
Distribution revenue	**(1,422)**	(1,314)
Distributions from investments accounted for using the equity method	**5,656**	18,246
Change in operating assets and liabilities	**(148,787)**	693
Net cash (outflow)/Inflow from operating activities	**(156,119)**	67,388

Note 26 Cash flow information (continued)

b. Net debt reconciliation

Reconciliation of net debt movements:

	2024 Loans with related parties $'000	2023 Loans with related parties $'000
Opening balance	**667,942**	497,222
Changes from financing cash flows		
Borrowings received from related parties	**1,238,665**	1,097,519
Borrowings provided to related parties	**(878,443)**	(927,509)
Non cash changes		
Movement in deferred borrowing costs and other	**167**	710
Development services revenue non-cash settled	**(23,393)**	–
Closing balance	**1,004,938**	667,942

Note 27 Security-based payments

The DXFM Board has approved a grant of performance rights to DXS stapled securities to eligible participants. Awards, via the DSTI and LTI will be in the form of performance rights awarded to eligible participants which convert to DXS stapled securities for nil consideration subject to satisfying specific service and performance conditions.

For each Plan, eligible participants are granted performance rights, based on performance against agreed key performance indicators, as a percentage of their remuneration mix. Participants must remain in employment for the vesting period in order for the performance rights to vest. Non-market vesting conditions, including Adjusted Funds from Operations (AFFO), Return on Contributed Equity (ROCE), successful delivery of key strategic initiatives identified by the Board and employment status at vesting, are included in assumptions about the number of performance rights that are expected to vest. Market conditions include Absolute Total Shareholder Return (ATSR) and Relative Total Shareholder Return (RTSR). When performance rights vest, the Trust will arrange for the allocation and delivery of the appropriate number of securities to the participant.

The fair value of performance rights granted is recognised as an employee benefit expense with a corresponding increase in the provision for employee benefits. The total amount to be expensed is determined by reference to the fair value of the performance rights granted.

Critical accounting estimates: fair value of performance rights granted

Judgement is required in determining the fair value of performance rights granted. In accordance with AASB 2 *Share-based Payment*, fair value is determined independently using Binomial and Monte Carlo pricing models with reference to:

- The expected life of the rights
- The security price at grant date
- The expected price volatility of the underlying security
- The expected distribution yield
- The risk free interest rate for the term of the rights and expected total security holder returns (where applicable)

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Trust revises its estimates of the number of performance rights that are expected to vest based on the non-market vesting conditions. The impact of the revised estimates, if any, is recognised in profit or loss with a corresponding adjustment to equity. The provision related to the performance rights at 30 June 2024 was $27,564,970 (2023: $20,820,978).

The movement in performance rights is summarised below:

2024	Opening	Granted	Vested	Cancelled	Closing
DSTI Plan	1,122,969	1,066,508	(788,227)	(55,696)	1,345,554
LTI Plan	2,618,389	1,789,063	(360,906)	(189,415)	3,857,131
Retention Awards	663,298	–	(153,481)	–	509,817
Total	**4,404,656**	**2,855,571**	**(1,302,614)**	**(245,111)**	**5,712,502**

Note 27 Security-based payments (continued)

2023	Opening	Granted	Vested	Cancelled	Closing
DSTI Plan	977,983	791,645	(613,137)	(33,522)	1,122,969
LTI Plan	2,068,962	1,068,306	(318,849)	(200,030)	2,618,389
Retention Awards	663,298	–	–	–	663,298
Total	**3,710,243**	**1,859,951**	**(931,986)**	**(233,552)**	**4,404,656**

a. Deferred short term incentive plan

25% of any award under the Deferred Short Term Incentive (DSTI) Plan for certain participants will be deferred and awarded in the form of performance rights to DXS securities.

The majority of the performance rights awards will vest one year after grant and some will vest two years after grant, subject to participants satisfying employment service conditions. In accordance with AASB 2 *Share-based Payment*, the year of employment in which participants become eligible for the DSTI, the year preceding the grant, is included in the vesting period over which the fair value of the performance rights is amortised. As applicable, 50% of the fair value of the performance rights is amortised over two years and 50% of the award is amortised over three years.

The weighted average remaining contractual life for DSTI performance rights is 0.53 years (2023: 0.57 years). The weighted average fair value of all outstanding DSTI performance rights is $6.43 (2023: $7.64) and the weighted average fair value of grants with respect to the year ended 30 June 2024 is $7.51 (2023: $7.51). The total security-based payments expense recognised during the year ended 30 June 2024 was $6,464,583 (2023: $5,327,602).

b. Long term incentive plan

50% of the awards will vest three years after grant and 50% of the awards will vest four years after grant, subject to participants satisfying employment service conditions and performance hurdles. In accordance with AASB 2 *Share-based Payment*, the year of employment in which participants become eligible for the Long Term Incentive (LTI) Plan, the year preceding the grant, is included in the vesting period over which the fair value of the performance rights is amortised. Consequently, 50% of the fair value of the performance rights is amortised over four years and 50% of the award is amortised over five years.

The weighted average remaining contractual life for LTI performance rights is 1.51 years (2023: 1.55 years). The weighted average fair value of all outstanding LTI performance rights is $4.02 (2023: $5.50) and the weighted average fair value of grants with respect to the year ended 30 June 2024 is $4.99 (2023: $4.12). The total security-based payments expense recognised during the year ended 30 June 2024 was $4,330,762 (2023: $1,969,564).

c. Senior Management Retention Awards

CEO Incentive Award

A once-off CEO incentive award was granted to then CEO Darren Steinberg on 1 June 2021 which vested on 1 July 2024. The fair value of the performance rights has been recognised over the 3 year vesting period and was fully amortised during the year.

Retention Equity Award

The retention equity award is a once-off award to certain Key Management Personnel which was granted in December 2020. 50% of the once-off retention equity rights vested in December 2023 and 50% of the rights will vest in December 2024, subject to participants satisfying employment service conditions and governance and behavioural standards. Consequently, 50% of the fair value of the rights is amortised over three years and 50% of the rights is amortised over four years from the grant date.

The weighted average remaining contractual life for all senior management retention award is 0.14 years (2023: 0.98 years). The weighted average fair value of all outstanding senior management retention award is $6.42 (2023: $7.36). The total security-based payments expense related to this award recognised during the year ended 30 June 2024 was $692,196 (2023: $1,332,487).

Note 28 Related parties

Responsible Entity, Trustee and Investment Manager

DXH, a wholly owned subsidiary of DXO, is the parent entity of:

- DXFM, the responsible entity of DPT and DXO, the trustee of Dexus Office Trust Australia and Dexus Australian Logistics Trust, and the investment manager of Dexus Industrial Trust Australia, Dexus KC Trust, Parangool Pty Ltd and Dexus Core Property Fund
- DWPL, the responsible entity of DWPF
- DWFL, the responsible entity of DHPF
- DIML, the responsible entity of DIF
- DWML, the trustee of third party managed funds
- DXAM, the responsible entity of DXC, DXI and other third party managed funds
- Dexus RE Limited, the responsible entity of APD Trust
- DCFM, the responsible entity of Dexus Australian Property Fund, Dexus Community Infrastructure Fund, Dexus Core Infrastructure Fund, Dexus Wholesale Australian Property Fund and Dexus Wholesale Shopping Centre Fund
- DCIS, the trustee of third party managed funds
- Dexus Capital Private Markets NZ Limited, the manager of third party managed funds
- DCIL, the trustee of third party managed trusts and the investment manager of third party managed trusts and portfolios
- DREP Investment Management Pty Limited, the investment manager of the Dexus Real Estate Partnership series
- Dexus Property Services Limited, the investment manager of third party managed funds

Management Fees and other revenue

Under the terms of the Constitutions of the entities within the Trust, the Responsible Entity and Investment Manager are entitled to receive fees in relation to the management of the Trust. Other entities within the Group are also entitled to receive property and development management fees and to be reimbursed for administration expenses incurred on behalf of the Trust.

The Trust received responsible entity fees, management fees and other related fees from real asset funds managed by subsidiaries of DXH during the financial year.

Related party transactions

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

Transactions with related parties

	2024 $	2023 $
Responsible entity (investment management fees)	**253,042,498**	203,082,157
Property management fee income	**68,461,578**	51,609,775
Development services revenue (DS), Development management (DM), Project Delivery Group (PDG), capital expenditure and leasing fee income	**109,382,519**	72,153,078
Other fund fees and recoveries	**70,736,873**	16,581,968
Interest paid to related parties	**53,035,982**	26,573,243
Rental expense paid to related parties	**6,995,681**	5,086,277

	2024 $	2023 $
Responsible entity fees receivable at the end of each reporting year	**52,426,760**	47,027,524
Property management fees receivable at the end of each reporting year	**7,645,831**	8,917,167
DS, DM, PDG, capital expenditure, leasing fees and other receivables at the end of each reporting year	**79,660,170**	23,107,907
Loans to related parties	**–**	2,870,675
Payables owed to related parties	**6,894,846**	5,534,411
Loans from related parties	**1,004,938,005**	689,443,719

Note 28 Related parties (continued)

Key management personnel compensation

	2024 $	2023 $
Compensation		
Short-term employee benefits	**7,293,904**	8,862,470
Post employment benefits	**234,547**	1,071,896
Security-based payments	**3,934,956**	5,170,549
Total key management personnel compensation	**11,463,407**	15,104,915

In addition, gardening leave was granted for the period from March 2024 to December 2024 for the former CEO, Darren Steinberg. Mr. Steinberg will receive his base salary and entitlements during this leave period, totalling $1,238,840

Information regarding remuneration of key management personnel is provided in the Remuneration Report on pages 90 to 121 of the Dexus Annual Report. There have been no other transactions with key management personnel during the year.

Note 29 Parent entity disclosures

The financial information for the parent entity of Dexus Operations Trust has been prepared on the same basis as the Consolidated Financial Statements except as set out below.

Distributions received from associates are recognised in the parent entity's Statement of Comprehensive Income, rather than being deducted from the carrying amount of these investments.

Interests held by the parent entity in controlled entities are measured at fair value through profit and loss to reduce a measurement or recognition inconsistency.

a. Summary financial information

The individual Financial Statements for the parent entity show the following aggregate amounts:

	2024 $'000	2023 $'000
Total current assets	**238,409**	461,244
Total assets	**1,699,857**	1,006,464
Total current liabilities	**481,679**	126,522
Total liabilities	**1,514,116**	774,711
Equity		
Contributed equity	**107,185**	107,185
Reserves	**1,106**	814
Retained profit	**77,450**	123,754
Total equity	**185,741**	231,753
Net (loss)/profit for the year	**(6,303)**	40,671
Total comprehensive (loss)/income for the year	**(6,303)**	40,671

b. Guarantees entered into by the parent entity

There are no guarantees entered into by the parent entity (2023: nil). Refer to note 17 for details of guarantees entered into by the Trust.

c. Contingent liabilities

The parent entity has no contingent liabilities (2023: nil). Refer to note 17 for the Trust's contingent liabilities.

d. Capital commitments

The parent entity had no capital commitments as at 30 June 2024 (2023: nil).

Note 30 Subsequent events

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the 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

The Directors of Dexus Funds Management Limited as Responsible Entity of Dexus Operations Trust declare that the Consolidated Financial Statements and Notes set out on pages 8 to 46:

i. Comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
ii. Give a true and fair view of the Trust's consolidated financial position as at 30 June 2024 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date.

In the Directors' opinion:

a. The Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*;
b. There are reasonable grounds to believe that Dexus Operations Trust will be able to pay their debts as and when they become due and payable; and
c. the Trust has operated in accordance with the provisions of the Constitution dated 15 August 1984 (as amended) during the year ended 30 June 2024.

The Consolidated Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

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

Warwick Negus
Chair
19 August 2024

Independent auditor's report

To the unitholders of Dexus Operations Trust

Our opinion

In our opinion:

The accompanying financial report of Dexus Operations Trust (the Trust) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the Consolidated Statement of Financial Position as at 30 June 2024
- the Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated Statement of Changes in Equity for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Notes to the Consolidated Financial Statements, including material accounting policy information and other explanatory information
- the Director's Declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Other information

The Directors of Dexus Funds Management Limited (the Directors), the Responsible Entity of the Trust are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial report

The Directors are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

M. Laithwaite

Marcus Laithwaite
Partner

Sydney
19 August 2024

dexus

dexus.com