

# Dexus (ASX: DXS)

## ASX release



7 May 2024

### March 2024 quarter update – Demonstrating platform resilience across the investment portfolio and the funds business

Ross Du Vernet, Dexus Group Chief Executive Officer & Managing Director said: “Our vision is to be Australasia’s leading real asset manager, and we remain focused on our strategic objectives of generating resilient income streams and being identified as an investment manager of choice.

“As incoming CEO, my immediate priorities are driving investment performance in the next phase of the investment cycle through refined investment strategies and deep sector expertise, as well as evolving our approach to capital allocation and risk management. We believe these areas will set up the group to scale efficiently and achieve leadership through investment performance.”

#### Key highlights

- **Property portfolio continues to demonstrate resilience**, maintaining high occupancy across the Dexus office portfolio of 94.4% and Dexus industrial portfolio of 96.6%
- **Rent collections** remain strong at 99.5%
- **Dexus Real Estate Partnership 2 (DREP2)**, which launched late last year, raised more than \$300 million in commitments towards its first close
- **Secured circa \$0.4 billion** of transactions across the platform, the majority of which were divestments on behalf of a number of funds
- **Continued to drive fund performance through active management** across our real asset platform, delivering outperformance in Dexus Wholesale Shopping Centre Fund and Dexus Diversified Infrastructure Trust
- **Restocking the trading pipeline**

#### Outlook

Ross Du Vernet said: “While conditions remain challenging, our investment portfolio continues to deliver resilient income streams and we have a strong balance sheet supported by a disciplined approach to capital management. With the integration of the AMP Capital platform now complete, we have turned our focus to the immediate two priorities which will set us up for growth in the next phase of the investment cycle.

“Barring unforeseen circumstances, for the 12 months ended 30 June 2024<sup>1</sup> Dexus reiterates its expectation for distributions of circa 48.0 cents per security. AFFO excluding trading profits is expected to be broadly in line with that delivered in FY23.”

## Funds management continues to deliver for investors

Since transitioning to Dexus's platform, Dexus Wholesale Shopping Centre Fund (DWSF) continued to generate strong performance, outperforming its benchmark during the nine months to 31 March 2024 by circa 195 basis points. Dexus Diversified Infrastructure Trust (DDIT) outperformed its benchmark<sup>2</sup> over the past 12 months.

Dexus Real Estate Partnership 2 (DREP2), which launched late last year, has raised more than \$300 million in commitments towards its first close from both institutions and private investors, as well as returning DREP1 investors.

Dexus secured circa \$0.4 billion of transactions across the platform during the quarter, the majority of which were divestments on behalf of a number of funds.

## High-quality property portfolio supports resilient cashflows

Key metrics	Office		Industrial	
	31 Mar 2024	31 Dec 2023	31 Mar 2024	31 Dec 2023
Occupancy by income	94.4%	94.5%	96.6%	99.0%
Occupancy by area	93.6%	94.0%	97.5%	99.5%
Weighted average lease expiry (by income)	4.5 years	4.6 years	4.4 years	4.6 years
Square metres leased <sup>3</sup>	27,400	66,600	20,900	102,500
Number of lease transactions <sup>3</sup>	55	135	9	17
Average incentives <sup>4</sup>	29.0%	29.4%	17.8%	18.6%

In office, location remains a key differentiator for asset performance, with the Sydney core and Melbourne eastern core again reporting lower vacancy compared with their respective CBD averages. Dexus's office portfolio occupancy by income of 94.4% remained well above the wider market at 86.5%<sup>5</sup> and was in line with HY24, reflecting leasing success across the portfolio. Average incentives of 29.0% were slightly below HY24 levels, as smaller customers accounted for a higher proportion of leasing deals during the quarter.

Dexus's industrial portfolio occupancy decreased to 96.6%, primarily due to vacancy at a large facility in Sydney Outer West where various leasing options are being explored. The industrial sector remains resilient and vacancy rates remain low, despite economic headwinds impacting retail and overall business confidence. Across Dexus's stabilised industrial portfolio, rent growth remained above trend with double digit effective releasing spreads achieved during the nine months to 31 March 2024. The portfolio is 16% under-rented, benefiting from continued market rent growth across our key markets.

## Environmental, Social and Governance (ESG)

Dexus launched a pilot of the Sustainable Development Standards (SDS) tool and framework, to enhance consistency in embedding sustainability into the development process and contribute to the delivery of high performing assets. This will be trialled across select projects in FY24.

Dexus progressed decarbonisation roadmap studies across 26 office assets, and through our partnership with the Black Dog Institute, delivered mental health workshops for the people leaders and employees of our customers nationally across office, industrial and healthcare assets.

## Developments and Trading

At the flagship industrial development precincts of Ravenhall and Jandakot, Dexus completed 65,600 square metres and progressed construction across 86,500 square metres.

Dexus has also commenced restocking of its trading book.

## Capital management

Dexus continues to maintain a strong balance sheet and is rated A- by S&P and A3 by Moody's. Dexus elected to withdraw the Moody's credit rating for Dexus Office Trust Australia and S&P's credit rating for Dexus Wholesale Shopping Centre Fund given there is no outstanding capital markets debt in these vehicles.

Authorised by Scott Mahony, Company Secretary of Dexus Funds Management Limited

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**About Dexus**

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

Dexus Funds Management Ltd ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS)  
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- 1 Subject to no material deterioration in conditions and assumes circa \$10 million of trading profits (post tax).
  - 2 Australian 10 Years Government Bond yield plus 450 basis points.
  - 3 Including Heads of Agreement and excluding development leasing transactions.
  - 4 FY24 to date, excluding development leasing.
  - 5 Australian CBD average by Property Council Australia January 2024.