Dexus (ASX: DXS)

ASX release

20 August 2026

2026 Annual results – Delivers on guidance and progresses key strategic actions

Dexus today announced its results for the 12 months to 30 June 2026, delivering on its FY26 guidance, with AFFO[1] of 45.0 cents per security and distributions of 37.0 cents per security.

Ross Du Vernet, Dexus Group Chief Executive Officer & Managing Director said: "We delivered on our guidance in line with expectations in an environment of economic volatility and challenges for our business. The core of our portfolio performed strongly with office occupancy at 95.7%[2], well above market, significant leasing volumes and our largest pooled flagship funds outperforming their benchmarks.

"We are addressing headwinds directly and have commenced a strategic review of the infrastructure funds and mandates that transitioned to Dexus as part of the 2023 AMP Capital transaction. The review reflects our commitment to address issues that have emerged and determine a path forward for investors.

"We have made tangible progress on the priorities that will drive long-term resilience and growth, raising $2 billion[6] in third-party capital and securing the Boral partnership to build a capital efficient development pipeline. We also exceeded our divestment target ahead of schedule, supporting recommencement of securities buyback activity, having regard to the capital allocation framework and subject to market conditions."

Key highlights

- **Delivered on guidance with AFFO[1]** of $483.9 million or 45.0 cents per security, and **distributions** of $397.4 million or 37.0 cents per security reflecting a payout ratio of 82.1%
- **Statutory net profit after tax** of $482.2 million, compared to a statutory net profit after tax of $136.1 million in FY25, primarily driven by stabilising capitalisation rates and revaluation movements
- **Gearing** (look-through)[3] of 33.4% remains toward the lower end of the 30-40% target range and will benefit from the proceeds from sales announced post 30 June 2026
- **Property portfolio continues to demonstrate resilience**, maintaining high occupancy across the Dexus office portfolio of 95.7%[2] and Dexus industrial portfolio of 94.6%[4], with rent collections remaining strong at 99.7%
- **Dexus Wholesale Property Fund (DWPF)** delivered its strongest one-year return in almost four years[5] and outperformed its benchmark across all reported time periods. **Dexus Wholesale Shopping Centre Fund (DWSF)** outperformed its benchmark over the 1, 2, 3, 5 and 7-year periods.
- **Successfully raised $2.0 billion[6] of equity across funds,** including a $500 million commitment into DWPF and facilitating more than $1.1 billion of secondary unit transactions.
- **Exchanged or settled circa $1.9 billion[7] of Dexus divestments**, with $2.5 billion[7] achieved since FY24, exceeding the $2 billion FY25-FY27 target, maintaining balance sheet strength and further enhancing portfolio quality
- **Agreement secured with Boral** providing capital efficient access to a long dated development pipeline, subject to rezoning and business plan approvals, with potential lettable area of 2.5 million square metres
- **Increased customer Net Promoter Score in all sectors** (+54 in office, +17 in industrial, +28 in retail and +50 in healthcare), reflecting our focus on customer experience

Outlook

Ross Du Vernet said: "We remain committed to pursuing our transition to become a diversified and more capital efficient business which will ultimately deliver sustainable earnings growth. While the core portfolio is expected to benefit from leasing momentum, FY27 earnings will reflect lower trading profits and performance fees, some continuing funds headwinds, higher finance costs and practical completion of Atlassian Central. However, we expect to maintain Security holder distributions in line with the past year. We will continue to focus on optimising asset performance across the platform, introducing new capital, actively managing costs and finalising the strategic review of infrastructure funds in a manner that delivers the right outcomes for investors."

Financial result

Operationally AFFO of $483.9 million was in line with the previous corresponding period, with lower property and management operations FFO and higher net finance costs largely offset by significantly higher trading profits, higher co-investment income and lower maintenance and leasing capex. Rent collections for the Dexus office and industrial portfolio remained strong at 99.7%.

Key drivers of the movement in AFFO included:

- Office property FFO decreased by $30.5 million, primarily due to the impact of divestments and a decline in average occupancy throughout the year, partially offset by fixed rent reviews
- Industrial property FFO increased by $12.7 million, driven by development completions, higher average occupancy and positive releasing spreads, partially offset by the impact of divestments
- Co-investment income from pooled funds increased by $11 million, driven by Dexus's incremental investment in DSIT1 and DWSF and increased distributions from some funds
- Management operations FFO decreased by $27.0 million, impacted by divestments to facilitate redemptions, lower management fees and slightly lower performance fees contribution (FY26: $37.4m, FY25: $40.8m)
- Group corporate costs decreased by $3.7 million net of investment in AI and platform efficiency, driven by active cost management. Group corporate costs have reduced by 6.0% since FY25, or 12.7% since FY24
- Net finance costs increased by $12.6 million predominantly due to a higher weighted average cost of debt
- Trading profits of $42.5 million (post tax) were $38.6 million higher due to the final completion of the sale of 3 Brookhollow Avenue, Baulkham Hills, 149 Orchard Road, Chester Hill and completion of construction at 28 Yarrunga Street, Prestons
- Maintenance and leasing capex of $185.4 million decreased largely due to the timing of leasing and maintenance completed across the office portfolio, partially offset by higher incentives across the industrial portfolio

Dexus's statutory net profit after tax was $482.2 million, compared to a statutory net profit after tax of $136.1 million in FY25. This movement was primarily driven by revaluation movements turning positive as a result of stabilising capitalisation rates across the property portfolio.

Overall, the portfolio valuations resulted in a total circa 1.0% increase on prior book values. These revaluation gains positively contributed to the 11 cent or 1% increase in net tangible asset (NTA) backing per security during the year to $8.92 at 30 June 2026.

In December, Dexus successfully issued A$500 million of subordinated notes in the Australian fixed income market at attractive rates, further diversifying Dexus's funding sources. The notes, which do not include equity conversion features, are callable in March 2031 and March 2034 and receive 50% equity credit from S&P and Moody's credit rating agencies.

Dexus maintained a strong balance sheet with gearing (look-through)[3] of 33.4%, toward the lower end of the 30-40% target range, and $2.5 billion of cash and undrawn debt facilities. Dexus has a weighted average debt maturity of 4.2 years[8], manageable near-term debt expiries and remains within all of its debt covenant limits, retaining its credit ratings of A-/A3 from S&P and Moody's, respectively. On average, 91% of Dexus's debt was hedged throughout FY26 at a weighted average rate of 3.0%, providing material interest rate protection.

Sustainability

Dexus advanced its sustainability strategy during the year across the priority areas of Customer Prosperity, Climate Action and Enhancing Communities. This included external recognition for sustainability performance, ranking second among REIT peers and in the top 5% globally of all companies in the S&P Global Corporate Sustainability Assessment (Dow Jones Best in Class), continuing our inclusion in the 2026 CSA Global Sustainability Yearbook. DXS and three funds maintained their 5-Star GRESB ratings and five funds ranked top 5 in Australia for their category.

Customer NPS scores improved across all sectors, reflecting our focus on spaces that support customer wellbeing, productivity and sustainability performance. In FY26, we completed our first full-scale Forever Fitout at 1 Bligh Street, achieving the first 5 Star certification awarded under the new Green Building Council of Australia Green Star Fitouts tool.

We also expanded sustainability services for customers, including tailored waste reporting and AI-supported waste apps to improve recycling rates and share more sustainability data with office tenants.

In support of our Climate Transition Action Plan aspirations, we maintained net zero on Scope 1 and 2 emissions[9] and sourced 100% renewable electricity for the managed portfolio. We progressed our asset-specific decarbonisation program, delivering 31 initiatives and progressing a further 87 to support asset efficiency and emissions reduction across the Platform.

A focus on enhancing communities created more than 126,000 local connections for healthy hearts and minds across 80 assets, progressing towards our 2030 aspiration to create half a million connections. Our employees contributed more than 1,300 volunteer hours to support community organisations including Foodbank and Thread Together.

High quality property portfolio remains resilient

Dexus's $15.3 billion high quality portfolio predominantly comprises $9.8 billion in office and $3.6 billion in industrial.

	Office		Industrial	
Key metrics[10]	**30 Jun 2026**	**30 Jun 2025**	**30 Jun 2026**	**30 Jun 2025**
Occupancy by income[2]	95.7%	92.3%	94.6%	96.2%
Weighted average lease expiry[2] (by income)	4.1 years	4.2 years	4.3 years	4.5 years
Average incentives	26.4%	26.8%	20.6%	16.3%
Effective like-for-like income[11]	0.3%	2.0%	8.3%	(1.0)%
Weighted average cap rate	6.22%	6.18%	5.58%	5.56%
Leasing volumes[12]				
Stabilised leasing (sqm)	158,400	107,500	363,800	461,500
Number stabilised lease transactions	295	248	56	65
Development leasing (sqm)	14,200	0	128,200	114,900
Number development lease transactions	1	0	23	11

Office portfolio

Office sector fundamentals are improving, supported by positive effective rental growth and limited supply across the four major CBDs. Dexus's high quality, strategically located office portfolio underpins 57% of earnings and remains well positioned to benefit from the turning market. Over time, as the balance sheet portfolio transitions, we expect no individual sector to represent more than 50% of the portfolio.

Office portfolio occupancy[2] increased to 95.7%, driven by strong leasing outcomes at 80 Collins Street in Melbourne and Australia Square in Sydney, where vacancy has halved during the year, as well as the impact of divestments announced post 30 June 2026. Leasing momentum was strong, with total stabilised and development leasing volumes of 172,600 square metres, exceeding FY25 volumes by 61%.

Dexus's average incentives remained stable at 26.4%, continuing to outperform the broader market. Excluding effective deals, incentives were 29.9% (compared to 29.0% in FY25). Effective like-for-like income growth[11] was +0.3%, with fixed rent increases offset by downtime on vacancies, mainly at 30 Hickson Road, Sydney which has now been sold. On a face basis, excluding amortisation, like-for-like growth was +0.2%.

Since 30 June 2026, Dexus has proactively addressed circa 4 percentage points of office portfolio income that was due to expire during FY27, reducing proforma FY27 expiries to 8.5% of the portfolio.

As a result of the strong market rent growth observed in the Sydney core and Brisbane CBD markets, effective portfolio over-renting has now reduced to 6.8%[13] and Dexus expects stronger like-for-like growth in FY27.

Industrial portfolio

Leasing momentum continued across Dexus's industrial portfolio during the year, with stabilised portfolio leasing volumes of 363,800 square metres following FY25's record result of 461,500 square metres. Occupancy by income softened slightly to 94.6%, impacted by expiries at select assets with relatively high rents, partly offset by lease up of other vacancies. Occupancy by area of 96.5% remains above the national average, reflecting continued tenant demand for quality industrial space.

Effective like-for-like income growth[11] of 8.3% improved significantly from (1.0)% in FY25 driven by strong leasing outcomes at select assets that experienced downtime in the prior period. Face releasing spreads remained elevated at 24.5%, driven by rental growth in core sub-markets including Perth South, Sydney Outer West, and Melbourne West as market rents continued to reset higher. Average incentives increased to 20.6%, in line with the increase observed in market incentives.

The portfolio remains materially under-rented at 8.1%, creating the opportunity to grow income by resetting rents to market on vacancy and upcoming lease expiries.

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Developments

The Platform's real estate development pipeline now stands at a cost of $12.8 billion[14], of which $6.9 billion[14] sits within the Dexus portfolio and $5.9 billion[14] within third party funds.

Dexus has circa $490 million of committed spend on its pipeline in FY27. Atlassian Central and Waterfront Brisbane will become next generation assets and enhance portfolio quality for Dexus and its capital partners. Dexus's city-shaping office developments are being delivered by Tier 1 contractors, with 84% weighted average leasing pre-commitments.

Atlassian Central is on schedule to complete in late 2026.

At Waterfront Brisbane, completion is expected to be delayed to late 2029, due to build complexity and impacts of prior adverse weather conditions. Greater certainty on timing is anticipated during FY27 when construction is scheduled to reach level five. Dexus's share of total cost has increased, primarily due to interest costs and leasing incentives. While a fixed price construction contract is in place and earlier delays are expected to be absorbed within the relevant contractual provisions, a delay of this length goes beyond that capacity, impacting Dexus's cost to complete. Positively, the project is 71%[12] leased and the Brisbane office market continues to strengthen. The project remains profitable and yield on cost is expected to remain within the 5-6% range.

Dexus progressed 54,300 square metres of industrial construction across 5 projects at ASCEND Industrial Estate which are 68% leased. At the flagship industrial development precincts, Horizon 3023, Ravenhall construction has completed across 64,800 square metres with 86% leased, and at ASCEND Industrial Estate, Jandakot, construction has completed across 45,200 square metres with 100% leased. A further 43,900 square metres has been completed at 311 South Street, Marsden Park NSW which is 74% leased.

Capital efficient opportunities are being prioritised. During the year, Dexus secured an agreement with Boral providing capital efficient access to a long dated development pipeline, subject to rezoning and business plan approvals, with potential lettable area of circa 2.5 million square metres.

Dexus also has a modest investment in Australian Data Centres, an established data centre operator. ADC's pipeline provides potential opportunities for growth including third-party capital partnerships.

Funds management

Dexus manages $36.1 billion of funds across its funds management business.

Flagship funds DWPF and DWSF continued to outperform. DWPF delivered a one-year return of 9.3%, its strongest result in almost four years[5] and outperformed its benchmark across all reported time periods. DWSF returned 12.1% over FY26[5] outperforming its benchmark and ranking first among wholesale funds across all sectors over the 1, 2 and 3-year periods.

The funds management business raised circa $2.0 billion[6] in third-party equity from both domestic and offshore investors during the year, reflecting renewed demand for high quality core real estate. This includes more than $1.1 billion of secondary unit transactions facilitated across the platform, highlighted by a $500 million commitment into DWPF - one of the largest single investments in an Australian open-ended property fund.

Dexus launched the Dexus Strategic Investment Trust (DSIT) series and, through its long-standing partnership with Scentre Group, acquired a 25% interest in Westfield Chermside, Brisbane to seed DSIT1, increasing Dexus's overall platform stake in the asset to 50%. The Platform raised $180 million in third-party capital to support the acquisition, drawing predominantly on existing investor relationships, with Dexus contributing circa $170 million of co-investment capital. Since its launch, Dexus has facilitated the transfer of $90 million DSIT1 units (including Scentre Group's short-term holding of $50 million) to third-party investors, with a further $25 million completed in July 2026. Dexus's ownership stake now stands at circa $105 million and is targeted to reduce to circa $50 million.

Continuing to capitalise on areas of investor demand, DREP2 secured an additional $390 million of equity commitments in FY26 bringing total commitments to circa $870 million and exceeding its original target of $600 million. This includes a $200 million co-investment commitment from a new investor, providing capital that can be deployed alongside DREP2 in future acquisitions. DREP2 has now committed capital to four investments and is currently 35% deployed.

In recent years, Dexus's funds management business has faced headwinds as some clients adjust their strategies and seek liquidity, leading to elevated redemptions, particularly across core products.

Following an increase in its redemption queue, Dexus is in consultation with investors in the $1.1 billion Dexus Healthcare Property Fund (DHPF). Excluding this fund, the real estate redemption queue has normalised, reflecting improving investor confidence in core real estate and active management of fund liquidity.

Looking forward, we will continue to review and modernise our fund offering, including through rationalisation of funds that are sub-scale.

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APAC matter and strategic review of infrastructure funds

In May 2026, the NSW Supreme Court delivered a judgment against the Dexus Bloc in the matter relating to Australia Pacific Airports Corporation (APAC). Following that judgment, Dexus commenced a strategic review of the infrastructure funds and mandates that transitioned to Dexus as part of its 2023 AMP Capital transaction. The Dexus Bloc shareholders have appealed the judgment, with the appeal hearing listed for October 2026.

Advisers have been appointed and investor consultation is underway with more than 70 parties. The review has been coordinated across funds and mandates, with Responsible Entity Boards retaining their own advice and independence throughout.

Most infrastructure funds and mandates under review have some exposure to APAC and while we will progress the assessment of options, finalisation of the review may not be possible until the outcome of the appeal is known.

The Infrastructure funds under review represent $7.3 billion of third party funds under management at 30 June 2026 and account for approximately $35 million of Dexus's management fees (excluding performance fees, post tax and before associated costs).

The reviews and consultations underway across parts of the funds platform are assessing the current state of each fund and options for its path forward in the best interests of investors, whether that is continuing, restructuring (including terms), consolidating, refining investment strategy or return objectives, or liquidating all or part of each portfolio.

Transactions and trading

Despite a challenging transactions market, Dexus undertook circa $5.0 billion[7] of transactions across the Platform, comprising $1.3 billion of acquisitions and $3.7 billion of divestments, including circa $1.9 billion of exchanged or settled Dexus divestments since 30 June 2025. This includes the divestment of 3 Brookhollow Avenue, Baulkham Hills and 149 Orchard Road, Chester Hill which contribute to the $42.5 million of trading profits (post tax) secured for FY26.

FY27 Guidance

While the core portfolio is expected to benefit from leasing momentum, FY27 earnings will be lower driven by an immaterial contribution from performance fees and trading profits following an elevated contribution in FY26, alongside higher finance costs and practical completion of Atlassian Central, as well as a materially lower contribution from FUM under review and consultation, noting that no decisions have been made[15].

Barring unforeseen circumstances, for the 12 months ending 30 June 2027[16], Dexus expects AFFO of 37.5-39.5 cents per security and distributions of 37.0 cents per security.

FY26 Results

This ASX announcement should be read in conjunction with the 2026 Annual Results Presentation, 2026 Annual Report, Appendix 4E, 2026 Financial Statements, 2026 Sustainability Data Pack, 2026 Property Synopsis, Appendix 4G and Corporate Governance Statement released to the Australian Securities Exchange today and available on www.dexus.com/dxs.

Investor conference call

Dexus will hold an investor conference call at 10.00am (AEST) today, Thursday 20 August 2026, which will be webcast via the Dexus website (www.dexus.com/investor-centre) and available for download later today.

Authorised by the Board 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 $51.4 billion. The Dexus Platform includes the Dexus listed portfolio and the funds management business. The $15.3 billion listed portfolio includes direct and indirect ownership of office, industrial, retail, healthcare, infrastructure, alternatives and other investments. We manage a further $36.1 billion of investments in our funds management business which connects third party capital with exposure to quality sector specific and diversified real asset products. The funds within this business benefit from Dexus's Platform capabilities. The Platform's $12.8 billion real estate development pipeline provides the opportunity to grow both the listed and funds' portfolios and enhance future returns. We are deeply connected to our purpose unlock potential, create tomorrow, reflecting our unique ability to create value for our people, customers, investors and communities over the long term. Our sustainability approach focuses on the priority areas where we believe we can make the most impact: Customer Prosperity, Climate Action and Enhancing Communities. Dexus is supported by more than 33,900 investors from 28 countries. With more than four decades of expertise in real asset 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

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1 AFFO in accordance with guidelines provided by the Property Council of Australia (PCA) comprises net profit/loss after tax attributable to stapled security holders calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, impairments and reversal of impairments, derivative and foreign exchange mark-to-market impacts, fair value movements on financial assets held at fair value, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, non-FFO tax expenses, certain transaction costs, one-off significant items, amortisation of intangible assets, movements in right of use assets and lease liabilities, rental guarantees and coupon income, less maintenance capital expenditure and lease incentives.
2 By income and including impact of post balance date transactions. Occupancy as at 30 June 2026 was 93.8% by income. WALE was 4.0 years.
3 Includes subordinated notes and adjusted for cash and debt in equity accounted investments, excluding Dexus's share of co-investments in pooled funds and prior to the impact of post balance date divestments. Look-through gearing including Dexus's share of equity accounted co-investments in pooled funds adjusted for subordinated note 50% intermediate equity content was 34.6% as at 30 June 2026.
4 By income.
5 Post fees.
6 Includes Dividend Reinvestment Plan participation.
7 Includes divestments which exchanged or settled post 30 June 2025 (including divestments of 30-34 Hickson Road and 36 Hickson Road, Sydney, and 480 Queen Street and 123 Albert Street, Brisbane that have been secured post 30 June 2026).
8 Includes subordinated notes to first optional redemption date.
9 Covers Scope 1 and 2 emissions across the managed portfolio, which received limited assurance. Net emissions for the year ended 30 June 2026 include offsets purchased and allocated for retirement during the year and up to the date of this announcement. Refer to Sustainability Data Pack available at dexus.com/dxs for more information.
10 Dexus balance sheet portfolio performance statistics exclude co-investments in pooled funds and exclude development leasing.
11 Includes provision for expected credit losses.
12 Including Heads of Agreement.
13 Including impact of post balance date transactions.
14 Includes the Platform's real estate development concept pipeline and Stage 1 of the Boral agreement which is subject to rezoning and business plan approvals.
15 Refer to page 4 and 5 regarding the reviews and consultations underway across third party FUM.
16 Based on current expectations relating to asset sales, APAC litigation, contribution to earnings from FUM under review and consultation, trading profits and performance fees, and subject to no material deterioration in conditions.