

dexus

Dexus Asian REIT Fund
Interim Report
31 December 2023

Contents

Directors' Report	2
Auditor's Independence Declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Interim Financial Statements	9
Fund performance	10
Note 1 Operating segment	10
Note 2 Distributions paid and payable	10
Capital and financial risk management	11
Note 3 Fair value measurement	11
Note 4 Commitments and contingencies	11
Note 5 Contributed equity	11
Other disclosures	12
Note 6 Related parties	12
Note 7 Subsequent events	12
Directors' Declaration	13
Independent Auditor's Review Report	14

Dexus Asian REIT Fund (the Fund) is a registered managed investment scheme domiciled in Australia that invests in a portfolio of listed Asian Real Estate Investment Trusts (REITs). Dexus Asset Management Limited (DXAM) is the Responsible Entity of the Fund. DXAM oversees the management and strategic direction of the Fund in its role as Responsible Entity.

The registered office of the Responsible Entity of the Fund is Level 30, Quay Quarter Tower, 50 Bridge Street, Sydney, NSW 2000 and its principal place of business is Level 5, 80 Collins Street (South Tower), Melbourne, VIC 3000.

Directors' Report

The Directors of Dexus Asset Management Limited (DXAM) as Responsible Entity of Dexus Asian REIT Fund (the Fund) present their Directors' Report together with the Interim Financial Statements for the half year ended 31 December 2023.

Directors

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

Directors	Appointed
Jennifer Horrigan, BBus, GradDipMgt, GradDipAppFin, MAICD	30 April 2012
Danielle Carter, BA/BCom, GradDipAppFin, CA, GAICD	17 October 2022
Deborah Coakley, BBus, GAICD	19 August 2021
Emily Smith, BCom, GAICD	19 April 2022
Jonathan Sweeney, BCom, LLB, CFA, GAICD	17 October 2022
Brett D Cameron, LLB/BA, GAICD, FGIA – Alternate Director for Deborah Coakley	1 March 2022

Review of operations

The results of the Fund's operations are disclosed in the Statement of Comprehensive Income. A summary of results for the six months to 31 December 2023 is as follows:

Key financial performance metrics:	31 December 2023	31 December 2022	Change
Net (loss)/profit after tax (\$'000)	(226)	(157)	(69)
Distribution per unit (cents)	5.00	5.00	-
Distributions paid/payable (\$'000)	1,349	1,674	(325)
Total assets (\$'000)	34,433	50,031	(15,598)
Average NAV (\$'000)	36,735	50,945	(14,210)

Financial result

The Fund's total comprehensive loss was \$0.23 million for the half year ended 31 December 2023 (31 December 2022: \$0.16 million), up \$0.07 million, primarily driven by \$0.30 million decline in distribution income offset by \$0.20 million decrease in net fair value losses on financial assets at fair value through profit or loss.

The Fund continued to manage its assets in accordance with its governing documents and the Constitution.

Principal activities

The Fund is a registered managed investment scheme domiciled in Australia. The principal activity of the Fund is to invest in Asian REITs as well as cash and fixed interest investments. There has been no significant change in the activities of the Fund during the half year period. The Fund did not have any employees during the period.

Significant changes in the state of affairs

During the financial period, the Fund had no significant changes in its state of affairs.

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 4.

Rounding of amounts and currency

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

Directors' Report (continued)

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Interim Financial Statements were authorised for issue by the Directors on 18 March 2024.



Jennifer Horrigan

Chair

18 March 2024





Auditor's Independence Declaration

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

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

A handwritten signature in black ink that reads 'Samantha Johnson'.

Samantha Johnson
Partner
PricewaterhouseCoopers

Sydney
18 March 2024

Statement of Comprehensive Income

For the half year ended 31 December 2023

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue from ordinary activities		
Distribution income	940	1,235
Interest revenue	2	2
Total revenue from ordinary activities	942	1,237
Other income		
Net gains on foreign exchange	-	8
Total other income	-	8
Total income	942	1,245
Expenses		
Management fees expense	(97)	(142)
Net fair value loss on financial assets at fair value through profit or loss	(923)	(1,124)
Net losses on foreign exchange	(26)	-
Other expenses	(122)	(136)
Total expenses	(1,168)	(1,402)
Loss for the period	(226)	(157)
Other comprehensive income	-	-
Total comprehensive loss for the period	(226)	(157)

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

Statement of Financial Position

As at 31 December 2023

	Note	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current assets			
Cash and cash equivalents		379	399
Distribution receivable		194	287
Receivables		107	407
Financial assets at fair value through profit or loss	3	33,753	41,846
Total assets		34,433	42,939
Current liabilities			
Payables		111	138
Provisions		211	253
Total liabilities		322	391
Net assets		34,111	42,548
Equity			
Contributed equity	5	46,265	53,127
Retained losses		(12,154)	(10,579)
Total equity		34,111	42,548

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

Statement of Changes in Equity

For the half year ended 31 December 2023

	Note	Contributed equity \$'000	Retained losses \$'000	Total \$'000
Opening balance as at 1 July 2022		57,856	(5,739)	52,117
Loss for the period		-	(157)	(157)
Other comprehensive income		-	-	-
Total comprehensive loss for the period		-	(157)	(157)
Transactions with owners in their capacity as unitholders:				
Issue of contributed equity net of transaction costs		3,026	-	3,026
Unit redemptions including transaction costs		(3,964)	-	(3,964)
Units issued under distribution reinvestment plan (DRP)		262	-	262
Distributions paid or payable	2	-	(1,674)	(1,674)
Transactions with owners in their capacity as unitholders		(676)	(1,674)	(2,350)
Closing balance as at 31 December 2022		57,180	(7,570)	49,610
Opening balance as at 1 July 2023		53,127	(10,579)	42,548
Loss for the period		-	(226)	(226)
Other comprehensive income		-	-	-
Total comprehensive loss for the period		-	(226)	(226)
Transactions with owners in their capacity as unitholders:				
Issue of contributed equity net of transaction costs		1,079	-	1,079
Unit redemptions including transaction costs		(8,182)	-	(8,182)
Units issued under distribution reinvestment plan (DRP)		241	-	241
Distributions paid or payable	2	-	(1,349)	(1,349)
Transactions with owners in their capacity as unitholders		(6,862)	(1,349)	(8,211)
Closing balance as at 31 December 2023		46,265	(12,154)	34,111

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

Statement of Cash Flows

For the half year ended 31 December 2023

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	1,030	1,261
Payments in the course of operations (inclusive of GST)	(282)	(258)
Interest received	3	1
Net cash inflow/(outflow) from operating activities	751	1,004
Cash flows from investing activities		
Payments for financial assets at fair value through profit or loss	(5,761)	(4,099)
Proceeds from sale of financial assets at fair value through profit or loss	13,062	6,055
Net cash inflow/(outflow) from investing activities	7,301	1,956
Cash flows from financing activities		
Proceeds from issue of contributed equity	1,286	3,026
Payments for redemption of units	(8,182)	(3,947)
Distributions paid to unitholders	(1,150)	(1,416)
Net cash inflow/(outflow) from financing activities	(8,046)	(2,337)
Net increase in cash and cash equivalents	6	623
Cash and cash equivalents at the beginning of the period	399	374
Effects of exchange rate changes on the balance of cash held in foreign currencies	(26)	8
Cash and cash equivalents at the end of the period	379	1,005

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

Notes to the Interim Financial Statements

In this section

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

Basis of preparation

These Interim Financial Statements are general purpose financial statements which have been prepared in accordance with the requirements of the Constitution of the Fund, the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* issued by the Australian Accounting Standards Board.

These Interim Financial Statements do not include notes of the type normally included in an annual financial report. Accordingly, these Interim Financial Statements should be read in conjunction with the annual Financial Statements for the year ended 30 June 2023.

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

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

The Interim 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:

- Financial assets at fair value through profit or loss.

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

Going concern

The Directors of the Responsible Entity of the Fund remain of the opinion that the Fund can continue as a going concern considering its underlying investments are fully liquid, diversified and will be able to meet redemption requests as per the Fund's Product Disclosure Statement ("PDS").

Critical accounting estimates

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

There are no key assumptions concerning the future or areas of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustments to the Interim Financial Statements.

Notes to the Interim Financial Statements

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

The Notes are organised into the following sections:

Fund performance	Capital and financial risk management	Other disclosures
1. Operating segment	3. Fair value measurement	6. Related parties
2. Distributions paid and payable	4. Commitments and contingencies	7. Subsequent events
	5. Contributed equity	

Fund performance

In this section

This section explains the results and performance of the Fund.

It provides additional information about those individual line items in the Interim Financial Statements that the Directors consider most relevant in the context of the operations of the Fund, including: results by operating segment and distributions paid and payable.

Note 1 Operating segment

The Fund derives its income in the form of distributions from listed property securities and is deemed to have only one operating segment which is consistent with the reporting reviewed by the chief operating decision makers.

Note 2 Distributions paid and payable

Distributions are recognised when declared.

Distribution to unitholders

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
31 July (paid 10 August 2023)	246	281
31 August (paid 11 September 2023)	233	282
30 September (paid 13 October 2023)	224	280
31 October (paid 14 November 2023)	220	280
30 November (paid 13 December 2023)	215	275
31 December (paid 12 January 2024)	211	276
Total distributions to unitholders	1,349	1,674

Distribution rate

	31 Dec 2023	31 Dec 2022
	Cents per unit	Cents per unit
31 July (paid 10 August 2023)	0.8333	0.8333
31 August (paid 11 September 2023)	0.8333	0.8333
30 September (paid 13 October 2023)	0.8333	0.8333
31 October (paid 14 November 2023)	0.8333	0.8333
30 November (paid 13 December 2023)	0.8333	0.8333
31 December (paid 12 January 2024)	0.8333	0.8333
Total distribution rate	4.9998	4.9998

Capital and financial risk management

In this section

The Board of the Responsible Entity determines the appropriate capital structure of the Fund and how much is raised from unitholders (equity) in order to finance the Fund's activities both now and in the future. This capital structure is detailed in the following notes:

- **Assets and liabilities:** *Fair value measurement* in note 3 and *Commitments and contingencies* in note 4; and
- **Equity:** *Contributed equity* in note 5.

Note 3 Fair value measurement

The Fund 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.

All listed equities included within financial assets at fair value through profit or loss within the Statement of Financial Position were measured at Level 1 for the periods presented in this report.

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

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

Note 4 Commitments and contingencies

The Directors of the Responsible Entity are not aware of any commitments or contingent liabilities in relation to the Fund (30 June 2023: nil), other than those disclosed in the Notes to the Interim Financial Statements, which should be brought to the attention of unitholders as at the date of these Interim Financial Statements.

Note 5 Contributed equity

	For the 6 months to 31 Dec 2023 No. of units	For the 12 months to 30 Jun 2023 No. of units
Opening balance at the beginning of the period	30,320,438	33,546,744
Issue of contributed equity	793,761	3,212,061
Unit redemptions	(5,967,016)	(6,792,121)
Units issued under distribution reinvestment plan	176,244	353,754
Closing balance at the end of the period	25,323,427	30,320,438

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 6 Related parties

a. Transactions with the Responsible Entity and related body corporate

The Responsible Entity and Manager of the Fund is DXAM. Dexus PG Limited (DXPG) (ACN 109 846 068), the immediate parent entity of DXAM, and its controlled entities are wholly owned subsidiaries of Dexus.

Accordingly, transactions with entities related to DXPG are disclosed below:

	31 December 2023		31 December 2022	
	Paid / (Received) \$'000	Payable / (Receivable) \$'000	Paid / (Received) \$'000	Payable / (Receivable) \$'000
Management fees ¹	121	22	166	32
Registry fees ¹	-	-	34	-
Accounting fees ¹	10	10	10	10
Net expense recoveries and MER rebates ²	(27)	(95)	(66)	(48)
Reimbursement of costs paid on behalf of the Fund	44	5	41	4
Distributions	33	7	33	7

1. Management, registry and accounting fees disclosed above exclude expense recoveries and Management Expense Ratio ("MER") rebates.
2. Net expense recoveries and MER rebates are presented net of the expenses that the Responsible Entity is entitled to recover as and when they are incurred in the Statement of Comprehensive Income.

b. Unitholdings and associated transactions with related parties

The below table shows the number of units held by related parties and also sets out the associated distributions paid, or payable to the related parties.

	31 December 2023		31 December 2022	
	Number of units	Distributions \$	Number of units	Distributions \$
APD Trust	790,282	39,513	790,282	39,513
Total	790,282	39,513	790,282	39,513

c. Related party investments held by the Fund

The Fund may acquire investments in entities that are also managed by DXPG or its related body corporates (Related Parties), in accordance with its PDS. The Fund did not hold any interests in related parties as at the half year end or throughout the period (31 December 2022: nil).

Note 7 Subsequent events

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

Directors' Declaration

In the Directors' opinion:

- a) the Interim Financial Statements and Notes set out on pages 5 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the half year ended on that date; and
- b) there are reasonable grounds to believe that Dexus Asian REIT Fund will be able to pay its debts as and when they become due and payable.

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



Jennifer Horrigan
Chair
18 March 2024



Independent auditor's review report to the unitholders of Dexus Asian REIT Fund

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Dexus Asian REIT Fund (the Fund) which comprises the Statement of Financial Position as at 31 December 2023, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half-year ended on that date, selected explanatory notes and the Directors' Declaration.

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

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

Basis for conclusion

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

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

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

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

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

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Samantha Johnson

Samantha Johnson
Partner

Sydney
18 March 2024