DWAPF | dexus

Quarterly Report

Dexus Australian Property Fund

APIR code: NML0337AU

September 2025

Investment objective

The Fund's objective is to provide income and long-term capital growth by investing in a diversified portfolio of Australian commercial properties and Real Estate Investment Trusts (AREITs) through investing in Dexus Wholesale Australian Property Fund.

Summary

Dexus Australian Property Fund

- **Returns** – Over the year to 30 September 2025, the Fund returned 7.05% of which 5.67% was the distribution and 1.39% was growth. The quarterly total return in Q3/2025 was 2.10%.

Dexus Wholesale Australian Property Fund

- **Valuations** – the portfolio value increased by 0.40% over the quarter. The retail portfolio increased by 0.9%, the office portfolio decreased by 0.8% and the industrial portfolio increased by 0.5% over the quarter. The average cap rate for the investment portfolio is 6.37% and valuations have now increased for six consecutive quarters, though are still well below replacement cost.
- **Key metrics** – The Fund's occupancy was maintained above 97% and the weighted average lease expiry was stable at 4.3 years.
- **Divestments** – 2 Pound Rd & 384 Gippsland Hwy, Dandenong were sold for $40.0 million (with exchange taking place on 9 October). The sale price was ahead of the 30 June valuation of $35.65 million and settlement will take place in November 2025.
- **Leasing** – during the quarter, Dexus negotiated lease renewals at Casula Mall, Sydney with both Coles (15 years) and Kmart (10 years). Casula Mall is the largest asset in the Fund and securing two of Australia's best tenants on long-term leases represents a show of confidence in the property and its catchment area. After end of the quarter, all parties signed the leases.
- **Development** – 636 St Kilda Road has been accepted into the Victorian government's Development Facilitation Program (DFP). This initiative was established by the Minister for Planning to make faster decisions for priority projects and streamlines the planning process for apartments that demonstrate great design.
- **New unit class** – A new PDS was issued on 26 June offering Class D units which offer capped monthly liquidity. During the quarter, Zenith Investment Partners issued a 'Recommended' rating on the new unit class.
- **Additional units** – in celebration of the 40th anniversary of the Fund, Dexus is making 2% 'additional units' available for those investing from 1 October 2025. The offer is open until 31 March 2026 or until $100 million of Qualifying Investments are received by the Responsible Entity. Details of the offer are available at dexus.com/dwapf.

Fund facts

Gross Assets	$58.9 million
Inception date	31 July 2001
Management costs	1.40%
Buy/sell spread	Nil
Distribution frequency	Quarterly
Distribution cents per unit	1.04
SIV compliant	Yes
Withdrawal payment time	12 months[1]

Dexus Wholesale Australian Property Fund

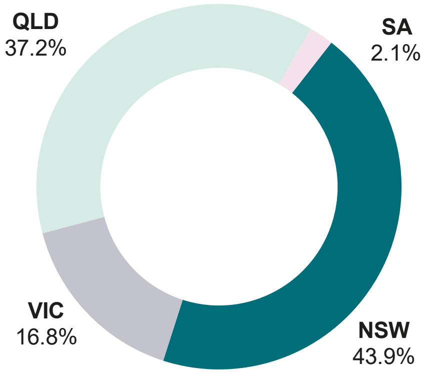
Debt	40.6% of gross assets
No. of Properties	21
Portfolio Occupancy	97.1%

Fund returns & Asset allocation

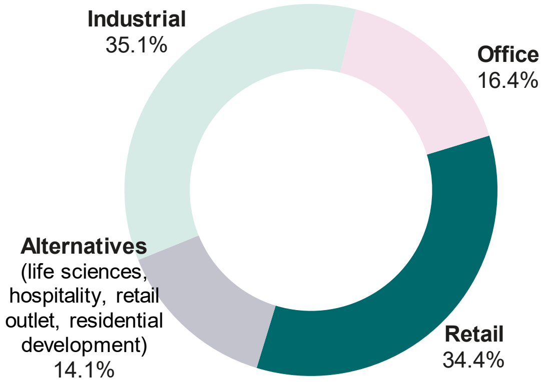
	3 months	1 year	3 years	5 years	10 years	Since inception
	%	%	%	%	%	%
Distribution return	1.38	5.67	5.52	5.43	5.61	7.27
Growth return	0.72	1.39	-9.21	-3.01	-1.58	-1.28
Total return (after fees)	**2.10**	**7.05**	**-3.69**	**2.42**	**4.02**	**5.99**

Past performance is not a reliable indicator of future performance.
Returns shown before tax and after fees. Performance is annualised for periods greater than one year. Distributions for future periods may vary.

Asset Allocation – by state



Asset Allocation – by sector



Commentary

Over the 12 months to 30 September 2025 the Fund returned 7.05% of which, 5.67% was the distribution and 1.39% was growth. The total return in Q2/2025 was 2.10%.

Dexus Wholesale Australian Property Fund

The portfolio value increased by 0.4% over the quarter. The retail portfolio increased by 0.9%, the industrial portfolio increased by 0.5% and the office portfolio decreased by 0.8% (largely due to an increase in expected capital expenditure at 199 Grey Street, Brisbane). The average cap rate for the investment portfolio is 6.37% and valuations have now increased for six consecutive quarters, though are still well below replacement cost.

During the quarter, 2 Pound Rd & 384 Gippsland Highway, Dandenong were marketed for sale by Cushman & Wakefield. This process resulted in the properties being sold for $40.0 million, with exchange taking place on 9 October. The sale price was ahead of the 30 June valuation of $35.65 million and above the peak valuation of $37.0 million. The transaction was not subject to an equity raise, the due diligence period was less than two weeks, and settlement will take place in November 2025.

During the quarter, Dexus negotiated lease renewals at Casula Mall, Sydney with both Coles and Kmart for respective terms of 15 years and 10 years. Casula Mall is the largest asset in the Fund and securing two of Australia's best tenants on long-term leases represents a show of confidence in the property and its catchment area. After end of the quarter, the leases were signed by all parties.

At Stud Park, Melbourne agreement was reached to introduce REVO Fitness to the centre on a 10-year lease. A new 24/7 gym will be constructed which is expected to drive increased foot traffic, attract new customers and extend the 'body clock' of the property.

For the past 12 months, the Dexus development team has been working with Bates Smart architects to prepare development plans for 636 St Kilda Road in Melbourne. During the quarter the property was accepted into the Victorian government's Development Facilitation Program (DFP). This initiative was established by the Minister for Planning to make faster decisions for priority projects and streamlines the planning process for great design.


636 St Kilda Rd, Melbourne

The Fund's occupancy was maintained above 97% and the weighted average lease expiry was stable at 4.3 years. The Fund's gearing was 40.6% as of 30 September 2025.

In Q4/2025, the Fund plans to re-establish a small portfolio of AREITs. In addition to providing a liquidity option, the Fund's listed portfolio has previously been used to enhance returns through early investments into emerging sectors such as data centres, land lease communities and self-storage.

A new PDS was issued on 26 June offering Class D units which offer capped monthly liquidity[3]. During the quarter, Zenith Investment Partners issued a 'Recommended' rating on the new unit class and it was added to the investment menu of the North platform.

In celebration of the 40th anniversary of the Fund, Dexus is making 2% 'additional units' available for those investing from 1 October 2025. The offer is open until 31 March 2026 or until $100 million of Qualifying Investments are received by the Responsible Entity. Details of the offer are available at dexus.com/dwapf.

Redemptions requests for Class C units are currently being paid within 12 months of a withdrawal request being made, or sooner in the case of hardship and other special circumstances.

Market commentary

Australia's real estate markets are in recovery buoyed by reducing interest rates, moderating inflation, a stable political environment and strong population growth. With construction costs remaining elevated, existing assets in preferred markets are set to benefit from constrained supply and a positive economic environment.

Australia's economy is entering a phase of cautious optimism - marked by easing inflation, resilient business confidence, and a pivot from public to private sector-led growth. GDP posted a 1.8% gain in the year to Q2 2025 and is forecast to grow by 2.1% in 2026.

Business confidence has logged four straight positive months. While August softened, the trend remains up which, if sustained, will be supportive for leasing in FY26 across all real estate sectors. While these datapoints are encouraging, confidence will remain sensitive to global risks and financial market strength. The other metric to watch is the labour market where an easing of jobs growth to 1.5% per annum signals a maturing of the cycle.

The monthly headline inflation rate inched up to 3.0% in September 2025 and the Reserve Bank held the official cash rate steady at its September meeting. Consensus forecasts are factoring another 25-50 bps cut to the official cash rate in FY26. If this occurs, and the 10 year government bond yield (currently 4.3%) also tightens, the relative yield shift would be positive for asset values.

Real estate transaction volumes in Q3 2025 were down 26% compared to the same period last year at $8.5 billion. The decrease in transaction volumes can be attributed to a lack of large transactions and vendors holding on to stock in anticipation of recovery.

The office market has shown broad-based improvement in demand, with positive net absorption in Sydney (+36,162 sqm), Melbourne (+5,093 sqm), and Brisbane (+24,838 sqm). Vacancy rates are stable or declining in most CBDs, reflecting improved demand and a lower level of supply. Sublease vacancy has returned to average levels, indicating that corporate hybrid working policies have settled and organic demand is growing again.

A defining feature of the current cycle is the subdued supply pipeline. There are no major completions scheduled for Sydney CBD in FY26, and new supply remains limited across other core markets. This lack of new stock is central to the improving outlook, as it allows recent demand gains to translate into lower vacancy and upward pressure on rents. Net effective rents grew by 10.4% in Sydney and 10.8% in Brisbane over the past year. Melbourne CBD rents are positive for the quarter but still down on the year. Throughout much of the post-pandemic period, premium office rent growth outperformed lower grades, but this quarter, there are early signs of improvement in Sydney's A-grade market, suggesting a catch-up is underway.

Demand for industrial property was relatively constrained, with most demand in Sydney and Melbourne. Vacancy rates continued to creep up in most markets, particularly in the outer markets, where the new stock is entering the market. As more developments reach completion, vacancy rates may rise further, although Australian rates continue to rank low on a global scale. Higher incentives and stabilising face rents are making for a more affordable environment for occupiers.

Consumer spending was stronger than expected with Australian retail sales recording a solid +3.7% gain in the year to August 2025. Consumer spending has been supported by easing interest rates and rising real wages. The RBA reduced the cash rate by a further 25bps in August 2025 to 3.60%, representing the third cut in the year to date. Notably, wage growth has outpaced CPI over the last few years, improving purchasing power and disposable income for households. This improved purchasing power provides a pathway for increased retail spending.

Looking ahead, the outlook for real estate markets is underpinned by easing interest rates, resilient business confidence, and a limited supply pipeline. As the market transitions into the next phase of the cycle, the Fund remains well-placed to deliver on its objectives of income and long-term capital growth for investors.

Fund features & positioning

Fund Features	* **Income focus**	quarterly distribution paid continuously since inception
	* **Tax-deferred income**	Tax deferred components can potentially reduce short term assessable income
	* **Low target gearing**	target range is 0-45% of gross assets with a long-term target of 0-15% of gross assets[1]
	* **Quarterly valuations**	generally, lower price volatility than listed investments
	* **2% bonus units**	available if you opt into the Distribution Reinvestment Program
	* **Liquidity**	monthly redemption windows paid within 12 months[2]
	* **Hardship & Deceased estates**	monthly withdrawals available if criteria met[3]
	* **Asset allocation**	select mix of traditional and contemporary asset classes
Positioning	* **Inflation & interest rates falling**	provides opportunity to position for expected rate cuts in 2025
	* **Strong population growth**	supporting demand for real assets
	* **Rising construction costs**	have increased the replacement cost of existing assets
	* **Factors constraining supply**	elevated construction costs, finance costs and development risk
	* **Valuations below replacement cost**	buying below cost may prove an astute strategy

1. As at 30 September 2025, drawn debt was 40.6%.
2. While the Fund is liquid, the Responsible Entity aims to pay redemptions within 12 months of the applicable window. This may be extended in certain circumstances.
3. Please refer to the PDS.

Fund focus:

Retail – evolving with the times

Thematic investing

Thematic investing is a strategy that seeks to identify and benefit from long-term structural trends that shape the economy and society. These trends - such as demographic shifts, technological disruption, and evolving consumer behaviour - can create compelling opportunities for real asset investors.

In 1960, retail trade accounted for 56% of household consumption. By 2023, this had dropped to just 33%, reflecting a significant shift in consumer behaviour away from goods and toward services. The Fund's retail portfolio is well-positioned to respond to and benefit from this and other mega-themes reshaping the Australian retail landscape.

Shape shifting

Retail is a sector in perpetual evolution. While traditional discretionary retail has faced headwinds from online competition, a new wave of retail is emerging - one that is service-oriented, experiential, and deeply embedded in local communities. Over the last decade, the Fund's retail properties have been actively positioned to align with this evolution: tenants offering generic goods that have proved susceptible to online competition have been jettisoned in favour of contemporary businesses offering personal services; there's been an uplift in the quality and presentation of fresh food; the centres have been activated as social hubs staging movie nights, celebrating cultural festivals and embracing all facets of the local community; and there has been step-change in the level of design excellence and ambience.

Brickworks, Gold Coast

Placemaking

Modern retail is about more than transactions – it's about experiences and feeling like you're a part of a community. Rather than suffocating local town centres, the ubiquitous rise of all things digital has enlivened them. The more gigabites we consume, the more we depend on the places we can connect 'IRL' (in real life). Retail centres that integrate dining, wellness, entertainment, and modern services are thriving. These uses increase dwell time, drive repeat visitation, and enhance asset desirability.

In this environment, placemaking is critical. This is a collaborative process that involves planning, designing, and managing public spaces to create vibrant, inclusive, and engaging environments that reflect the needs and aspirations of the community. It goes beyond just physical design – it's about fostering a sense of place and belonging. Consumers are seeking places that are imaginatively designed, activated and that house spaces that are both sophisticated and fun. To attract customers, centres must be destinations that people want to come to.

Investment proposition

Urban retail centres are attracting growing interest from investors, and for good reasons. Demand is being supported by strong population growth and low unemployment. Supply is constrained by high construction costs and limited land availability.

Prices have reset and relative to tenants' revenue, rents are starting to screen as cheap in a few markets.

Transaction activity is lifting as investors position for a period of returns which are expected to be cyclically strong but where the long-term returns are also underpinned by inflation and population growth in land-constrained cities.

Curated portfolio

The Fund's retail portfolio consists of four centres located in Brisbane, Gold Coast, Sydney and Melbourne. With a long-term occupancy rate of 98% and a rent-roll consisting of over 250 tenants, the role of this portfolio is to deliver a reliable income stream which can confidently be expected to keep pace with inflation over time.

The Fund's centres offer a mix of essential retail, fresh food, healthcare, and personal services in settings which have been designed to cater to their own local markets. Anchored by major supermarkets, the portfolio consistently achieves near-full occupancy, reflecting strong tenant demand and long-term resilience. Over a long period of time, the income out of the retail portfolio has supported a steady stream of quarterly distributions to the Fund's investors.

The portfolio's strength lies in its focus on accessibility, community relevance, and tenant diversity. Centres are positioned to drive consistent foot traffic through a combination of practical offerings and experiential elements that foster customer loyalty. Many assets incorporate open-air layouts, dining precincts, and lifestyle services that enhance the customer experience and encourage repeat visitation.


Gasworks, Brisbane

Future proofing

Over the last decade, the Fund's retail portfolio has been actively curated to align to the major shifts which are playing out now. But what about the future?

Retailers are exploring ways to leverage generative AI to create hyper-personalised shopping experiences. From tailored product recommendations to dynamic pricing and predictive inventory, AI is transforming how consumers interact with brands. Platforms like TikTok Shop and Instagram Shopping are becoming core retail channels, especially among Gen Z. Consumers are increasingly demanding visibility into how products are made, sourced, and delivered. Eco-conscious shopping is no longer niche: the rise of second-hand luxury, rental models, and sustainable packaging reflects a broader shift toward circular economy principles. And physical stores are evolving into immersive environments that blend shopping with entertainment, education, and community engagement.

How this all plays out is not clear. But if we look back in time – whether that's five years or 50 years, it's clear that well-located shopping centres have proven incredibly adept at accommodating the major thematic of the time: be that the take-up of the family car, the advent of the internet or the proliferation of the smartphone. For these reasons, we see the Fund's retail portfolio as a sound long-term investment which is set to perform well in the short term.

Balance sheet – Dexus Wholesale Australian Property Fund

Assets/Liabilities	Valuation	Valuation Date	Cap rate	Occupancy	No. of Tenants	WALE* (years)
Casula Mall	$205.5m	Sep-2025	6.00%	100.0%	61	2.7
Stud Park Shopping Centre	$144.0m	Sep-2025	6.50%	98.5%	61	4.8
Gasworks Plaza	$136.0m	Sep-2025	5.63%	100.0%	39	5.0
Brickworks	$148.5m	Sep-2025	6.00%	99.4%	53	3.1
The Mill, Alexandria	$184.5m	Sep-2025	5.50%	98.3%	20	4.4
Bond One, Walsh Bay	$118.0m	Sep-2025	6.88%	100.0%	6	2.4
636 St Kilda Rd, Melbourne	$76.1m	development				
199 Grey St, Brisbane	$86.0m	Sep-2025	7.50%	85.6%	14	2.1
Gasworks Workspace, Brisbane	$65.0m	Sep-2025	7.50%	52.1%	9	2.6
Stanley House, South Brisbane	$33.0m	Sep-2025	6.00%	100.0%	2	6.2
Connect Corporate Centre B2, Mascot	$87.0m	Sep-2025	7.75%	98.8%	8	4.1
Connect Corporate Centre B3, Mascot	$148.0m	Sep-2025	7.75%	99.4%	16	4.5
Holbeche Industrial Estate, Arndell Park**	$65.0m	Sep-2025	5.38%	100.0%	5	2.9
394 South Gippsland Hwy, Dandenong***	$25.2m	Jun-2025	6.00%	100.0%	1	2.3
2 Pound Rd West, Dandenong***	$10.5m	Jun-2025	6.00%	100.0%	1	6.2
202-228 Greens Rd, Dandenong	$53.8m	Sep-2025	5.88%	100.0%	2	6.5
Crossbank 161, Trade Coast, Brisbane	$95.0m	Sep-2025	5.63%	100.0%	1	13.5
Crossbank 141, Trade Coast, Brisbane	$52.2m	Sep-2025	5.63%	100.0%	1	9.3
Acacia Gate Industrial Estate, Acacia Ridge	$38.2m	Sep-2025	6.75%	100.0%	12	2.8
7-9 French Ave, Brendale	$31.1m	Sep-2025	6.00%	100.0%	1	4.4
2 Second Ave, Mawson Lakes	$39.0m	Sep-2025	7.50%	100.0%	1	5.4
Cash & other assets	$3.2m					
Total / Portfolio Average	**$1,844.7m**		**6.37%**	**97.1%**	**314**	**4.3 yrs**
Debt	$749.7m	40.6%				
Other liabilities	$25.3m					
Total	**$775.0m**					
Net Assets	**$1,069.7m**					

* Weighted Average Lease Expiry ** 50% interest *** Subsequently exchanged on 9 October for a gross price of $40.0m, with settlement in November 2025

Fund Management Team

Christopher Davitt is the Fund Manager for the Dexus Wholesale Australian Property Fund and has overarching responsibility for setting and executing the Fund's investment strategy and capital management plan.

Christopher works with Dexus's specialist teams to formulate asset plans for the properties, source and evaluate acquisitions and manage the portfolio's debt and equity. He joined the business in March 2010 having previously held research, transaction and funds management roles in Australia and Europe.

Charmaine Wong is the Senior Fund Analyst for the Dexus Wholesale Australian Property Fund.

Charmaine is responsible for performing detailed analysis of fund performance, market trends, and investment opportunities available to the Fund. With a background in finance, financial modelling and portfolio analysis, she plays a key role in developing insights to help guide investment decisions.

Charmaine works closely with stakeholders across the business to ensure accurate and timely reporting for investors.