Dexus Core Property Fund | dexus

Dexus Core Property Fund

Quarterly Report

September 2023

Image: Quay Quarter Tower, 50 Bridge St, Sydney

Contents

Definitions

DCPF or Fund – Dexus Core Property Fund

DWSF – Dexus Wholesale Shopping Centre Fund

MWOF – Mirvac Wholesale Office Fund

US Plus or HUPPF – AMP Capital Hedged US Plus Property Fund

Unlisted Portfolio – units held in the Dexus Wholesale Shopping Centre Fund, Mirvac Wholesale Office Fund, AMP Capital Hedged US Plus Property Fund and any unlisted real estate assets held directly by the Fund

Listed Portfolio – Core Property Fund Listed Real Estate Portfolio, a bespoke separately managed portfolio of listed real estate investment trusts and vehicles

WALE – Weighted Average Lease Expiry

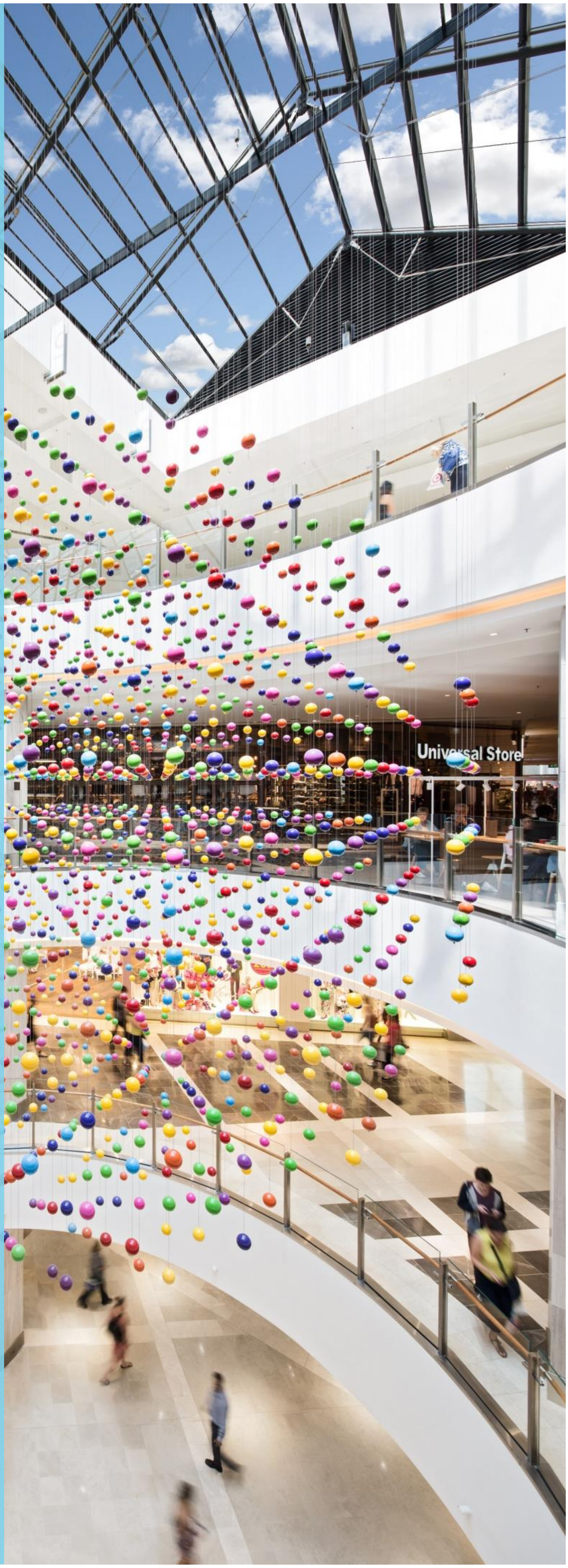


Image: Macquarie Centre, NSW

Fund Summary

APIR
AMP1015AU

Fund inception Date
01 July 2005

Fund size
$262.2m[1]

Distribution frequency
Quarterly

Fund-level gearing (% of gross assets)
7.6%

Look-through gearing (% of gross assets)
21.0%[2]

Number of unlisted real estate exposures
20

Average asset value in Unlisted Portfolio
$1,039 million[3]

Weighted occupancy by area in Unlisted Portfolio
94.6%

WALE for Unlisted Portfolio
5.0 years

1. Gross assets
2. Gearing at the Fund level and at the underlying Unlisted Portfolio level.
3. 100% value of the asset (excludes residential properties at The Palms, NZ).

Quarter Highlights

1. Investment performance:

- The Fund's Class A units delivered a total return (after fees, before tax) of -1.57% for the September quarter and -8.22% p.a for the year to 30 September 2023.*
- The Fund's Class H units delivered a total return (after fees, before tax) of -1.66% for the September quarter and -8.54% p.a for the year to 30 September 2023.*
- The Fund's Class O units delivered a total return (after fees, before tax) of -1.51% for the September quarter and -7.98% p.a for the year to 30 September 2023.*
- Fund returns during the quarter have been impacted by a negative return from the listed portfolio and negative valuation movements in the DWSF portfolio as at 30 June 2023 that were reflected in the Fund unit price in July 2023.
- During the quarter MWOF implemented a capital management plan that reduces their distribution payout ratio to 40% in the 18 month period to 31 December 2024. This negatively impacted the DCPF income performance for the quarter.
- The Fund returns over the last 12 months were materially impacted by the application of a -20% valuation overlay to the Fund's investment in the MWOF in May 2023.

2. Portfolio activity:

- On 24 March 2023, the first stage of the sale of the AMP Capital domestic real estate and infrastructure business to Dexus occurred. This enabled integration of the AMP Capital business into the Dexus platform. Final completion remains dependent on regulatory approval.
- On 7 August 2023, the Investment Manager for the Fund changed from AMP Capital Investors Limited to Dexus Funds Management Limited and the Fund's name changed to 'Dexus Core Property Fund'. As the integration of the two businesses continues, you may still see AMP Capital branding on some documents and forms.
- MWOF reported completion of approximately 30,100 sqm of leasing activity (binding leases and non-binding heads of agreement) across the office portfolio in the September quarter. Rentals achieved were at an average premium of 2.6% to independent valuation face rentals.
- DWSF reported strong retail sales across the Australian portfolio totalling $4.18 billion in the 12 months to 31 August 2023. Total Australian sales were 13.7% higher than for the same period to 31 August 2022 and 11.1% higher than in the pre-COVID 12-month period to 31 August 2019.

3. Change to redemption terms:

- Post quarter end, the Fund commenced a process of scaling monthly withdrawal payments. This interim process will support the Fund for the long-term benefit of all investors. Effective from the October 2023 specified withdrawal date, payment of withdrawal requests will be processed in the following manner:
  - The total amount of funds available for the purpose of meeting withdrawal requests each month is anticipated to be limited but they are expected to be 0.5% of the assets of the Fund per month until further notice. However, the Investment Manager as delegate of the Responsible Entity may determine a higher or lower amount for a particular month.
  - If the total amount of funds available for the purpose of meeting withdrawal requests for a month is less than the total amount of withdrawal requests that relate to that month, withdrawal payment amounts will be reduced on a pro-rata basis for all requests.
  - If withdrawal payment amounts are reduced for a month, the unpaid amount of the request will be treated as withdrawn and investors will need to submit a new withdrawal request for the balance of the unpaid amount for the next or subsequent months. Those requests will be processed in the same manner as outlined above as at the relevant monthly withdrawal date that the new withdrawal request relates to.

* Past performance is not an indicator of future performance

Macquarie Centre, NSW

Performance

Investment returns to 30 September 2023 are detailed in the tables below.

Class A units

	Current investment strategy[1.]					Blend of current and previous investment strategies[1.]	
	3 mths (%)	**1 yr (%)**	**3 yrs (% pa)**	**5 yrs (% pa)**	**Since inception[2] (% pa)**	**10 yrs (% pa)**	**Since inception[2] (% pa)**
Total return – net of fees	-1.57	-8.22	0.41	1.39	1.63	5.63	5.41
Total return – gross of fees	-1.27	-7.08	1.50	2.40	2.64	6.62	6.39
Distribution return	0.70	3.23	4.03	4.35	4.51	4.04	4.75

Class H units

	Current investment strategy[1.]					Blend of current and previous investment strategies[1.]	
	3 mths (%)	**1 yr (%)**	**3 yrs (% pa)**	**5 yrs (% pa)**	**Since inception[2] (% pa)**	**10 yrs (% pa)**	**Since inception[2] (% pa)**
Total return – net of fees	-1.66	-8.54	0.06	1.05	1.29	5.28	4.66
Total return – gross of fees	-1.27	-7.08	1.50	2.40	2.64	6.62	6.05
Distribution return	0.70	3.22	3.87	4.14	4.29	3.77	4.52

Class O units

	Current investment strategy[1.]			
	3 mths (%)	**1 yr (%)**	**3 yrs (% pa)**	**Since inception[2] (% pa)**
Total return – net of fees	-1.51	-7.98	0.68	-1.78
Total return – gross of fees	-1.27	-7.08	1.50	-1.03
Distribution return	0.70	3.24	4.15	4.22

Past performance is not a reliable indicator of future performance.
Past performance shown for the blend of current and previous investment strategies is not a reliable indicator of future performance under the current investment strategy.
Returns are shown after fees, before tax and assumes distributions are reinvested. Performance shown for the Fund is annualised for periods of greater than one year.

1. On 1 August 2018, the Fund revised its investment strategy. We have provided the Fund's performance under the revised investment strategy and also provided the combined performance of the previous strategy to 31 July 2018 with the current strategy from 1 August 2018 (shown under Blend of Current and Previous Investment Strategies). The key changes to investment strategy were:
    - Removal of the Fund's performance benchmark and move to a benchmark-unaware investment objective
    - Change in target asset allocation from:
        - 50% actively managed Australasian and US direct property
        - 25% indexed Australian listed property securities, and
        - 25% actively managed global listed property securities.

      to
        - 50% actively managed Australasian and US direct property; and
        - 50% actively managed Australasian and global listed property securities.

      (which incorporated a move from a partially passively managed Fund to fully actively managed Fund)
2. The relevant inception dates are as follows:
    - Dexus Core Property Fund Class A is 1 July 2005
    - Dexus Core Property Fund Class H is 12 April 2006
    - Dexus Core Property Fund Class O is 9 October 2019
    - The current investment strategy of the Dexus Core Property Fund is 1 August 2018

Underlying Fund performance

	3 mths (%)	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	10 yrs (% pa)
Mirvac Wholesale Office Fund[1.]	0.51	-21.77	1.64	4.47	8.38
Dexus Wholesale Shopping Centre Fund	0.72	-2.96	3.60	-1.83	4.01
Core Property Fund Listed Portfolio	-2.09	5.49	3.21	4.98	n/a

Past performance is not a reliable indicator of future performance.
The returns for the underlying funds are annualised for periods of greater than one year and are before management fees and taxes.
1. Estimated returns after adjustment for the valuation overlay applied by DCPF in May 2023

Performance drivers

During the September quarter the Fund saw a negative return mainly due to losses in the listed portfolio and negative valuation movements of -4.9% in the DWSF portfolio as at 30 June 2023 that were reflected in the Fund unit price in July 2023. The Fund has provided solid returns over the longer term of 3 years plus and since inception (after fees). Performance of the three underlying components is detailed below.

MWOF delivered a minor positive return related to distribution income for the quarter. The valuation of the Funds interest in MWOF was stable over the quarter. Over 12 months the negative return from MWOF can be attributed to a reduction in valuations, including the a -20% valuation overlay applied by DCPF in May 2023. During the quarter MWOF advised that they will reduce their distribution payout ratio to 40% over the 18 month period to 31 December 2024. The reduced distribution payout ratio negatively impacted DCPF income performance for the quarter.

DWSF reported a total return of 0.72% for the September 2023 quarter. The distribution return of 1.12% reflected continued solid operating income across the portfolio. Valuations were relatively stable during the quarter, with a minor firming of weighted average capitalisation rate due to the divestment of the fund's interest in Stockland Townsville. *Note: the September valuations for DWSF were reflected in the CPF unit price on the business day following the end of the month and will therefore be reflected in the October performance figures for DCPF.*

The listed real estate component experienced a negative return of 2.09% (before fees) over the quarter. Following two months of positive returns, September saw an unwinding of listed real estate performance on the back of rising bond yields and sticky inflation reports resulting in an expectation of higher interest rates for longer. At the sector level, a key contributor to the portfolio's performance for the quarter was its position in the data center sector, which continued to outperform as market prices rose in response to potential increases in demand driven by artificial intelligence. The key outperformer being Digital Realty Trust Inc, which completed a joint venture with TPG Inc. for three data centre assets in Northern Virginia. A key detractor was the self-storage sector, with Extra Space Storage Inc impacted, as slowing fundamentals from the elevated levels reached in the wake of the pandemic resulted in weaker performance over the quarter. Another key detractor was holdings in telecommunication towers, which tend to be more sensitive to rising yields as they are a longer duration asset.

Royal Randwick, NSW

Fund Overview

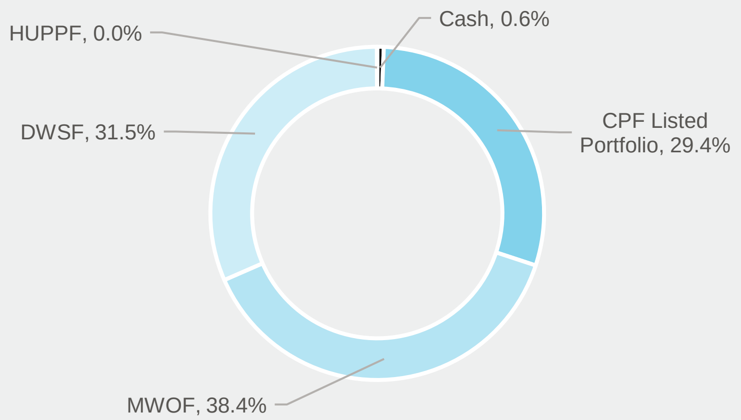
Asset allocation

Asset allocation for the Fund as at 30 September 2023, is shown in the table below.

Investment	Target range	Target	Current
Unlisted real estate	30-70%	50%	70.0%
Listed real estate	30-70%	50%	29.4%
Cash	0-10%	-	0.6%

The Fund's exposure to its underlying investments, as at 30 September 2023 is shown in the chart below.

Investment allocation



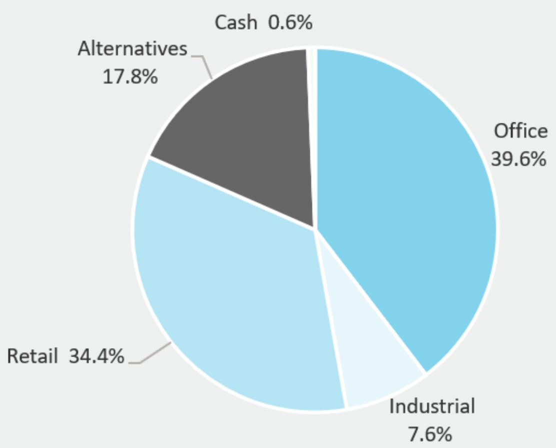
The Fund's asset allocations are slightly outside the target range and have been impacted by weakness in the listed markets over the last 18 months and a reduction in applications to the Fund over the last 12 months. Management has instigated measures to move asset allocations back within the target range in the short term, including:

- Submission of redemption requests for 25% of the Funds holdings in MWOF and DWSF with proceeds due to be paid in 2024.
- Offering parcels of units in MWOF and DWSF for sale on the secondary unit market; and
- Implementing changes to withdrawal payments as detailed in the Quarter Highlights section of this report.

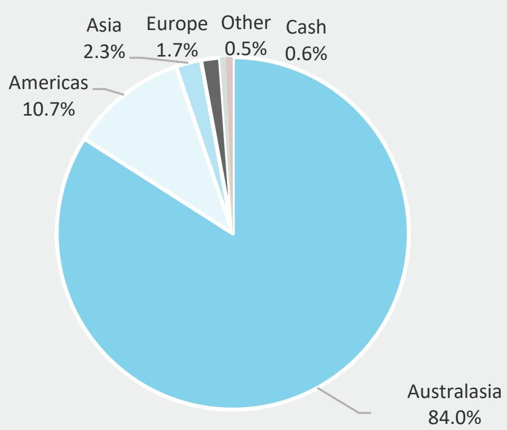
Based on the combination of the above activities, Management is of the view that asset allocations will return within the target range within 12 months[1].

Sector and geographic allocation

Sector allocations[2,3]



Geographic allocations



1. This is a target only, there is no assurance that actual asset allocations will return within the target range within 12 months
2. Diversified sector split equally between office, retail and industrial.
3. Alternatives include: residential, healthcare, self storage, data centre, hotels, net lease, gaming, laboratory and life science and telecommunication towers.

Debt and Gearing

As at 30 September 2023 the Fund had $20 million of debt drawn on its $20 million debt facility, representing Fund-level gearing of 7.6%.

The Fund's look-through gearing as at 30 September 2023, taking into account debt and assets in the Unlisted Portfolio adjusted for the valuation overlay applied to MWOF by DCPF, is 21.0%.

Ocean Keys, WA

Market Review

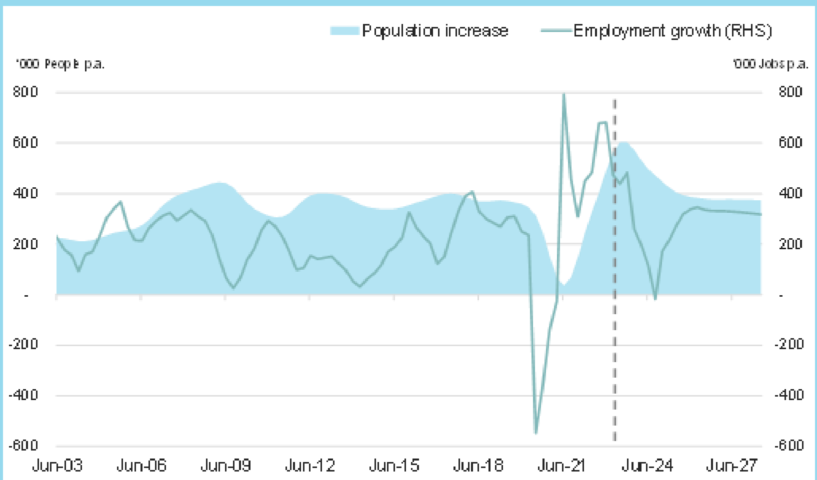
Economic conditions – growth outlook faces headwinds

The Australian economy slowed mildly to 2.1% per annum GDP growth in Q2 2023. Growth is forecast to slow to 1.0% in Q2 2024. There are signs of a bifurcation in the economy where the business sector remains relatively resilient, while households are feeling the effects of interest rate rises. On the business side, business investment grew by 8.3% in FY23 and the labour market remains relatively strong with the unemployment rate being low at 3.7%. For households, which are more sensitive to mortgage rates, consumption growth slowed and dwelling investment contracted.

After peaking in December, Australia's headline monthly inflation rate slowed to 5.2% in August 2023. The Reserve Bank of Australia held the official cash rate steady at 4.1% in October. Despite this, the 10-year bond yield lifted to around 4.5%, indicating that markets may be anticipating a 'higher for longer' scenario for interest rates.

Demand for real assets is expected to be underpinned by strong population growth. Australia's population increased by 563,000 people in the year to Q1 2023 (+ 2.2%) the highest number in at least 40 years. Longer term, population growth is forecast to grow by around 380,000 per annum (+ 1.4% p.a.). In rough terms, catering for this population increase is likely to require over two million square metres of industrial space, at least 150,000 new dwellings and enough retail space to support an extra $12 billion of spending every year.

Population and employment growth forecasts



Source: Oxford Economics

Indooroopilly Shopping Centre, QLD

Office markets – rentals holding up despite elevated vacancy rates

While business conditions remain positive, confidence is subdued. The labour market remains strong overall with an unemployment rate of 3.7% as of August 2023. The leasing market has been characterised by consolidations among larger firms and expansions among smaller firms. Vacancy rates declined in Brisbane and Perth and remained stable in Sydney and Melbourne.

Flight to quality, is a key theme in the office sector, with 'flight to core' and 'flight to CBD' themes emerging. Tenants are moving from lower-grade spaces to higher-quality office stock, centralising from outside the CBD and taking up space in core CBD locations. Net absorption for premium space in each CBD is higher than any other grade. Vacancy in the non-CBD markets of North Sydney and Parramatta has risen markedly compared to that of the CBD, while the Sydney CBD core has the lowest vacancy among the CBD precincts and saw 60,000sqm of net absorption over the past year.

Net effective rents have risen despite elevated vacancy rates, with the key markets of Sydney CBD, North Sydney, Sydney Fringe, Brisbane CBD, and Perth CBD experiencing growth over the past 12 months. Rising cap rates and higher construction costs have put pressure on development feasibilities, limiting potential supply in the medium term.

Q3 2023 office snapshot

	Total Vacancy	Rent growth* (% p.a.)	Net supply FY24-26 (%pa)
Sydney CBD	14.5%	3.6%	0.9%
North Sydney	20.8%	1.8%	2.5%
Sydney Fringe	8.9%	3.1%	1.1%
Parramatta	25.0%	-15.6%	0.8%
SOP / Rhodes	22.6%	-4.3%	0.0%
Melbourne CBD	16.2%	-3.4%	1.7%
Brisbane CBD	11.5%	17.1%	1.5%
Perth CBD	17.3%	3.6%	1.4%

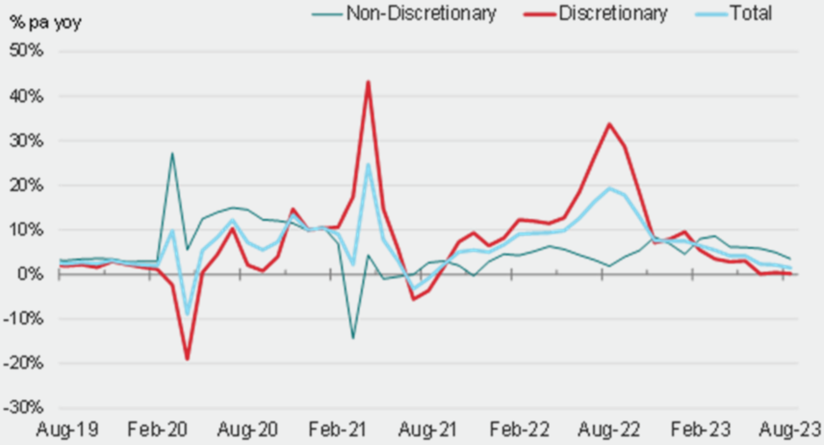
Source: JLL Research, Dexus

*Net effective

Retail markets – interest rate pressures impact retail spending

Retail turnover grew by 1.5% in the year to August 2023, being a slower rate than prevailed last year. Discretionary spending has been weaker than non-discretionary in the past couple of quarters, with mortgage repayments taking precedence in the budgets of many households causing them to focus on essentials.

Discretionary and non-discretionary retail sales growth



Source: ABS, Dexus Research

Retail volumes have been contracting over the past quarter due to sales returning from the abnormally high levels during COVID, led by interest rate pressures. Monthly retail sales figures remain elevated when benchmarked against pre-pandemic volumes. Concurrently, a surge in net overseas migration has bolstered retail demand, helping to offset per capita declines in spending. In the year to August, turnover growth in food and cafes improved to 3.5% and 8.0% respectively. Dragging on growth has been household goods, declining by 6.6%. Household goods are the only category to decline over the past year on a moving annual turnover (MAT) basis.

Listed markets

Source – Macquarie Asset Management (Macquarie)

The US Federal Reserve increased the federal funds rate in July by 25 bps to 5.25%-5.50%, but held steady at its September meeting, it was however a “hawkish hold” as the Federal Open Market Committee’s rate projections delivered the message that rates would stay higher for longer. This was one of several factors that led to an increase in Treasury yields to a 16 year high over the quarter and negatively impacted listed real estate markets. During the quarter, the US Congress averted a shutdown by passing a stopgap bill that keeps the government funded through 17th of November.

The European Central Bank raised the deposit facility rate by 50 bps to 4.0% during the quarter to fight inflationary pressures, however did signal that this might be the final increase.

Outlook

Real estate transaction markets are likely to remain soft over the next six months domestically, however demand is expected to pick up from Q2 2024 as interest rates peak and a fall in 10-year yields allows investors to better predict their cost of capital. Longer term trends remain sound with demand for real assets to be underpinned by strong population growth and significant infrastructure investment. In the short term, a surge in net permanent migration of more than 563,000 people in FY24 provides support for the growth outlook. Long term occupier demand will be fuelled by strong population growth, forecast at 1.4% per annum over the next five years.

The office sector is expected to experience rent growth tapering in the short term due to a mixed outlook for demand in a slowing economy. Flight to quality is a key theme with tenants moving from lower-grade spaces to higher-quality office stock, centralising from outside the CBD and taking up space in core CBD locations. Over the medium term, elevated construction costs are expected to slow the development pipeline, limiting potential supply.

In the retail sector, slower growth in annual turnover is expected due to high mortgage interest repayments taking precedence in the budgets of many households, causing them to focus on essentials. Shopping centre vacancy continues to decline due to steadily growing tourism and returning office workers which should help improve occupancy.

Macquarie report that since the beginning of 2022, interest rates have moved upwards at the fastest rate on record which has had an impact on all risk assets that have liquidity. Macquarie note that listed real estate is no different and it has been re-priced to reflect the higher cost of capital environment, now trading at a meaningful discount to private real estate peers and general equities. Looking forward, Macquarie note that we are closer to the end of the rate hiking cycle than the start, and real estate fundamentals should begin to be more important than they have been in the macro driven environment of recent times.

In 2024 and beyond Macquarie’s view is that investing in real estate that has a sustainable growth profile remains key, therefore they are focused on real estate sectors that evolve structurally with the economy and away from those that are more cyclical and more economically sensitive in nature.

Indooroopilly Shopping Centre, QLD

Unlisted Portfolio

Mirvac Wholesale Office Fund

- MWOF invests in $7.2 billion of high-quality office assets in the Sydney and Melbourne prime markets
- The fund aims to maximise returns and provide consistent income streams through active asset and property management
- 100% Premium or A grade assets
- High tenant occupancy rate of 91.2% (by committed income)
- Weighted average lease tenure is 5.5 years (excluding assets under development)
- Gearing at 30 September 2023 is 21.8%

Performance to 30 September 2023

	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	10 yrs (%pa)
MWOF (before fees)[1]	0.51	-21.77	1.64	4.47	8.38

Past performance is not a reliable indicator of future performance.
The returns for underlying funds are annualised for periods greater than one year and are before management fees and taxes.
1. Estimated returns after adjustment for the valuation overlay applied by DCPF in May 2023

Mirvac Wholesale Office Fund property portfolio

Property	State	Grade	Ownership (%)	Net lettable area (sqm)	Occupancy[1] %	Major tenants
Angel Place, Sydney	NSW	A Grade	100	48,000	96.3	Perpetual Trustees
255 George St, Sydney	NSW	A Grade	100	39,000	93.4	Australian Taxation Office
Quay Quarter Tower, Sydney	NSW	Premium	33	92,000	95.2	AMP, Deloitte
Darling Park, Sydney	NSW	Premium	25	114,000	85.2	CBA, IAG
33 Alfred St, Sydney[2]	NSW	Premium	50	32,000	n/a	Under development
South Eveleigh, Sydney	NSW	A Grade	33	102,000	98.8	CBA
Brookfield Place, Sydney[3]	NSW	Premium	25	73,000	100.0	NAB
Quay Quarter Lanes, Sydney[4]	NSW	Other	51	3,000	96.7	Retail, Residential
Collins Place, Melbourne[5]	VIC	A Grade	100	104,000	83.4	Minister for Finance
Bourke Place, Melbourne	VIC	Premium	100	66,000	82.8	Commonwealth of Australia, Moore Stephens
700 Bourke St, Melbourne	VIC	Premium	100	64,000	100.0	NAB
				737,000	**91.2**	

1. Weighted average by income
2. Vacancy excluded as asset is under development
3. Assumes the classification of all vacant space with a rent guarantee as occupied.
4. Including 2004/38 Bridge Street, Sydney
5. NLA does not include the Sofitel hotel

Dexus Wholesale Shopping Centre Fund

- DWSF invests in $3.2 billion of quality retail investments located primarily in Australian capital cities
- Provides investors with exposure to a core holding of regional shopping centre assets
- 87% (by value) Super Regional and Regional shopping centres (Property Council of Australia classifications, reflecting size of centre and number and type of tenancies).
- High tenant occupancy rate of 97.1% (by area)
- Weighted average cap rate is 5.46%
- Gearing at 30 September 2023 is 13.5%

Performance to 30 September 2023

	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	10 yrs (%pa)
DWSF (before fees)	0.72	-2.96	3.60	-1.83	4.01

Past performance is not a reliable indicator of future performance.
The returns for underlying funds are annualised for periods greater than one year and are before management fees and taxes.

Dexus Wholesale Shopping Centre Fund property portfolio

Property	State	Grade	Ownership (%)	Net lettable area (sqm)	Occupancy[1] %	Major tenants
Westfield Southland	VIC	Super Regional	50	129,200	97.4	Myer, David Jones, Harris Scarfe, Village Roadshow, Kmart, Big W, Target, Coles, Woolworths, ALDI
Macquarie Centre	NSW	Super Regional	50	135,500	99.4	Myer, David Jones, Kmart, Big W, Event Cinemas, Woolworths, Coles, ALDI
Indooroopilly Shopping Centre	QLD	Super Regional	25	117,500	97.8	Myer, David Jones, Event cinemas, Kmart, Target Woolworths, Coles, ALDI
Westfield Tea Tree Plaza[2]	SA	Major Regional	50	89,800	98.8	Myer, Kmart, Target, Harris Scarfe, Big W, Coles, Woolworths, ALDI, Hoyts
Westfield Liverpool	NSW	Major Regional	50	83,000	97.1	Myer, Kmart, Big W, Event cinemas, Coles, Woolworths
Bayfair Shopping Centre[2]	NZ	Regional	50	42,600	99.3	Kmart, Farmers, Countdown, United cinemas
Ocean Keys[2]	WA	Sub-Regional	100	36,700	91.0	Kmart, Coles, Aldi
Royal Randwick	NSW	Neighbourhood	100	15,000	99.4	Woolworths
Westfield Tea Tree Plus	SA	Other	50	10,900	77.6	Savers, Cotton On Mega, Revo Fitness, National Pharmacies
The Palms residential	NZ	Other	100	n/a	n/a	
				660,200	**97.1**	

1. By area, excluding development affected sites
2. Includes value for ancillary properties: for Westfield Tea Tree Plaza – 7 Smart Road; for Bayfair Shopping Centre- Bayfair residential; and for Ocean Keys – 35 Ocean Keys Boulevard.

AMP Capital US Plus Property Fund

AMP Capital Funds Management Limited, the Responsible Entity of the AMP Capital US Plus Property Fund (Hedged), made the decision to terminate the fund in April 2019 and proceeded to divest the five real estate assets in the fund and distribute the proceeds to unitholders, including to the Dexus Core Property Fund. The remaining investment in US Plus represents cash being held for representations and warranties to do with the sale of the assets. This is expected to be distributed by December quarter 2023.

Transactions

During the quarter, DWSF settled on the sale of its 50% share in Stockland Townsville Shopping Centre on 31 August 2023. The net sale price for the asset was $115 million (50% interest). The sale of this non-core asset was completed in accordance with the DWSF's strategy to divest non-core assets to reduce gearing prior to payment of redemptions.

During the quarter MWOF management advised that they will be implementing a revised capital management strategy that includes deferral of capital expenditure, reducing the distribution payout ratio and commencing an asset sale campaign. In respect of the asset sale, MWOF advised that they are progressing a sales campaign for a 50% interest in 255 George St, Sydney which is to commence in late October 2023 and expected to conclude in the first half of 2024 (subject to acceptable pricing).

Stockland Townsville Shopping Centre, QLD

Listed Portfolio

- A bespoke portfolio invested in what we believe are high quality core Australasian and global listed real estate whilst providing stable cash flow.
- The strategy provides investors with exposure to securities and sectors that we think will benefit from significant structural trends such:
  - Technology advancement
  - Changing demographics
  - Aging populations and the need for healthcare
- Through active management, sector risks can be diversified with the view of enhancing risk-adjusted returns for investors.
- Managed by Macquarie Asset Management's $3.4 billion[1], award winning[2] listed real estate team, comprising 14 investment professionals based in Sydney, Hong Kong, Tokyo, London and Chicago.

1. Source: Macquarie Asset Management. As at 30 September 2023.
2. Asia Asset Management Global REIT Strategy award for 2011, 2012, 2013, 2014, 2015, 2020. Winner of the Asia Asset Management Global REITs (10 year category). Winner of the 2020 Money Management Fund Manager of the Year (AREITs), runner up in 2021

Performance to 30 September 2023

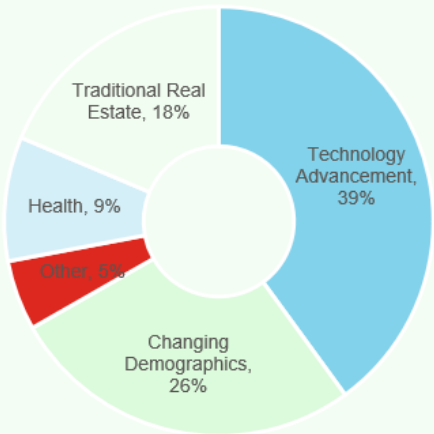
	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (% pa)	10 yrs (% pa)
Listed Real Estate Portfolio (before fees)	-2.09	5.49	3.21	4.98	NA

Past performance is not a reliable indicator of future performance.
The returns for underlying funds are annualised for periods greater than one year and are before management fees and taxes.

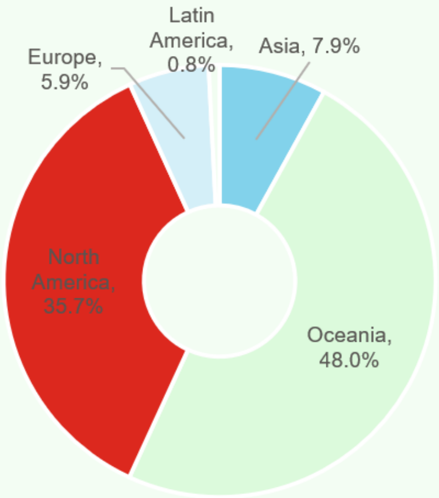
Sector and geographic allocations of listed real estate portfolio

Allocation to the structural thematics that we believe will deliver on the investment objectives of the Fund (being technology advancement, changing demographics and health) as well as geographic allocations as at 30 September 2023 is shown below:

Sector allocation



Geographic allocation



Environmental, Social and Governance (ESG)

Unlisted Portfolio

Environmental and sustainability ratings for the Unlisted Portfolio are summarised in the table below.

Ratings

	Fund GRESB rating[1.] v peer group average	NABERS[2.] Energy rating (stars)	NABERS[2.] Water rating (stars)
Mirvac Wholesale Office Fund	Not available	5.1	5.2
Dexus Wholesale Shopping Centre Fund	88 v 88 5 star rating	4.6	3.6

1. Global Real Estate Sustainability Benchmark, 2023 results.
2. Ratings are current as of 30 September 2023.

Listed Portfolio

The Macquarie Global Listed Real Estate team considers ESG factors in the overall investment process. The investment team uses a proprietary ratings framework to assess ESG factors across the investible universe. Assessment of ESG factors will impact on the quality score and the investment team will also consider other factors such as financial performance. Generally, securities with higher ESG scores will have a higher quality score and be allocated a greater portfolio weight than a security with a lower quality (and ESG) score.

Management updates

On 24 March 2023, first completion of the sale of the AMP Capital domestic real estate and infrastructure business to Dexus occurred. This enabled integration of the AMP Capital business into the Dexus platform. Final completion remains dependent on a regulatory approval.

On 7 August 2023, the Investment Manager of DCPF changed from AMP Capital Investors Limited to Dexus Funds Management Limited and the fund's name changed to 'Dexus Core Property Fund'. As the integration of the two businesses continues, you may still see AMP Capital branding on some documents and forms.

People updates

Nil

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Disclaimer

Important notice: The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the responsible entity (Responsible Entity) of the Dexus Core Property Fund (Fund) and the issuer of the units in the Fund. Dexus Funds Management Limited (ABN 24 060 920 783, AFSL 238163) (Dexus) is the investment manager of the Fund and has been appointed by the Responsible Entity to provide investment management and associated services in respect of the Fund. This documentation has been prepared by Dexus and has not been prepared by the Responsible Entity. To invest in the Fund, investors will need to obtain the current Product Disclosure Statement (PDS) from Dexus. The PDS contains important information about investing in the Fund and it is important that investors read the PDS before making an investment decision about the Fund. The PDS and a target market determination for the Fund is available at www.dexus.com/dcpfinvest. Neither Dexus, the Responsible Entity, nor any other company in the Dexus group guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. While every care has been taken in the preparation of this document, Dexus make no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This document has been prepared for the purpose of providing general information, without taking account of any particular investor's objectives, financial situation or needs. Investors should consider the appropriateness of the information in this document, and seek professional advice, having regard to their objectives, financial situation and needs. This document is solely for the use of the party to whom it is provided and must not be provided to any other person or entity without the express written consent of Dexus.

Note

Dexus Falcon Pty Limited is licensed to use the AMP Capital trade marks by AMP Limited. AMP Limited announced the sale of AMP Capital's real estate and domestic infrastructure equity business to Dexus Funds Management Ltd on 27 April 2022. Dexus Falcon Pty Limited and its products and services are not affiliated with, guaranteed by or endorsed by AMP Limited.

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