

Dexus Core Property Fund

dexus

Dexus Core Property Fund
(in wind up from termination date
of 29 November 2024)

Quarterly Report

March 2025

Indooroopilly Shopping Centre, QLD

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Definitions

DCPF or Fund – Dexu Core Property Fund

DWSF – Dexu Wholesale Shopping Centre Fund

Unlisted Portfolio – units held in the Dexu Wholesale Shopping Centre 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



Indooroopilly Shopping Centre, QLD

Fund Summary

Fund Status

Wind-up (winding up of the Fund commenced on 29 November 2024)

Termination Date

29 November 2024

APIR

Class A: AMP1015AU

Class H: AMP1074AU

Fund size

\$55.9m¹

Fund-level gearing (% of gross assets)

0.0%

Number of properties in unlisted portfolio

7

Weighted occupancy by area in Unlisted Portfolio

98.3%

Fund inception Date

Class A: 01 July 2005

Class H: 12 April 2006

Distribution frequency

Quarterly

Look-through gearing (% of gross assets)

26.8%²

Average asset value in Unlisted Portfolio

\$826.9m³

WALE for Unlisted Portfolio

3.9 years

1. Gross assets

2. Gearing at the Fund level and at the underlying Unlisted Portfolio level including impact of valuation overlays applied by the Fund.

3. 100% value of the asset.

Quarter Highlights

1. Investment performance since the Termination Date:

- In the period from the Termination Date to 31 March 2025 the total return (after fees, before tax) has been as follows:
 - Class A: -3.98%
 - Class H: -4.10%
 - Class O: -3.91%

2. Portfolio activity:

- Following a strategic review, it was identified that DCPF can no longer meet its investment objectives. Given this finding, and after careful consideration and in consultation with the investment manager of the Fund, Dexus Fund Management Limited, The Trust Company (RE Services) Limited decided as the Responsible Entity that it was in the best interests of all investors to terminate the Fund effective as at 5.00pm on the Termination Date.
- Since the Termination Date the Listed Portfolio has been realised and a distribution of the proceeds was made to investors on 20 December 2024.
- The remaining assets held in the Fund comprise of units in DWSF and cash.
- On 11 April 2025 DWSF advised that the Supreme Court of NSW upheld a judgement in favour of the co-owner of Macquarie Centre, NSW, providing the right for that party to compulsorily acquire DWSF's 50% interest in the asset.
- Management has engaged a placement agent and is marketing the DWSF units for sale via a secondary market trade. Timing will be dependent on liquidity in the market; however, management is seeking to realise the units as soon as reasonably practicable.
- Following the sale of the DWSF units, a final distribution will be made to investors.
- On 7 April 2025 Dexus announced that following the termination of the Fund, Damon Mumford, Fund Manager of DCPF will be leaving Dexus on 2 May 2025. Post Damon's departure the ongoing management of DCPF will be undertaken by Charmaine Wong, Senior Fund Analyst, with oversight and support from senior members of the Dexus Funds Management team.

* Past performance is not an indicator of future performance

Performance

Investment returns to the Termination Date are detailed in the tables below.

Class A units

	Current investment strategy		Blend of current and previous investment strategies ¹				
	Since inception ² (% pa)	3 mths (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception ² (% pa)
Total return – net of fees	7.40	5.40	8.73	-2.09	0.20	5.12	5.60
Total return – gross of fees	7.66	5.61	9.83	-0.99	1.24	6.12	6.58
Distribution return	1.13	1.11	3.71	3.61	3.97	4.04	4.66

In the period from the Termination Date to 31 March 2025 the total return (net of fees) was -3.98%.

Class H units

	Current investment strategy		Blend of current and previous investment strategies ¹				
	Since inception ² (% pa)	3 mths (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	10 yrs (%)	Since inception ² (% pa)
Total return – net of fees	7.29	5.32	8.44	-2.40	-0.13	4.77	4.87
Total return – gross of fees	7.66	5.61	9.83	-0.99	1.24	6.12	6.26
Distribution return	1.07	1.05	3.64	3.55	3.82	3.79	4.43

In the period from the Termination Date to 31 March 2025 the total return (net of fees) was -4.10%.

Class O units

	Current investment strategy		Blend of current and previous investment strategies ¹			
	Since inception ² (% pa)	3 mths (%)	1 yr (%)	3 yrs (%)	5 yrs (%)	Since inception ² (% pa)
Total return – net of fees	7.45	5.45	8.99	-1.84	0.46	0.52
Total return – gross of fees	7.66	5.61	9.83	-0.99	1.24	1.28
Distribution return	1.19	1.16	3.77	3.65	4.13	4.00

In the period from the Termination Date to 31 March 2025 the total return (net of fees) was -3.91%.

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. The performance under the heading 'Blend of current and previous investment strategies' shows the Fund's actual performance, including as impacted by changes in the investment objective and strategy that have occurred over time. The key changes to the Fund's investment objective and strategy since the Fund's inception are as follows:

- On 1 August 2018:
 - the Fund removed its performance benchmark and moved to a benchmark-unaware investment objective.
 - the Fund changed its 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)
- On 12 August 2024, investment in US unlisted real estate was removed from the Fund's investment objective and strategy

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 11 October 2019
- The current investment strategy of the Dexus Core Property Fund is 12 August 2024

Performance drivers

In the period since the Termination Date, returns have been negative, the primary reason for which was the negative valuation overlay that was applied to the Fund's investment in DWSF in December 2024. The valuation overlay was applied in accordance with the Fund's valuation policy and reflected trades of units in DWSF at a material discount to the NAV unit price published by DWSF. The valuation overlay impacted overall Fund returns by approximately -4% in December 2024.

Asset Allocation

Asset allocation for the Fund as at 31 March 2025, is shown in the table below.

Investment	Current
Unlisted real estate (DWSF)	94.2%
Cash	5.8%

Debt and Gearing

The Fund's look-through gearing as at 31 March 2025, taking into account debt and assets in the Unlisted Portfolio and valuation overlays applied at the Fund level, is 26.8%.

Market Review

Australia well positioned for tariff turbulence

Source: Dexus Research

The global growth outlook has become more uncertain due to a series of tariff announcements by the United States. Volatility in global financial markets has increased significantly. In relation to impacts on Australia, Australia's direct trade exposure to the US is minor at less than 5% of total exports. The main concern is the indirect effect of a possible US recession or a slowdown in China. Financial market volatility is also an issue as it could affect deal flow or business confidence.

In the event of a global slowdown, there are mitigants which could smooth the impact on Australia. The Reserve Bank has scope to reduce interest rates, the Federal government has capacity for fiscal stimulus and Australia's population growth is a good buffer against global shocks.

Looking domestically, Australia has begun a new phase of the economic cycle comprising easing interest rates and firming private sector growth. Employment is growing at around 2.7% p.a., and the unemployment rate remains low at 4.1%. Australia's GDP expanded 1.3% in 2024 and is forecast to grow 2.2% in 2025. A Federal election is scheduled for 3 May 2025.

The headline annual inflation rate fell to 2.4% in Q4 2024, the lowest reading since Q1 2021. Accordingly, the Reserve Bank lowered the cash rate by 25 bps at its February meeting to 4.1% and maintained the cash rate at the April meeting. Further falls have become likely due to the US tariffs. The market interest rate swap curve has steepened and implies the cash rate will fall further to 3.2% in 2026.

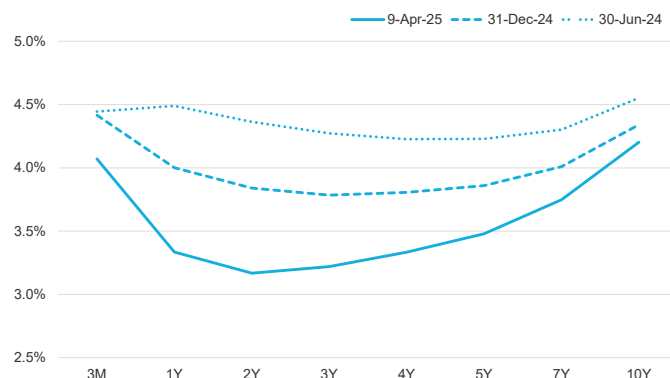
Any falls in either the cash rate or bond yields through 2025 are likely to be positive for real asset valuations given the improvement in relative yields.

Australian economic forecasts

	Jun-25	Jun-26	Jun-27
Real GDP %p.a.	2.0%	2.5%	2.7%
Employment %p.a.	2.6%	1.4%	1.4%
Unemployment %	4.2%	4.4%	4.4%
Business investment %p.a.	0.4%	3.1%	3.3%
Dwelling investment %p.a.	1.3%	4.4%	8.7%
Population %p.a.	1.3%	1.2%	1.2%
Retail sales %p.a.	4.3%	3.1%	3.1%
CPI %p.a.	2.1%	3.5%	2.5%
Cash rate %	4.1%	3.4%	3.4%
10yr Bond %	4.2%	4.2%	4.2%

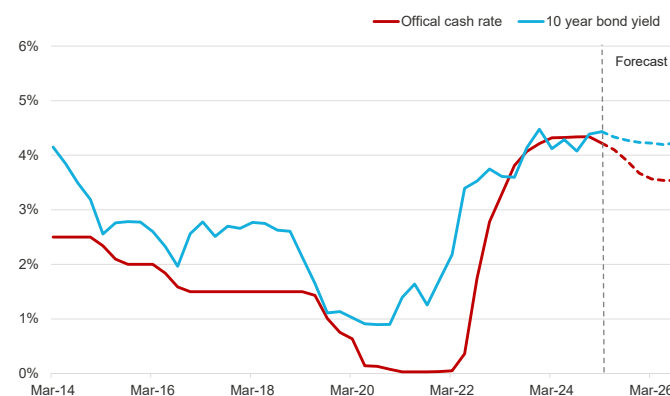
Source: Oxford Economics, March 2025

Australian interest rate swap curves



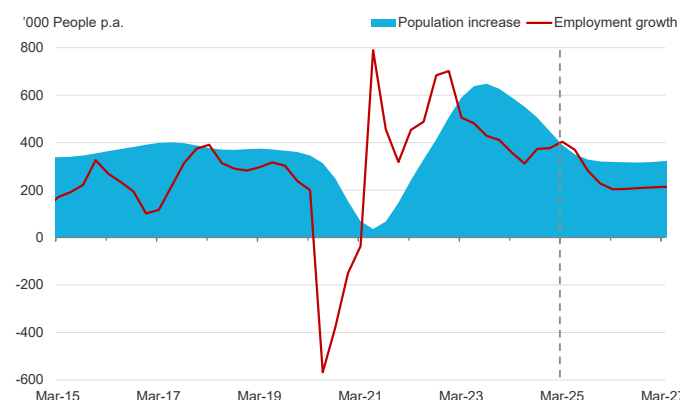
Source: Bloomberg, Dexus Research

Australian interest rate forecasts



Source: Bloomberg, Oxford Economics, Dexus Research

Population and employment growth forecasts



Source: Oxford Economics, Dexus Research

Retail indicators

Sales growth to improve through FY25

Australia's retail sector showed encouraging signs of life in the first quarter of 2025. February retail sales increased by 3.6% y-o-y. The RBA cash rate target was cut from 4.35% to 4.10% in February which should provide a further boost to the retail environment moving forward. Growth over the past year has been led by pharmaceuticals at 11.3% y-o-y, and food spending at 4.1%. Online retail sales growth continues to outpace that of in-store sales at 12.2% y-o-y, which benefits successful omni-channel retailers.

Consumer confidence nudged up to 94.1 in March. While still in pessimistic territory (below the neutral 100 mark), it is the most optimistic consumers have felt since April 2022. There are some concerns, with a net balance of 25 respondents saying their financial position has deteriorated over the year, a level rarely seen outside of downturns. A risk over the coming months is the impact of the global uncertainty. This looms as a likely drag on both business and consumer sentiment. Having said that, employment growth and wages growth are positives for the retail sector at present.

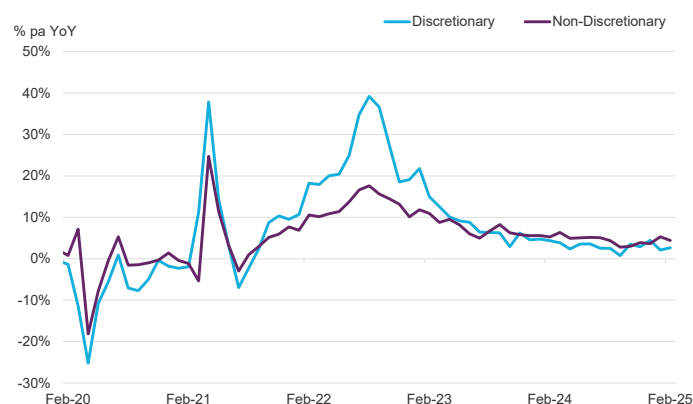
Population growth is a major contributor to retail sales growth. In 2025, this is expected to remain positive but ease from the high levels of last year. In addition, retail price inflation is expected to ease. Despite these influences, we anticipate an increase in headline retail sales growth in 2025 due to a significant turnaround in real per capita spending (see chart). Per capita spending has been unusually negative in recent years in response to monetary tightening and inflation. It should return to more normal levels given rising incomes and easing cost of living pressures.

Retail sales growth by category (Feb-2025)

	m-o-m	y-o-y	MAT
Cafes	0.2%	3.4%	2.0%
Clothing	0.4%	0.4%	1.4%
Department Stores	1.5%	3.2%	0.9%
Food	0.6%	4.1%	3.1%
Other	-1.0%	5.6%	5.6%
Household Goods	-0.3%	2.9%	1.5%
Total	0.2%	3.6%	2.8%
Online Sales	1.7%	12.2%	10.3%

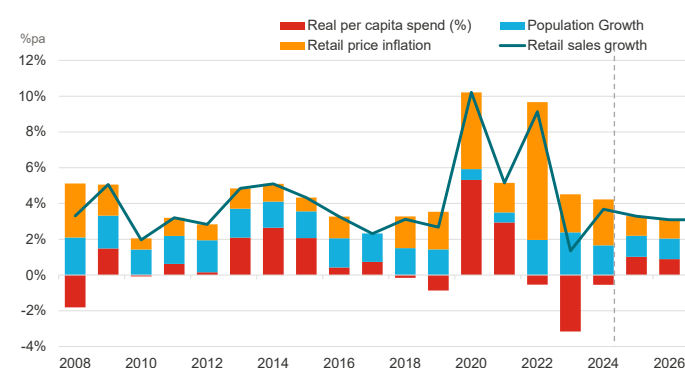
Source: ABS, Dexus Research

Discretionary vs non-discretionary spending growth



Source: ABS, Dexus Research

Components of retail sales



Source: Oxford Economics, Dexus Research

Level of ecommerce sales



Source: ABS, Dexus Research

Unlisted Portfolio

Dexus Wholesale Shopping Centre Fund

- DWSF invests in a \$2.8 billion portfolio of quality retail assets located primarily in Australian capital cities
- 86% (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 98.3% (by area)
- Weighted average capitalisation rate of 5.71%
- Gearing at 31 March 2025 is 25.2%
- In early November 2024, the DWSF advised investors that the Supreme Court of NSW issued a judgement in favour of the other co-owner of the Macquarie Centre NSW, providing the right for them to compulsorily acquire DWSF's 50% interest in the asset. After reviewing the judgment with its legal advisors, the non-executive directors of the Responsible Entity of DWSF determined that it is in the best interests of DWSF investors to file an appeal. The appeal was lodged and heard in the Supreme Court of NSW on 31 March 2025.
- On 11 April 2025, DWSF advised that the Supreme Court of NSW upheld the judgement in favour of the other co-owner of Macquarie Centre, which enables that party to proceed with the acquisition of DWSF's 50% interest in the asset. DWSF noted that litigation costs associated with the court action will not be recovered out of DWSF's assets, and that Dexus will pursue any contractual rights it may have to recover the negative variance between the fair market value of DWSF's interest in the Macquarie Centre and the acquisition price (\$830m).

Performance to the Termination Date

	3 mths (%)	1 yr (%)	3 yrs (%pa)	5 yrs (%pa)	10 yrs (%pa)
DWSF (before fees)	3.06	4.30	2.62	-0.77	3.47

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 ^{1,3} %	Major tenants
Westfield Southland	VIC	Super Regional	50	129,500	98.8	Myer, David Jones, Harris Scarfe, Village Roadshow, Kmart, Big W, Target, Coles, Woolworths, ALDI
Macquarie Centre	NSW	Super Regional	50	135,700	98.8	Myer, David Jones, Kmart, Big W, Event Cinemas, Woolworths, Coles, ALDI
Indooroopilly Shopping Centre	QLD	Super Regional	25	117,500	99.1	Myer, David Jones, Event cinemas, Kmart, Target, Woolworths, Coles, ALDI
Westfield Liverpool	NSW	Major Regional	50	83,000	97.9	Myer, Kmart, Big W, Event cinemas, Coles, Woolworths
Bayfair Shopping Centre ²	NZ	Regional	50	42,600	98.7	Kmart, Farmers, Countdown, United cinemas
Ocean Keys ²	WA	Sub-Regional	100	38,500	95.9	Kmart, Coles, Aldi
Royal Randwick	NSW	Neighbourhood	100	15,000	98.8	Woolworths
				561,800	98.3	

1. By area, excluding development affected sites

2. Includes value for ancillary properties: for Bayfair Shopping Centre – Bayfair residential; and for Ocean Keys – 35 Ocean Keys Boulevard.

3. Includes Kiosks & ATM's

Environmental, Social and Governance (ESG)

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

	Fund GRESB rating ¹ v peer group average	NABERS ² Energy rating (stars)	NABERS ² Water rating (stars)
Dexus Wholesale Shopping Centre Fund	90 v 90 5-star rating	4.7	2.9

1. Global Real Estate Sustainability Benchmark, 2024 results.

2. DWSF ratings are current as of 31 March 2025.

Organisational and People updates

On 7 April 2025 Dexus announced that following the termination of the Fund, Damon Mumford, Fund Manager of DCPF will be leaving Dexus on 2 May 2025. Post Damon's departure the ongoing management of DCPF will be undertaken by Charmaine Wong, Senior Fund Analyst, with oversight and support from senior members of the Dexus Funds Management team.

In February 2025, Dexus appointed Michael Sheffield as Executive General Manager, Funds Management and Jason Howes as Executive General Manager, Fund Capital & Product Development as it evolves its funds management business to drive continued performance and growth. Both roles have joined the Executive Committee reporting to Group Chief Executive Officer & Managing Director, Ross Du Vernet.

Funds management is a key pillar of Dexus's strategy, and these appointments elevate our executive focus through two distinct roles, one focused on driving performance across existing funds and the other on evolving the products we offer clients as their investment needs and investment opportunities change.

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Disclaimer

Important notice: The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the Responsible Entity of the Dexus Core Property Fund (Fund) and the issuer of the units in the Fund (Responsible Entity). The Responsible Entity is a wholly owned subsidiary of Perpetual Limited (ABN 86 000 431 827). 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. . 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 makes 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.

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