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Quarterly Report

Dexus AREIT Fund

June 2026

Contents

Investment objective

The primary investment return objectives of the Fund are to:

- Provide a gross annual income yield (before management fees and expenses) that equates to at least 110% of the average yield of the S&P/ASX 300 AREIT Index Dividend Yield
- Provide a level of capital growth which at least matches increases in CPI over a 5-7 year time horizon
- Provide lower than market volatility[1]

Features

- Focus on generating sustainable, regular and relatively high income returns relative to the benchmark performance through investing in listed property securities
- Access to an underlying diversified portfolio of thousands of quality commercial real estate assets predominantly located in Australia
- Has paid monthly distributions[2]
- Actively managed (non-index aware) portfolio, applying a highly disciplined and proven strategy designed to deliver on the Fund's income and risk objectives
- Liquid – daily applications and withdrawals (under normal market conditions but withdrawals can take longer in certain cases as set out in the PDS)
- Risks associated with managed investment schemes and specific to the Fund are set out in the PDS

1. The Dexus AREIT Fund aims to provide lower than market volatility compared with the S&P/ASX 300 AREIT Index over a 5-7 year time horizon.
2. Past performance is not a reliable indicator of future performance.

Fund facts

Fund type	Property Securities Fund
Commencement date	19 January 2009
Fund size	$359.63m as at 30 June 2026
Minimum suggested investment timeframe	5-7 years
Minimum investment amount	$1,000
Minimum additional amount	$500 ($100 per month with regular savings plan)
Income distribution	Monthly generally payable within 10 business days[2]
Current Running Yield	6.15%[3]
Unit pricing	Daily
Management fees and costs	0.85% pa of NAV (see section 6 of the PDS for details)
Buy/sell spread	0.15% buy and 0.15% sell

3.Current running yield is calculated daily by dividing the annualised distribution rate by the latest entry unit price. Distributions may include a capital gains component. Distributions are not guaranteed and past performance is not a reliable indication of future performance.

Fund Performance

Dexus AREIT Fund	3 months	6 months	1 year	3 years	5 years	10 years	Since inception
	%	%	%	%	%	%	%
Income[4]	1.70	2.73	5.48	6.26	5.91	6.04	7.32
Total return (after fees)[5]	**8.32**	**-7.83**	**-1.59**	**8.38**	**3.41**	**3.08**	**9.11**

4. Distributions may include a capital gains component. Distributions are not guaranteed and past performance is not a reliable indication of future performance.
5. Returns after all fees and expenses. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns. Returns and values may rise and fall from one period to another. Past performance is not reliable indicator of future performance. Fund's inception date used to determine return: 19 January 2009

Fund Commentary – Dexus AREIT Fund

The Dexus AREIT Fund delivered 8.32%[7] in total returns for the June quarter, underperforming the AREIT 300 Index by 5.23% but outperforming the equity index[6] by 4.18%.

The quarter started with the AI thematic driving the divergence in performance within the AREITs, resulting in DigiCo REIT and Goodman Group starting the quarter strong. Subsequently, there was a reemergence of the concerns within the AI space and the (in)ability to monetise the massive capital expenditure outlays to date (and forecast). At the same time, domestic markets increasingly expected interest rates to have peaked in this cycle, resulting in lower forecasts for further rate hikes. Together with the easing of hostilities in the Middle East, this supported the AREITs, which staged a resurgence.

AREIT preliminary valuations for 30 June broadly displayed moderate uplifts. These were driven by the increasing level of rental growth being achieved, as cap rates were relatively stable. This is in line with our ongoing evaluation of the AREITs, benefiting from owning the better-quality assets. As the economic rent to deliver new supply remains prohibitive, the owners of existing assets increasingly have the upper hand in rental negotiations.

Other notable events to have transpired during the quarter included:

- Elevated transaction activity heading into the end of financial year. This was driven by three malls transacting above book value, along with Goodman's GAIP Fund acquiring a 50% interest in the Brickwork Industrial JV;
- National Storage being privatised by GIC and Brookfield;
- Abacus Storage King being internalised; and
- Centuria Capital conducting a $300 million underwritten equity placement to fund a combination of: Reset Data opportunities, origination and underwriting of larger unlisted real estate funds and private credit growth initiatives.

Key contributors to the Fund's performance over the quarter were:

- Mirvac Group (Underweight);
- Centuria Capital (Overweight); and
- National Storage (Overweight).

Key detractors to the Fund's performance over the quarter were:

- Goodman Group (Underweight);
- Stockland (Overweight); and
- Dexus (Overweight).

Key Metrics	Fund
Dividend Yield[7]	6.2%
Adjusted Funds From Operation (AFFO) Yield[7]	6.0%
Implied 3-yr AFFO per Share Growth	5.5%
Price to Net Asset Value (NAV)	16.3% Discount
Implied Cap Rate	5.8%

The Fund continues to display enhanced value and delivers a materially higher dividend yield, versus the AREIT 300 index at ~3.4%.

The AREIT Fund remains skewed to the more traditional AREITs generating most of their earnings via rent. Excluding the mall and affordable residential/land lease AREITs, the rest of the traditional AREITs continue to trade at material discounts to NTA/NAV.

Retail remains the preferred sector, providing better risk-adjusted exposure. Retail is performing strongly across every category, with malls showing better growth prospects. Retail is virtually 100% occupied, leading to ever-improving pricing power for the landlords, with relatively low occupancy cost ratio, which supports the retailer's ability to pay rent. Capital continues to increase exposure towards retail and it remains the Fund's main underlying exposure. On alternatives, we continue to be highly selective, favouring childcare.

Office (and more recently, industrial) are increasingly bifurcated in their performance. For Office, strong tenant demand and subsequent growth is visible in the core CBD precincts, in the better-quality assets, close to amenity. Meanwhile, Industrial, whilst acknowledging the growing divergence in performance across both sub-markets and asset quality, incentives have materially risen. This is despite an increasing number of sites being earmarked for data centres.

The AREIT Fund is exposed to the residential names that deliver affordable products (including land lease). Such product is a need and has the most traction Australia-wide, including in the softer Victorian market.

Property funds management is a vastly more competitive environment, impacting upon the ability to generate and maximise fees. This and investor nervousness given the rise in interest rates make us more cautious.

6. S&P/ASX 300 Equity Index
7. Past performance is not a reliable indicator of future performance.

Market Commentary[8]

	June 2026 Qtr	June 2025 Yr
S&P/ASX 300 AREIT[9]	13.5%	-1.8%
S&P/ASX 300[9]	4.1%	6.2%
10-Yr Bond Yield[8]	4.72%	4.16%
10-Yr Real Bond Yield[8]	2.44%	2.08%
Implied Inflation	2.28%	2.08%

The AREIT 300 Index outperformed equities by 9.4% in the June quarter but underperformed by 8.0 % over the 12-months. The quarterly performance was driven by the market expecting the 75 bps increase in interest rates experienced in 2026 to date as being enough this cycle, before easing in 2027.Conversely, the underperformance for the 12-months was a reflection of the rising interest rate environment.

The Australian 10-year bond yield fell ~25 bps over the quarter but rose ~56 bps over the rolling 12-months, finishing at 4.72%. The real bond yield fell ~18 bps over the quarter to 2.44%, implying a 2.28% long-term inflation figure, a ~7 bps reduction in the quarter.

The AREITs that underperformed during the quarter were the diversified AREITs, with material exposure towards developing build-to-sell residential product. AREITs predominantly focussed more on land lease (Aspen Group and Ingenia Communities) were the outperformers more generally, along with the fund managers.

Even though AREITs experienced a strong quarter, the forecast growth outlook remains attractive and is above the long-term averages. The ongoing lack of supply (ex-industrial) is expected to remain subdued, given the increased economic costs. This should lead to a continuation of the rental growth that is broadly being experienced. In turn, this should support asset valuations, mitigating any fall in valuations based on elevated interest rates over the short to medium-term.

We foresee further corporate activity emerging, should the increased discounts to NTA/NAV persist. Buy-Backs are becoming more prominent, as an increasing number of AREITs see this avenue as delivering the best risk-adjusted returns at current pricing.

Despite the strong rebound in the AREIT sector's performance during the quarter, the office sub-sector delivered negative total returns. This was predominantly driven by Dexus, given the adverse judgement in the APAC court case, along with Abacus Group, where the AREIT it presently manages and has a stake in - Abacus Storage King – internalised. Industrial was the strongest performer, driven by Goodman's performance earlier in the quarter, which at the time was benefiting from the resurgence within the broader AI thematic.

Over the rolling 12-months, only Retail delivered positive total returns, with all of the sub-sector constituents contributing positively, led by Scentre Group.

Asset Class	3M%[9]	12M%[9]
Industrial	21.9	-7.9
Retail	11.9	11.7
Alternatives	5.1	-1.7
Diversified	9.0	-2.5
Office	-4.0	-10.5

At the stock level, outperformers in the AREIT 300 Index over the June quarter were[9]:

- DigiCo (+44.5%);
- Centuria Capital (+25.5%); and
- Charter Hall (+24.1%).

The underperformers during the quarter were[9]:

- Dexus (-5.9%);
- Arena REIT (-3.5%); and
- Stockland (-1.7%).

Our analysis indicates the AREIT sector is priced at a dividend yield of around 3.4%, which is 130 bps below the 10-year bond yield at the end of the June quarter. Excluding fund managers, which have greater exposure to non-rental income streams, the sector trades on a more attractive distribution yield of around 5.5%. Forecast implied returns for AREITs are in the low double digits, materially above the Fund's returns since inception. Combined with positive underlying fundamentals, this continues to offer an attractive entry point into the AREIT sector.

8. Index and Bond figures sources from Iress and Bloomberg.
9. Sector and stock performance figures sourced from Barrenjoey Research and UBS Research.

Investment team

Mark Mazzarella, CFA

Mark joined Dexus Real Estate Securities (formerly APN Real Estate Securities) team in 2014 and is responsible for the analysis and funds management of the Australian and Global REIT Funds.

Prior to joining Dexus, Mark worked for Ernst & Young as a Senior Consultant and was responsible for real estate market research, property valuation, project feasibility studies, scenario analysis, financial modelling for real estate investments, transaction due diligence and bespoke advisory engagements. Mark was accepted into the New Horizons Program which resulted in a six-month secondment to the Ernst & Young corporate finance team in Singapore. Mark holds a Bachelor of Commerce (Finance) and a Bachelor of Property and Construction (Property) from the University of Melbourne. He is an Associate of the Australian Property Institute, a Certified Practicing Valuer and a CFA.

Mario Saccoccio

Mario joined Dexus Real Estate Securities in March 2024, as Lead Portfolio Manager of the Dexus AREIT Fund. Mario is responsible for portfolio management and research coverage of the AREIT sector.

Prior to joining Dexus, Mario was a Portfolio Manager at SG Hiscock & Co for 12 years where he was focused on managing Australian REIT portfolios, both for absolute return and income focused investment mandates. Mario also had sole responsibility for the modelling and analysis of property-related entities, developers, fund managers, infrastructure and global REITs for this firm's international mandates. Mario was previously Investment Manager at Baron Corporation, and Fund Manager & Head of Economic Research at MacarthurCook Limited. Mario holds a Graduate Diploma of Applied Finance & Investment (Investment Analysis stream) and Bachelor of Economics (Honours) from La Trobe University and is also a FINSIA Associate

Cindy Effendi

Cindy joined Dexus Real Estate Securities in October 2022 and responsible for the Australian REIT coverage. Prior to joining Dexus, Cindy has over a decade of experience as an equities analyst in Australia and Indonesia having worked for Macquarie Securities (Indonesia), CIMB Securities (Indonesia) and Diogenes Research in Melbourne.

Cindy has covered a wide range of industries including AREITs, consumer discretionary, construction and healthcare, boosting the team's in-depth equities analysis capabilities.

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