DWAPF | dexus

# Quarterly Report

Dexus Australian Property Fund

APIR code: NML0337AU

June 2026

# 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 June 2026, the Fund returned 8.84% of which 5.55% was the distribution and 3.28% was growth. The quarterly total return in Q2/2026 was 1.46%.

### Dexus Wholesale Australian Property Fund

- **Valuations** – the portfolio value increased by 1.2% over the quarter. The retail portfolio increased by 1.2%, while both the office and industrial portfolios increased by 0.3% over the quarter. The average cap rate for the investment portfolio is 6.28% and valuations have now increased for nine consecutive quarters, though remain well below replacement cost.
- **Key metrics** – the Fund's occupancy increased to 98.1% and the weighted average lease expiry sits at 4.8 years.
- **Divestments** – contracts were successfully exchanged on Acacia Gate Industrial Estate in Brisbane. Pricing was ahead of the 31 March 2026 valuation and 99% higher than at the start of Covid. Settlement took place in late May. The divestment is consistent with the strategic decision to reduce current allocations in older properties – especially when strong prices can be achieved.
- **Leasing** – major leasing success was achieved at Arndell Park, in Western Sydney with a 5-year lease to a local switchboard manufacturer, Trivantage. This boosted occupancy in the asset from 76% to 100% and took the overall portfolio occupancy to 98.1%. In the retail portfolio, terms were agreed with multiple tenants across Gasworks Plaza, Stud Park Shopping Centre, and The Mill.
- **Debt** – gearing as at 30 June sat at 42.0%. The Fund's hedging profile was extended to provide additional certainty in years 2-3.
- **New unit class** – DWAPF Class D units – which offer capped monthly liquidity – continue to lead the market.
- **Additional units offer extended** – in celebration of the 40th anniversary of the Fund, Dexus is making 2% 'additional units' available for those investing from 1 October 2025. This offer will close on 30 September 2026. Details of the offer are available at dexus.com/dwapf

# Fund facts

| | |
|---|---|
| **Gross assets** | $49.1 million |
| **Inception date** | 31 July 2001 |
| **Management fee** | 1.10% |
| **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** | 42.0% of gross assets |
| **No. of properties** | 17 |
| **Portfolio occupancy** | 98.1% |

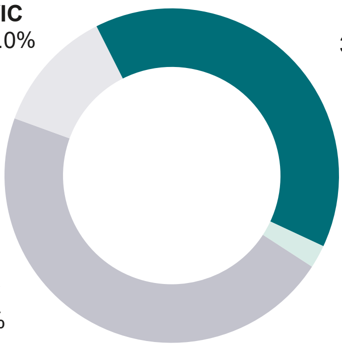
1. While the Fund is liquid, the Responsible Entity aims to pay withdrawals within 12 months of the applicable window. This may be extended in certain circumstances.

# Fund returns & Asset allocation

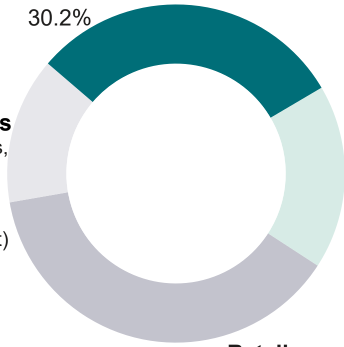
| | 3 months | 1 year | 3 years | 5 years | 10 years | Since inception |
|---|---|---|---|---|---|---|
| | % | % | % | % | % | % |
| Distribution return | 1.35 | 5.55 | 5.59 | 5.43 | 5.55 | 7.21 |
| Growth return | 0.11 | 3.28 | -5.81 | -3.50 | -1.59 | -1.14 |
| **Total return (after fees)** | **1.46** | **8.84** | **-0.23** | **1.93** | **3.96** | **6.08** |

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 year to 30 June 2026, the Fund returned 8.84% of which 5.55% was the distribution and 3.28% was growth. The quarterly total return in Q2/2026 was 1.46%.

## Dexus Wholesale Australian Property Fund

The portfolio value increased by 1.2% over the quarter. The retail portfolio increased by 1.2%, while both the office and industrial portfolios increased by 0.3% over the quarter. The office average was impacted by a provision to remove Aluminium Coated Panels (ACPs) on the façade of 199 Grey St, Brisbane.

The average cap rate for the investment portfolio is 6.28% and valuations have now increased for nine consecutive quarters, though remain well below replacement cost.

Major leasing success was achieved at Arndell Park, in Western Sydney with a 5-year lease to a local switchboard manufacturer, Trivantage. This boosted occupancy in the asset from 76% to 100% and took the overall portfolio occupancy to 98.1%. In the retail portfolio, Ping Pong "Thai street eats and killer cocktail slushies" renewed its lease at Gasworks and – among others – we introduced Nagomu Spa and Wellness at Stud Park, and Rumble Boxing as a new tenant to The Mill. The retail portfolio continues to deliver services that cannot be replicated online.

The weighted average lease expiry sits at 4.8 years – at the upper end of the expected range of 3-5 years.

Contracts were successfully exchanged on Acacia Gate Industrial Estate in Brisbane. Pricing was ahead of the 31 March 2026 valuation, and 99% higher than at the start of Covid. Settlement took place in late May. This property was constructed in 1986 and the divestment is consistent with the decision to reduce portfolio exposure to older properties – especially if strong prices can be achieved.

During the quarter, the Fund's hedging profile was extended to provide additional certainty in years 2-3. As of 30 June 2026, approximately 54% of the Fund's drawn debt was hedged.

Ping Pong – at Gasworks, Newstead.

Class D units – which offer capped monthly liquidity – continue to lead the market. Since their inception in July 2025, the Fund has paid all redemptions received in this unit class within 10 business days of the monthly cut-off.

The Fund's redemption terms – paired with its wide platform accessibility – uniquely allow the Fund to be positioned as a way for advisers to minimise portfolio volatility for clients, while simultaneously achieving the business efficiencies that the market demands.

In celebration of the 40th anniversary of the Fund, Dexus is making 2% 'additional units' available for those investing from 1 October 2025. This offer will close on 30 September 2026. Please note that from 1 April 2026, investors must make an application for Additional Units within 2 months of making a Qualifying Investment. Details of the offer are available at dexus.com/dwapf.

# Market commentary

The outlook has stabilised since the difficult start to the year. While economic growth remains subdued, uncertainty around a significant oil price shock, further interest rate increases and other adverse economic outcomes now appears lower than was feared in March.

The cash rate now sits at 4.35% after a hold decision at the June meeting, while 10-year bond yields remain elevated at just under 5%. Inflation has remained above the RBA's 2-3% target range, though pressures that had accelerated it in early 2026 are beginning to ease.

Australia's business confidence has begun to improve. After lows in March, each subsequent month has had material improvements in sentiment, suggesting that the downside fears of the conflict look less likely.

GDP is now forecast to grow 2.3% in FY27, a 40bps increase from previous forecasts. This points to a stronger recovery than previously expected, despite the effects of the RBA's tightening cycle.

All unlisted real estate sectors delivered positive returns in the June quarter, with the MSCI wholesale fund index posting a positive 9.7% y-o-y return. Three-year returns continue to strengthen as valuation declines from 2022-23 progressively roll out of the measurement period. The sustained improvement in direct property returns reflects strengthening fundamentals across most sectors.

Australian commercial real estate transaction volumes moderated in the June-26 quarter, with total sales down 40% y-o-y. Over the longer term, recent CGT budget changes tilt positively toward REITs and yield-bearing commercial real assets. By replacing the CGT discount with indexation and a 30% minimum tax, the reform reduces the after-tax advantage from low-yield, capital growth assets, shifting incentives toward income-structured real assets.

Despite the uncertain economic environment, Australian CBD office demand improved over the quarter. Four of six CBDs recorded positive net absorption. Sydney CBD net absorption over the year was 96,000 sqm, Brisbane CBD experienced 21,000 sqm, and Melbourne CBD net absorption improved through the quarter after a soft Q1. Across the sector, the forward supply pipeline and improving demand remain the key structural support. Projected completions over the next three years are minimal for most CBD markets, positioning the sector for continued recovery into FY27.

The industrial sector continued to normalise through Q2 2026, with demand holding up and face rent growth slowing. The high level of completions has driven incentive expansion through most submarkets across the eastern seaboard, whilst supply risk is easing. Logistics and distribution tenants remain the primary source of demand, with pre-lease activity picking up as occupiers secure purpose-built space ahead of completion. Vacancy compressed again in Melbourne, falling a modest 25 basis points to 4.9%, while Sydney held steady at 2.8%. Both remain low by historical and global standards.

The retail sector continued to outperform in the first half of the year. Retail unlisted wholesale funds have remained the best-performing sector in the MSCI Australian Wholesale Index since June 2024, returning 10.8% in the year to June 2026. Supply remains the defining structural support for the sector. With construction costs up by a third in the past five years, no new regional centres are planned, only refurbishments and extensions, keeping vacancy rates tight across the sector. The notable shift in relative pricing dynamics in the retail sector has continued throughout 2026. Neighbourhood centres continue to trade at tighter yields than regional centres, reflecting strong investor demand for the defensive characteristics of grocery-anchored centres.

Looking ahead, despite uncertainty in the global and domestic economy, the real estate sector continues to build momentum in improving returns. As the market transitions into the next phase of the cycle, the Fund is well placed to look through near-term uncertainty, with valuations underpinned by strong fundamentals.

# 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** | maximum of 45% of gross assets (subject to some exceptions) with a long-term target range of 0-35% 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** | * **Transaction inquiries lifting** | as more buyer re-assess implications of CGT changes |
| | * **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 June, DWAPF's drawn debt was 42.0%.
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.

# Real estate and 'the Road to 200'

In 2025, US equity markets, gold, and bitcoin all reached all-time highs simultaneously. Then, in February 2026, the US and Israel launched strikes on Iran, disrupting the Strait of Hormuz, sending oil prices sharply higher, and triggering a wave of volatility across global markets. For financial advisers, the message from clients has become increasingly consistent: find investments that offer stability, tangible value, and shelter from the storm.

This is where commercial real estate can play its part. Income derived from long-dated leases, unit prices set by independent quarterly valuations rather than real-time sentiment, and low correlation to listed markets make unlisted property a powerful portfolio stabiliser. But here lies a tension. The dominant trend reshaping how Australian advisers manage money – the rise of the Separately Managed Account – is built on a foundation of daily liquidity, a structural requirement that has kept private market investments firmly off the table.

**What Is a managed account?**

A managed account is a professionally managed investment portfolio where, unlike a traditional managed fund, the investor retains direct beneficial ownership of the underlying assets. This distinction matters: it allows for greater transparency, individual tax optimisation, and a more personalised investment experience. The two principal forms are the Separately Managed Account (SMA) and the Managed Discretionary Account (MDA).

An SMA is a financial product, issued under a Product Disclosure Statement, and administered on an investment platform. It is model-based and rules-driven: the investment manager constructs a portfolio, and the platform automatically rebalances each client's account to mirror the model. SMAs are highly scalable – an adviser can manage hundreds of clients off a single model – but require daily liquidity, which effectively excludes unlisted private market investments such as real estate.

An MDA is an investment service, governed by a formal agreement between the client and the provider. Here, the provider has discretionary authority to make investment decisions on behalf of the client within an agreed mandate. MDAs allow for a far greater degree of customisation and can accommodate less-liquid assets, including unlisted real estate funds. They are typically used by high-net-worth and sophisticated investors, though their reach is expanding.

**A market in rapid ascent**

The scale of the managed accounts industry in Australia is striking. Total funds under management reached $256.2 billion as at June 2025[1] – up from $232.8 billion just six months earlier – with nearly $1 billion a week flowing into managed accounts over that period. SMAs account for two thirds of the market, while MDAs represent roughly $60 billion. Adviser adoption underpins this momentum with Approximately 60% of advisers now use them in some form[2].

For clients, the appeal is straightforward: managed accounts deliver greater transparency, tax efficiency, and the confidence that their portfolio is being actively managed without requiring their sign-off at every turn. For advisers, managed accounts free them from the administrative drag of seeking client approval for every portfolio adjustment – time better spent deepening relationships with existing clients and growing their business.

That challenge is not just commercial; it's a matter of national importance. Australia's financial advice profession has contracted sharply over recent years, with adviser numbers stabilising at around 15,500[3] – nearly half the peak recorded at the start of 2019, ahead of the Hayne Royal Commission's final report. The result is that the average adviser is managing about 100–120 ongoing clients, against an industry aspiration of 200, while an estimated 15.9 million Australians have unmet advice needs.[4]

For advisers, the 'Road to 200' – shorthand for the industry's push to double adviser productivity – is one of the defining commercial challenges of the decade. By eliminating the need for individual client sign-off on every portfolio change, managed accounts are one of the few tools that can credibly get advisers there. But they are not a magic pudding – they also have limitations ...

**A shifting investment backdrop**

When equity valuations are stretched, geopolitical uncertainty is elevated, and volatility is running high, the case for allocating to real estate – an asset class that derives its value from bricks, mortar, and long-dated leases rather than market sentiment – becomes increasingly compelling. The records set in the US equity markets, gold, and bitcoin in 2025 has left many investors feeling more exposed than enriched. Even before the outbreak of war in the middle east, stretched valuations across multiple asset classes, had advisers and their clients increasingly looking to rebalance portfolios in favour of tangible investments that offer greater transparency and stability.

That instinct has been sharpened by the events of 2026. The outbreak of the US-Israel war against Iran in late February – a conflict whose escalation, duration and broader economic consequences remain stubbornly unpredictable – is a timely reminder that geopolitical risk can materialise suddenly and at scale. In precisely these conditions, unlisted real estate demonstrates its worth. With income derived from long-dated leases – not from corporate earnings cycles or market sentiment – and unit prices determined by independent quarterly valuations rather than real-time trading, unlisted real estate absorbs the kind of volatility that ripples through listed portfolios. For financial advisers seeking to reduce risk for their clients without sacrificing returns, the current environment presents a powerful argument for allocation to high-quality, appraisal-based real estate.

**Private markets: the impossible frontier?**

Here lies the central dilemma: the shift toward managed accounts is accelerating, yet these structures – particularly SMAs – are built on daily liquidity, which brings with it daily price volatility; and at the same time, the need to include investments that dampen that volatility has never been greater.

Real estate illustrates the challenge particularly well. Held directly, property is lumpy, illiquid, and entirely unsuited to the investment platforms that underpin SMA structures. Held via listed vehicles such as A-REITs, the daily pricing that platforms require comes at a cost – the securities become subject to the same sentiment-driven volatility as any other listed investment, largely defeating the purpose of including real estate as a stabiliser. Closed-ended syndicate structures avoid listed market volatility but introduce their own problems: fixed terms, concentrated asset exposure, high debt, no platform compatibility, and no ability to be included in the consolidated reporting that makes managed accounts so operationally attractive to advisers in the first place. What is needed is a semi-liquid structure: one that is not subject to daily pricing, yet liquid enough to sit on platform alongside an adviser's SMA portfolios and appear in the same consolidated reporting their clients receive. Something that balances sound portfolio construction with undeniable commercial imperatives.

**An opportunity in plain sight**

The Dexus Wholesale Australian Property Fund (DWAPF) is designed precisely for this moment. With a 40-year track record, a diversified portfolio of high-quality commercial real estate, and unit prices set by independent quarterly valuations rather than daily market sentiment, the Fund offers the stability and income consistency that listed investments cannot reliably provide. Critically, DWAPF is available on major investment platforms and can sit alongside an adviser's SMA portfolios within consolidated reporting – giving clients a single, unified view of their wealth. And with multiple liquidity options, it occupies the middle ground that the market has been searching for: not daily-priced like a listed REIT, not locked away like a syndicate, but genuinely accessible in a way that works within the operational realities of a modern advice practice. For advisers navigating the 'Road to 200', managing client anxiety in volatile markets, and seeking investments that complement rather than compound the risks already present in a managed account portfolio, DWAPF offers something increasingly rare – a single solution that addresses all three challenges at once.

---

1. IMAP/Milliman Managed Accounts FUM Census, June 2025, published September 2025.
2. State Street Global Advisors / Investment Trends, 16th SPDR ETFs Managed Accounts Report, March 2025.
3. ASIC Financial Adviser Register; Rainmaker, Financial Advisor Vol 6 No. 4, December 2025.
4. Investment Trends, 2025 Financial Advice Report, December 2025.

# Balance sheet

| Assets/Liabilities | Valuation | Valuation Date | Cap rate | Occupancy | No. of Tenants | WALE[1] (years) |
|---|---|---|---|---|---|---|
| Casula Mall | $213.0m | Jun-2026 | 5.75% | 98.3% | 62 | 7.6 |
| Stud Park Shopping Centre | $150.0m | Jun-2026 | 6.00% | 98.5% | 61 | 5.0 |
| Gasworks Plaza | $147.0m | Jun-2026 | 5.50% | 100.0% | 37 | 4.3 |
| Brickworks | $156.0m | Jun-2026 | 5.75% | 99.4% | 52 | 2.5 |
| The Mill, Alexandria | $185.0m | Jun-2026 | 5.50% | 96.9% | 19 | 4.3 |
| Bond One, Walsh Bay | $110.0m | Jun-2026 | 6.88% | 100.0% | 6 | 1.5 |
| 636 St Kilda Rd, Melbourne | $60.0m | Jun-2026 | | | | |
| 199 Grey St, Brisbane | $97.3m | Jun-2026 | 7.50% | 100.0% | 16 | 2.4 |
| Gasworks Workspace, Brisbane | $67.5m | Jun-2026 | 7.75% | 71.2% | 10 | 3.0 |
| Stanley House, South Brisbane | $33.5m | Jun-2026 | 6.13% | 100.0% | 2 | 5.4 |
| Connect Corporate Centre B2, Mascot | $88.5m | Jun-2026 | 7.75% | 100.0% | 10 | 3.5 |
| Connect Corporate Centre B3, Mascot | $150.5m | Jun-2026 | 7.75% | 100.0% | 16 | 3.7 |
| Holbeche Industrial Estate, Arndell Park[2] | $64.0m | Jun-2026 | 5.50% | 100.0% | 5 | 3.2 |
| Crossbank 161, Trade Coast, Brisbane | $100.5m | Jun-2026 | 5.50% | 100.0% | 1 | 12.6 |
| Crossbank 141, Trade Coast, Brisbane | $53.25m | Jun-2026 | 5.50% | 100.0% | 1 | 8.4 |
| 7-9 French Ave, Brendale | $33.0m | Jun-2026 | 6.00% | 100.0% | 1 | 3.5 |
| 2 Second Ave, Mawson Lakes | $39.0m | Jun-2026 | 7.50% | 100.0% | 1 | 4.4 |
| Cash & other assets | $24.3m | | | | | |
| **Total / Portfolio Average** | **$1,772.3m** | | **6.28%** | **98.1%** | **300** | **4.8 yrs** |
| Debt | $744.6m | 42.0% | | | | |
| Other liabilities | $46.9m | | | | | |
| **Total** | **$791.5m** | | | | | |
| **Net Assets** | **$980.8m** | | | | | |

[1] Weighted Average Lease Expiry [2] 50% interest

# 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.

**Charlie Nguyen** is the Fund Analyst for the Dexus Wholesale Australian Property Fund.

Charlie 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.

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

## Disclaimer and Important notes