DXGRF | dexus

# Quarterly Report

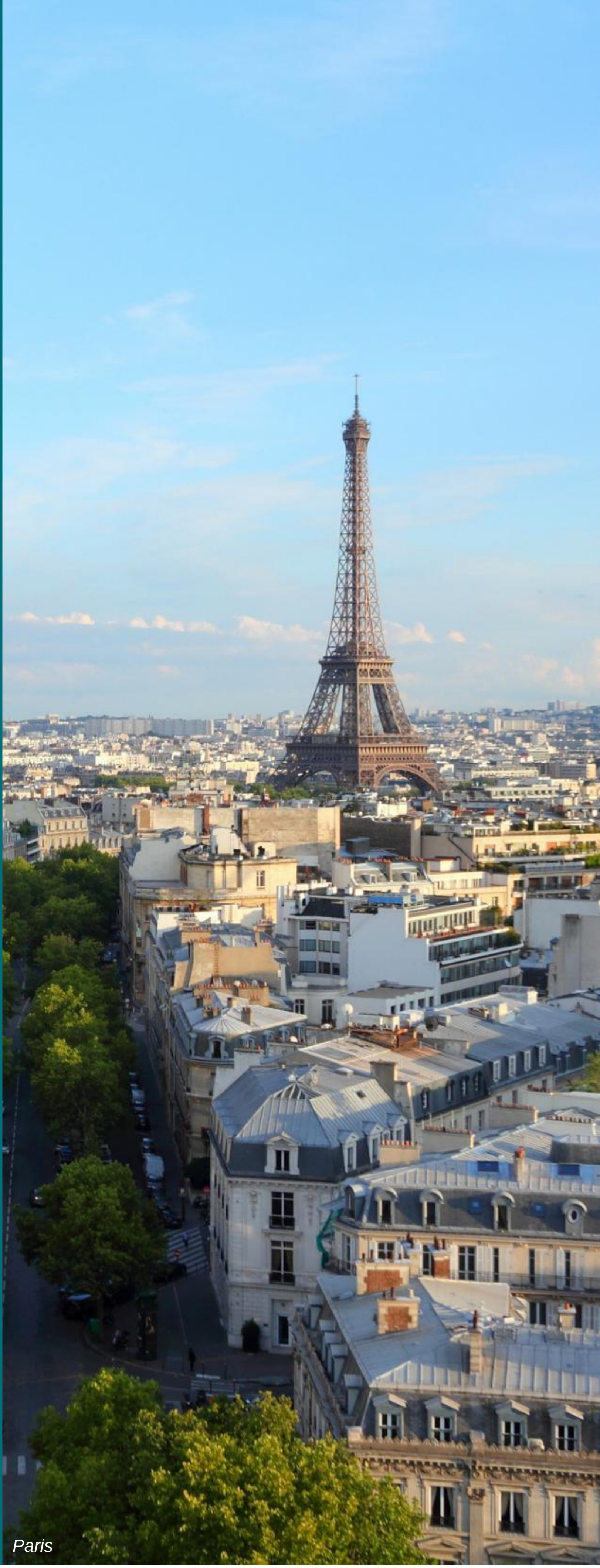
Dexus Global REIT Fund

March 2025

*Singapore*

# Contents





*Paris*

# Investment objective

- The primary investment return objectives of the Fund are to:
- Deliver a gross annual income yield (before management fees, expenses and taxes) in excess of the Fund's performance benchmark[1], combined with some capital growth, derived predominantly from investing in global REITs
- Maintain the real value of investments over a 5-7 year time horizon (where real value is measured against the weighted-average CPI for those countries within the GPR 250 REIT Index (AU) Yield (or equivalent)
- Provide lower than market volatility[2]

# Features

- Focus on generating sustainable, regular and relatively high income returns through investing in listed property securities
- Access to an underlying diversified portfolio of thousands of quality commercial real estate assets predominantly located in North America, Asia Pacific and European markets
- Has paid monthly distributions[3]
- 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

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1. GPR 250 REIT Net Index (AUD) Yield.
2. The Dexus Global REIT Fund aims to provide lower than market volatility compared with the GPR 250 REIT Index (AUD) over a 5-7 year time horizon
3. Past performance is not an indicator of future performance.
4. Current running yield as at 31 March 2025 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 an indication of future performance

# Fund facts

| | |
|---|---|
| **Fund type** | Property securities fund |
| **Commencement date** | 1 April 2020 |
| **Fund size** | $24.47M<br>as at 31 March 2025 |
| **Investment timeframe** | 5-7 years |
| **Minimum investment** | $1000 |
| **Minimum additional amount** | $500<br>($100 per month with regular savings plan) |
| **Income distribution** | Monthly<br>generally payable within 10 business days3 |
| **Current Running Yield** | 3.76%[4] |
| **Unit pricing** | Daily |
| **Management fees and costs** | 0.98% pa of NAV<br>(see section 6 of the PDS for details) |
| **Buy/sell spread** | 0.15% buy and 0.15% sell |

# Fund performance

| Dexus Global REIT Fund | 3 months | 6 months | 1 year | 3 years | Since inception |
|---|---|---|---|---|---|
| | % | % | % | % pa | % pa |
| DXGRF total return (after fees)* | 1.94 | 5.15 | 14.49 | 3.69 | 9.19 |
| GPR 250 REIT Net Index (AU) total return# | 3.48 | 4.73 | 13.33 | 3.03 | 8.21 |
| **+/(-)** | **-1.54** | **0.42** | **1.16** | **0.66** | **0.98** |

* 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 an indicator of future performance. Fund's inception date used to determine return: 1 April 2020.
# On 31 March 2025, the Fund changed its performance benchmark from GPR 250 REIT Index (AU), where returns are calculated on a "gross" basis with respect to withholding taxes, to GPR 250 REIT Net Index (AU), which is on a "net" basis. The new benchmark allows for a more accurate comparison of benchmark and Fund returns. The impact of the change on the comparison of Fund's performance returns to the benchmark is not material and accordingly, the Fund's inception date used for since inception returns remains 1 April 2020.

## Fund Commentary

This quarter-end marks the 5-year anniversary of the Dexus Global REIT Fund (the Fund). Since launching the Fund in the depths of the COVID-19 pandemic it has achieved an annualised total return of 9.19% (98bps above its benchmark) and corresponding standard deviation of 11.82% (124bps lower than its benchmark).

Over the most recent quarter, the Fund returned 1.94%[1], 154bps below the return of its benchmark. At a country level, the Fund's stock selection in the United States contributed the most to the underperformance during the period, while its overweight position and stock selection in the United Kingdom was the largest contributor.

At a sub-sector level, performance of Datacentre REITs, particularly in the United States, was relatively weak on news of technological efficiencies in Artificial Intelligence (AI) and the potential for less compute power for applications as a result. The Fund's performance was negatively impacted by this development. Healthcare REITs, on the other hand, continued their strong relative performance from previous periods and were the best performing sector over the period. At a stock level, the largest contributor to the Fund's relative performance was Urban Logistics REIT (LSE:SHED). This specialised owner and manager of the United Kingdom's only pure-play last-mile logistics portfolio not only benefited from an announcement that the vehicle's management would be internalised but also news of targeted shareholder activism highlighting the compelling relative value on offer in the equity.

The largest detractor to the Fund's performance over the quarter was Welltower Inc (NYSE:WELL), a prominent Health Care REIT listed in the United States but with operations in the United Kingdom and Canada. Welltower delivered a strong set of earnings and robust guidance outlook for the upcoming periods and was likely further supported by investors for its defensive portfolio attributes. While the Fund holds a position in Welltower the quantum remains below that of the benchmark.

As relative-value investors looking for growth at a reasonable price, our investment preference remains for REITs with resilient, growing income streams and solid capital structures. Pleasingly, select REITs sharing these attributes currently appear miss-priced by the public market. Despite elevated macroeconomic and geopolitical uncertainties, in our view select global REITs continue to offer attractive long-term and risk-adjusted return prospects. We will continue to focus the Fund's exposure to these opportunities.

## Market Commentary[2]

Global REITs (GPR 250 REIT Net Index (AU)) returned 3.48% through the March quarter, outperforming global equities (MSCI World Index (AU)) which returned -3.01%.

Such strong relative performance by the global REIT sector has followed periods of sustained global equity market strength, driven largely by the technology sector. However, with the most recent result to the end of the March quarter, global equities and global REITs have delivered similar 1-yr total returns. In our view, the relative strength of the global REITs has been supported by a rotation away from high valuation technology names into more defensive equities with relatively visible earnings streams which characterise the sector.

Across the Global REITs, country level performance through the quarter was driven by Belgium (16.68%), France (11.34%) and Hong Kong (9.97%) while the United States (2.95%), Spain (2.64%) and Canada (1.09%) lagged. At a sub-sector level Health Care REITs (13.80%) performed the strongest. The sub-sector's relative strength appeared to be driven by solid operating results reported by the largest United States based sector REITs earlier in the period along with the highly resilient nature of the asset class amidst increasing levels of market volatility. An element of investor rotation out of technology likely also assisted and to the detriment of the Data Centre REITs (-18.34%), which were the worst performing sector following developments in AI that may suggest lesser compute demand.

Our analysis of fundamentals suggests that on balance tenant demand is robust, market rental levels are stable or growing and there is further support for top-line revenue growth as annual rent indexation progresses through existing leases. This set-up suggests select well capitalised and managed REITs are positioned to deliver strong returns, in our view.

In our view, performance from here will be led by select Global REITs whose portfolios and capital structures are positioned to deliver resilient bottom-line earnings. Regardless of macroeconomic or geopolitical uncertainties. As an active manager, we are currently looking to capitalise on these opportunities as we actively manage the portfolio.

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[1] 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 an indicator of future performance. Fund's inception date used to determine return: 1 April 2020
[2] Past performance is not an indicator of future performance.

# Global 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, Global and Asian 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.

**David Kruth, CFA**

David joined Dexus Real Estate Securities in 2019 as Regional Adviser, with more than 30 years experience across North American and global real estate markets.

He worked for 15 years as CIO, Portfolio Manager and Securities Analyst in global real estate securities with both Alliance Bernstein (AB) and Goldman Sachs Asset Management. David also worked for 13 years in global private equity real estate with Schroder Real Estate Associates and the Yarmouth Group (Lend Lease Real Estate Investments). He served on the Board of Directors at Rouse Properties (NYSE:RSE) from 2011 to 2016 and chaired the special committee tasked with the sale of Rouse to Brookfield Asset Management.

He is Adjunct Assistant Professor at the Columbia University Masters Program in Real Estate Development & Investment and a member of the Investment Advisory Counsel at the Ithaca College School of Business.



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