DWAPF | dexus

Dexus Wholesale Australian Property Fund

ARSN 088 996 392 | APIR NML0001AU

AMP Capital Funds Management Limited
ABN: 15 159 557 721 | AFSL No: 426455

Directors' report and financial report for the financial year ended 30 June 2023

Dexus Wholesale Australian Property Fund
Annual Report
30 June 2023

ARSN: 088 996 392

Contents

Dexus Wholesale Australian Property Fund (formerly known as Wholesale Australian Property Fund) (DWAPF) was formed and domiciled in Australia. AMP Capital Funds Management Limited is the appointed Responsible Entity for DWAPF. AMP Capital Funds Management Limited is a wholly owned subsidiary of Dexus Holdings Pty Limited (DXH) which forms part of the Dexus Listed Group (DXS).

The registered office of the Responsible Entity is Level 30, 50 Bridge Street, Sydney, NSW 2000.

Directors' Report

The Directors of AMP Capital Funds Management Limited (the Responsible Entity) as Responsible Entity of Dexus Wholesale Australian Property Fund (formerly known as Wholesale Australian Property Fund) (DWAPF) present their Directors' Report together with the Consolidated Financial Statements for the year ended 30 June 2023. The Consolidated Financial Statements represent DWAPF and its controlled entity (the Fund).

Directors

The following persons were Directors of AMP Capital Funds Management Limited at all times during the year and to the date of this Directors' Report, unless otherwise stated:

Directors	Appointed
Andrew Stainer	24 March 2023
Deborah C Coakley	24 March 2023
Jennifer A Horrigan	24 March 2023
Ming Y Long[1]	28 July 2017
Robert V McKinnon[2]	6 June 2018
Aideen T O'Donovan[2]	22 March 2022
Peter J S Rowe[2]	28 July 2017
Lisa Scenna	24 March 2023
Brett D Cameron – Alternative Director for Deborah C Coakley	24 March 2023

1. Retired, effective 31 October 2022.
2. Retired, effective 24 March 2023.

Directors' relevant interests

As at the date of this Directors' Report, no Director directly held:

- options over, or any other contractual interest in, units in the Fund; or
- units in the Fund.

Principal activities

During the year the principal activity of the Fund was to invest funds in accordance with its investment objectives and guidelines as set out in the current Product Disclosure Statement and in accordance with the provisions of DWAPF's Constitution.

The Fund invests primarily in direct properties (office, industrial, and retail) and cash and cash equivalents. The Fund may also invest in healthcare and other commercial properties together with investments in ASX-listed Australian Real Estate Investment Trusts ("AREITs") and unlisted funds.

There were no significant changes in the nature of the Fund's activities during the year.

Total value of Fund assets

The total value of the assets of the Fund as at 30 June 2023 was $2,424.9 million (2022: $2,200.2 million). Details of the basis of this valuation are outlined in the Notes to the Consolidated Financial Statements.

Review and results of operations

The relevant financial information for the Fund for the year ended 30 June 2023 is as follows:

- net loss attributable to unitholders after finance costs for the year was $30.9 million (2022: profit $191.4 million);
- distributions paid or payable to unitholders was $66.0 million (2022: $70.7 million);
- total assets were $2,424.9 million (2022: $2,200.2 million); and
- net assets were $1,690.7 million (2022: $1,654.5 million).

On 30 June 2023, DWAPF acquired The Mill, Sydney for $186.0 million and 141 Anton Road, Brisbane for $88.5 million with consideration for the properties satisfied by the Fund issuing new DWAPF units to Dexus Property Trust at the 30 June 2023 unit price. Refer to Note 14 of the Notes to the Consolidated Financial Statements.

A review of the Fund's results is set out in the DWAPF 30 June 2023 Quarterly Report, which is available to investors on the Fund's web page: www.dexus.com/dwapf

Likely developments and expected results of operations

There has been no material change in the investment strategy of the Fund. The investment strategy of the Fund will be maintained in accordance with DWAPF's Constitution. Currently, there are no significant developments expected in respect of the Fund not already disclosed to unitholders. The performance of the Fund in the future will be subject to movements in the underlying property markets over time.

In the opinion of the Directors, disclosure of any further information regarding business strategies and future developments or results of the Fund, other than the information already outlined in this Directors' Report or the Consolidated Financial Statements accompanying this Directors' Report, would be unreasonably prejudicial to the Fund.

Significant changes in the state of affairs

Dexus/AMP transaction

On 27 April 2022, Dexus Funds Management Limited ("Dexus") and AMP Limited ("AMP") announced that the parties had entered into an agreement for the sale of AMP Capital's real estate and domestic infrastructure equity business to Dexus Funds Management Limited, subject to a number of conditions precedent. On 20 March 2023, it was announced that AMP and Dexus entered into a binding agreement for a revised transaction structure with a two-stage completion process. The first stage of the transaction completed on 24 March 2023 and included the sale of the Fund's responsible entity, AMP Capital Funds Management Limited and removing AMP Capital Investors Limited (AMPCI) as the Fund's investment manager. Dexus also acquired AMP's co-investment stake in DWAPF on 24 March 2023. Refer to Note 14 of the Notes to the Consolidated Financial Statements.

Effective 24 March 2023, the Services and Management Agreement between the Responsible Entity and AMPCI governing investment management services was terminated. AMP Capital Investors Limited ceased to apply to the Fund. Accordingly, the Fund no longer has a separate investment manager. The investment management and associated services that were previously performed by AMPCI are now being performed by the Responsible Entity.

Withdrawal arrangements

On 12 May 2023, the Responsible Entity announced that effectively immediately, it would aim to process and pay withdrawal requests within six months noting, DWAPF's constitution allows withdrawal requests to be paid within 12 months or longer (prior to this the Responsible Entity aimed to process withdrawal requests monthly). As at 30 June 2023, the estimated value of outstanding withdrawal requests was $149.1 million which are intended to be settled no later than 12 months after date of request. The amount payable on redemption of the units will be determined based on the unit price of the Fund as at the last valuation date before the Responsible Entity processes the payment of a withdrawal request and calculated in accordance with the withdrawal price formula set out in DWAPF's constitution.

The Responsible Entity has identified a number of assets which are likely to be marketed for sale over the next 12 months and is actively looking to sell a number of these properties. At the date of this report, the Fund had available debt facilities totalling $750 million with undrawn facilities of $55 million. The terms of the Fund's debt arrangements are set out in Note 8 to the Consolidated Financial Statements.

Debt refinancing arrangements

On 31 January 2023, the Fund entered into a new $85 million bilateral bank debt facility which matures on 31 January 2026.

On 22 March 2023, the Fund's $75 million bank debt facility maturing on 12 May 2023 was refinanced. The term was extended to 12 November 2025, with the facility limit remaining unchanged.

Further debt refinancing arrangements occurring after balance date are described below.

The Directors are not aware of any other matter or circumstance not otherwise dealt with in this Directors' Report or the Consolidated Financial Statements that has significantly or may significantly affect the operations of the Fund, the results of those operations, or the state of the Fund's affairs in future financial years.

Matters subsequent to the end of the financial year

Debt refinancing arrangements

On 25 August 2023, the Fund's $200 million and $175 million bank debt facilities maturing on 12 November 2023 and

29 May 2024, respectively were refinanced. The terms were extended to 25 August 2026, with the facility limits remaining unchanged.

Since the end of the financial year, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this Directors' Report or the Consolidated Financial Statements that has significantly or may significantly affect the operations of the Fund, the results of those operations, or the state of the Fund's affairs in future financial years.

Distributions

Distributions paid or payable by the Fund for the year ended 30 June 2023 are outlined in Note 4 of the Notes to the Consolidated Financial Statements.

Distributions to unitholders by the Fund for the financial year ended 30 June 2023 were $65,991,000 (30 June 2022: $70,745,000). Returns of capital to unitholders by the Fund for the financial year were $20,454,000 (30 June 2022: $14,354,000). The Fund operates a distribution reinvestment plan ("DRP") in accordance with DWAPF's Constitution. Distributions paid for September 2022, December 2022 and March 2023 quarters comprised cash disbursements of $49,061,000 and a reinvestment by participating unitholders under the DRP of $2,666,000. Distributions payable for the June 2023 quarter comprised a cash disbursement of $13,452,000 and a reinvestment by participating unitholders under the DRP of $812,000.

AMP Capital Funds Management Limited fees

Details of fees paid or payable by the Fund to AMP Capital Funds Management Limited for the year ended 30 June 2023 are outlined in Note 14 of the Notes to the Consolidated Financial Statements.

Interests in DWAPF units

The movement in units on issue in the Fund during the year and the number of units on issue as at 30 June 2023 are detailed in Note 10 of the Notes to the Consolidated Financial Statements.

The number of units in the Fund held by AMP Capital Funds Management Limited or its associates as at the end of the financial year is detailed in Note 14 of the Notes to the Consolidated Financial Statements.

Environmental regulation

There are adequate systems in place to manage the Fund's environmental responsibilities. The Directors of the Responsible Entity are not aware of any material breach or non-compliance with environmental regulations applicable to the Fund.

On 24 March 2023, the Responsible Entity was acquired by Dexus Funds Management Limited and forms part of the Dexus listed group (DXS). The Audit, Risk and Compliance Committee ("the Committee") oversees the policies, procedures and systems that have been implemented to ensure the adequacy of its environmental risk management practices and compliance with its various licence requirements and regulations.

The Fund is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (NGER Act). The NGER Act requires the Fund to report its annual greenhouse gas emissions and energy use. The Fund has implemented systems and processes for the collection and calculation of the data required and submitted its 2021 report to the Greenhouse and Energy Data Officer on 31 October 2022 and will submit its 2022 report by 31 October 2023. During the 12 months period ended 30 June 2023, the Fund complied with all the relevant requirements as set out by the NGER Act.

Information regarding the Fund's participation in the NGER program is available at:
www.dexus.com/investor-centre/results-and-reporting/sustainability-reports

Indemnification and insurance

For the period 24 March 2023 to 19 September 2023:

The insurance premium for a policy of insurance indemnifying Directors, officers and others (as defined in the relevant policy of insurance) is paid by Dexus Holdings Pty Limited (DXH), the parent company of the Responsible Entity.

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against Directors and Officers in their capacity as Directors and Officers of the Responsible Entity, its subsidiaries or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings.

Ernst & Young ("the Auditor") is indemnified out of the assets of the Responsible Entity pursuant to the General Terms and Conditions agreed for all engagements with Ernst & Young, to the extent that it inappropriately uses or discloses a report prepared by Ernst & Young. The Auditor is not indemnified for the provision of services where such an indemnification is prohibited by the *Corporations Act 2001*.

For the period 1 July 2022 to 23 March 2023:

Under its Constitution, the Responsible Entity indemnified, to the extent permitted by law, all current and former officers of the Responsible Entity (including the directors) against any liability (including the reasonable costs and expenses of defending proceedings for an actual or alleged liability) incurred in their capacity as an officer of the Responsible Entity. This indemnity did not extend to current or former employees of the AMP group against liability incurred in their capacity as an employee, unless approved by or on behalf of the AMP Limited Board.

AMP Limited (the Responsible Entity's former ultimate parent company) maintained, and paid the premium for, directors' and officers' and company reimbursement insurance for the benefit of all of the officers of the AMP group (including each director, secretary and senior manager of the Responsible Entity) against certain liabilities (including legal costs) as permitted by the Corporations Act 2001. The insurance policy prohibits disclosure of the nature of the liabilities covered, the amount of the premium payable and the limit of liability.

In addition, AMP Group Holdings Limited ("AMPGH") and each of the current and former directors and secretaries of the Responsible Entity were parties to deeds of indemnity, insurance and access. Those deeds provide that:

- these officers will have access to Board papers and specified records of the Responsible Entity (and of certain other companies) for their period of office and for at least ten (or, in some cases, seven) years after they cease to hold office (subject to certain conditions);

- AMPGH indemnifies the relevant officers to the extent permitted by law, and to the extent and for the amount that the relevant officer is not otherwise entitled to be, and is not actually, indemnified by another person;

- the indemnity covers liabilities (including legal costs) incurred by the relevant officer in their capacity as a current or former director or secretary of the Responsible Entity, or of another AMP group company or, an AMP representative of an external company; and

- the AMP group will maintain directors' and officers' insurance cover for those officers, to the extent permitted by law, for the period of their office and for at least ten years after they cease to hold office.

Audit

Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-audit services

The Fund may decide to employ the Auditor on assignments, in addition to their statutory audit duties, where the Auditor's expertise and experience with the Fund are important.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out in Note 12 of the Notes to the Consolidated Financial Statements.

The Board of AMP Capital Funds Management Limited, as Responsible Entity of DWAPF, ("the Board") is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the standard of independence for auditors imposed by the *Corporations Act 2001.*

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7 and forms part of this Directors' Report.

Rounding of amounts and currency

As the Fund is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the Directors have chosen to round amounts in this Directors' Report and the accompanying Financial Report to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Consolidated Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Consolidated Financial Statements were authorised for issue by the Directors on 19 September 2023.

Director
19 September 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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Auditor's independence declaration to the Directors of AMP Capital Funds Management Limited, the Responsible Entity of Dexus Wholesale Australian Property Fund

As lead auditor for the audit of the financial report of Dexus Wholesale Australian Property Fund for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. no contraventions of any applicable code of professional conduct in relation to the audit; and

c. no non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Dexus Wholesale Australian Property Fund and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

AREwan

Anthony Ewan
Partner
Sydney
19 September 2023

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	Consolidated 30 June 2023 $'000	Consolidated 30 June 2022 $'000
REVENUE AND OTHER INCOME			
Property revenue	1	136,942	131,361
Recovery of property expenses	1	15,768	12,992
Distribution income		-	37
Interest income		433	454
Total revenue		**153,143**	**144,844**
Net changes in the fair value of investment property	5	(94,727)	119,785
Net changes in the fair value of listed equity securities		-	224
Net changes in the fair value of derivative financial instruments		1,250	-
Total revenue and other income		**59,666**	**264,853**
EXPENSES			
Property expenses and outgoings	1	(46,857)	(48,092)
Management fees	14(c)	(15,234)	(14,445)
Custodian fees	14(c)	(817)	(761)
Other expenses		(366)	(313)
Total expenses		**(63,274)**	**(63,611)**
NET (LOSS) / PROFIT ATTRIBUTABLE TO UNITHOLDERS BEFORE FINANCE COSTS		**(3,608)**	**201,242**
Finance costs on external borrowings		(27,338)	(9,887)
NET (LOSS) / PROFIT ATTRIBUTABLE TO UNITHOLDERS AFTER FINANCE COSTS		**(30,946)**	**191,355**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE FINANCIAL YEAR		**(30,946)**	**191,355**

Consolidated Statement of Financial Position

As at 30 June 2023

		Consolidated	
		30 June 2023	30 June 2022
	Notes	$'000	$'000
CURRENT ASSETS			
Cash and cash equivalents		4,568	13,674
Receivables	11	10,095	10,303
Non-current assets classified as held for sale	5,6	49,500	1,000
Total Current Assets		**64,163**	**24,977**
NON-CURRENT ASSETS			
Investment property	5	2,359,470	2,175,179
Derivative financial instruments	7(a)	1,250	-
Total Non-Current Assets		**2,360,720**	**2,175,179**
TOTAL ASSETS		**2,424,883**	**2,200,156**
CURRENT LIABILITIES			
Payables	11	20,057	25,566
Distributions payable	4	14,264	18,683
Returns of capital payable	4	9,504	2,852
Interest bearing liabilities	8	374,756	64,922
Total Current Liabilities		**418,581**	**112,023**
NON-CURRENT LIABILITIES			
Interest bearing liabilities	8	315,571	433,680
Total Non-Current Liabilities		**315,571**	**433,680**
TOTAL LIABILITIES		**734,152**	**545,703**
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS – EQUITY	10	**1,690,731**	**1,654,453**

Consolidated Statement of Changes in Net Assets Attributable to Unitholders

For the year ended 30 June 2023

		Consolidated	
		30 June 2023	30 June 2022
	Notes	$'000	$'000
OPENING BALANCE AS AT 1 JULY – NET ASSETS ATTRIBUTABLE TO UNITHOLDERS – EQUITY		1,654,453	1,514,968
Net (loss) / income attributable to unitholders		(30,946)	191,355
Other comprehensive income		-	-
Total comprehensive (loss) / income for the financial year		**(30,946)**	**191,355**
Applications	14(c)	440,826	289,631
Distributions to unitholders reinvested		3,628	3,217
Redemptions		(290,785)	(259,619)
Distributions to unitholders	4	(65,991)	(70,745)
Returns of capital	4	(20,454)	(14,354)
		67,224	(51,870)
CLOSING BALANCE AS AT 30 JUNE – NET ASSETS ATTRIBUTABLE TO UNITHOLDERS – EQUITY	10	**1,690,731**	**1,654,453**

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

		Consolidated	
		30 June 2023	**30 June 2022**
	Notes	**$'000**	**$'000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		173,478	161,492
Payments to suppliers and other expenses paid (inclusive of GST)		(66,452)	(68,573)
Management fees paid		(15,047)	(14,423)
Custodian fees paid		(807)	(734)
Finance costs on interest bearing liabilities paid		(26,561)	(8,519)
Distributions received		-	69
Interest income received		433	454
Net cash inflow from operating activities	13(a)	**65,044**	**69,766**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of listed equity securities		-	(1,473)
Proceeds from disposal of listed equity securities		-	4,310
Payments for acquisition of investment property		(15,351)	(800)
Payments for capital additions to investment property		(45,965)	(49,253)
Net proceeds from disposal of investment property		1,000	-
Receipt of Rosehill disposal proceeds receivable		-	35,750
Net cash outflow from investing activities		**(60,316)**	**(11,466)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from applications by unitholders		166,608	291,010
Payments for redemptions by unitholders		(290,850)	(259,554)
Proceeds from interest bearing liabilities		251,500	95,800
Repayments of interest bearing liabilities		(60,000)	(95,800)
Borrowing costs paid		(508)	(14)
Returns of capital paid		(13,802)	(11,646)
Distributions paid to unitholders		(66,782)	(69,802)
Net cash inflow / (outflow) from financing activities		**(13,834)**	**(50,006)**
Net (decrease) / increase in cash and cash equivalents		(9,106)	8,294
Cash and cash equivalents at the beginning of the financial year		13,674	5,380
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR*		**4,568**	**13,674**

* Cash and cash equivalents include investments in unlisted cash trusts. Further details are disclosed in Note 11(a) Cash and Cash Equivalents.

Notes to the Consolidated Financial Statements

In this section

This section sets out the basis upon which the Fund's Consolidated Financial Statements are prepared.

Specific accounting policies are described in their respective Notes to the Consolidated Financial Statements.

Basis of preparation

These Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with the requirements of the Constitutions of the entities within the Fund, the *Corporations Act 2001*, Australian accounting standards issued by the Australian Accounting Standards Board and the International Financial Reporting Standards adopted by the International Accounting Standards Board.

Unless otherwise stated the Consolidated Financial Statements have been prepared using consistent accounting policies in line with those of the previous financial year and corresponding interim reporting period. Where required, comparative information has been restated for consistency with the current year's presentation.

The Consolidated Financial Statements are presented in Australian dollars, with all values rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise stated.

The Consolidated Financial Statements have been prepared on a going concern basis using the historical cost convention, except for investment properties and derivative financial instruments which are stated at their fair values.

All entities within the Fund are for-profit entities.

Net current asset deficiency

As at 30 June 2023, the Fund recorded a net current asset deficiency of $354.4 million. This deficiency includes current interest bearing liabilities of $374,756,000. The Consolidated Financial Statements of the Fund have been prepared on a going concern basis as the Fund has subsequently satisfied this deficiency through extending the term of all current interest bearing liabilities to 25 August 2026 as set out in Note 16 Subsequent events.

Changes in Australian Accounting Standards

The Fund has adopted all mandatory standards and amendments for the financial year beginning 1 July 2022. Adoption of these standards and amendments has not had any material effect on the financial position or performance of the Fund.

Australian Accounting Standards issued but not yet effective

There are no new Australian accounting standards or amendments issued but not yet effective that are expected to have a material impact on the Fund.

Climate change

The Responsible Entity is continuing to develop its assessment of the impact of climate change in line with emerging industry and regulatory guidance as it considers the impact of climate change risks in preparing the Consolidated Financial Statements. Refer to specific considerations relating to Investment Properties within Note 5 to the Consolidated Financial Statements.

On 26 June 2023, the International Sustainability Standards Board released its new sustainability standards, IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 *Climate-related Disclosures.* With the standards now officially released, the Australian Government has announced its second round of consultation on Climate-related financial disclosures indicating an intention to adopt the new sustainability standards and potential to mandate for large businesses and financial institutions. The Fund will assess the potential impact of these new standards on the Consolidated Financial Statements once they have been adopted by the Australian Accounting Standards Board.

Significant accounting judgements, estimates and assumptions

The preparation of the Consolidated Financial Statements requires the use of certain significant accounting estimates and management to exercise its judgement in the process of applying the Fund's accounting policies.

Estimates and assumptions are determined based on information available at the time of preparing the Consolidated Financial Statements and actual results may differ from these estimates and assumptions. Had different estimates and assumptions been adopted, this may have had a significant impact on the Consolidated Financial Statements. Significant accounting judgements, estimates and assumptions are re-evaluated at each balance date in light of historical experience and changes to reasonable expectations of future events. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Significant accounting judgements, estimates and assumptions include but are not limited to:

(i) Significant accounting judgements

Operating Lease Commitments – Fund as Lessor

All investment properties owned by the Fund are leased to third parties. The Fund has determined that it retains all the significant risks and rewards of property ownership and has therefore classified the leases as operating leases.

(ii) Significant accounting estimates and assumptions

Fair value measurement of investment property

The estimation process for determining the fair value of investment properties is as described in Note 5(b).

Fair value measurement of derivative financial instruments

The estimation process for determining the fair value of derivative financial instruments is as described in Note 7(e).

Expected credit loss of receivables

The estimation process for determining the expected credit loss of receivables is as described in Note 11(b).

Principles of consolidation

The Consolidated Financial Statements incorporate the assets and liabilities as at 30 June 2023 and the results for the financial year of DWAPF ("parent entity") and its controlled entity. All transactions (including gains and losses) and balances between the parent entity and the controlled entity are eliminated. Accounting policies of the controlled entity are consistent with the policies adopted by DWAPF.

Controlled entities

A subsidiary is an entity over which the Fund has control. The Fund controls an entity when the Fund is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Fund. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of a controlled entity by the parent entity.

In the parent entity information note, investment in the controlled entity is accounted for at fair value based on the Net Tangible Assets of the controlled entity as at the end of each reporting period and fair value movements are taken to the Consolidated Statement of Comprehensive Income.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

Joint operations

Where assets are held directly as tenants in common, the Fund's proportionate share of revenues, expenses, assets and liabilities are included in their respective items of the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income.

Foreign currency

Items included in the Consolidated Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The presentation currency of these Consolidated Financial Statements, and the functional currency of the Fund and the parent entity, is the Australian dollar.

As at 30 June 2023, the Fund had no investments in foreign operations.

Goods and services tax

Revenues, expenses and capital assets are recognised net of any amount of Australian Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the tax authorities is included as a receivable or payable in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as cash flows from operating activities.

Notes to the Consolidated Financial Statements

The Notes include information which is required to understand the Consolidated Financial Statements and is material and relevant to the operations, financial position and performance of the Fund.

The Notes are organised into the following sections:

Fund performance	**Real assets portfolio**	**Capital and financial risk management and working capital**	**Other disclosures**
1. Property revenue and expenses	5. Investment properties	7. Capital and financial risk management	12. Audit service fees
2. Finance costs on external borrowings	6. Non-current assets classified as held for sale	8. Interest bearing liabilities	13. Cash flow information
3. Taxation		9. Commitments and contingencies	14. Related parties
4. Distributions to unitholders and returns of capital		10. Net assets attributable to unitholders	15. Parent entity disclosures
		11. Working capital	16. Subsequent events

Fund performance

In this section

This section explains the results and performance of the Fund.

It provides additional information about those individual line items in the Consolidated Financial Statements that the Directors consider most relevant in the context of the operations of the Fund, including: property revenue and expenses, finance costs on external borrowings, taxation and distributions to unitholders and returns of capital.

Note 1 Property revenue and expenses

Property rental revenue is derived from holding properties as investment properties and earning rental yields over time. Rental revenue is recognised on a straight line basis over the lease term for leases with fixed rent review clauses.

Rents and recoveries of property expenses are recognised on terms in accordance with individual leases however, they are generally due on the first day of each month. Recoveries from tenants are recognised as income in the financial year the applicable costs are incurred.

Certain tenant allowances that are classified as lease incentives such as rent-free periods, fit-out contributions and upfront payments are capitalised and amortised over the term of the lease. The aggregate cost of incentives is recognised as a reduction to revenue from rents on a straight-line basis over the lease term. Insurance recoveries for both loss of rent and capital expenditure are recognised when they become virtually certain.

Within its lease arrangements, the Fund provides certain services to tenants (such as utilities, cleaning, maintenance and certain parking arrangements) which are accounted for within AASB 15 *Revenue from Contracts with Customers.* A portion of the consideration within the lease arrangements is therefore allocated to services revenue within property revenue.

Prior period reclassification adjustments between property revenue and recovery of property expenses were made. There was no net impact to total revenue as a result of these amended disclosures.

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Property revenue	112,744	107,628
Service revenue	24,198	23,733
	136,942	**131,361**
Recovery of property expenses	15,768	12,992

Property expenses and outgoings

Property expenses and outgoings include rates, taxes, expected credit losses on receivables and other property outgoings incurred in relation to investment properties. These expenses are recognised in the Consolidated Statement of Comprehensive Income on an accrual basis.

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Expected credit losses expense	(169)	(188)
Other property expenses and outgoings	(46,688)	(47,904)
Property expenses and outgoings [1]	**(46,857)**	**(48,092)**

1. Property expenses and outgoings are direct operating expenses, including repairs & maintenance, and expected credit losses on receivables, arising from investment properties that generate rental income.

Note 2 Finance costs on external borrowings

Finance costs on external borrowings including interest on bank loans and derivative financial instruments together with transaction costs are recognised as expenses in the period in which they are incurred except for: finance costs associated with the establishment and management of financial arrangements which are capitalised and amortised over the term of the loan using the effective interest method; and financing costs directly attributable to the acquisition, construction or production of qualifying assets of the Fund which are capitalised in the carrying value of investment property.

Note 3 Taxation

Under current Australian income tax legislation, DWAPF is generally not liable to pay income tax because the Attribution Managed Investment Trust (AMIT) tax regime applies and unitholders are attributed the income of DWAPF.

Attribution managed investment trust regime

DWAPF elected to be an AMIT for the year ended 30 June 2018 and future years. The AMIT regime is intended to reduce complexity, increase certainty and minimise compliance costs for AMITs and their investors.

Note 4 Distributions to unitholders and returns of capital

Distributions and returns of capital are presented in the Consolidated Statement of Changes in Net Assets Attributable to Unitholders. In accordance with DWAPF's Constitution, the Fund distributes its distributable income to unitholders by cash or reinvestment on a quarterly basis.

During the financial year, income was distributed and returns of capital were as follows:

	30 June 2023	30 June 2022
Distributions:	**$'000**	**$'000**
Quarter ended 30 September – 1.53 cents per unit (2022: 1.57 cpu)	18,251	18,092
Quarter ended 31 December – 1.48 cents per unit (2022: 1.22 cpu)	17,076	14,238
Quarter ended 31 March – 1.47 cents per unit (2022: 1.66 cpu)	16,400	19,732
Quarter ended 30 June – 1.09 cents per unit (payable) (2022: 1.57 cpu)	14,264	18,683
	65,991	**70,745**

	30 June 2023	30 June 2022
Returns of Capital:	**$'000**	**$'000**
Quarter ended 30 September – 0.28 cents per unit (2022: 0.24 cpu)	3,364	2,819
Quarter ended 31 December – 0.33 cents per unit (2022: 0.59 cpu)	3,791	6,837
Quarter ended 31 March – 0.34 cents per unit (2022: 0.15 cpu)	3,795	1,846
Quarter ended 30 June – 0.72 cents per unit (payable) (2022: 0.24 cpu)	9,504	2,852
	20,454	**14,354**

Real assets portfolio

In this section

The following table summarises the real assets portfolio assets of the Fund detailed in this section.

30 June 2023	Note	Office $'000	Logistics $'000	Retail $'000	Total $'000
Investment properties	5	1,277,500	467,470	614,500	**2,359,470**
Non-current assets classified as held for sale	6	-	49,500	-	**49,500**
Total		**1,277,500**	**516,970**	**614,500**	**2,408,970**

Property assets are used to generate the Fund's performance. The assets are detailed in the following notes:

- **Investment properties**: relates to investment properties, both stabilised and under development.
- **Non-current assets classified as held for sale**: relates to investment properties which are expected to be sold within 12 months of the reporting date and are currently being marketed for sale.

Note 5 Investment properties

The Fund's investment properties consist of properties held to earn revenue from rentals and/or for the purposes of capital appreciation. Investment property includes all directly held freehold properties, including investment properties under development. Investment properties are initially recognised at cost including transaction costs. Expenditure capitalised to investment property also comprises capital and refurbishment additions, and during development includes finance costs, related professional fees incurred and other directly attributable costs. Investment properties are subsequently recognised at fair value.

The basis of valuations of investment properties is fair value, being the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Changes in fair values are recorded in the Consolidated Statement of Comprehensive Income. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Consolidated Statement of Comprehensive Income in the year of disposal.

Leasing fees incurred in relation to the initial letting and ongoing renewal of major and specialty tenancies or following redevelopments are capitalised to the property and amortised over the lease periods to which they relate. The carrying amount of the leasing fees is reflected in the fair value of the investment property.

Leasing incentives, including those offered under development, are capitalised to the investment property balance and amortised over the lease periods to which they relate. The carrying amount of the lease incentives is reflected in the fair value of the investment property.

Note 5 Investment properties (continued)

(a) Reconciliation

Reconciliation of the carrying value of investment property and non-current assets classified as held for sale for the financial year is as follows:

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Carrying value at the beginning of the financial year	2,176,179	2,007,308
Acquisitions of investment property	290,649	800
Disposal of investment property	(1,000)	-
Capital expenditure incurred	37,201	39,095
Lease incentives	4,068	8,628
Amortisation of lease incentives	(3,918)	(293)
Rental straight-lining	518	856
Net changes in the fair value of investment property	(94,727)	119,785
Carrying value at the end of the financial year	**2,408,970**	**2,176,179**
Investment property	**2,359,470**	**2,175,179**
Non-current assets classified as held for sale (Note 6)	**49,500**	**1,000**
Carrying value at the end of the financial year	**2,408,970**	**2,176,179**

Non-current assets classified as held for sale represents 121 Evans Road, Salisbury.

Acquisitions

On 30 June 2023, settlement occurred for the acquisition of The Mill, Sydney for $186 million excluding transaction costs.

On 30 June 2023, settlement occurred for the acquisition of 141 Anton Road, Brisbane for $88.47 million excluding transaction costs.

Disposals

On 8 August 2022, settlement occurred for the disposal of an ancillary component of Workspace 33, Milton for $1 million.

Note 5 Investment properties (continued)

(a) Reconciliation (continued)

The following table shows the cumulative costs and carrying values of individual properties as at the balance date. The Fund holds freehold title to all of its properties except for Moore St, Canberra; Bond One, Walsh Bay; Grey Street, South Brisbane; and Stanley House, South Brisbane, for which the Fund holds leasehold titles with remaining terms greater than 60 years.

Name	Acquisition Date	Cost Including Additions	Date of Latest Valuation		Carrying Value 30 June 2023
		$'000			$'000
Casula Mall Shopping Centre	Dec '88	72,552	30/06/23	(a)	200,000
200 Greens Rd, Dandenong	Nov '99	15,813	30/06/23	(b)	50,500
16-20 Holbeche Rd, Arndell Park (50%)[2]	Dec '99	20,106	30/06/23[1]	(b)	61,250
12 Moore St, Canberra	Aug '04	78,320	30/06/23	(b)	61,500
2 Pound Rd, Dandenong	Mar '06	21,139	30/06/23	(b)	36,500
121 Evans Rd, Salisbury	Aug '06	35,484	31/03/23	(c)	49,500
124 Walker Street, North Sydney	Jan '07	107,736	30/06/23	(b)	120,000
Bond One, Hickson Road, Walsh Bay	May '07	91,672	30/06/23	(b)	138,000
William Angliss Drive, Laverton North	Sep '14	54,927	30/06/23	(b)	107,000
7-9 French Avenue, Brendale	Dec '14	20,128	30/06/23	(b)	31,000
730 Lorimer Street, Port Melbourne	Aug '15	49,721	30/06/23	(b)	58,000
Stud Park Shopping Centre	Aug '15	183,841	30/06/23	(a)	135,500
Stanley House, South Brisbane	Sep '15	28,439	30/06/23	(b)	29,000
425 Collins Street, Melbourne	Nov '15	53,705	30/06/23	(b)	46,500
636 St Kilda Road, Melbourne	Dec '15	106,702	30/06/23	(b)	86,200
Acacia Gate, Acacia Ridge	Dec '15	56,853	30/06/23	(b)	34,750
Workspace 33, Milton	Dec '16	26,333	30/06/23	(b)	48,500
2 Second Ave, Mawson Lakes	Mar '17	34,469	30/06/23	(b)	43,000

Note 5 Investment properties (continued)

(a) Reconciliation (continued)

Name	Acquisition Date	Cost Including Additions	Date of Latest Valuation		Carrying Value 30 June 2023
		$'000			$'000
Connect Corporate Centre, Building 1, Mascot	Jul '17	46,737	30/06/23	(b)	54,000
Brickworks Centre, Southport	Oct '17	156,265	30/06/23	(a)	145,000
199 Grey St, Southbank	Oct '17	106,075	30/06/23	(b)	90,500
Connect Corporate Centre, Building 2, Mascot	Jan '18	98,854	30/06/23	(b)	120,000
Gasworks Plaza, Brisbane	Feb '18	189,097	30/06/23	(a)	134,000
Gasworks Workspace, Brisbane	Feb '18	78,299	30/06/23	(a)	70,300
Connect Corporate Centre, Building 3, Mascot	Sep '19	184,656	30/06/23	(b)	184,000
141 Anton Road, Brisbane	Jun '23	94,196	(d)		88,470
The Mill, Sydney	Jun '23	196,453	(d)		186,000
Total investment property and non-current assets classified as held for sale					**2,408,970**
				Investment property	**2,359,470**
				Non-current assets classified as held for sale	**49,500**
				Total	**2,408,970**

(a),(b) Independent valuations were performed by (a) CBRE and (b) Colliers.

(c) Internal valuation having regard to the independent valuation performed by Colliers at 31 March 2023 and the ongoing sales campaign.

(d) Contracted purchase price

1. 16-20 Holbeche Road, Arndell Park is under development and was valued on an "as if complete less the cost to complete" basis.

2. DWAPF has a 50% interest in 16-20 Holbeche Rd, a joint operation, held as tenants in common under a Joint Venture Agreement.

(b) Valuation process

Properties independently valued in the last 12 months were based on independent assessments by a member of the Australian Property Institute who is instructed in accordance with all applicable regulatory requirements. The valuation processes applied in valuing investment property is governed by the Fund's valuation policy which has been adopted by the Responsible Entity. This policy outlines the asset valuation methodologies and processes applied to measure such assets. The Responsible Entity has valued DWAPF's investment property in accordance with the Fund's valuation policy as at 30 June 2023. Other than non-current assets classified as held for sale, as described in Note 5(a), all of DWAPF's investment property were externally revalued as at 30 June 2023.

Note 5 Investment properties (continued)

(b) Valuation process (continued)

The Responsible Entity's policy is to obtain independent fair value appraisals of the Fund's properties on a rolling annual basis. The valuation schedule may be altered when a property is undergoing or being appraised for redevelopment, refurbishment or disposal; is experiencing other changes in asset or tenant profiles which may significantly impact value; or when there have been significant changes in the property market and broader economy such as updates to comparable property sales, which may have an impact on the individual asset values. Each valuation firm and its signatory valuer are appointed on the basis that they are engaged for no more than two years.

The valuers apply the 'capitalised income approach' (market approach) by reference to annual net market income, comparable capitalisation rates and other property-specific adjustments as well as 'discounted cash flow analysis' (income approach) where the expected net cash flows are discounted to their present value using a market-determined risk adjusted discount rate. These valuation approaches are used to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time.

In relation to development properties under construction for future use as investment property, where reliably measurable, fair value is determined on an "as if complete less the cost to complete" basis together with an appropriate profit and risk allowance.

Net changes in values of investment property are taken to the Consolidated Statement of Comprehensive Income and may comprise:

- change in fair values from revaluation of investment property; and
- fair value adjustments in relation to:
  - the straight-lining of fixed rental income;
  - tenant incentives including rent-free periods, landlord and tenant owned fit-out contributions; and
  - capitalised leasing fees.

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount because the Fund does not expect to be ultimately liable for capital gains tax in respect of the assets.

Investment property including land and buildings has the function of an investment and is regarded as a composite asset. Investment property is not required to be depreciated and therefore buildings and any component thereof (including plant and equipment) are not depreciated.

Investment property is derecognised at the point in time when control of the asset is transferred to the buyer. This will normally occur on settlement of the contract of sale. Investment property is revalued to the net sale price when it is highly probable that the sale will be completed. This will normally occur on exchange of the contract of sale.

(c) Sustainability valuation considerations

The Fund engages independent valuation firms to assist in determining fair value of the investment property assets at each reporting period. As qualified valuers, they are required to follow both the *RICS Valuation – Global Standards* and the Australian Property Institute's *International Valuation Standards*, and accordingly their valuations are required to take into account the sustainability features of properties being valued and the implications such factors could have on property values in the short, medium and longer term.

Where relevant, the Fund's independent valuation firms note in their valuation reports that sustainability features are considered as part of the valuation approach and outline that sustainability features have been influencing value for some time.

Where the independent valuation firms give consideration to the impacts of sustainability, they are incorporating their understanding of how market participants include sustainability in their bids and the impact on market valuations, noting that valuers should reflect markets and not lead them.

(d) Fair value measurement, valuation techniques and inputs

The following table represents the level of the fair value hierarchy and the associated unobservable inputs utilised in the fair value measurement for each class of investment property. Refer to Note 7(d) of the Notes to the Consolidated Financial Statements.

Note 5 Investment properties (continued)

(d) Fair value measurement, valuation techniques and inputs (continued)

Class of property	Fair value heirarchy	Capitalisation rate[1]		Discount rate[1]	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
Retail	Level 3	5.25% - 6.25%	5.00% - 5.50%	6.25% - 7.00%	6.00% - 6.50%
Office	Level 3	4.63% - 7.00%	4.25% - 6.50%	5.25% - 7.25%	5.00% - 6.75%
Logistics	Level 3	4.50% - 5.75%	4.00% - 5.75%	5.88% - 6.50%	5.25% - 6.50%

1. Inputs as per independent valuations

Key estimates: inputs used to measure fair value of investment properties

Judgement is required in determining the following key assumptions:

- **Capitalisation rate:** The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence and the prior external valuation.
- **Discount rate**: The rate of return used to convert cash flows, payable or receivable in the future, into present value. For retail, office and logistics properties, it reflects the opportunity cost of capital, that is, the rate of return the cash can earn if put to other uses having similar risk. The rate is determined with regard to market evidence and the prior external valuation.

(e) Impact of the current economic environment on the fair value of investment properties

The elevated levels of economic uncertainty, coupled with a lack of recent comparable transactions in the market, has created heightened levels of judgement when deriving the fair value of the Fund's investment property portfolio.

Whilst the fair values of investment property can be relied upon at the date of valuation, a higher level of valuation uncertainty than normal is assumed.

(f) Sensitivity information

An increase / decrease in capitalisation rate and/or discount rate would result in a lower / higher value of the relevant investment property.

Note 6 Non-current assets classified as held for sale

Non-current assets classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position. Non-current assets classified as held for sale at 30 June 2023 relate to investment property at 121 Evans Road, Salisbury measured at fair value of $49.5 million.

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable.

Capital and financial risk management and working capital

In this section

The Fund's overall risk management program focuses on reducing volatility from impacts of movements in financial markets and seeks to minimise potential adverse effects on the financial performance of the Fund.

Note 7 *Capital and financial risk management* outlines how the Fund manages its exposure to a variety of financial risks (interest rate risk, liquidity risk and credit risk) and details the various derivative financial instruments entered into by the Fund.

The Board of the Responsible Entity determines the appropriate capital structure of the Fund, how much is borrowed from financial institutions (debt), and how much is raised from unitholders (equity) in order to finance the Fund's activities both now and in the future. This capital structure is detailed in the following notes:

- **Debt**: *Interest bearing liabilities* in Note 8, and *Commitments and contingencies* in Note 9
- **Equity**: *Net assets attributable to unitholders* in Note 10

Note 11 provides a breakdown of the working capital balances held in the Consolidated Statement of Financial Position.

Note 7 Capital and financial risk management

Risks arising from issuing and holding financial instruments and entering into financial arrangements are inherent in the Fund's activities, and are managed through a process of ongoing identification, measurement and monitoring.

Financial instruments of the Fund comprise derivatives, cash and cash equivalents and other financial instruments such as receivables, payables and interest bearing liabilities which arise directly from the Fund's operations.

The Responsible Entity is responsible for identifying and controlling the risks that arise from these financial instruments. The Fund is exposed to credit risk, liquidity risk and market risk.

The risks are measured using a method that reflects the expected impact on the results and net assets attributable to unitholders of the Fund from reasonably possible changes in the relevant risk variables. Information about these risk exposures for the financial year is provided below. Where the Fund has material risk exposures, risk sensitivity analysis is presented for illustrative purposes. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Responsible Entity. These mandate limits reflect the investment strategy and market environment of the Fund, as well as the level of risk that the Fund is willing to accept.

For the period from 1 July 2022 to 23 March 2023, the management of these risks were carried out by AMPCI, including at its investment committees, under policies adopted by the Responsible Entity including the Fund's valuation policy.

Effective 24 March 2023, entities in the Dexus Listed Group (DXS) provide resources to the Responsible Entity to appropriately manage these risks.

As part of its risk management strategy, the Fund may use derivatives to manage certain risk exposures.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

To avoid excessive concentrations of risk, the Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or may use derivative financial instruments to manage the excessive risk concentrations when they arise.

The Responsible Entity's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern, so it can continue to provide returns to unitholders and to maintain an optimal capital structure. To maintain or

Note 7 Capital and financial risk management (continued)

adjust the capital structure, the Responsible Entity may reinvest distributions at the election of unitholders. The Fund does not have any externally imposed capital requirements.

The Fund monitors its interest bearing liabilities using, amongst other measures, a gearing ratio which is total debt divided by total tangible assets. The Fund's policy is to maintain the long-term stabilised gearing ratio between 0% and 15% and to not exceed 35% at the time of borrowing, with the ability to increase above this level for short term strategic or tactical purposes. Total debt includes interest bearing loans and borrowings.

The Fund is required to comply with certain financial covenants in respect of its interest bearing liabilities. During the 2023 and 2022 reporting periods, the Fund was in compliance with all of its financial covenants.

(a) Market risk

Market risk is the risk that the fair value of financial instruments will fluctuate due to changes in market variables such as interest rates and equity prices.

Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. The Fund buys and sells derivative financial instruments in the ordinary course of business to manage market risks.

Australian accounting standards require the disclosure of sensitivity to changes in market risk variables such as interest rates and equity prices. This sensitivity is not intended to show the impact on the Fund's financial performance for the entire period, just an illustrative example of the direct impact of a change in the value of the financial instruments measured at the balance date as a result of the change in market rates. The sensitivity is required to show the impact of a reasonably possible change in market rate over the period to the subsequent balance date. It is not intended to illustrate a remote, worst case or stress test scenario.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Fund's exposure to risk of changes in market interest rates relates primarily to the Fund's financial liabilities, in particular borrowings obligations with variable interest rates. The Fund uses derivatives for the purposes of hedging future cash flows relating to financial liabilities to manage interest rate risks. The Fund employs interest rate swaps in which the Fund agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts.

Interest rate swaps

To protect against exposures to variable interest rates, the Fund has entered into derivative financial instruments.

	Consolidated			
	30 June 2023		30 June 2022	
	Fair Value	Notional	Fair Value	Notional
	$'000	$'000	$'000	$'000
Financial assets				
Interest rate swaps – non-current	1,250	75,000	-	-

Interest rate swap contracts are exposed to fair value movements if interest rates change. The Fund pays an average fixed rate of 3.77% on derivative financial instruments in place.

Interest rate sensitivity

Interest bearing liabilities

At 30 June 2023, the Fund's gearing ratio is approximately 28.5% which is below the Fund's maximum gearing ratio of 35%.

Note 7 Capital and financial risk management (continued)

(a) Market risk (continued)

The table below demonstrates the impact of a 100 basis point movement in interest rates on the Fund's net profit and net assets attributable to unitholders to the extent that floating rate debt is not hedged, with all other variables held constant. It is assumed that the relevant change occurs at the balance date.

	Change in interest rate		**Impact on net profit/net assets attributable to unitholders**	
	Increase	**Decrease**	**Increase**	**Decrease**
30 June 2023				
Interest bearing liabilities	+100 bps	-100 bps	(6,165,000)	6,165,000
30 June 2022				
Interest bearing liabilities	+100 bps	-100 bps	(5,000,000)	5,000,000

Cash and cash equivalents

The interest rate sensitivity for cash and cash equivalents is not significant to the Fund.

(b) Liquidity risk

Liquidity risk is associated with ensuring that there are sufficient funds available to meet the Fund's financial commitments as and when they fall due and planning for any unforeseen events which may curtail cash flows.

The Fund manages its liquidity risk through cash flow forecasts and liquidity planning based on the maturities of financial assets (for example cash, receivables and derivative financial instruments) and financial liabilities (for example interest bearing liabilities) and projected cash flows from operating and investing activities. The risk is managed through the Fund's cash surpluses, use of working capital debt facilities and investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements except as otherwise disclosed in the Consolidated Financial Statements.

Maturity analysis for financial liabilities

Financial liabilities of the Fund comprise trade and other payables, distributions payable and interest bearing liabilities. Trade and other payables and distributions payable are typically settled within 30 days and 60 days respectively.

Refinancing risk

Refinancing risk is the risk that the Fund:

- Will be unable to refinance its debt facilities as they mature
- Will only be able to refinance its debt facilities at unfavourable interest rates and credit market conditions (margin price risk)

The Fund's key risk management strategy for margin price risk on refinancing is to spread the maturities of debt facilities over different time periods to reduce the volume of facilities to be refinanced and the exposure to market conditions in any one period. An analysis of the contractual maturities of the Fund's interest bearing liabilities and derivative financial instruments is shown in the table below. The amounts in the table represent undiscounted cash flows.

Note 7 Capital and financial risk management (continued)

(b) Liquidity risk (continued)

	Consolidated				
	Less than 12 months	1 to 3 years	4 to 5 years	Greater than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
30 June 2023					
Interest bearing liabilities					
(Outflows)	(406,718)	(346,714)	-	-	(753,432)
Derivative financial instruments					
Inflows	3,017	6,361	3,279	-	12,657
(Outflows)	(2,525)	(5,647)	(3,145)	-	(11,317)
	(406,226)	**(346,000)**	**134**	**-**	**(752,092)**
30 June 2022					
Interest bearing liabilities					
(Outflows)	(85,516)	(366,724)	(95,387)	-	(547,627)
	(85,516)	**(366,724)**	**(95,387)**	**-**	**(547,627)**

(c) Credit risk

Credit risk is the risk that the counterparty will not fulfil its obligations under the terms of a financial instrument and will cause financial loss to the Fund. The Fund has exposure to credit risk on all financial assets included in the Fund's Consolidated Statement of Financial Position.

The Fund's maximum credit risk exposure at the balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position. This does not represent the maximum risk exposure that could arise in the future as a result of changes in values, but best represents the maximum exposure at the balance date.

In relation to derivative financial instruments, the credit risk associated with these financial instruments is minimised by undertaking transactions with recognised, creditworthy third parties and ensuring that, where possible, transactions are undertaken with a number of counterparties to avoid a concentration of credit risk.

Receivables balances are monitored on an ongoing basis.

(d) Fair value

Assets and liabilities measured at fair value are categorised under a three-level hierarchy, reflecting the availability of observable market inputs when estimating the fair value. If different levels of inputs are used to measure an asset or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The Fund uses the following methods in the determination and disclosure of the fair value of financial instruments:

Level 1: The fair value is calculated using quoted prices in active markets. These quoted prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2: The fair value is determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These may include investment grade corporate bonds, certain unlisted unit trusts and over-the-counter derivatives.

Level 3: Valued in whole or in part using valuation techniques or models that are based on unobservable inputs that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. Unobservable inputs are determined based on the best information available, which might

Note 7 Capital and financial risk management (continued)

(d) Fair value (continued)

include the Fund's own data, reflecting the Fund's own assumptions about the assumptions that market participants would use in pricing the asset or liability. Valuation techniques are used to the extent that observable inputs are not available.

The table below shows the Fund's assets and liabilities measured at fair value on a recurring basis by each level of the fair value hierarchy. The Fund did not measure any assets or liabilities at fair value on a non-recurring basis as at 30 June 2023 (30 June 2022: nil).

	Consolidated			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
30 June 2023:				
Derivative financial assets	-	1,250	-	1,250
Investment property	-	-	2,359,470	2,359,470
Investment property – held for sale	-	-	49,500	49,500
Total	**-**	**1,250**	**2,408,970**	**2,410,220**
30 June 2022:				
Investment property	-	-	2,175,179	2,175,179
Investment property – held for sale	-	-	1,000	1,000
Total	**-**	**-**	**2,176,179**	**2,176,179**

The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the transfer has occurred. During the year, there were no transfers between Level 1, 2 and 3 fair value measurements.

For movements in investment property categorised as Level 3, refer to Note 5.

Given the short-term nature of most receivables, payables and interest bearing liabilities, their carrying values approximate their fair values.

Valuation techniques

The valuation techniques and inputs used in measuring the fair value of investment property are outlined in Note 5.

The valuation techniques and inputs used in measuring the fair value of derivative financial instruments are outlined in Note 7(e).

There were no significant changes in valuation techniques during the financial year.

For fair value measurements categorised as Level 3 of the fair value hierarchy, the valuation processes applied in valuing such assets is governed by the Fund's valuation policy which has been adopted by the Responsible Entity. This policy outlines the asset valuation methodologies and processes applied to measure investment properties which have no regular market price.

(e) Derivative Financial instruments

The Fund utilises derivative financial instruments, including interest rate swaps to manage the risks associated with interest rate fluctuations. The Fund does not designate any derivatives as a hedging instrument for hedge accounting purposes. Derivative financial instruments are initially measured at fair value exclusive of any transaction costs on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivative financial instruments are recognised as assets when their fair value is positive and as liabilities when their fair value is negative. Any changes in the fair value of derivative financial instruments are recognised in the Consolidated

Note 7 Capital and financial risk management (continued)

(e) Derivative Financial instruments (continued)

Statement of Comprehensive Income as 'Net changes in the fair value of derivative financial instruments' in the period in which they arise.

Fair values of derivative assets and liabilities are determined using valuation techniques largely based on market observable inputs or by reference to counterparty valuations.

Interest Rate Swaps

Interest rate swap contracts are contractual obligations to exchange interest rate cash flows, based on a specified notional principal amount, for example, from a fixed rate to a floating rate (or vice versa). The party with the higher interest obligation pays the net amount to the other party. Interest rate swaps have been entered into by the Fund to hedge against movements in the variable interest rates that the Fund is exposed to on its external borrowings. The fair values of interest rate swaps are determined by using discounted cash flow models. The most significant inputs into these models are interest rate yield curves which are developed from publicly quoted rates at the balance date.

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Non-current assets		
Interest rate swaps	1,250	-
Total non-current assets – derivative financial instruments	**1,250**	**-**

The table below details a breakdown of the net fair value gain on derivatives in the Consolidated Statement of Comprehensive Income

	Year ended	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Net fair value gain/(loss) of derivatives		
Interest rate swaps	1,250	-
Total net fair value gain/(loss) of derivatives	**1,250**	**-**

(f) Recognition and derecognition of financial assets and liabilities

Financial assets and financial liabilities are recognised at the date the Fund becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred. A transfer occurs when substantially all the risks and rewards of ownership of the financial assets are passed to a third party.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Gains or losses arising on derecognition of financial assets and liabilities are recognised in the Consolidated Statement of Comprehensive Income.

Note 8 Interest bearing liabilities

Borrowings are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are capitalised to borrowings and amortised in profit or loss over the expected life of the borrowings.

All borrowings with contractual maturities greater than 12 months after reporting date are classified as non-current liabilities.

Current interest bearing liabilities	**Consolidated**	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Bank loan – variable rate	375,000	65,000
Deferred borrowing costs	(244)	(78)
	374,756	**64,922**

Non-current interest bearing liabilities	**Consolidated**	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Bank loan – variable rate	316,500	435,000
Deferred borrowing costs	(929)	(1,320)
	315,571	**433,680**

Financing arrangements

As at 30 June 2023, total borrowings were $691.5 million.

The Fund has five bilateral floating rate bank debt facilities as follows:

- a $75 million bilateral floating rate debt facility maturing in November 2025. As at 30 June 2023, $75 million was drawn under the facility.
- a $200 million bilateral floating rate debt facility maturing in November 2023. As at 30 June 2023, $200 million was drawn under the facility.
- a $200 million bilateral floating rate debt facility maturing in November 2025. As at 30 June 2023, $181 million was drawn under the facility.
- A $175 million bilateral floating rate debt facility maturing in May 2024. As at 30 June 2023, $175 million was drawn under the facility.
- A $85 million bilateral floating rate debt facility maturing in January 2026. As at 30 June 2023, $60.5 million was drawn under the facility.

On 25 August 2023, the Fund's $200 million and $175 million bank debt facilities maturing on 12 November 2023 and 29 May 2024, respectively, were refinanced. The terms were extended to 25 August 2026, with the facility limits remaining unchanged.

On 5 October 2021, the Fund entered into an interest-bearing facility to borrow up to $15 million from its co-owner of 16 Holbeche Rd, Arndell Park, which is currently undergoing development. The facility is repayable in October 2023. At 30 June 2023, this facility was undrawn.

Note 9 Commitments and contingencies

(a) Commitments

Capital commitments

Capital expenditure commitments contracted in relation to investment properties are as follows:

	Consolidated	
	30 June 2023 $'000	**30 June 2022 $'000**
Within the next 12 months	32,705	19,236
Later than 1 year and not later than 3 years	43,766	-
Closing balance	**76,471**	**19,236**

Capital expenditure commitments include non-cash commitments totalling $65.43 million in relation to the development of 141 Anton Road, Brisbane to be satisfied by the Fund issuing new DWAPF units to Dexus Property Trust at certain stages of completion of the development at the prevailing unit price.

Lease receivable commitments

The investment properties owned by the Fund are leased to third parties under operating leases. Lease terms vary between tenants and some leases include percentage rental payments based on sales volume. Future minimum rental revenues under non-cancellable operating leases are as follows:

	Consolidated	
	30 June 2023	**30 June 2022**
Period:	**$'000**	**$'000**
Within 1 year	121,747	113,094
Between 1 and 2 years	104,759	96,952
Between 2 and 3 years	94,234	79,678
Between 3 and 4 years	81,156	66,345
Between 4 and 5 years	57,561	53,401
Later than 5 years	253,613	109,435
	713,070	**518,905**

These amounts do not include recovery of outgoings, rent abatements and percentage rents.

(b) Contingencies

The Directors of the Responsible Entity are not aware of any contingent liabilities in relation to the Fund, other than those disclosed in the Consolidated Financial Statements, which should be brought to the attention of unitholders as at the date of completion of this report.

Note 10 Net assets attributable to unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. DWAPF's Constitution allows the AMIT tax regime to apply to DWAPF and the AMIT eligibility criteria have been met. DWAPF's Constitution has no contractual obligation for the Responsible Entity to distribute trust income to unitholders. As the Responsible Entity does not have any contractual obligations to pay distributions, and the units on issue comprise one class of units with identical features which are equally subordinate to any other financial instruments on issue, the Fund's net assets attributable to unitholders have been classified as equity in accordance with AASB 132 *Financial Instruments: Presentation*.

Units requested to be redeemed remain in equity until the redemption is satisfied. The amount payable on redemption of units will be determined based on the net asset value of the Fund as at the date the redemption is satisfied, and calculated in accordance with the withdrawal price formula set out in DWAPF's Constitution.

Note 10 Net assets attributable to unitholders (continued)

(a) Units on issue

The movement in the number of units on issue during the financial year was as follows:

	Consolidated	
	30 June 2023	**30 June 2022**
	Number of units	**Number of units**
Opening balance	1,189,745,915	1,165,779,088
Applications	329,629,120	215,030,966
Distributions to unitholders reinvested	2,625,995	2,395,751
Redemptions	(208,861,410)	(193,459,890)
Closing balance	**1,313,139,620**	**1,189,745,915**

Net assets attributable to unitholders are made up as follows:

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Units on issue	1,741,302	1,608,087
Undistributed reserves (Note 10(b))	(50,571)	46,366
	1,690,731	**1,654,453**

Each unit confers upon the unitholder an equal interest in DWAPF, and is of equal value. A unit does not confer an interest in any particular asset or investment of DWAPF.

Unitholders have various rights under DWAPF's Constitution and the Corporations Act, which, subject to certain terms and conditions, includes the right to:

- have their units redeemed
- attend and vote at meetings of unitholders
- participate in the termination and winding up of DWAPF.

Issued and paid up units are initially recognised at the fair value of the consideration received by DWAPF. Applications received for units in DWAPF are recognised net of any transaction costs arising on the issue of units in DWAPF. Redemptions from DWAPF are recognised gross of any transaction costs payable relating to the cancellation of units redeemed. Unit entry and exit prices are determined in accordance with DWAPF's Constitution.

Withdrawal arrangements
On 12 May 2023, the Responsible Entity announced that effectively immediately, it would aim to process and pay withdrawal requests within six months noting, DWAPF's constitution allows withdrawal requests to be paid within 12 months or longer (prior to this the Responsible Entity aimed to process withdrawal requests monthly). As at 30 June 2023, the estimated value of outstanding withdrawal requests was $149.1 million which are intended to be settled no later than 12 months after date of request. The amount payable on redemption of the units will be determined based on the unit price of the Fund as at the last valuation date before the Responsible Entity processes the payment of a withdrawal request and calculated in accordance with the withdrawal price formula set out in DWAPF's constitution.

The Responsible Entity has identified a number of assets which are likely to be marketed for sale over the next 12 months and is actively looking to sell a number of these properties. At the date of this report, the Fund had available debt facilities totalling $750 million with undrawn facilities of $55 million. The terms of the Fund's debt arrangements are set out in Note 8 to the Consolidated Financial Statements.

Note 10 Net assets attributable to unitholders (continued)

(a) Units on issue (continued)

Distribution reinvestment plan

The Fund has a distribution reinvestment plan (DRP) under which unitholders may elect to have all or part of their distribution entitlements satisfied by the issue of new units rather than by being paid in cash. During the financial year, units issued under the DRP were at the current net asset value price.

(b) Undistributed reserves

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Undistributed reserves – General reserve / (Accumulated losses)	**(50,571)**	**46,366**

Movements:

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Balance at the beginning of the financial year	46,366	(74,244)
Net profit from operations before fair value adjustments	62,531	71,346
Net changes in the fair value of investment property	(94,727)	119,785
Net changes in the fair value of derivative financial instruments	1,250	-
Net changes in the fair value of listed equity securities	-	224
Distributions to unitholders	(65,991)	(70,745)
Balance at the end of the financial year	**(50,571)**	**46,366**

Nature and purpose of reserves

The undistributed reserves comprises accumulated losses / general reserve and is predominantly used to record unrealised movements in the fair values of investment property and derivative financial instruments.

Note 11 Working capital

(a) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with a bank or financial institutions with original maturities of three months or less. Cash and cash equivalents also include investments in unlisted cash trusts, which are readily convertible to cash on hand at the Responsible Entity's option and which the Responsible Entity uses in its day to day management of the Fund's cash requirements.

(b) Receivables

Interest income earned on cash and cash equivalents is recognised on an accrual basis.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly.

Note 11 Working capital (continued)

(b) Receivables (continued)

A provision for expected credit losses is recognised for expected credit losses on trade and other receivables. The provision for expected credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted as the effect of discounting is immaterial.

The calculation of expected credit losses relating to rent and other receivables requires judgement to assess the future uncertainty of tenants' ability to pay their debts. Expected credit losses have been estimated with reference to the Fund's historical credit loss experience, general economic conditions and forecasts, tenant risk factors such as size, industry exposure and the Fund's understanding of the ability of tenants to pay their debts. Accordingly, expected credit losses include both the part of the rent receivable that is likely to be waived and any additional amount relating to credit risk associated with the financial condition of the tenant.

For any allowances for expected credit losses, the corresponding expense has been recorded in the Consolidated Statement of Comprehensive Income within Property expenses and outgoings.

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Rent receivable	5,592	9,195
Allowance for expected credit loss(i)	(1,175)	(2,808)
	4,417	6,387
Applications receivable	188	440
Other receivables and prepayments	5,490	3,476
	10,095	**10,303**

The allowance for expected credit losses of receivables as at the reporting date reconciles to the opening loss allowances as follows:

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
(i) Movement in allowance for expected credit loss:		
Balance at the beginning of the financial year	(2,808)	(4,591)
Net expected credit losses utilised during the financial year	1,633	1,783
Balance at the end of the financial year	**(1,175)**	**(2,808)**

(c) Payables

Expenses including rates, taxes and other outgoings are recognised in the Consolidated Statement of Comprehensive Income on an accrual basis.

Payables are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Fund. Payables are measured at their nominal amounts. Amounts are generally paid within 30 days of being recognised as payables.

Note 11 Working capital (continued)

(c) Payables (continued)

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Management fees payable	3,838	3,651
Custodian fees payable	395	385
Interest payable	1,815	1,691
Other payables and accrued expenses	14,009	19,839
	20,057	**25,566**

Other disclosures

In this section

This section includes other information that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the Corporations Regulations.

Note 12 Audit service fees

	Consolidated	
	30 June 2023	**30 June 2022**
	$	**$**
Amounts paid or payable to Ernst & Young, the auditor of the Fund, for:		
Audit of the Financial Statements of the Fund	129,197	123,044
Other services – audit of compliance plan	13,200	5,578
Other services – outgoings audits	61,367	79,141
Non-audit services	-	-
	203,764	**207,763**

Note 13 Cash flow information

(a) Reconciliation of cash flows from operating activities

	Consolidated	
	30 June 2023	**30 June 2022**
	$'000	**$'000**
Net (loss)/profit attributable to unitholders after finance costs	(30,946)	191,355
Net changes in the fair value of listed equity securities	-	(224)
Net changes in the fair value of investment property	94,727	(119,785)
Net changes in the fair value of derivative financial instruments	(1,250)	-
Movement in assets for lease incentives and straight-lining of rental income	3,400	(563)
Amortisation of deferred borrowing costs	733	684
Changes in assets and liabilities:		
Decrease/(increase) in receivables	(44)	132
(Decrease)/increase in payables	(1,576)	(1,833)
Net cash inflow from operating activities	**65,044**	**69,766**

(b) Non-cash Investing and Financing Activities

Non-cash investing and financing activities carried out during the financial year on normal commercial terms and conditions comprised:		
Reinvestment of distributions to unitholders	3,628	3,217
Acquisition of investment property satisfied by the issue of units	274,470	-

Note 14 Related parties

(a) General Information

The responsible entity of the Fund is AMP Capital Funds Management Limited, a subsidiary entity of Dexus Holdings Pty Limited which forms part of the Dexus Listed Group (DXS).

For the period from 1 July 2022 to 23 March 2023, the Investment Manager of the Fund was AMP Capital Investors Limited (Former Investment Manager), a subsidiary entity of AMP Limited. This arrangement was terminated following Dexus' acquisition of the Responsible Entity.

(b) Investments

(i) Related party holdings of the Fund

Details of the Fund's holdings in relevant related parties, including the Responsible Entity, entities in the same group as the Responsible Entity, and other investment funds managed by the Responsible Entity and Former Investment Manager are set out below:

	Fair value of the investment $		**Interest held %**		**Distributions/interest received or receivable during the financial year $**	
	30 June 2023	**30 June 2022**	**30 June 2023**	**30 June 2022**	**30 June 2023**	**30 June 2022**
AMP Capital Managed Cash Fund[1]	N/A	51,124	N/A	0.00	644	84

1. The Fund continues to hold the investment in the AMP Capital Managed Cash Fund at 30 June 2023. Following the sale of the Fund's Responsible Entity, the AMP Capital Managed Cash Fund is no longer a related party. Therefore, the fair value of the investment has been excluded from the related party disclosure as at 30 June 2023. Distributions/interest received or receivable relate to the period where AMP Capital Funds Management Limited was a subsidiary entity of AMP Limited.

Note 14 Related parties (continued)

(b) Investments (continued)

(ii) Related party investors of the Fund

Details of relevant related party investors in the Fund, including the Responsible Entity, entities in the same group as the Responsible Entity, and other investment funds managed by the Responsible Entity and Former Investment Manager for the period to 23 March 2023 are set out below:

Name	Number of units held	Interest held %	Number of units acquired during the financial year	Number of units disposed of during the financial year	Distributions and returns of capital paid or payable during the financial year* $
30 June 2023					
AMP Limited[1]	N/A	N/A	-	38,970,534	2,087,684
Dexus Australian Property Fund[2]	92,162,773	7.02%	-	9,382,247	6,978,287
Dexus Funds Management Limited (as responsible entity of Dexus Property Trust)[1]	248,435,042	18.92%	248,435,042	-	691,164
30 June 2022					
AMP Limited	38,970,533	3.28%	-	-	2,821,582
Dexus Australian Property Fund[2]	101,545,020	8.54%	1,143,719	33,636,235	7,986,040

* Distributions paid or payable comprise both distributions to unitholders and returns of capital.

1. Upon the first part completion of the sale of AMP Capital's real estate and domestic infrastructure equity business to Dexus Funds Management Limited on 24 March 2023, ownership of AMP Limited's investment in the Fund was transferred to Dexus Funds Management Limited (DXFM) as Responsible Entity of Dexus Property Trust on the same date. On 30 June 2023, DXFM as Responsible Entity of Dexus Property Trust also acquired 210,251,486 units of the Fund as consideration for two assets sold to the Fund. Refer to Note 5 and 14(c) for further details.

2. Formerly known as Australian Property Fund

Note 14 Related parties (continued)

(c) Transactions with the Responsible Entity and its Related Parties

All transactions between the Fund and related parties have been at market value on normal commercial terms and conditions. This includes acquisitions and disposals of investments as well as applications and redemptions of units.

Acquisitions

On 30 June 2023, DWAPF acquired The Mill, Sydney and 141 Anton Road, Brisbane for $186 million and $88.47 million respectively from a wholly owned sub-trust of Dexus Property Trust which forms part of the Dexus Listed Group (DXS). The total consideration for the properties of $274.47 million was satisfied by the Fund issuing new DWAPF units to Dexus Property Trust at the 30 June 2023 unit price.

Management, Custodian and Transaction Fees

In accordance with the Product Disclosure Statement, the ongoing management fee payable to the Responsible Entity is 0.42% (30 June 2022: 0.42%) per annum of the total gross asset value of the Fund plus 4.2% per annum (30 June 2022: 4.2% per annum) of the Fund's gross income, and it is assessed daily and payable on a quarterly basis.

In accordance with the Custody Agreement, the custodian fee payable is 0.04% (30 June 2022: 0.04%) of total gross investments of the Fund, and payable on a half yearly basis.

Transaction fees payable to the Responsible Entity, Investment Manager or related entity were 0.40% (30 June 2022: 0.40%) of the purchase price in respect of each property acquired by the Fund and 0.50% (30 June 2022: 0.50%) of the gross sale proceeds in respect of each property disposed by the Fund. Fees were waived in respect of the assets acquired in the current year.

	Consolidated	
	30 June 2023	30 June 2022
	$	$
Management fees expensed during the financial year	15,233,997	14,444,612[a]
Custodian fees expensed during the financial year	817,150	761,303
Transaction fees incurred during the financial year	-	3,200
	16,051,147	**15,209,115**

(a) AMP Capital Funds Management Limited was appointed the Responsible Entity of DWAPF replacing National Mutual Funds Management Limited (the Former Responsible Entity) on 11 April 2022. Management fees expensed during the prior financial year to the Responsible Entity were $3,209,476. Management fees expensed during the prior financial year to the Former Responsible Entity were $11,235,136.

Property Management Fees

AMP Capital Shopping Centres Pty Limited and AMP Capital Office & Industrial Pty Limited, related parties of the Responsible Entity which form part of the Dexus Listed Group (DXS) provide property management (which includes leasing and minor development services) on normal commercial terms.

	Consolidated	
	30 June 2023	30 June 2022
	$	$
AMP Capital Shopping Centres Pty Limited	2,394,435	2,254,841
AMP Capital Office & Industrial Pty Limited	1,836,623	2,571,011

In addition, for the financial year ended 30 June 2023, property management costs of $4,186,336 were recharged to the Fund (30 June 2022: $4,150,358). These recharges primarily relate to staff costs. A portion of these costs are recoverable from tenants.

Note 14 Related parties (continued)

(d) Key Management Personnel

AASB 124 “Related Party Disclosures” defines key management personnel (“KMP”) as including all Non-Executive Directors, Executive Directors and any other persons having authority or responsibility for planning, directing and controlling the activities of the Fund. The Fund has no direct employees, however the Directors of the Responsible Entity have been deemed to be Directors of the Fund. These individuals comprise the KMP of the Fund.

Key management personnel services are provided by the Responsible Entity and the remuneration paid to the Responsible Entity is detailed in Note 14(c) above. No Director of the Responsible Entity was paid any remuneration by the Fund during the financial year. Compensation paid to these Directors by the Responsible Entity, or related entities of the Responsible Entity, is not related to services they render to individual funds.

Note 15 Parent entity disclosures

(a) Summary financial information

Information relating to Dexus Wholesale Australian Property Fund (the “Parent Entity”):

	Parent	
	30 June 2023	**30 June 2022**
	$’000	**$’000**
Current assets	64,141	23,895
Total assets	**2,424,861**	**2,200,075**
Current liabilities	418,559	111,941
Total liabilities	**734,130**	**545,622**
Units on issue	1,741,302	1,608,087
Undistributed Reserves	(50,571)	46,366
Net assets attributable to unitholders – Equity	**1,690,731**	**1,654,453**
Net (loss) / profit attributable to unitholders after finance costs for the financial year	**(30,946)**	**191,355**
Total comprehensive (loss) / income for the financial year	**(30,946)**	**191,355**

(b) Investment in controlled entity

The Parent Entity has 99.97% controlling interest in Wholesale Australian Property Fund (A-REIT). The net assets of Wholesale Australian Property Fund (A-REIT) comprise cash and payables.

Note 16 Subsequent events

Debt refinancing arrangements

On 25 August 2023, the Fund’s $200 million and $175 million bank debt facilities maturing on 12 November 2023 and 29 May 2024, respectively were refinanced. The terms were extended to 25 August 2026, with the facility limits remaining unchanged.

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Consolidated Financial Statements that has significantly or may significantly affect the operations of the Fund, the results of those operations, or state of the Fund’s affairs in future financial periods.

Directors' Declaration

The Directors of AMP Capital Funds Management Limited as Responsible Entity of Dexus Wholesale Australian Property Fund (DWAPF) declare that the Consolidated Financial Statements and Notes set out on pages 8 to 39:

(i) comply with Australian Accounting Standards, the *Corporations Act 2001* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date.

In the Directors' opinion:

(i) the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*;

(ii) there are reasonable grounds to believe that Dexus Wholesale Australian Property Fund will be able to pay its debts as and when they become due and payable; and

(iii) DWAPF has operated in accordance with the provisions of the DWAPF Constitution during the year ended 30 June 2023.

The Consolidated Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

Director
19 September 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's report to the Unitholders of Dexus Wholesale Australian Property Fund

Opinion

We have audited the financial report of Dexus Wholesale Australian Property Fund (the "Registered Scheme"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, consolidated statement of changes in net assets attributable to unitholders and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the declaration of the directors of AMP Capital Funds Management Limited, the Responsible Entity of the Registered Scheme.

In our opinion, the accompanying financial report of the Registered Scheme is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Registered Scheme as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Scheme in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Building a better working world

Responsibilities of the Directors for the Financial Report

The directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Registered Scheme's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Registered Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Scheme's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Scheme to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Ernst & Young

A R Ewan

Anthony Ewan
Partner
Sydney
19 September 2023