

Dexus Asian REIT Fund

Quarterly Report

30 September 2024

Investment Objective

The primary investment return objectives of the Fund are to:

- Provide investors with a consistent and relatively high level of income compared to the GPR APREA Composite REIT Asia Index (in AUD) (GPR), combined with some capital growth, derived predominantly from investing in Asian REITs
- Deliver a gross annual income yield (before management fees, expenses and taxes) that equates to at least 110% of the average yield of the GPR APREA Composite REIT Asia Index (in AUD) (GPR)
- Provide some capital growth over a 5-7 year time horizon
- Provide lower than market volatility¹

Benefits

- Focus on generating sustainable, regular and relatively high income returns through investing in listed property securities
- Access to an underlying diversified portfolio of thousands of quality commercial real estate assets predominantly located in Asia Pacific
- Has paid monthly distributions²
- Actively managed (non-index aware) portfolio, applying a highly disciplined and proven strategy designed to deliver on the Fund's income and risk objectives
- Liquid – daily applications and withdrawals (under normal market conditions but withdrawals can take longer in certain cases as set out in the PDS)

Fund Facts	
Fund type	Property securities fund
Commencement date	19 July 2011
Fund size	\$20.69m as at 30 June 2024
Minimum suggested investment timeframe	5-7 years
Minimum investment amount	\$1000
Minimum additional amount	\$500 (\$100 per month with regular savings plan)
Income distribution	Monthly generally payable within 10 business days ²
Unit pricing	Daily
Management fees and costs	0.98% pa of NAV (see section 6 of the PDS for details)
Buy/sell spread	0.15% buy and 0.15% sell

Performance – Dexus Asian REIT Fund

	3 months %	6 months %	1 year %	3 years % (pa)	5 years % (pa)	10 years % (pa)	Since inception % (pa)
Income ³	2.29	4.11	7.61	6.35	5.99	6.50	5.99
Total return (after fees)⁴	12.10	2.36	0.27	(4.89)	(3.43)	5.02	7.69

1. The Dexus Asian REIT Fund aims to provide lower than market volatility compared with the GPR APREA Composite REIT Asia Index (in AUD) (GPR), over a 5-7 year time horizon.
2. Past performance is not an indicator of future performance.
3. Distributions may include a capital gains component. Distributions are not guaranteed and past performance is not an indication of future performance
4. Returns after all fees and expenses. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns. Returns and values may rise and fall from one period to another. Past performance is not an indicator of future performance. Fund's inception date used to determine return: 19 July 2011

Fund Commentary

At the end of September 2024, the Dexus Asian REIT Fund (the Fund) offers a relatively high 8.02%⁶ annualised distribution yield vs. the Asian REIT index yield of 5.47% p.a.

The Fund returned 12.10%⁵ over the September quarter, underperforming the Asian REIT Index (the Index) by 130bps⁵. Over the rolling one-year period, the Fund returned 0.27%⁵, impacted by sluggish economic growth in China, as well as the opposite rate movement in the US and Japan. During the same period, the Index returned 1.17%, outperforming the Fund by 90bps⁵.

The Fund's underperformance was primarily due to its limited exposure to Japanese offices, especially our zero weight to a large-cap office owner Nippon Building Fund which reported better-than-expected income growth in August. Other detractors included the Fund's underweight to several Singapore logistics names that rebounded after the Fed's rate cut. Contributors of the quarter included Keppel DC REIT, a data centre owner that expect to see strong rental growth upon lease renewal, as well as CapitaLand India Trust thanks to the recovering demand for Indian offices.

During the quarter, The Bank of Japan raised its policy rate from 0-0.1% to 0.25% and announced to slow its massive bond buying, taking another step towards phasing out its huge stimulus. Meanwhile, the Federal Reserve surprised the market with a 50bps rate cut for the first time in four years. The opposite interest rate movement will continue to impact REITs across Asia, and the Fund will continue to focus on sectors and regions that benefit from the different rate cycles and minimize exposure to the geopolitical risk such as US-China tensions and upcoming elections.

Market Commentary

During September quarter, the Asian REIT index returned 13.4%, outperforming the broader Asian equities market that returned 4.65%, both in AUD terms.

The key country returns within the Asian region over the June quarter and past year (in AUD) were as follows:

Country	Sep Qtr	1 Year
Hong Kong	23.87%	0.66%
Japan	9.64%	-5.84%
Singapore	18.33%	11.87%

Hong Kong REITs soared 23.87% after the central bank followed the US to make its first rate cut since 2020 by 50bps, and China announced surprising monetary stimulus to boost the weakened economy on the last day of September. Over a one-year period, Hong Kong REITs returned 0.66% largely driven by retail sales decline and weakening office market in the city.

Singapore REITs also benefit from the US rate cut to return 18.33% during the quarter and 11.87% over the past 12 months. Despite concerns over modest office rental growth and retail leakage to Johor in the future, the solid economic fundamentals and lower finance cost will cushion the impact and support the REIT market.

Japanese REITs returned 9.64% during the quarter primarily attributed to the appreciation of Japanese yen and -5.84% over the past year. Without the currency effect, Japanese REITs was flattish in the September quarter.

Looking forward, the Fund will continue to invest into those Asian regions, sectors and individual REITs whose underlying fundamentals present the best relative prospects for sustained rental, earnings and valuation growth.

5. Returns after all fees and expenses. Assumes distributions are reinvested. Investors' tax rates are not taken into account when calculating returns. Returns and values may rise and fall from one period to another. Past performance is not an indicator of future performance. Fund's inception date used to determine return: 19 July 2011
6. Based on Fund ex-buy price as at 30/09/2024. Current running yield as at 30/09/2024 is calculated daily by dividing the annualised distribution rate by the latest entry unit price. Distributions may include a capital gains component. Distributions are not guaranteed and past performance is not an indication of future performance.

Asia Team



Mark Mazzarella, CFA

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

Prior to joining Dexus, Mark worked for Ernst & Young as a Senior Consultant and was responsible for real estate market research, property valuation, project feasibility studies, scenario analysis, financial modelling for real estate investments, transaction due diligence and bespoke advisory engagements. Mark was accepted into the New Horizons Program which resulted in a six-month secondment to the Ernst & Young corporate finance team in Singapore.

Mark holds a Bachelor of Commerce (Finance) and a Bachelor of Property and Construction (Property) from the University of Melbourne. He is an Associate of the Australian Property Institute, a Certified Practising Valuer and a CFA.



Vanessa Ng

Vanessa joined Dexus Real Estate Securities team in 2023 and is tasked with securities analysis across Asian-Pacific region.

Before joining Dexus, Vanessa was a senior analyst at Link REIT in Hong Kong, a research executive for Chanel's retail property development team across Asia and a senior analyst for Colliers focusing on Greater China.

Vanessa holds a Master in Property from the University of Adelaide and a Bachelor of Business Administration from the Chinese University of Hong Kong.

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