

**Dexus Australian Property Fund
Annual Report
30 June 2024**

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Dexus Australian Property Fund (DAPF) was formed and domiciled in Australia. Dexus Capital Funds Management Limited (DCFM) is the appointed Responsible Entity for DAPF. DCFM is a wholly owned subsidiary of Dexus Holdings Pty Limited (DXH) which forms part of Dexus (DXS or the Dexus Group).

The registered office of DXH is Level 30, Quay Quarter Tower, 50 Bridge Street, Sydney, NSW 2000.

Directors' Report

The Directors of Dexus Capital Funds Management Limited (DCFM) as Responsible Entity of Dexus Australian Property Fund (DAPF or the Fund) present their Directors' Report together with the Financial Statements for the year ended 30 June 2024.

Directors

The following persons were Directors of DCFM 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 Coakley ¹	24 March 2023
Jennifer Horrigan	24 March 2023
Lisa Scenna	24 March 2023
Michael Sheffield	18 July 2024
Brett Cameron - Alternate Director ²	24 March 2023

¹ Resigned, effective 18 July 2024.

² Ceased as alternate director for Deborah Coakley on 18 July 2024, and was appointed as alternate director for Michael Sheffield on 18 July 2024.

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 Fund's Constitution.

The Fund invests predominantly in an unlisted managed investment fund, the Dexus Wholesale Australian Property Fund (ARSN 088 996 392) ("Underlying Fund" or "DWAPF"). The Underlying Fund invests primarily in direct properties (office, industrial and retail) and cash and cash equivalents. The Underlying 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.

Review and results of operations

The relevant financial information of the Fund for the year ended 30 June 2024 is as follows:

- net loss for the year was \$16,695,000 (30 June 2023: loss \$2,668,000)
- total distributions, including returns of capital, paid and payable to unitholders were \$5,080,000 (30 June 2023: \$6,658,000)
- total assets were \$87,381,000 (30 June 2023: \$120,369,000)
- net assets were \$86,141,000 (30 June 2023: \$118,752,000)

A review of the Fund's results is set out in the Dexus Australian Property Fund 30 June 2024 Quarterly Report, which is available to investors on the Dexus Australian Property Fund Investor Services website.

Total value of Fund assets

The total value of the assets of the Fund as at 30 June 2024 was \$87,381,000 (30 June 2023: \$120,369,000). Details of the basis of this valuation are outlined in the Notes to the Financial Statements and form part of this Directors' Report.

Likely developments and expected results of operations

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 Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Fund.

Significant changes in the state of affairs

On 31 October 2023, the Responsible Entity announced that it would aim to process and pay withdrawal requests within twelve months of receiving the request (applicable to withdrawal requests submitted after 1pm on 15 May 2023. Prior to this the Responsible Entity aimed to process withdrawal requests within six months of a specified withdrawal date). The Fund's Constitution allows withdrawal requests to be paid within 12 months of receipt or longer, subject to certain conditions. As at 30 June 2024, the estimated value of outstanding withdrawal requests was \$27,800,000 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 DAPF's Constitution. Redemption amounts payable by the Fund are intended to be funded out of the proceeds of redemptions from DWAPF.

During the financial year, the Fund had no other significant changes in its state of affairs.

Matters subsequent to the end of the financial year

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt with in their Directors' Report or the 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.

Distributions

Distributions paid or payable by the Fund for the year ended 30 June 2024 are outlined in note 3 of the Notes to the Financial Statements.

DCFM fees

Details of fees paid or payable by the Fund to DCFM for the year ended 30 June 2024 are outlined in note 11 of the Notes to the Financial Statements.

Interests in the DAPF Units

The movement in units on issue in the Fund during the year and the number of units on issue as at 30 June 2024 are detailed in note 7 and form part of this Directors' Report.

Interests held in the Fund by DCFM or its associates at the end of the financial year is detailed in note 11 of the Notes to the Financial Statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under a Commonwealth, State or Territory law.

Indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, Officers and others (as defined in the relevant policy of insurance) is paid by DCFM's parent entity, Dexus Holdings Pty Limited (DXH).

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

Audit

Auditor

EY 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 the statutory audit engagement, 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 9 of the Notes to the Financial Statements. The Auditor did not provide non-audit services during the year.

Auditor's Independence Declaration

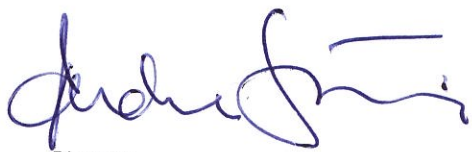
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5 and forms part of this Directors' Report.

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 Statements to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the 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 Financial Statements were authorised for issue by the Directors on 20 September 2024.

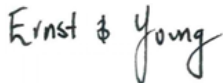


Director
20 September 2024

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

As lead auditor for the audit of the financial report of Dexus Australian Property Fund for the financial year ended 30 June 2024, 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.



Ernst & Young



Anthony Ewan
Partner
20 September 2024

Statement of Comprehensive Income

For the year ended 30 June 2024

	Note	2024 \$000	2023 \$000
Revenue from ordinary activities			
Distribution revenue	1	3,539	5,383
Interest revenue		7	6
Net management fee rebate	11	16	–
Total income		3,562	5,389
Expenses			
Net management fee expense	11	–	(101)
Net fair value loss of financial assets at fair value through profit or loss	4	(20,221)	(7,909)
Management operations, corporate and administration expenses		(36)	(47)
Total expenses		(20,257)	(8,057)
Net loss attributable to unitholders		(16,695)	(2,668)
Other comprehensive income		–	–
Total comprehensive loss for the year		(16,695)	(2,668)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2024

	Note	2024 \$000	2023 \$000
Cash and cash equivalents	8(a)	128	37
Receivables	8(b)	1,312	1,668
Financial assets at fair value through profit or loss	4	85,941	118,664
Total assets		87,381	120,369
Payables	8(c)	29	29
Distributions payable	3	826	973
Returns of capital payable	3	385	615
Total liabilities		1,240	1,617
Net assets attributable to unitholders - Equity		86,141	118,752

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Net Assets Attributable to Unitholders – Equity

For the year ended 30 June 2024

	Note	Total equity \$'000
Opening balance as at 1 July 2022		141,464
Net loss for the year		(2,668)
Other comprehensive income/(loss) for the year		–
Total comprehensive loss for the year		(2,668)
Applications		3,747
Redemptions		(17,487)
Distributions to unitholders reinvested		354
Distributions paid or provided for	3	(5,242)
Returns of capital	3	(1,416)
Total transactions with owners in their capacity as owners		(20,044)
Closing balance as at 30 June 2023		118,752
Opening balance as at 1 July 2023		118,752
Net loss for the year		(16,695)
Other comprehensive income/(loss) for the year		–
Total comprehensive loss for the year		(16,695)
Applications		24
Redemptions		(11,005)
Distributions to unitholders reinvested		145
Distributions paid or provided for	3	(3,536)
Returns of capital	3	(1,544)
Total transactions with owners in their capacity as owners		(15,916)
Closing balance as at 30 June 2024		86,141

The above Statement of Changes in Net Assets Attributable to Unitholders – Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2024

	Note	2024 \$000	2023 \$000
Cash flows from operating activities			
Interest received		7	6
Distributions received from financial assets held at fair value through profit or loss		3,733	5,977
Net management fees paid		(23)	(154)
Other expenses paid		(34)	(43)
Net cash inflow/(outflow) from operating activities	10	3,683	5,786
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through profit or loss		10,700	13,040
Returns of capital received		2,001	1,171
Net cash inflow/(outflow) from investing activities		12,701	14,211
Cash flows from financing activities			
Distributions paid to unitholders		(3,538)	(5,336)
Proceeds from applications by unitholders		24	3,747
Payments for redemptions by unitholders		(11,005)	(17,487)
Returns of capital paid		(1,774)	(1,051)
Net cash inflow/(outflow) from financing activities		(16,293)	(20,127)
Net increase/(decrease) in cash and cash equivalents		91	(130)
Cash and cash equivalents at the beginning of the year		37	167
Cash and cash equivalents at the end of the year		128	37

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

In this section

This section sets out the basis upon which the Fund's Financial Statements are prepared. Specific accounting policies are described in their respective Notes to the Financial Statements.

Basis of preparation

These Financial Statements are general purpose financial statements which have been prepared in accordance with the requirements of the Fund's Constitution, 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.

The Fund is a for-profit entity for the purpose of preparing the Financial Statements.

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

The 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 Financial Statements have been prepared on a going concern basis using the historical cost convention, except for the following which are stated at their fair value:

- Financial assets at fair value through profit or loss.

The Statement of Financial Position does not distinguish between current and non-current items. All of the Fund's assets and liabilities are held for the purpose of being traded or are expected to be realised within 12 months, except for financial assets measured at fair value through profit or loss.

Critical accounting estimates

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

In the process of applying the Fund's accounting policies, management has considered the current economic environment including the impacts of persistent inflation and elevated interest rates and the estimates and assumptions used for the measurement of items such as:

- Financial assets at fair value through profit or loss.

No other key assumptions concerning the future or other estimation uncertainty at the end of the reporting period could have a significant risk of causing material adjustments to the Financial Statements.

Climate change

On 26 June 2023, the International Sustainability Standards Board (ISSB) released new sustainability standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. Subsequently, the Australian Accounting Standards Board (AASB) issued Exposure Draft "*Australian Sustainability Reporting Standards – Disclosure of Climate-related Financial Information*" and on 27 March 2024, the "*Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill*

2024" was introduced into Parliament. Under the proposed Bill, the new reporting requirements are not expected to directly impact the Fund. The Fund will continue to assess the impact of climate change on its Financial Statements.

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. Cash flows are included in the 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 Financial Statements

The Notes include information which is required to understand the 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	Investments	Capital and financial risk management and working capital	Other disclosures
1 Distribution income	4 Financial assets at fair value through profit or loss	5 Capital and financial risk management	9 Audit and assurance fees
2 Taxation		6 Commitments and contingencies	10 Cash flow information
3 Distributions paid and payable		7 Net assets attributable to unitholders	11 Related parties
		8 Working capital	12 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 Financial Statements that the Directors consider most relevant in the context of the operations of the Fund, including:

- Distribution income
- Taxation; and
- Distributions paid and payable.

Note 1 Distribution income

Distributions from unlisted Australian managed funds are recognised as income when declared.

	2024 \$000	2023 \$000
Distributions from unlisted Australian managed funds	3,539	5,383
Total distribution income	3,539	5,383

Note 2 Taxation

Under current Australian income tax legislation, the Fund 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 the Fund.

Attribution managed investment trust regime

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

Note 3 Distributions paid and payable

In accordance with the Fund Constitution, the Fund distributes its distributable income to unitholders by cash or reinvestment in new units. Distributions are provided for in accordance with the Fund Constitution at each quarter end.

a. Distribution to unitholders

	2024 \$000	2023 \$000
30 September (paid 12 October 2023)	945	1,495
31 December (paid 17 January 2024)	859	1,408
31 March (paid 18 April 2024)	906	1,366
30 June (paid 18 July 2024)	826	973
Total distribution to unitholders	3,536	5,242

b. Distribution rate

	2024 Cents per unit	2023 Cents per unit
30 September (paid 12 October 2023)	0.73	1.05
31 December (paid 17 January 2024)	0.71	1.01
31 March (paid 18 April 2024)	0.75	1.03
30 June (paid 18 July 2024)	0.71	0.75
Total distribution rate	2.90	3.84

Note 3 Distributions paid and payable (continued)

c. Returns of Capital

	2024 \$000	2023 \$000
30 September (paid 12 October 2023)	407	250
31 December (paid 17 January 2024)	399	292
31 March (paid 18 April 2024)	353	259
30 June (paid 18 July 2024)	385	615
Total Returns of Capital	1,544	1,416

d. Returns of Capital rate

	2024 Cents per unit	2023 Cents per unit
30 September (paid 12 October 2023)	0.31	0.18
31 December (paid 17 January 2024)	0.33	0.21
31 March (paid 18 April 2024)	0.29	0.20
30 June (paid 18 July 2024)	0.33	0.47
Total Returns of Capital rate	1.26	1.06

Investments

In this section

The following table summarises the investments of the Fund detailed in this section.

30 June 2024	Note	Total \$000
Financial assets at fair value through profit or loss	4	85,941
Total		85,941

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

- **Financial assets at fair value through profit or loss:** relates to the fair value of investments in Australian managed funds being Dexu Wholesale Australian Property Fund and Wholesale Australian Property Fund (A-REIT).

Note 4 Financial assets at fair value through profit or loss

The Fund's investments financial assets consist of interests in Australian managed funds. Financial assets are initially recognised at fair value, excluding transaction costs. Transaction costs are expensed as incurred in the Statement of Comprehensive Income. Financial assets are subsequently measured at fair value with any realised or unrealised gains being recognised in the Statement of Comprehensive Income in the period in which they arise.

a. Classification of financial assets at fair value through profit or loss

	2024 \$000	2023 \$000
Investments in unlisted Australian managed funds	85,941	118,664
Total financial assets at fair value through profit or loss¹	85,941	118,664

¹ Refer to note 5(b)(iv) *Fair value measurement* for further details.

b. Amounts recognised in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss:

	2024 \$000	2023 \$000
Fair value gain/(loss) on investments in unlisted Australian managed funds	(20,221)	(7,909)
Total gains/(losses) of financial assets at fair value through profit or loss	(20,221)	(7,909)

c. Equity price risks

The Fund is exposed to equity price risk arising from investments in Australian managed funds classified as financial assets at fair value through profit or loss. The exposure to equity price risk at the end of the reporting period, assuming equity prices had been 10% higher or lower while all other variables were held constant, would increase/decrease net profit by \$8,594,100 (June 2023: \$11,866,400).

d. Valuation risks

The Fund is exposed to valuation risk on underlying investment property arising from investments in Australian trusts classified as financial assets at fair value through profit or loss. The fair value of the unlisted managed investment fund is determined on the basis of the published net asset price of the underlying fund, Dexu Wholesale Australian Property Fund ("Underlying Fund"). This net asset price is based on the net asset value of the Underlying Fund, which is largely comprised of investment property held at fair value. If the fair value of the investment property held by the Underlying Fund increase or decrease, this would have a direct impact on the fair value of unlisted managed investment funds.

e. Reconciliation

Reconciliation of the carrying value for the financial year is as follows:

	2024 \$000	2023 \$000
Carrying value at the beginning of the financial year	118,664	141,208
Acquisitions during the financial year	–	–
Disposals during the financial year	(10,700)	(13,040)
Returns of capital received and receivable during the financial year	(1,802)	(1,595)
Net loss on revaluations	(20,221)	(7,909)
Carrying value at the end of the financial year	85,941	118,664

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 5 *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).

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:** *Commitments and contingencies* in note 6;
- **Equity:** *Net assets attributable to unitholders* in note 7.

Note 8 provides a breakdown of the working capital balances held in the Statement of Financial Position

Note 5 Capital and financial risk management

Capital and financial risk management is carried out through a centralised treasury function which is governed by a Board approved Treasury Policy. The Fund has an established governance structure which consists of the Executive Committee and Capital Markets Committee.

The Board is responsible for reviewing and approving financial risk management policies, funding strategies, and monitoring the implementation of strategies and approval of treasury transactions above delegated limits.

The Capital Markets Committee is a management committee that is accountable to the Board. It convenes no less than two times per year and conducts a review of financial risk management exposures including liquidity, funding strategies and hedging. It is also responsible for the development of financial risk management policies and funding strategies for recommendation to the Board, and the approval of treasury transactions within delegated limits and powers.

a. Capital risk management

The Fund manages its capital to ensure the Fund will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Fund consists of cash and cash equivalents and net assets attributable to unitholders. The Fund continuously monitors its capital structure and it is managed in consideration of the following factors:

- The cost of capital and the financial risks associated with each class of capital;
- Potential impacts on net tangible assets and unitholders' equity; and
- Other market factors.

b. Financial risk management

The Fund's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Fund. The Fund's financial instruments comprise investments in financial assets measured at fair value through profit or loss, cash and cash equivalents and other financial instruments such as receivables and payables, which arise directly from the Fund's operations. Transactions in these instruments expose the Fund to a variety of financial risks namely:

- Interest rate risk;
- Liquidity risk; and
- Credit risk.

i. Market risk

Interest rate risk

Interest rate risk arises from interest bearing financial assets that the Fund utilises. The Fund's cash which has a variable interest rate gives rise to cash flow interest rate risk due to movements in variable interest rates.

The Fund's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its asset and liability portfolio through active management of the exposures.

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

Note 5 Capital and financial risk management (continued)

b. Financial risk management (continued)

ii. 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 identifies and manages liquidity risk across the following categories:

- Short-term liquidity risk management through ensuring the Fund has sufficient liquid assets, working capital and borrowings facilities to cover short-term financial obligations.

Maturity analysis for financial liabilities

Financial liabilities of the Fund comprise payables and distributions payable. Payables and distributions payable are typically settled within 30 days and 60 days respectively.

Liquidity risk is not considered to be significant to the Fund.

Refer to note 7 for disclosure of withdrawal arrangements under the Fund's Constitution including details of outstanding withdrawal requests received by the Responsible Entity.

iii. 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 financial assets included in the Fund's Statement of Financial Position.

The Fund manages this risk by:

- Adopting a process for determining an approved counterparty, with consideration of qualitative factors as well as the counterparty's credit rating;
- Regularly monitoring counterparty exposure within approved credit limits that are based on the lower of an S&P and Moody's credit rating. The exposure includes the current market value of in-the-money contracts and the potential exposure, which is measured with reference to credit conversion factors as per APRA guidelines; and
- Regularly monitoring receivables on an ongoing basis.

A minimum S&P rating of A- (or Moody's equivalent) is required to become or remain an approved counterparty unless otherwise approved by the Responsible Entity's Board.

The Fund is exposed to credit risk on cash balances with financial institutions. The Fund has a policy that sets limits as to the amount of credit exposure to each financial institution. New derivatives and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Fund's policy requirements.

The maximum exposure to credit risk at 30 June 2024 is the carrying amounts of financial assets recognised on the Statement of Financial Position.

The Fund is exposed to credit risk on trade receivable balances. The Fund has a policy to assess and monitor the credit quality of trade debtors on an ongoing basis. Given the historical profile and exposure of the trade receivables, it has been determined that no significant concentrations of credit risk exists for receivables balances. The maximum exposure to credit risk at 30 June 2024 is the carrying amounts of the receivables recognised on the Statement of Financial Position.

iv. Fair value

The Fund uses the following methods in the determination and disclosure of the fair value of assets and liabilities:

Level 1: the fair value is calculated using quoted prices in active markets.

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).

Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable data.

Investments in Australian managed funds held by the Fund during the period have been categorised as Level 3 assets.

On 31 October 2023, investments in Australian managed funds were transferred from level 2 to level 3 due to changes in the processes for satisfying withdrawal requests including extension of time to pay these requests from 6 months to 12 months. As a result, these investments may take longer to realise than more liquid assets and the final amounts realised could be different to the amounts recognised in the Financial Statements.

During the year, there were no other transfers between Level 1, 2 and 3 fair value measurements.

Since cash, receivables and payables are short-term in nature, their fair values are not materially different from their carrying amounts.

Note 6 Commitments and contingencies

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

Note 7 Net assets attributable to unitholders

Net assets attributable to unitholders comprise units on issue and undistributed reserves. The Fund's Constitution allows the AMIT tax regime to apply to the Fund and the AMIT eligibility criteria have been met. The Fund'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 the Fund's Constitution.

Net assets attributable to unitholders are made up as follows:

	2024 \$000	2023 \$000
Units on issue	97,710	110,090
Undistributed reserves/(accumulated losses)	(11,569)	8,662
Total net assets attributable to unitholders	86,141	118,752

Number of Units on issue

	2024 No. of units	2023 No. of units
Opening balance	129,831,442	143,398,304
Applications	29,929	3,774,011
Distributions reinvested	168,283	360,978
Redemptions	(13,533,334)	(17,701,851)
Closing balance	116,496,320	129,831,442

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

Unitholders have various rights under the Fund'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 the Fund.

Issued and paid up units are initially recognised at the fair value of the consideration received by the Fund. Applications received for units in the Fund are recognised net of any transaction costs arising on the issue of units in the Fund. Redemptions from the Fund 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 the Fund's Constitution.

Withdrawal arrangements

On 31 October 2023, the Responsible Entity announced that it would aim to process and pay withdrawal requests within twelve months of receiving the request (applicable to withdrawal requests submitted after 1pm on 15 May 2023. Prior to this the Responsible Entity aimed to process withdrawal requests within six months of a specified withdrawal date). The Fund's Constitution allows withdrawal requests to be paid within 12 months of receipt or longer, subject to certain conditions. As at 30 June 2024, the estimated value of outstanding withdrawal requests was \$27,800,000 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 DAPF's Constitution. Redemption amounts payable by the Fund are intended to be funded out of the proceeds of redemptions from DWAPF.

Note 7 Net assets attributable to unitholders (continued)

Distribution reinvestment plan

The Fund has a distribution reinvestment plan (DRP) under which holders of units 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.

Further units are to be issued under the DRP in relation to the June 2024 distribution period.

Undistributed reserves

	2024 \$000	2023 \$000
General reserve/(accumulated losses)	(11,569)	8,662
Total reserves	(11,569)	8,662
Movements:		
Opening balance at the beginning of the year	8,662	16,572
Net profit from operations before fair value adjustments	3,526	5,241
Net fair value loss of unlisted managed investment funds	(20,221)	(7,909)
Distribution to unitholders	(3,536)	(5,242)
Closing balance at the end of the year	(11,569)	8,662

Nature and purpose of reserves

General reserve/(accumulated losses)

The general reserve is predominantly used to record unrealised movements in the fair value of the investment in Australian managed funds.

Note 8 Working capital

a. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b. Receivables

Distributions are recognised when declared and, if not received at the end of the reporting period, reflected in the Statement of Financial Position as a receivable.

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.

Impairment

An allowance for expected credit loss is made when the Fund may not be able to collect the debts. The Fund applies a simplified approach in calculating expected credit loss and recognises a loss allowance based on the lifetime expected credit losses at each reporting date. Given the limited exposure of the Fund to credit risk, no material expected credit loss has been recognised. The Fund only holds receivables with no financing component and that have maturities of less than 12 months.

	2024 \$000	2023 \$000
Distributions receivable	807	1,001
Returns of capital receivable	468	667
Net management fee rebate receivable	37	–
Total receivables	1,312	1,668

Note 8 Working capital (continued)

c. Payables

	2024 \$000	2023 \$000
Net management fee payable	–	2
Accrued audit fees, other payables and accrued expenses	29	27
Total payables	29	29

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 9 Audit and assurance fees

During the year, the Auditor and its related practices earned the following remuneration:

	2024 \$	2023 \$
Audit and review services		
Auditors of the Fund – Ernst & Young		
Financial Statement audit and review services	25,954	24,718
Audit and review fees paid to Ernst & Young	25,954	24,718
Assurance services		
Auditors of the Fund – Ernst & Young		
Compliance assurance services	6,930	6,600
Assurance fees paid to Ernst & Young	6,930	6,600
Total audit, review and assurance fees paid to Ernst & Young	32,884	31,318

Note 10 Cash flow information

a. Reconciliation of cash flows from operating activities

Reconciliation of net profit/(loss) for the year to net cash flows from operating activities.

	2024 \$000	2023 \$000
Net loss for the year	(16,695)	(2,668)
Net fair value (gain)/loss of financial assets at fair value through profit or loss	20,221	7,909
Change in operating assets and liabilities		
(Increase)/decrease in receivables	157	594
Increase/(decrease) in payables	–	(49)
Net cash inflow from operating activities	3,683	5,786
Non-cash Financing Activities		
Reinvestment of distributions to unitholders	145	354

Note 11 Related parties

Responsible Entity

DCFM is the Responsible Entity of the Fund.

Related party transactions

All related party transactions are conducted on normal commercial terms and conditions unless otherwise stated.

Management Fees

In accordance with the Product Disclosure Statement, the ongoing management fee payable to the Responsible Entity is 1.10% (30 June 2023: 1.10%) of the net asset value of the Fund, and it is assessed daily and payable on a quarterly basis. Management fees are recognised net of management fee rebates of \$1,134,774 (30 June 2023: \$1,396,294) received from the Responsible Entity. These rebates relate to the Fund's share of management fees which have been paid to the Responsible Entity in its capacity as Responsible Entity of Dexus Wholesale Australian Property Fund.

	2024 \$	2023 \$
Management fees expensed during the financial year	1,118,478	1,497,442
Management fee rebates received during the financial year	(1,134,774)	(1,396,294)
Net management fees expense/(rebate)	(16,296)	101,148

Interest in DAPF units

DCFM and its related parties, schemes and portfolios managed by DCFM and its related parties held nil units (2023: nil) in the Fund.

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 are set out below:

	Fair value of the investment		Interest held		Distributions/interest received or receivable during the financial year		Returns of capital received or receivable during the financial year	
	2024 \$	2023 \$	2024 %	2023 %	2024 \$	2023 \$	2024 \$	2023 \$
Dexus Wholesale Australian Property Fund	85,940,652	118,664,067	6.64	7.02	3,538,773	5,383,465	1,802,571	1,594,822
Wholesale Australian Property Fund (A-REIT)	1	1	0.00	0.03	-	-	-	-

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 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 12 Subsequent events

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt within the 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 Dexus Capital Funds Management Limited as Responsible Entity of Dexus Australian Property Fund (the Fund) declare that the Financial Statements and Notes set out on pages 6 to 21:

- i. Comply with Australian Accounting Standards, the *Corporations Regulations 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 2024 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:

- a. The Financial Statements and Notes are in accordance with the *Corporations Act 2001*;
- b. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- c. the Fund has operated in accordance with the provisions of the Fund's Constitution (as amended) during the year ended 30 June 2024.

The 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
20 September 2024

Independent auditor's report to the members Unitholders of Dexus Australian Property Fund

Opinion

We have audited the financial report of Dexus Australian Property Fund (the "Fund"), which comprises the statement of financial position as at 30 June 2024, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders - equity and the statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, and the declaration of the directors of Dexus Capital Funds Management Limited, the Responsible Entity of the Fund.

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

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2024 and of its 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 Fund 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 of the Responsible Entity 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.

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 Fund'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 Fund or to cease operations, or have no realistic alternative but to do so.

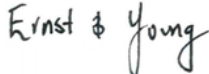
Auditor's responsibilities for the audit of the financial report

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 Fund'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 Fund'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 Fund 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.

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



Anthony Ewan
Partner
Sydney
20 September 2024