

Dexus (ASX: DXS)

ASX release



28 October 2026

September 2026 quarter update – Continued strength in operational and flagship fund performance

Ross Du Vernet, Dexus Group Chief Executive Officer & Managing Director, said: "This quarter's results show continued strength in operational performance across our property portfolio, outperformance in our largest flagship funds, and progress attracting capital into the funds platform. However, the shifting macroeconomic environment and interest rate outlook may slow the recovery.

"The location and quality of our assets remain key drivers of performance. Our office occupancy at 94.2% is well above the market average and our industrial portfolio achieved 36% releasing spreads in the quarter. We expect high quality, well-located assets to continue to outperform in the current environment."

Key highlights

- **Office and industrial portfolio occupancies remain strong** and above market at 94.2% and 94.0%, respectively. Office incentives remain well below market average and industrial releasing spreads of 36% were achieved
- **Rent collections** remain strong at 99.5%
- **Dexus Wholesale Property Fund (DWPF) and Dexus Wholesale Shopping Centre Fund (DWSF)** continue to outperform their benchmarks across all time periods
- **Raised c.\$230 million¹ third party equity commitments** from both domestic and offshore investors since 30 June 2026, including c.\$165 million of secondary unit transactions across the platform
- Contracts were exchanged to sell **101 George Street, Parramatta** for a gross sale price of \$143.9 million, of which Dexus has a 50% interest. The sale represents Dexus's exit from the Parramatta suburban office market
- A consortium including **Australian Data Centres** (in which Dexus holds an 85% interest) entered into lease documentation with an Australian subsidiary of Anthropic for delivery of the first stage of the proposed development of a hyperscale data centre campus in the Western Downs region of Queensland, subject to customary approvals, including Dexus Board approval.

Outlook

Ross Du Vernet said: "Barring unforeseen circumstances, for the 12 months ending 30 June 2027, Dexus reiterates its expectation for AFFO of 37.5 – 39.5 cents per security and distributions of 37.0 cents per security².

"The infrastructure review has given us a clear basis to simplify the platform and focus our capital and capability where Dexus can deliver the strongest long-term outcomes. As a result, Dexus is refocusing its business on the real estate markets of office, industrial and retail, plus a targeted alternatives platform.

"We continue to view the buyback as a key lever to create value for security holders over the medium term and remain resolved to execute on our plan in a disciplined manner, with meaningful progress linked to divestments and the release of capital from major transactions."

High-quality property portfolio

Dexus's \$15.3 billion³ high-quality portfolio comprises predominantly \$9.8 billion in office and \$3.6 billion in industrial.

Key metrics ⁴	Office		Industrial	
	30 Sep 2026	30 Jun 2026	30 Sep 2026	30 Jun 2026
Occupancy by income	94.2%	95.7%	94.0%	94.6%
Occupancy by area	93.6%	95.5%	95.4%	96.5%
Weighted average lease expiry (by income)	4.0 years	4.1 years	4.2 years	4.3 years
Average incentives	23.8%	26.4%	20.1%	20.6%
Leasing volumes⁵	3 months	12 months	3 months	12 months
Stabilised leasing (sqm)	36,100	158,400	90,100	363,800
Number stabilised lease transactions	66	295	17	56
Development leasing (sqm)	-	14,200	23,500	128,200
Number development lease transactions	-	1	4	23

Office portfolio

The Australian office market continued to recover during the September 2026 quarter, with positive net absorption recorded across three of the four major CBD markets. Demand remained concentrated in well-located, higher-quality CBD assets, while secondary assets continued to experience higher vacancy, incentives and leasing risk. Sydney and Melbourne were the strongest-performing CBD markets, with Melbourne recording its highest quarterly net absorption since September 2018. Dexu continues to benefit from the flight to core and quality, with circa 78% of its office portfolio located in core CBD locations.

Dexu's office portfolio occupancy of 94.2% remains well above the market average⁶ of 85.1% although reduced slightly over the quarter due to expiries at Australia Square in Sydney and 240 St Georges Terrace in Perth, partly offset by leasing at 1 Farrer Place in Sydney and 180-222 Lonsdale Street in Melbourne.

Average incentives reduced to 23.8% primarily reflecting lower incentive deals in the Sydney prime core market and a higher proportion of effective deals during the period. Excluding effective deals, incentives were 29.6% (compared to 29.9% at FY26) and remain well below market average.

Industrial portfolio

The industrial sector held steady through the September quarter, with healthy occupier demand, low vacancy and moderating supply supporting leasing conditions as rent growth stabilised. Performance varied by precinct, with higher incentives constraining effective rental growth in some markets.

Leasing momentum continued across Dexu's industrial portfolio, with the majority of leasing attributable to larger tenancies. During the quarter, Dexu secured 113,600 square metres of industrial leasing including 23,500 square metres of development leasing, with four development commitments secured at ASCEND Industrial Estate, Jandakot. Releasing spreads of circa 36% were achieved in the quarter.

Portfolio occupancy remained strong at 94.0%, while average incentives reduced slightly to 20.1%. The portfolio remains 8.1% under-rented, creating opportunities as vacancies are leased and rents are reset on expiries, which together represent approximately 21.4% of portfolio income to FY28.

Developments

The Platform's \$12.8 billion³ real estate development pipeline includes \$6.9 billion⁷ within the Dexu portfolio comprising \$2.4 billion committed and \$3.6 billion uncommitted, and \$5.9 billion within the funds management business.

Construction continues at Dexu's city shaping office developments Atlassian Central in Sydney and Waterfront Brisbane. Atlassian Central is on schedule for completion in late 2026, with the structure now complete and façade nearing completion. At Waterfront Brisbane, the core has reached level seven, and delivery of the North Tower podium's level five is on track for later this financial year.

In the industrial portfolio, construction continues at seven projects across 71,000 square metres at ASCEND Industrial Estate, Jandakot, including two newly committed projects since FY26, both 100% pre-leased.

Transactions

During the quarter, contracts were exchanged to sell 101 George Street, Parramatta for a gross sale price of \$143.9 million, of which Dexu has a 50% interest, with settlement due in November 2026. The sale price reflects a 7.1% discount to last stated book value and the sale represents Dexu's exit from the Parramatta suburban office market.

Post quarter-end, Dexu also achieved initial settlement on the sale of 30-34 and 36 Hickson Road, Millers Point and 123 Albert Street, Brisbane. These divestments were previously announced within Dexu's FY26 results.

A consortium including Australian Data Centres (in which Dexu holds an 85% interest) entered into lease documentation with an Australian subsidiary of Anthropic for delivery of the first stage of the proposed development of a hyperscale data centre campus in the Western Downs region of Queensland, subject to customary approvals, including Dexu Board approval. Dexu may participate in the capital raising as an investor but has not as yet made a decision to do so.

Funds management

Dexu manages \$36.1 billion³ of funds across its diversified funds management business.

The platform raised \$230 million¹ of equity since 30 June 2026 from both domestic and offshore investors, reflecting continued demand for high-quality core real estate. This includes more than \$165 million of secondary unit transactions facilitated across the platform.

Flagship funds, DWPF and DWSF, continued to outperform their benchmarks across all reported time periods, with DWPF delivering a one-year return of 10.0% and DWSF delivering a 14.4% (post fees), respectively.

After closing FY26 with total commitments of circa \$870 million (including \$200 million raised via a dedicated sidecar), Dexu Real Estate Partnership 2 (DREP2) has now committed capital into four opportunities and is 35% allocated.

As communicated at Dexu's FY26 results, following an increase in its redemption queue, Dexu in conjunction with the responsible entity of the Dexu Healthcare Property Fund (DHPF) undertook a structured engagement process to understand investor objectives going forward. The responsible entity has now engaged an independent advisor and is reviewing the full range of options for the fund, including asset sales, alternative capital and ownership structures, or a wind-up. DHPF's third party FUM is \$1.1 billion and Dexu has a \$180 million co-investment interest in the fund.

Infrastructure strategic review, refocused platform update

Dexus provides an update to its 5 June and 20 August 2026 announcements on the strategic review of its infrastructure funds and mandates, and the resulting refocus of the Dexus platform on its real estate markets of office, industrial and retail, as well as a targeted alternatives platform.

The infrastructure funds and mandates transitioned to Dexus as part of its 2023 acquisition of AMP Capital's real estate and infrastructure platform and as stated in Dexus's FY26 results materials represent \$7.3 billion of third-party FUM, \$260 million of co-investment interests and \$35 million of management fee revenues (excluding performance fees, post-tax and before associated costs).

The review confirmed that clients across a number of funds are seeking liquidity and Dexus will work closely with Responsible Entity Boards and infrastructure clients to determine the appropriate way forward for each fund and mandate. Macquarie Capital were engaged to support the review, which included an independent assessment of each fund in conjunction with Responsible Entity Boards and infrastructure clients.

Specifically, the focus during FY27 for the Dexus Diversified Infrastructure Trust (DDIT) and the Dexus Core Infrastructure Fund (DCIF) will be to progress assets sales to provide liquidity to clients. For other infrastructure funds, consultation regarding the best pathway to provide liquidity remains ongoing. For funds and mandates with a stake in Australia Pacific Airports Corporation (APAC), the path forward will depend in part on the outcome of the appeal which Dexus Bloc shareholders filed on 25 June 2026 and is due to be heard from 30 November to 2 December 2026.

A refocused platform

Dexus remains committed to having a focused funds platform in sectors where its capability can deliver long-term value for clients and investors. Aligned to this, and the findings of the strategic review of the infrastructure funds, Dexus is refocusing its business on the real estate markets of office, industrial and retail, plus a targeted alternatives platform.

The alternatives platform will be focused on emerging sectors within the real asset market that leverage the core capabilities of the Dexus platform, derive a substantial portion of income from real estate-like activities and provide material growth potential. From an infrastructure perspective, activity will therefore be focused on areas which are predominantly enabled by physical real estate or real estate related activities. From a growth perspective, the alternatives platform is currently focused on data centres and select living subsectors, as well as multi-sector investment opportunities, for example, healthcare precincts. It will also continue to deliver on existing fund commitments across healthcare, public-private partnerships and transport.

Environmental, Social and Governance (ESG)

Dexus advanced its sustainability strategy during the quarter, delivering progress across its sustainability foundations and priority areas. We continued to maintain net zero for Scope 1 and 2 emissions across our managed portfolio and our assets and funds earned external recognition for their sustainability performance. Our assets and communities also benefited from activations and events held in the quarter focusing on inclusivity, wellbeing and creating local connections for healthy hearts and minds.

DWPF-owned assets Quay Quarter Tower (QQT) and 33 Alfred Street continued to receive industry recognition. QQT was announced as a finalist in the World Green Building Council Asia Pacific Leadership in Green Building Awards, recognising its energy performance, waste management and wellbeing in operations. 33 Alfred Street won the Urban Taskforce Australia Development Excellence Award for integrating heritage preservation, sustainability and contemporary workplace design.

Dexus and its funds continued their strong performance in the Global Real Estate Sustainability Benchmark (GRESB). Dexus, DWSF, DOTA and DDIT retained 5-star ratings, and DWPF ranked first in its peer group.

Authorised by the Board of Dexus Funds Management Limited

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About Dexus

Dexus (ASX: DXS) is a leading Australasian fully integrated real asset group, managing a high-quality Australasian real estate and infrastructure portfolio valued at \$51.4 billion. The Dexus Platform includes the Dexus listed portfolio and the funds management business. The \$15.3 billion listed portfolio includes direct and indirect ownership of office, industrial, retail, healthcare, infrastructure, alternatives and other investments. We manage a further \$36.1 billion of investments in our funds management business which connects third party capital with exposure to quality sector specific and diversified real asset products. The funds within this business benefit from Dexus's Platform capabilities. The Platform's \$12.8 billion real estate development pipeline provides the opportunity to grow both the listed and funds' portfolios and enhance future returns. We are deeply connected to our purpose unlock potential, create tomorrow, reflecting our unique ability to create value for our people, customers, investors and communities over the long term. Our sustainability approach focuses on the priority areas where we believe we can make the most impact: Customer Prosperity, Climate Action and Enhancing Communities. Dexus is supported by more than 33,900 investors from 28 countries. With more than four decades of expertise in real asset investment, funds management, asset management and development, we have a proven track record in capital and risk management and delivering returns for investors. www.dexus.com

Dexus Funds Management Limited ABN 24 060 920 783, AFSL 238163, as Responsible Entity for Dexus (ASX: DXS)
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- 1 Including DRP, secondaries and equity commitments.
 - 2 Refer to slides 24 and 28 of Dexus's FY26 results presentation. Based on current expectations relating to asset sales, APAC litigation, contribution to earnings from FUM under review and consultation, trading profits and performance fees, and subject to no material deterioration in conditions.
 - 3 Data as at 30 June 2026.
 - 4 Dexus balance sheet portfolio performance statistics exclude co-investments in pooled funds and development leasing.
 - 5 Includes Heads of Agreements.
 - 6 Australian CBD vacancy average by Property Council of Australia at July 2026.
 - 7 Includes \$0.9 billion concept development pipeline.