

DRPF | dexus

Dexus Regional Property Fund

Quarterly update

For the period ending 31 December 2021

Honeysuckle Drive, Newcastle

Highlights and summary

- The portfolio was independently valued as at 31 December 2021 for \$67.5m. This resulted in a reduction in the book value of \$2.3 million or 3.3%, which was primarily due to the write-down of booked capital expenditure. When compared to the previous independent valuation of \$66.0 million completed as at 31 December 2020, the portfolio increased by \$1.5 million or 2.3%
- As previously noted, a lease was signed with a sitting tenant at 28 Honeysuckle Drive to expand their occupancy from 580 to 1,003 square metres and extend the lease term for a further 10 years. The new lease commenced on 1 February 2022
- Including the lease noted above vacancy reduced to 23%. The team continued to actively market the remaining vacancy, with a number of proposals issued
- Discussions are underway with a number of sitting tenants in relation to their FY23 lease expiries. We will keep investors updated as negotiations progress
- We continue to work closely with our customers given the COVID restrictions that require a majority of staff to work from home. Rent relief was provided to two retail tenants under the NSW Code of Conduct

Key metrics

As at 31 December 2021

Net Asset Value (NAV)	\$1.7834 per unit
Property portfolio value	\$67.5m (6.0% cap rate)
Loan to Value Ratio	33% (covenant 55%)
Interest Cover Ratio (ICR)	5.4x (covenant 2.0x)
Weighted Average Lease Expiry (by income)	4.4 years
Portfolio occupancy (by area)	77%
Annual distribution	8.22 cents per unit
Distribution payments	Monthly
Targeted fund maturity	30 June 2024

Fund update – asset sale

- Following a regular internal review of the assets and the Fund, we consider it is in the best interest of investors to explore a potential sale of the assets via an on market sale campaign for the following reasons:
 - The value of the asset has likely been maximised following the recent capital upgrades and valuation gains
 - To capitalise on the strength of the investment market in Newcastle with recent sales providing a yield range of between 5.75% to 6.00% (current valuation adopted 6.00%)
 - Strength of the market including private capital and/or syndicators
 - Recent leasing activity completed, including Nine Entertainment Co and QBE, that continues to improve the tenant profile of the portfolio
 - To crystallise gains in a strong market i.e. generate of highly successful outcome for investors
- It is anticipated that the assets will be placed on the market in March 2022 with agents Colliers International, who not only have a strong local Newcastle identity, but are a leading national commercial agency.
- In the event of a successful sale outcome, Dexus would then undertake the required steps to return capital and profits and wind up the Fund later in 2022.

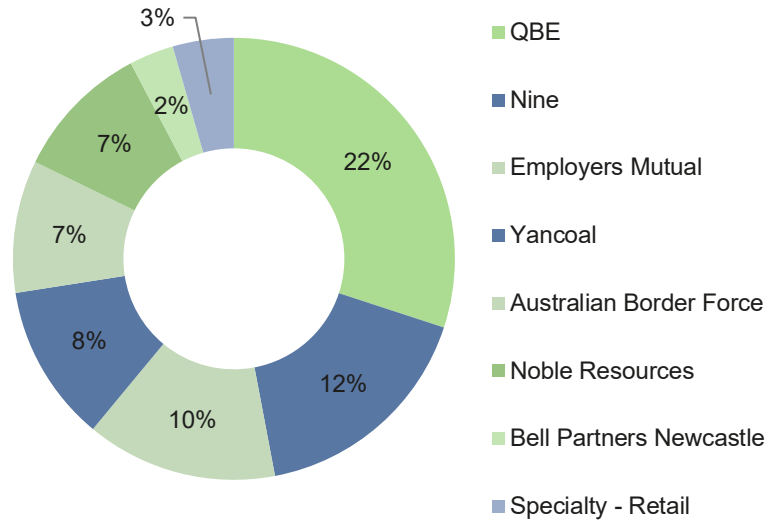


Fund update

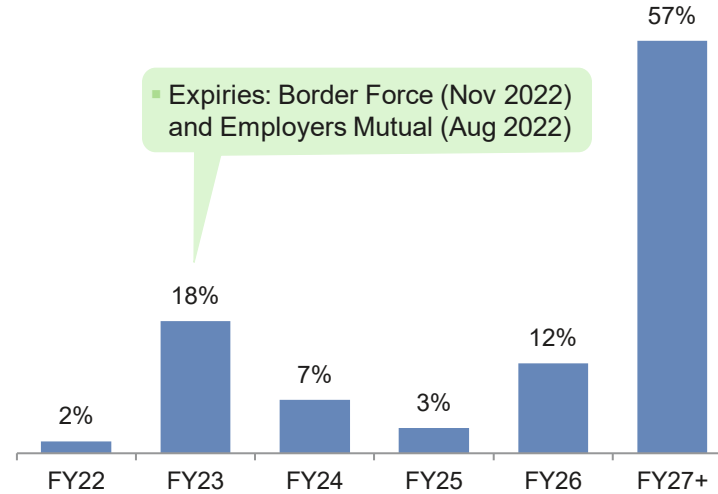
- Dexus advises that there will be a forthcoming change in the Fund Manager for the Fund following the resignation of Mr. Tom Forrest. Dexus and the DXAM board would like to record their thanks for Tom's excellent contribution in managing the Fund and for its success to date, and their best wishes for Tom's future endeavors. A recruitment process is underway which will consider external and internal candidates for the role. Dexus's full real estate funds management team continues to support the fund and an orderly transition is expected to occur. Investors should contact Tim Slattery or the Investor Services team if they have any queries relating to the fund or their investment or this investor update.
- Dexus Asset Management Limited (DXAM) responsible entity of Dexus Regional Property Fund (DRPF) announced the retirement of Independent Chairman, Geoff Brunsdon. Geoff is retiring from the DXAM board on 28 February 2022, after 12 years as an independent director and nine years as Chairman.
- Darren Steinberg, CEO of DXAM said: "Geoff has been a valuable member of the Dexus Asset Management Limited Board and associated Board Audit Risk & Compliance Committee. Geoff brought a wealth of knowledge to the boardroom from his extensive investment banking and corporate advisory experience. On behalf of the Board and Management we extend our thanks and gratitude to Geoff and appreciate his contribution."
- Jennifer Horrigan, an existing Independent Director of DXAM since April 2012 will take up the role of Chair from 1 March 2022. Jennifer brings extensive experience from her role as a director on ASX-listed, unlisted and not-for-profit boards, across a range of industry sectors including property, funds management, health and transport.

Fund information and history

Tenant diversity (by income)



Expiry Profile (by income)



Historical unit values

Date	NAV per unit
31 December 2021	\$1.7834
30 June 2021	\$1.8683
31 December 2020	\$1.8822
30 June 2020	\$1.4037

Important information / dates

Unit price revaluation	Changes to Net Asset Value per unit are advised following the completion of the audited Annual and Half-Yearly financial reports. Please see the 'Key metrics' table within this update for the latest NAV
Distribution payment	Accruing at the end of each month. Payment is made on the 10th day following month's end unless that day is a non-business day in which case the distribution will be paid on the following business day
Distribution statement	Dispatched at the time of payment
Tax statement	Dispatched annually (by end of August 2022).

Contact us

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