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27 October 2021

Fund Update and FY22 Distribution change

Dexus Regional Property Fund | ARSN 110 488 821

The September 2021 quarterly report (issued on 22 October 2021) advised of the Fund's intention to undertake a review of the distribution rate. The review was considered appropriate as a result of persistent vacant tenancies exacerbated by a COVID affected leasing environment in NSW. These factors have impacted the Fund's cashflows and forecasts for the remainder of FY22.

The annualised distribution rate for the period 1 November 2021 to 30 June 2022 will be reduced to 8.0 cents per unit, representing an 8% reduction from the 8.67 cents per unit distribution initially forecast for FY22.

Despite this change, the Fund remains well placed for the future with quality tenant lease covenants, a recently renewed bank debt facility with low gearing of 33%, an Interest Coverage Ratio (ICR) of 6.0x compared to the debt covenants of 2.0x, and minimal exposure to tenants whose businesses have been impacted by COVID. It should also be noted that the vacant tenancies have been accounted for in the most recent external valuation completed in December 2020 that saw an uplift in value of 27% and attributed to a 33% increase of the Net Tangible Assets.

While it is disappointing to have to reduce the FY22 distribution, we have resources focused on the leasing campaign, including additional leasing resources provided by Dexus following its acquisition of APN Property Group. We will undertake a further review of the distribution rate following the commencement of any leasing activity and will advise you of any changes as they eventuate.

If you have any questions in relation to the above, please contact the Investor Services Team on 1800 996 456 (investor enquiries) or 1300 027 636 (for advisers). Alternatively, email investorservices@dexus.com.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Tom Forrest", with a stylized flourish underneath.

Tom Forrest
Dexus Regional Property Fund