

Dexus (ASX: DXS)

ASX release



9 June 2021

Healthcare real estate - establishment of relationship with Australian Unity

Dexus announces that it has established a new healthcare platform relationship with Australian Unity regarding the Australian Unity Healthcare Property Trust ("AUHPT" or the "Fund"), including entering into arrangements in relation to the Australian Unity platform, opportunities to invest in certain aspects of Australian Unity's healthcare development pipeline and making a \$180 million cornerstone investment in AUHPT's \$320 million capital raising announced today.

The establishment of this relationship and investment in AUHPT is consistent with Dexus's focus on increasing the resilience of its investment portfolio income streams and enhances Dexus's ability to obtain further scale in the increasingly attractive healthcare property sector.

Australian Unity is one of Australia's largest healthcare operators and real estate owners with a significant depth of industry relationships from its 22 years of specialist healthcare real estate investing. AUHPT has a development pipeline of \$1 billion of high quality greenfield and brownfield development opportunities, which as a result of this relationship, Dexus will have an opportunity to participate in.

Dexus has also provided AUHPT a first right to acquire a 25% indirect interest in the Australian Bragg Centre (on market-based terms), and Dexus will have a first right over the Australian Unity management platform for AUHPT in circumstances in which Australian Unity decides to sell an interest in the platform.

Darren Steinberg, Dexus CEO said: "We are confident in the outlook for healthcare real estate and the investment in AUHPT provides us with an efficient way to increase our exposure to this attractive asset class at an appealing price. The broader relationship with Australian Unity provides an opportunity for us to accelerate our growing footprint in healthcare real estate and provides our funds and third party partners with additional investment opportunities."

Dexus is participating in AUHPT's \$320 million placement and entitlement offer announced today, subscribing for \$180 million worth of wholesale units in AUHPT, representing approximately 7% of the pro forma issued equity in AUHPT. Dexus believes the subscription price of \$2.60 per unit represents good value, based on the high-quality nature of the assets and strong investor demand for healthcare real estate.

The establishment of the Australian Unity healthcare platform relationship and investment in AUHPT is expected to be accretive to Dexus's FY22 Adjusted Funds From Operations and distribution per security.

Dexus will continue to separately develop and grow the group's healthcare exposure through the circa \$1.1 billion¹ Dexus Healthcare Property Fund. Today's announcement represents a new healthcare investment stream and does not impact Dexus's existing healthcare business which will continue to operate independently of Australian Unity.

Australian Unity Healthcare Property Trust (AUHPT)

AUHPT comprises a scale portfolio of Australian hospital and healthcare properties valued at \$2.33 billion and consisting of 67 properties including the recently completed Surgical, Treatment & Rehabilitation Service (STARS) a 182-bed public hospital at Herston in Queensland.

The Fund has delivered a strong total return to unitholders of 25.1% over the past 12 months and 14.9% per annum over the past five years².

The following table details key investment metrics for the Fund:

AUHPT key metrics	As at 30 April 2021
Gross asset value ³	\$2,553 million
Number of properties	67
Number of tenants	164
Weighted average capitalisation rate (at Net Asset Value)	5.18%
Weighted average lease expiry (by income)	15.7 years
Occupancy by income	98.3%
Gearing ratio	26.0%

Authorised by the Board of Dexus Funds Management Limited

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About Dexus

Dexus is one of Australia's leading real estate groups, managing a high-quality Australian property portfolio valued at \$36.5 billion. We believe that the strength and quality of our relationships will always be central to our success and are deeply committed to working with our customers to provide spaces that engage and inspire. We invest only in Australia, and directly own \$15.5 billion of office, industrial and healthcare properties. We manage a further \$21.0 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$11.5 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 29,000 investors from 24 countries. With 36 years of expertise in property investment, development and asset management, we have a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk-adjusted returns for investors. www.dexus.com

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1 Includes estimated on completion value of \$223 million for DHPF's 50% interest in Australian Bragg Centre and Bethesda at an estimated on completion value of \$58.3 million (100% DHPF).

2 As at 30 April 2021. Based on Wholesale Units. Returns are calculated after fees and expenses and assume the reinvestment of distributions.

3 Includes listed property, cash and other assets.