

Dexus Convenience Retail REIT (ASX:DXC)

ASX release

10 February 2025

2025 Half year results presentation and property synopsis

Dexus Convenience Retail REIT (DXC) releases its 2025 half year results presentation.

An investor conference call will be webcast today at 10.00am on www.dexus.com/investor-centre

The property synopsis excel workbook is also available at www.dexus.com/convenience

Authorised by the Board of Dexus Asset Management Limited

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About Dexus Convenience Retail REIT

Dexus Convenience Retail REIT (ASX code: DXC) is a listed Australian real estate investment trust which owns high quality Australian service stations and convenience retail assets. At 31 December 2024, the fund's portfolio is valued at approximately \$709 million, is predominantly located on Australia's eastern seaboard and leased to leading Australian and international convenience retail tenants. The portfolio has a long lease expiry profile and contracted annual rent increases, delivering the fund a sustainable and strong level of income security. The fund has a conservative approach to capital management with a target gearing range of 25 – 40%. Dexus Convenience Retail REIT is governed by a majority Independent Board and managed by Dexus (ASX code: DXS), a leading Australasian fully integrated real asset group with four decades of expertise in real estate and infrastructure investment, funds management, asset management and development. www.dexus.com

Dexus Asset Management Limited (ACN 080 674 479, AFSL No. 237500) (the "Responsible Entity") is the responsible entity and issuer of the financial products in respect of Convenience Retail REIT No.1 (ARSN 101 227 614), Convenience Retail REIT No.2 (ARSN 619 527 829) and Convenience Retail REIT No.3 (ARSN 619 527 856) collectively the Dexus Convenience Retail REIT (ASX code: DXC) stapled group. The Responsible Entity is a wholly owned subsidiary of Dexus (ASX code: DXS).

The registered office for the Responsible Entity is Level 30, 50 Bridge Street, Sydney NSW 2000 and its principal place of business is Level 5, 80 Collins Street (South Tower), Melbourne VIC 3000.

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DXC | dex^{us}

Dexus Convenience Retail REIT

Dexus Asset Management Limited ACN 080 674 479 AFSL 237 500
as responsible entity for Dexus Convenience Retail REIT

2025 Half year results

10 February 2025

Acknowledgement of Country

Dexus Convenience Retail REIT acknowledges the Traditional Custodians of the lands on which our business and assets operate, and recognises their ongoing contribution to Land, waters and community.

We pay our respects to First Nations Elders past and present.

Artwork:
Changing of the Land by Sharon Smith.



Agenda

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01

Introduction and highlights

DXC investment proposition

Providing investors with exposure to defensive income with embedded growth



Generate defensive income

- Secure income backed by:
 - High-quality tenants
 - Long WALE
 - High occupancy



Act as a reliable custodian of capital

- Managed gearing to provide capital redeployment growth optionality
- Strategic hedging to partly offset earnings impact of higher interest rates



Active portfolio management to maximise value

- Continuing to explore deployment opportunities, including beyond fuel & convenience
- Retain optionality to selectively recycle assets in future where value has been maximised



Aligned manager with deep real asset capability

- Dexus is committed to delivering performance for investors across its funds management platform
- Leverage insights across transactions, developments, asset management, treasury and sustainability

Key metrics



\$709m
portfolio



99.4%
occupancy
(by income)



8.2 year
WALE
(by income)



28.7%
gearing



78%
average
HY25 debt
hedged



9%
Dexus principal
ownership

Key security price-based metrics



7.3%
distribution
yield¹



c.20%
discount to
NTA¹

¹. Based on closing security price as at 7 February 2025.

HY25 highlights

Active portfolio remixing through development and value-enhancing divestments



On-track to deliver FY25 guidance

HY25 FFO and distributions of 10.4 cps and 10.3 cps, respectively



Resilient income growth

+3.1% average rent review achieved
+2.8% like-for-like income growth



Executed \$38.8 million of strategic divestments

Improving overall portfolio quality and providing capacity for future growth



Balance sheet well placed to fund growth initiatives

Gearing of 28.7% at the lower end of 25-40% target range



Commenced Glass House Mountains redevelopment

Northbound (Stage 1) pre-leased and expected to generate attractive returns



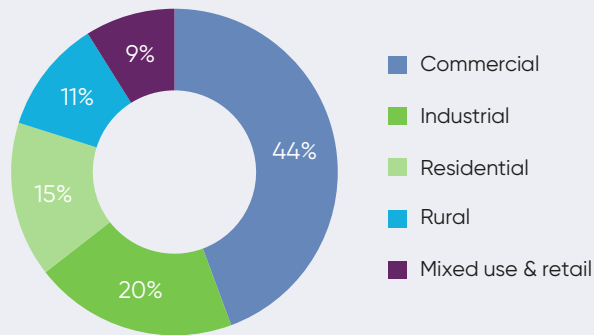
NTA stabilised, with growth of +0.3%

Rental growth offsetting marginal cap rate expansion

Secure and defensive income with embedded growth

High-quality portfolio

Zoned to high value land uses
(% by value)



\$709m
portfolio value with 91 assets



86%
weighted to metro and highway assets

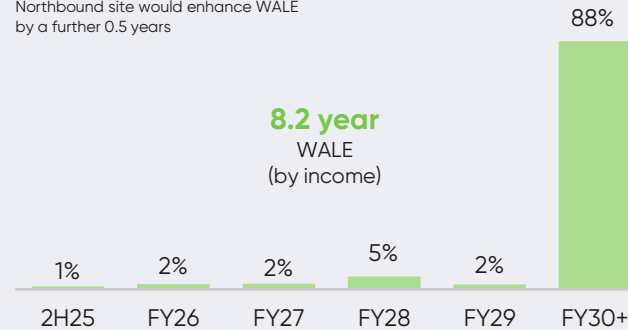


77%
weighted to eastern seaboard

Income resilience

No significant lease expiries until 2030+
(% by income)

Completion of Glass House Mountains Northbound site would enhance WALE by a further 0.5 years



99.4%
occupancy (by income)



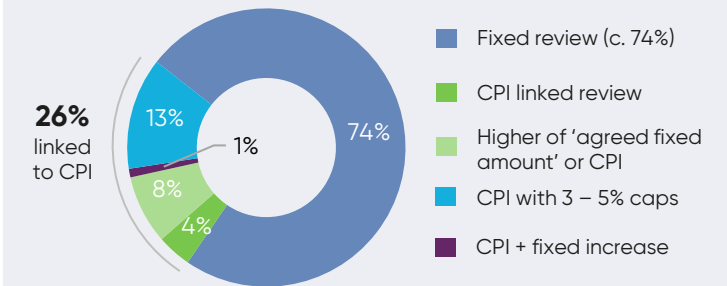
95%
income from major tenants



13%
income from non-fuel tenants

Embedded growth

Attractive property rental increases per annum
(% by income)



74%
income fixed c. 3.0% p.a. growth



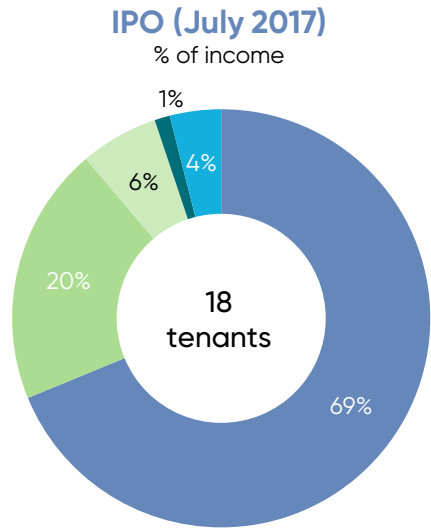
26%
income linked to CPI



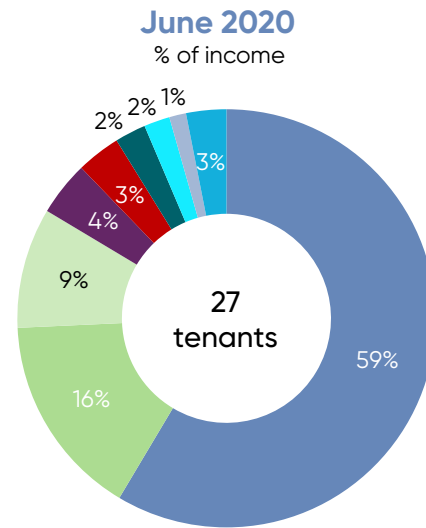
+3.1%
average HY25 rent review

Tenancy mix over time

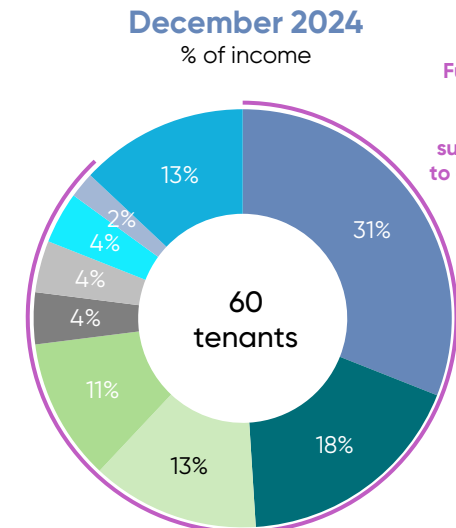
Increased tenant diversity and direct exposure to convenience retail tenancies



- Puma¹
- EG Australia
- 7-Eleven
- Viva Energy
- Convenience retail & other non-fuel



- Chevron
- EG Australia
- 7-Eleven
- Liberty
- Coles Express²
- Viva Energy
- Mobil & X Convenience
- BP
- Convenience retail & other non-fuel



- Chevron
- Viva Energy
- 7-Eleven
- EG Australia
- Ampol
- United
- Mobil & X Convenience
- BP
- Convenience retail & other non-fuel

Fuel operators receive rental income from convenience retail sub-tenants equivalent to c. 11% of DXC's income

Direct exposure to a range of quick service retail and other national tenants



1. Now Chevron.
2. Now Viva Energy.

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Sustainability progress

DXC initiatives



Maintained carbon neutral position across DXC controlled and managed operations for FY24 as part of the Dexu group submission¹



100% renewable electricity sourced for controlled assets



Embedded initiatives into Glass House Mountains Northbound redevelopment including EV charging bays



Supporting tenant installation of solar PV and EV charging stations



Supporting tenants in their varied approaches to the shift in the energy mix



Completed tank upgrade and forecourt reconfiguration works at EG, Mt Cotton

Aligned to Dexu Sustainability Strategy

Priority Area

DXC future focus



Customer Prosperity

Maximise value creation by supporting tenants with their strategies for the emerging opportunities in convenience retail together with the long-term shift in the energy mix



Climate Action

Integrate climate action-related initiatives within new developments, with a focus on renewable energy, water and energy conservation and resilience



Enhancing Communities

Amplify social impact through supporting Dexu charity partnerships

¹ Covers scope 1, 2 and some scope 3. In line with Climate Active Carbon Neutral Standard for Organisations, net emissions for the year ended 30 June 2024 include offsets purchased and allocated for retirement during the year and up to the date of this report. Final Climate Active certification expected to be achieved post-reporting period. Refer to Sustainability Data Pack available on Dexu website for scope 3 inclusions.



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Financial overview

HY25 financial result

Resilient property income growth, on-track to deliver guidance

Profit & loss	HY25	HY24	Change ¹
Property FFO (\$m)	22.6	22.7	(0.5)%
Management fees (\$m)	(2.4)	(2.5)	(5.2)%
Net finance costs (\$m)	(5.4)	(5.2)	4.3%
Other expenses (\$m)	(0.5)	(0.5)	(13.3)%
FFO (\$m)	14.3	14.5	(1.0)%
FFO (cents per security)	10.4	10.5	(1.0)%
Distributions (cents per security)	10.3	10.4	(0.7)%
FFO payout ratio (%)	98.9%	98.7%	0.2ppt
Balance sheet	31 Dec 2024	30 Jun 2024	Change
NTA per security (\$)	\$3.57	\$3.56	0.3%

› Lower income from divestments, partly offset by like-for-like income growth of 2.8%

› Average portfolio value lower due to divestments

› Average cost of debt increased circa 50bps compared to HY24 due to higher floating interest and hedge rates, partly offset by a \$20 million lower average debt balance due to divestments

› FFO decline reflects higher interest rates and moderate dilution from divestments, partly offset by solid like-for-like income growth

› Predominantly driven by \$3.2 million net property valuation uplift

¹ Percentage changes and FFO payout ratio have been calculated using exact values from the Financial Statements.

Balance sheet and capital management

Strengthened capital position to support future growth initiatives



Reduced gearing to the lower end of 25-40% target range to support deployment into future growth initiatives



HY25 asset divestments supporting hedging levels with hedging expected to average >70% for FY25⁴



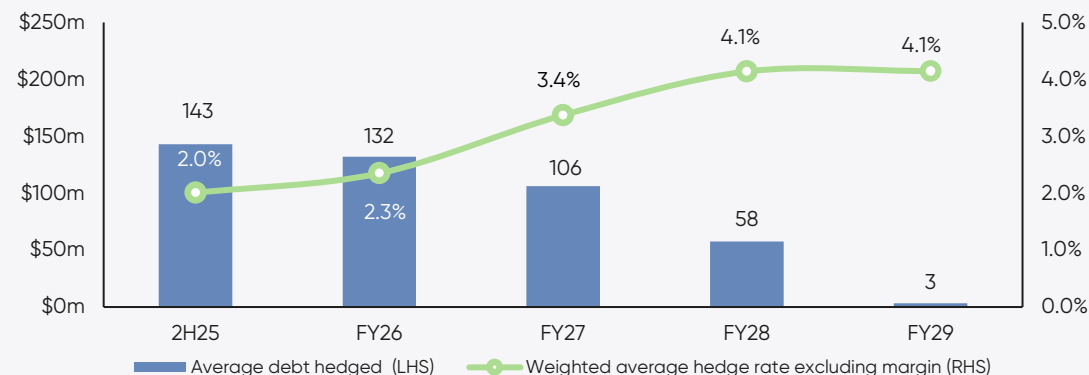
Executed \$46.3 million of facility cancellations to optimise overall debt costs

Key metrics	31 Dec 2024	30 Jun 2024
Gearing ¹	28.7%	32.9%
Cost of debt ²	4.6%	4.2%
Average maturity of debt	3.9 years	4.2 years
Average hedged debt (incl caps)	78%	75%
Total borrowings	\$206.9m	\$243.2m
Headroom ³	\$61.9m	\$67.7m

Debt maturity profile (total facility limit)



Interest rate hedging profile



1. Adjusted for cash. | 2. Weighted average for the period, inclusive of fees and margins on a drawn basis. | 3. Undrawn facilities plus cash. | 4. Assuming no further transactions.

Portfolio valuations

Revaluations turned positive underpinned by solid transaction volume recovery

Property portfolio valuation summary – 31 Dec 2024

Portfolio	Properties	31 Dec 2024 book value (\$m)	Total reval change (\$m)	Total reval change (%)	Cap rate (%)	Cap rate 6 month mvmt (bps)
Metropolitan	64	\$457	\$2.5	0.5%	6.34%	8 bps
Highway	9	\$152	\$0.4	0.3%	6.27%	7 bps
Regional	18	\$99	\$0.3	0.3%	6.99%	1 bps
Total	91	\$709	\$3.2	0.5%	6.41%	6 bps



Marginal like-for-like cap rate expansion of **six basis points**



Contracted rent growth more than offsetting cap rate expansion



Strong transaction volumes supporting **asset price discovery**



Average cap rate of 6.41% remains above the marginal cost of debt, with broad-based appeal to direct property market investors

Transaction market

Liquid transaction market despite higher interest rates



Solid fuel and convenience property transaction volume recovery over 2024, **allowing for asset price discovery which supports DXC's NTA**



Recent transaction evidence for **assets with quick-service-restaurant retailing attached reflects strong pricing** supports the Glass House Mountains redevelopment

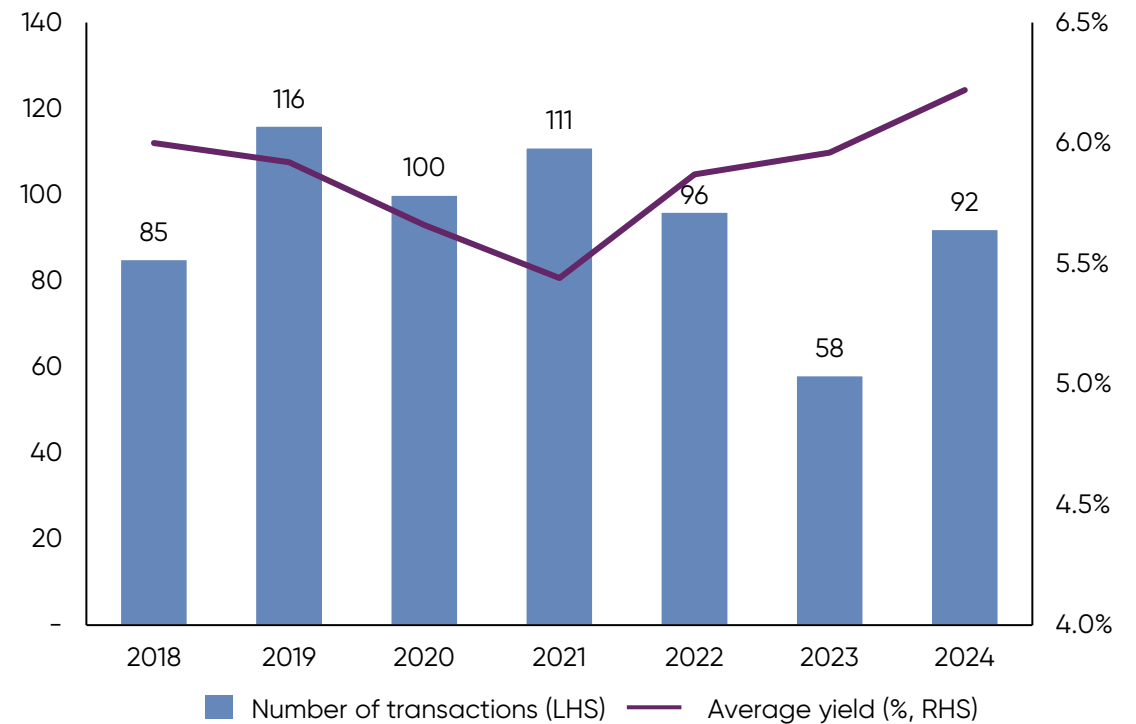


Fuel and convenience transaction volumes supported by investors taking a **long-term view on underlying land value growth and tenant lease renewal potential**

Transaction volumes and average yield

Number of transactions (#)

Average yield (%)









Source: Burgess Rawson, Savills.

Portfolio optimisation







Enhanced portfolio resilience through capital recycling activity

Recent portfolio curation activity

FY22 – FY24	Past 6 months
 13 assets sold	 9 assets sold
 \$61 million in divestments	 \$39 million in divestments
 1.8% average discount to prior book value	 1.9% average discount to prior book value



Enhanced portfolio metrics

 +4% increase in highway and metro locations	 +16% increase in average traffic exposure	 +10% increase in average asset value
 +14% increase in average site area	 +9% increase in average underlying land value	 -23% decrease in average asset age

Note: Assumes completion of Glass House Mountains development.

22 assets sold totalling \$100 million in proceeds to maintain prudent gearing, fund development and other growth opportunities

Glass House Mountains fund-through redevelopment

Recently commenced high-quality Northbound site redevelopment



Development commenced at the 25,000 sqm Northbound site which will include a **new, expanded On The Run convenience retail offering on the Viva Energy site**, focused on food-on-the-go, grocery convenience and an internal Hungry Jack's quick-service restaurant



Secure income backed by an **18-year average** lease term to **Viva Energy, McDonalds, GYG and KFC**; attractive income mix with **43% contribution from quick service restaurant offering**



Expected to deliver strong development returns in comparison to DXC cost of capital¹



Inclusion of new sustainability initiatives, including 10 EV charging bays, rooftop solar, rainwater harvesting, grey water reuse and new fuel tank technology

Northbound redevelopment figures



c. \$24m
project cost



c. 5.8%
yield on cost



18yr
WALE on
completion



early 2026
expected
completion



Northbound site:
Glass House Mountains
Dual Service Centre, QLD

1. Based on independent valuation on completion estimates.

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03

Summary

Attractive investment proposition



Well placed to generate defensive income with embedded rental growth with improved overall portfolio quality and capacity for future growth



Focused on value-enhancing activities, including the redevelopment of Glass House Mountains, re-stocking the pipeline and other growth opportunities



Currently trading at circa 20% discount to NTA¹ and 7.3% distribution yield¹, despite the observed recovery in transaction market volumes and pricing



Reaffirmed FY25 guidance:
Barring unforeseen circumstances, DXC expects to deliver FFO and distributions² of 20.6 cents per security

1. Based on closing security price as at 7 February 2025.

2. Based on property income growth supported by contracted rental increases, current interest rate expectations and barring unforeseen circumstances.



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amazon

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Reijs

order at
Amazon,
pick up here



04

Appendices

Glass House Mountains fund-through redevelopment

Two-stage redevelopment to significantly enhance the convenience retail offering

Site	Site area	Est. project costs	Est. yield on cost
Northbound (Stage 1)	c. 25,000 sqm	c. \$24m	c. 5.8%
Southbound (Stage 2 – uncommitted)	c. 63,000 sqm	c. \$30m	5 – 6%

Indicative project timing						
Site	FY25		FY26		FY27	
	1H	2H	1H	2H	1H	2H
Northbound (Stage 1)						
Southbound (Stage 2 – uncommitted)						



Divestments

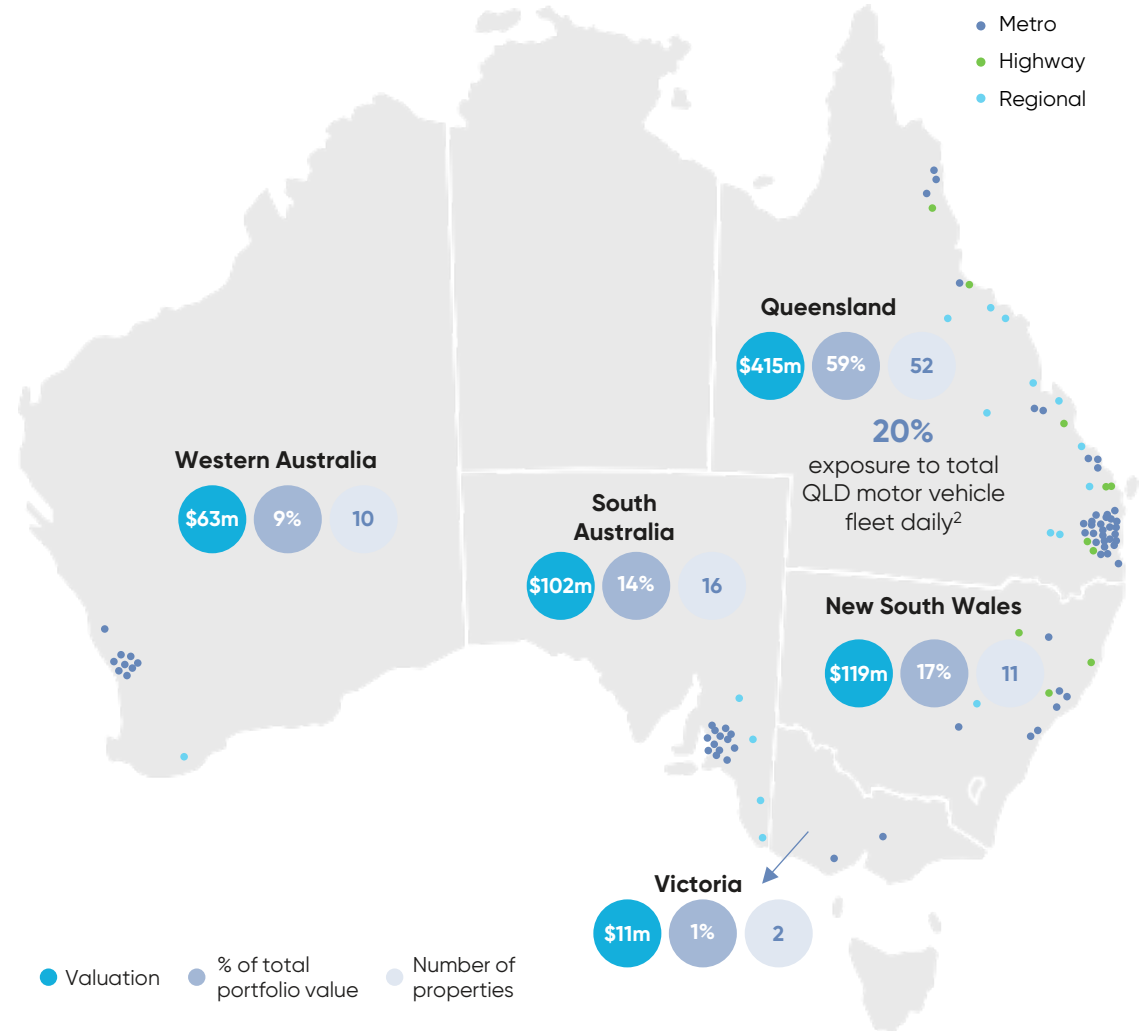
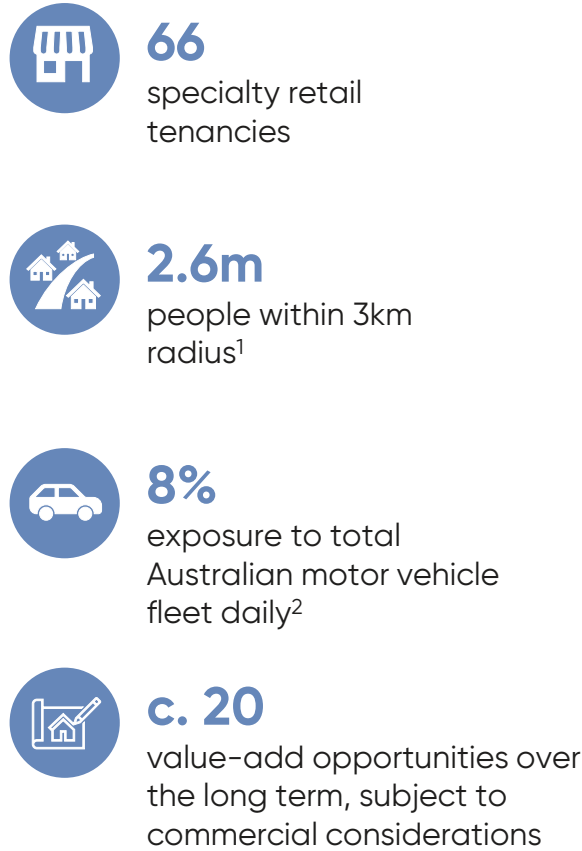
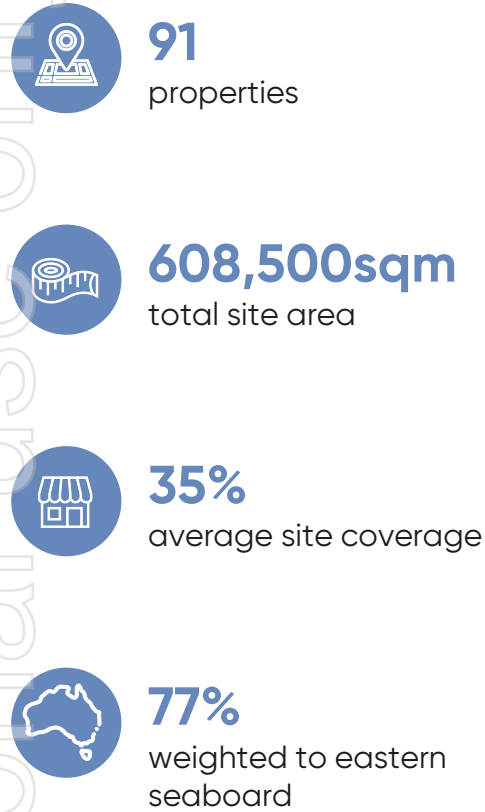
\$38.8 million of divestments settled at 1.8% average discount to prior book values

Divestments	Settlement
25 Bolam Street, Garbutt QLD	23 September 2024
77-79 Bowen Street, Rosslea QLD	6 November 2024
49 Tolga Road, Atherton QLD	25 November 2024
100/22 Nicholson Street, Banana QLD	25 November 2024
900 Ingham Road, Bohle QLD	25 November 2024
2 Mulgrave Street, Gin Gin QLD	25 November 2024
921 Nambour Connection Road, Nambour QLD	25 November 2024
102-104 Cook Street, Portsmith QLD	25 November 2024
708 Gympie Road, Lawnton QLD	11 December 2024



Network overview

High-quality portfolio with national presence

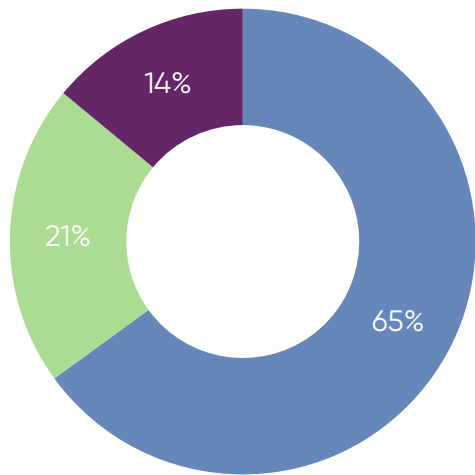


1. Estimate as at 30 November 2024 sourced from AreaSearch. Based on 3km radius.
 2. Portfolio estimated traffic count data based on portfolio as at 31 January 2024. Australian and Queensland total motor vehicle data sourced from BITRE.

Valuable landbank

86% weighted to metro and highway sites

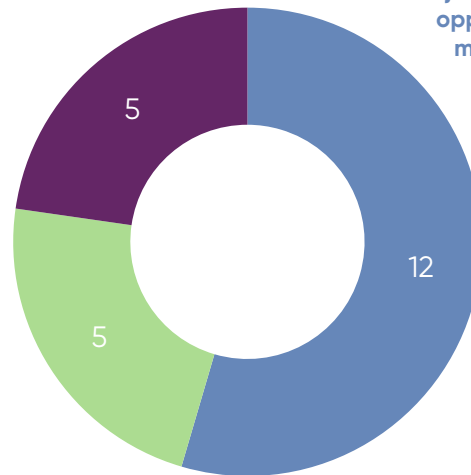
Book value by site type (%)



■ Metro ■ Highway ■ Regional

Potential for circa 20 value-add opportunities over the long term, subject to commercial considerations

Value-add opportunities (#)



■ Metro ■ Highway ■ Regional

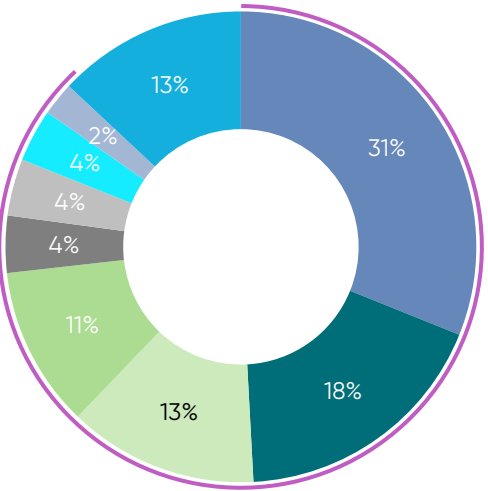
Majority of value-add opportunities are metro located



Diverse and high-quality tenant base

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DXC benefits from a diverse tenant base



Fuel operators receive rental income from convenience retail sub-tenants equivalent to c. 11% of DXC's income

- Chevron
- Viva Energy
- 7-Eleven
- EG Australia
- Ampol
- United
- Mobil & X Convenience
- BP
- Convenience retail & other non-fuel

Major tenants publicly committed to network enhancement

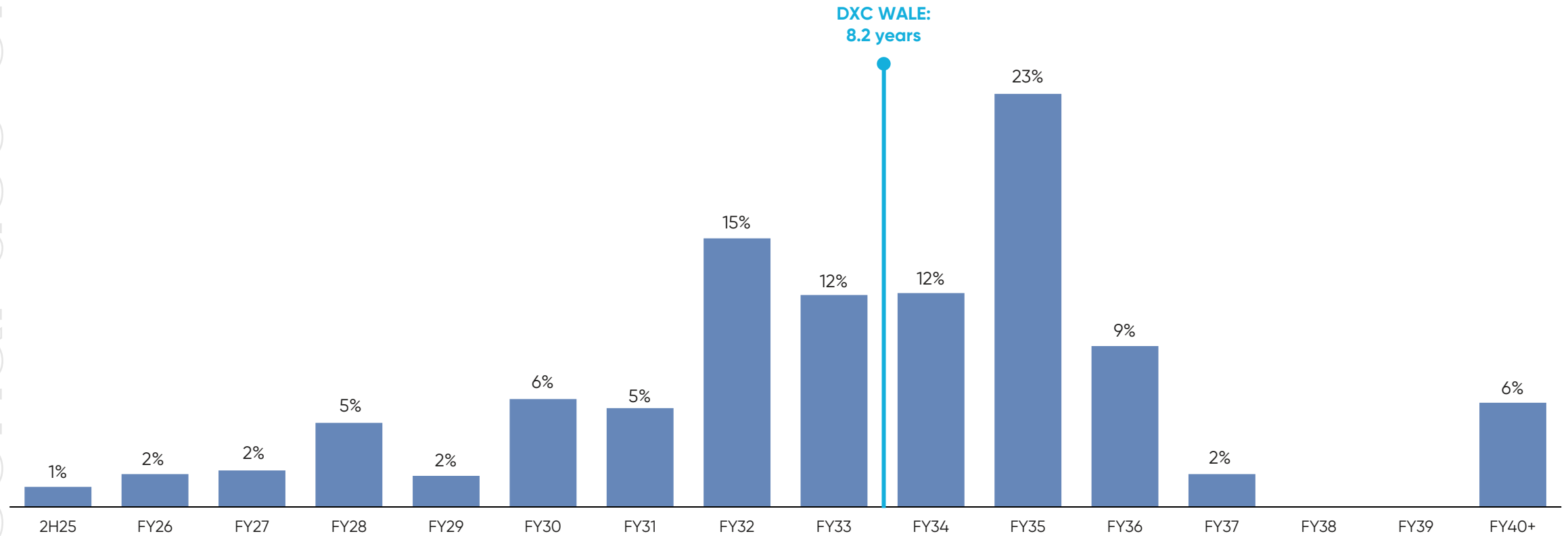
 	<ul style="list-style-type: none"> - Material investment into re-branding national network from Puma to Caltex - Net increase in national leasehold network
 	<ul style="list-style-type: none"> - Intends to grow non-fuel earnings to >50% across 1,000+ stores - Refurbishment program discussions underway with OTR
	<ul style="list-style-type: none"> - Commitment to expand 7-Eleven Australia's network and enhance food offering - Seven&i Holdings (7-Eleven parent) subject to potential takeover by Couche-Tard, a global convenience operator
 	<ul style="list-style-type: none"> - Undertaking acquisition of over 50 X Convenience sites to expand national network - Stated global strategy to double number of strategic convenience sites to 2030

Lease expiry profile

Strong income visibility

Lease expiry

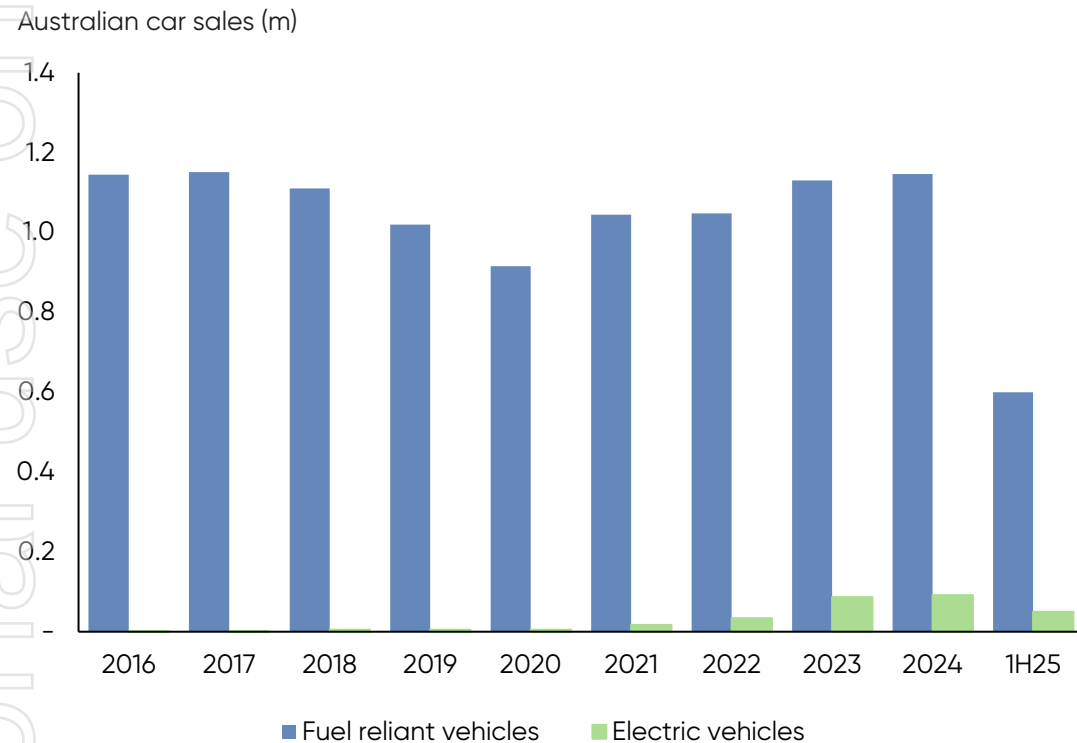
% by income



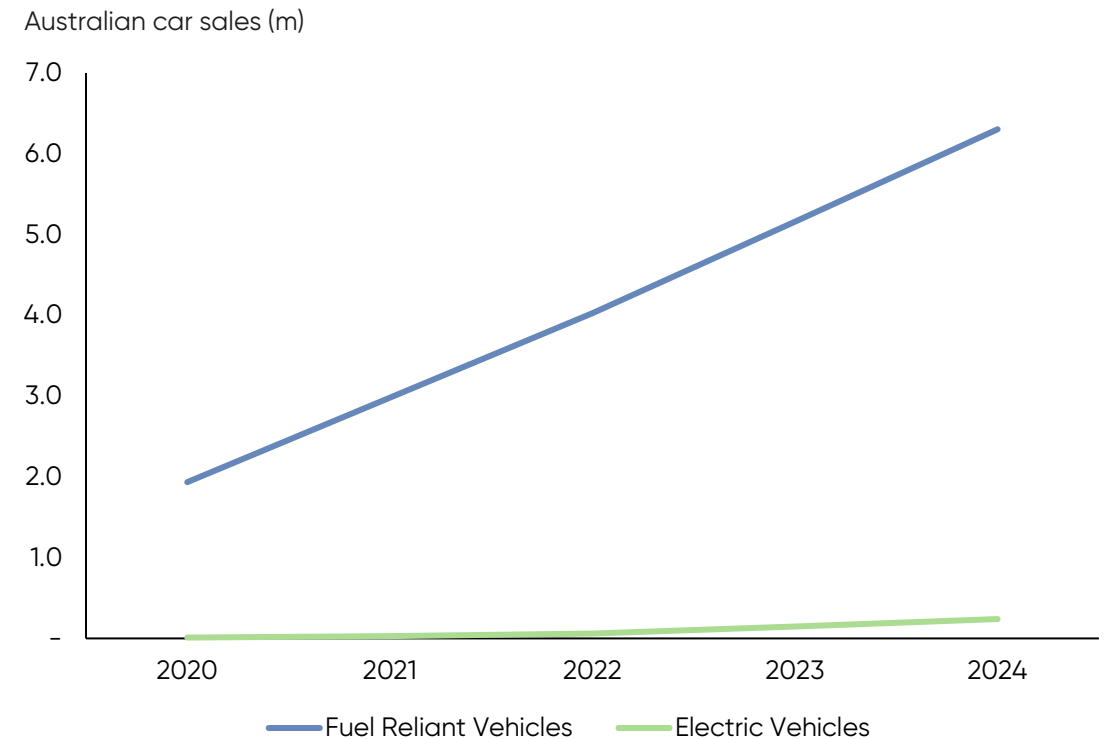
Australian car sales

Consumer behaviour indicates gradual energy transition

Fuel-reliant new car sales growth



Cumulative new car sales since 2020



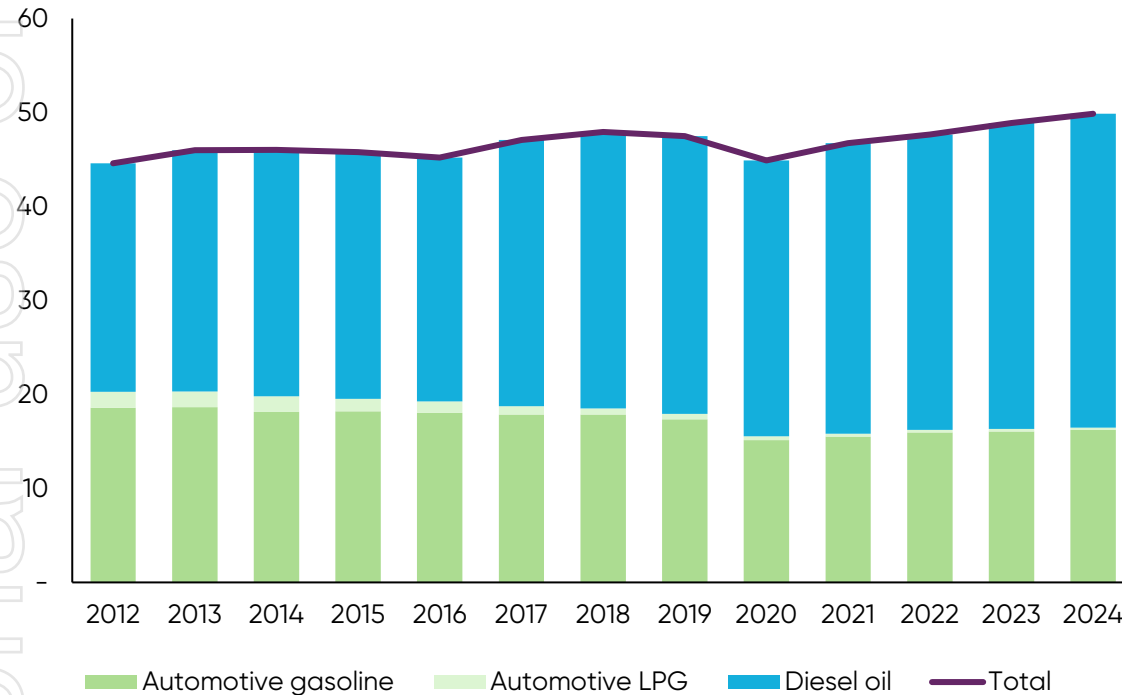
Source: ABS, Dept of Industry, Science, Energy and Resources, energy.gov.au, VFACTS.

Australian fuel sales

Solid fuel sales volumes and fuel-reliant vehicle sales

Fuel sales volumes remain robust

Sales volumes of petroleum products (megalitres, thousands)¹



Source: Science, Energy and Resources, energy.gov.au, Australian petroleum statistics, Dexus Research.

1. Premium diesel oil excluded from the chart due to limited data.

2. CY24 to Nov-24. Projected Dec-24 sales.



14 Commercial Road, Sheidow Park SA

Consolidated profit & loss statement

\$'000	31 Dec 2024	31 Dec 2023
Net property income ¹	24,277	24,440
Interest income	49	37
Total revenue	24,326	24,477
Management fees	(2,379)	(2,509)
Finance costs	(6,455)	(5,923)
Corporate costs	(470)	(542)
Total expenses	(9,304)	(8,974)
Net operating income	15,022	15,503
Fair value gain/(loss) on derivatives	(3,502)	(4,575)
Fair value gain/(loss) on investment properties	3,182	(12,647)
Net profit/(loss) after tax	14,702	(1,719)

1. Includes straight lining of rental income.

FFO reconciliation

\$'000	31 Dec 2024	31 Dec 2023
Statutory net profit / (loss) after tax for the period	14,702	(1,719)
Adjusted for:		
Net fair value (gain) / loss on investment properties	(3,182)	12,647
Net fair value (gain) / loss on derivatives	3,502	4,575
Incentive amortisation and rent straight-line	(1,736)	(1,820)
Debt modification	982	688
Rental guarantees, coupon income and other	41	82
FFO	14,309	14,453
Distribution declared	14,156	14,258
Weighted securities on issue ('000)	137,757	137,757
Payout ratio (Distribution per security / FFO per security)	98.9%	98.7%
Distribution per security (cents per security)	10.3	10.4
FFO (cents per security)	10.4	10.5

Consolidated balance sheet

\$'000	31 Dec 2024	30 Jun 2024
Cash and cash equivalents	4,807	1,918
Investment properties	708,665	740,680
Other assets	7,506	11,260
Total assets	720,978	753,858
Borrowings	(206,940)	(243,204)
Provisions	(7,523)	(9,113)
Other liabilities	(15,052)	(10,625)
Total liabilities	(229,515)	(262,942)
Net assets	491,463	490,916
Stapled securities on issue ('000)	137,757	137,757
NTA per security (\$)	3.57	3.56

Important information

This presentation ("Material") has been prepared by Dexus Asset Management Limited (ACN 080 674 479, AFSL No. 237500) ("DXAM") as the responsible entity of Convenience Retail REIT No.1 (ARSN 101 227 614), Convenience Retail REIT No.2 (ARSN 619 527 829) and Convenience Retail REIT No.3 (ARSN 619 527 856), collectively the Dexus Convenience Retail REIT (ASX: DXC) stapled group. DXAM is a wholly owned subsidiary of Dexus (ASX: DXS).

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