Dexus Convenience Retail REIT (ASX:DXC)

ASX release

9 February 2026

Improved portfolio quality with capacity to fund expanded fund-through development pipeline

Dexus Convenience Retail REIT (DXC) today announced its results for the six months to 31 December 2025, confirming an interim distribution of 10.45 cents per security and confirming its previously provided FY26 guidance.

Summary

- **On track to deliver FY26 guidance,** with Funds From Operations (FFO)[1] and distributions of 10.5 and 10.45 cents per security respectively
- **Like-for-like income growth of 2.9%** supported by average rent reviews of 3.1%
- **High occupancy of 99.9**% maintained with a 7.6 year weighted average lease expiry
- **Development pipeline acquisitions** with conditional contracts exchanged post 31 December 2025 for the strategic acquisition[2] of two fund-through developments increasing exposure to high quality metro and highway convenience retail
- **Glass House Mountains Northbound development is on track** – partially complete and trading, with the balance to complete during the quarter to 30 June 2026, with the site fully pre-leased on an average 18-year lease term
- **Strong balance sheet with gearing of 29.8%[3]** at the lower end of the 25-40% target range, provides funding capacity to undertake existing and recently secured[2] development opportunities
- **Portfolio valuation uplift of $19.8 million[4],** supporting a 4.4% increase in Net Tangible Assets (NTA) per security to $3.80

Pat De Maria, DXC Fund Manager said: "DXC remains on track to deliver on its FFO and DPS guidance for FY26. Our portfolio continues to generate secure income with contracted rental growth, supported by high occupancy from major national and international tenants. We continue to strengthen overall portfolio quality by redeploying capital into value-accretive development initiatives, including recent conditional agreements to acquire[2] two strategic fund-through developments.

Today's results reinforce our commitment to delivering sustainable income and long-term growth for investors through disciplined capital management and active portfolio management."

Strategy

Pat De Maria said: "Following three years of portfolio enhancement, the Fund consists of a resilient portfolio of predominantly metro and highway assets. We continue to invest in the value-accretive development pipeline, with quick-service restaurant (QSR) tenancies now open at Glass House Mountains Northbound and the balance of the site due for completion in the quarter to 30 June 2026. Lease negotiations are advancing at the Southbound site, and we recently agreed to acquire two fund-through developments, further expanding our pipeline and strengthening our highway and metro exposure."

During 2025, the fuel and convenience transaction market showed strong levels of liquidity with the highest volume of transactions since 2021. Capitalisation rates continued to compress and modern assets with QSR retailing attached consistently achieved strong pricing. This transaction activity supports both the Fund's property valuations and NTA as well as forecast development returns.

Financial result

The statutory result for the half year ended 31 December 2025 reflected a net profit after tax of $35.8 million, compared with $14.7 million in the prior corresponding period, primarily reflecting increased property valuation gains.

FFO was $14.5 million, or 10.5 cents per security, reflecting an increase of 1.3% on the prior corresponding period due to like-for-like income growth partly offset by divestments. The portfolio delivered like-for-like income growth of 2.9%, reflecting the portfolio's embedded annual fixed and CPI-linked rental escalators.

During the half, DXC independently valued 30 of its 91 investment properties, with the remainder being subject to internal valuations. The external and internal valuations delivered a net revaluation uplift of $19.8 million[4], a 2.7% increase on prior book values, which was supported by nine basis points of capitalisation rate compression, steady contractual rental growth and strengthening asset values as evidenced by increased levels of market transactions.

The asset revaluations drove a 16 cent, or 4.4% increase in NTA to $3.80 per security.

Gearing of 29.8% is at the lower end of the Fund's 25-40% target range and the Fund has no debt expiries until FY28. Hedged debt averaged 71%, providing income protection against interest rate volatility.

Property portfolio and value-accretive fund-through development pipeline

DXC's property portfolio comprises 91 assets valued at $760 million with a weighted average capitalisation rate of 6.23%.

The portfolio mainly consists of metropolitan and highway assets, with 87% benefiting from high-value commercial zoning. These sites provide strong traffic exposure and long-term flexibility to meet the growing convenience retail demand.

DXC's portfolio continues to demonstrate resilience, with portfolio occupancy maintained at 99.9%, and 95% of income underpinned by major national and international tenants. With a weighted average lease expiry of 7.6 years and 92% of income expiring in FY30 or beyond, the portfolio offers strong income stability.

The Glass House Mountains two-stage redevelopment project presents a significant opportunity to utilise excess land and significantly enhances the convenience retail offering across the dual highway site, increasing DXC's exposure to high-quality convenience retail service centres.

Development continues at the Northbound site which is 100% pre-leased with an 18-year average lease term and 43% of income generated from the QSR retailers. The site is expected to deliver a yield on cost of circa 5.8% as well as strong development returns for DXC. The QSR tenancies are now trading, and the balance of the site is due for completion during the quarter to 30 June 2026. Design for the Southbound site is progressing with tenant negotiations underway.

Post 31 December 2025, DXC agreed to acquire[2] two fund-through developments subject to conditions precedent, including the finalisation of lease agreements. The fund-through developments comprise a metro and highway site with a combined project cost of circa $35 million and an estimated weighted average lease expiry of approximately 15 years. Further details on these developments will be provided post the satisfaction of the conditions precedent.

Sustainability

DXC is committed to delivering meaningful sustainability outcomes in alignment with Dexus's Sustainability Strategy including an aspiration to unlock the potential of real assets to create a lasting positive impact and a more sustainable tomorrow. DXC maintained 100% renewable electricity use and net zero[5] on Scope 1 and 2 emissions across its business operations and controlled portfolio for HY26. DXC continued to support customers' sustainability ambitions, progressing tenant-led solar PV and EV charging engagement across five sites.

At Glass House Mountains, the Northbound development continues to progress, with QSR tenancies now trading and six licensed EV charging bays in operation and capacity for an additional four EV bays.

Overview and outlook

DXC is well placed to deliver defensive and growing property income and will retain its focus on:

- Enhancing portfolio attributes that deliver income certainty and growth
- Preserving balance sheet flexibility underpinned by a disciplined approach to capital allocation
- Pursuing value-enhancing activities, including the Glass House Mountains redevelopment and further development pipeline restocking
- Leveraging Dexus's capabilities across transactions, developments, asset management and treasury.

DXC's convenience retail assets benefit from predictable cash flows and strong tenant covenants, which together are expected to support valuation resilience.

Barring unforeseen circumstances, DXC reaffirms FY26 guidance[6] for FFO and distributions of 20.9 cents per security, reflecting an attractive distribution yield of 7.7%[7].

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 2025, the fund's portfolio is valued at approximately $760 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 more than 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 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 and principal place of business for the Responsible Entity is Level 30, 50 Bridge Street, Sydney NSW 2000.

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1 The Directors consider the Property Council of Australia's (PCA) definition of FFO to be a measure that reflects the underlying performance of the Group. FFO comprises net profit/loss after tax attributable to stapled security holders, calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, derivative mark-to-market impacts, fair value movements of interest bearing liabilities, amortisation of tenant incentives, gain/loss on sale of certain assets, straight line rent adjustments, non-FFO tax expenses, certain transaction costs, one-off significant items, rental guarantees and coupon income.
2 Post 31 December 2025, DXC has agreed to acquire two fund-through developments subject to conditions precedent.
3 Adjusted for cash.
4 Includes accounting adjustments such as straight-lining of rent and amortisation of lease incentives.
5 Covers Scope 1 and 2 emissions across DXC controlled and managed operations as part of the Dexus managed portfolio. Net emissions for the six months to 31 December 2025 include offsets purchased and allocated for retirement during the half year and up to the date of this announcement.
6 Based on property income growth supported by contracted rental increases and current interest rate expectations.
7 Based on closing security price as at 4 February 2026.