Dexus Convenience Retail REIT (ASX:DXC)

ASX release

10 August 2026

Resilient income growth and continued portfolio improvement

Dexus Convenience Retail REIT (DXC) today announced its results for the 12 months ended 30 June 2026, confirming a full year distribution of 20.9 cents per security, in line with FY26 guidance.

Summary

- **Delivered FY26 guidance,** with Funds From Operations (FFO)[1] and distributions of 20.9 cents per security
- **Like-for-like income growth of 3.0%,** supported by average rent reviews of 3.3%
- **High occupancy of 99.2%**, with a 7.6 year weighted average lease expiry (WALE)
- **Glass House Mountains Northbound development is complete and trading,** delivering a modern, fully leased highway convenience retail asset with an 18-year WALE and 43% of income derived from quick-service restaurants (QSRs)
- **The active securities buy-back program is well progressed**, with 60% of the initial 2.5% target completed and the buy-back target doubled to 5%
- **Divestment of $8 million of assets at a 1.4% premium to book value[2]**, with proceeds supporting ongoing portfolio enhancement and capital management initiatives
- **Strong balance sheet with gearing of 30.6%[3]** toward the lower end of the 25-40% target range, no debt expiries until FY28 and capacity to fund strategic priorities
- **Portfolio valuation uplift of $27.4 million**[4], supporting a 6.0% increase in Net Tangible Assets (NTA) per security to $3.86

Pat De Maria, DXC Fund Manager said: "DXC has delivered FFO and distributions in line with guidance. Our portfolio generates resilient income with contracted rental growth, supported by high occupancy from major national and international tenants. We continue to improve portfolio quality through active asset recycling, the completion of Glass House Mountains Northbound and disciplined capital allocation. During the second half, DXC commenced an initial 2.5% buy-back program and recently increased the target to 5%, providing an opportunity to continue capitalising on the current price dislocation between listed and direct property markets. We will continue to actively monitor the securities buy-back as a value accretive capital deployment opportunity.

"DXC is well positioned to continue delivering secure income and long-term value for security holders through disciplined capital management and active portfolio management."

Strategy

Pat De Maria said: "Through targeted portfolio initiatives, DXC has continued to improve portfolio quality and income resilience. Glass House Mountains Northbound is now complete and trading, delivering a modern highway convenience retail asset with an 18-year WALE and 43% of income from QSR tenants. During the year, we also exchanged contracts to divest three smaller assets for $8.0 million at a 1.4% premium to prior book value and agreed to acquire two fund-through development opportunities in Mayfield and Bulahdelah, subject to conditions precedent. Together with Glass House Mountains Southbound, these initiatives reflect DXC's focus on owning high-quality, difficult-to-replicate assets that improve portfolio quality and support long-term income resilience.

"Consistent with DXC's income-led proposition, DXC has updated its distribution policy to target a payout ratio of 95–110% of FFO, providing flexibility to maintain distributions at 20.9 cents per security in FY27 as the Fund transitions to a higher interest rate environment. Contracted rental growth is expected to drive payout ratio normalisation over time."

During 2026, the fuel and convenience transaction market remained liquid, with pricing supported by ongoing buyer demand. DXC's recent asset sales, completed at a premium to prior book value, support portfolio valuation outcomes, while transaction evidence for modern assets with QSR retailing reinforces the Fund's development pipeline, long-term portfolio strategy and NTA.

Financial result

The statutory result for the year ended 30 June 2026 reflected a net profit after tax of $56.4 million, compared with $39.4 million in the prior year, primarily reflecting increased property valuation gains.

FFO was $28.7 million, or 20.9 cents per security, reflecting an increase of 1.2% on the prior year due to like-for-like income growth partly offset by the impact of FY25 divestments. The portfolio delivered like-for-like income growth of 3.0%, reflecting the portfolio's embedded annual fixed and CPI-linked rental escalators.

During the year, DXC independently valued 63 of its 91[5] investment properties, with the remainder being subject to internal valuations. The external and internal valuations delivered a net revaluation uplift of $27.4 million[5], a 3.6% increase on prior book values, which was supported by fourteen basis points of capitalisation rate compression and steady contractual rental growth, with strengthening asset values evidenced by consistent levels of market transactions.

The asset revaluations drove a 22 cent, or 6.0% increase in NTA to $3.86 per security.

Gearing of 30.6%[3] is toward the lower end of the Fund's 25-40% target range and the Fund has no debt expiries until FY28. Hedged debt averaged 66%, providing income protection against interest rate volatility. DXC extended and increased $145 million of debt facilities at lower average margins and undertook approximately $200 million of hedging activity to improve earnings visibility and reduce exposure to interest rate volatility.

Property portfolio and development pipeline

DXC's property portfolio comprises 91[5] assets valued at $779 million[5] with a weighted average capitalisation rate of 6.18%[6].

The portfolio is weighted towards metropolitan and highway assets, with 87% benefiting from high-value land uses. These sites provide strong traffic exposure and long-term flexibility to support evolving convenience retail demand.

DXC's portfolio continues to demonstrate resilience, with portfolio occupancy remaining high at 99.2%, and 95% of income underpinned by major national and international tenants. With a 7.6 year weighted average lease expiry and 86% of income expiring in FY31 or beyond, the portfolio offers strong income stability.

DXC's development strategy focuses on creating value by securing difficult to replicate sites that deliver attractive returns.

Glass House Mountains Northbound is complete and fully leased, with Viva Energy/On the Run now trading alongside McDonald's, KFC and Guzman y Gomez. The development has an average WALE of 18 years, derives 43% of income from QSR retailers, and delivered a 17% development project IRR and 5.8% yield on cost, demonstrating the value created through DXC's development strategy.

The forward pipeline comprises Glass House Mountains Southbound and the two fund-through developments at Mayfield and Bulahdelah, NSW. These projects remain subject to conditions precedent, including lease finalisation, development approval and satisfaction of return hurdles.

Sustainability

DXC's sustainability priority areas - Customer prosperity, Climate action and Enhancing communities - are aligned to the Dexus sustainability strategy and guide how we manage our portfolio to create lasting value.

DXC maintained 100% renewable electricity and net zero[7] on Scope 1 and 2 emissions across its controlled operations for FY26 as part of the Dexus managed portfolio. DXC continued to support customers' sustainability ambitions, progressing tenant-led solar and EV charging engagement. This year, Thornton completed a physical climate risk assessment through the broader Dexus risk program, identifying climate-related hazards and mitigation actions to improve asset resilience.

Glass House Mountains Northbound features six licensed EV charging bays in operation with capacity for a further four, alongside rooftop solar, rainwater harvesting, grey water reuse and new fuel tank technology - supporting customer demand and improving energy and environmental performance.

Overview and outlook

DXC is well placed to deliver defensive and growing property income and will remain focused on:

- Enhancing portfolio quality to support income certainty and growth
- Maintaining balance sheet flexibility and a disciplined approach to capital allocation, including the securities buy-back
- Progressing the development pipeline and selective asset recycling to improve portfolio quality
- Leveraging Dexus's capabilities across transactions, development, 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 provides FY27 guidance[8] for distributions of 20.9 cents per security, reflecting an attractive distribution yield of 7.8%[9].

Authorised by the Board of Dexus Asset Management Limited

For further information please contact:

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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 fuel and convenience retail assets. At 30 June 2026, the fund's portfolio is valued at approximately $779 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 asset 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.

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 Contracts were exchanged in FY26 with settlement post 30 June 2026.
3 Adjusted for cash.
4 Includes accounting adjustments such as straight-lining of rent and amortisation of lease incentives.
5 Includes assets held for sale as at 30 June 2026.
6 Includes Glass House Mountains (Northbound) as a stabilised asset and excludes three assets held for sale (1 Wishart Street, Gwelup WA, 1 Flinders Street, Monto QLD and 74 Connor Street, Zilzie QLD).
7 Covers Scope 1 and 2 emissions across DXC controlled operations as part of the Dexus managed portfolio, which received limited assurance. Net emissions for the 12 months ended 30 June 2026 include offsets purchased and allocated for retirement during the year and up to the date of this announcement.
8 Based on property income growth and current interest rate expectations. Distributions are expected to be modestly above 100% of FFO, with the payout ratio expected to normalise as contracted income growth is delivered.
9 Based on the closing security price as at 7 August 2026.