

Dexus Convenience Retail REIT (ASX:DXC)

ASX release

22 November 2023

2023 Bell Potter Foundations Conference

Dexus Convenience Retail REIT (DXC) releases the attached presentation to be presented at the 2023 Bell Potter Foundations Conference, which is being held virtually today.

Authorised by Scott Mahony, Company Secretary of Dexus Asset Management Limited

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About Dexus Convenience Retail REIT

Dexus Convenience Retail REIT (ASX code: DXC) (formerly APN Convenience Retail REIT (ASX code: AQR)) is a listed Australian real estate investment trust which owns high quality Australian service stations and convenience retail assets. At 30 June 2023, the fund's portfolio is valued at approximately \$781 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), one of Australia's leading fully integrated real asset groups, with over 35 years of expertise in property 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).

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Dexus Convenience Retail REIT

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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.



DXC investment proposition

Providing investors with defensive income with embedded rental growth



Generate defensive income with embedded rental growth

- › **+3.7%** average rent review in FY23
- › High occupancy and long WALE
- › **95%** of income derived from national and international major tenants



Maintain prudent capital structure

- › Gearing of **31.8%**¹, within 25–40% target range
- › Interest range hedging for FY24 expected to be **>70%**²
- › Significant headroom to covenants



Active approach to portfolio optimisation

- › Significant portfolio curation activity
- › FY23 non-core asset disposals equivalent to **7% of portfolio**³
- › Expect high-quality acquisition opportunities over 2024



Aligned manager with deep real asset capability

- › Dexus principal ownership of **9%**
- › Dexus brings deep capability across its **\$61.0 billion** real asset platform⁴

Portfolio metrics

 **\$781m**
portfolio

 **6.10%**
WACR

 **99.4%**
occupancy
(by income)

 **9.7 year**
WALE
(by income)

 **31.8%**¹
Gearing

Trading metrics

 **~8.5%**
distribution
yield⁵

 **35%**
trading discount
to NTA⁵

1. Reflects pro forma gearing as at 30 June 2023 for asset sales that have settled post period end. At 30 June 2023, gearing was 33.4%.

2. Based on existing hedges in place as at 30 June 2023 and assuming no further transactional activity.

3. Includes the sale of 656 Bruce Highway, Woree, QLD, 1182 Chapman Road, Glenfield WA, 264 Browns Plains Road, Browns Plains, QLD and 323 North East Road, Hampstead Gardens, SA for combined proceeds of \$18.6 million which settled post 30 June 2023.

4. Pro forma post final completion of the AMP Capital acquisition.

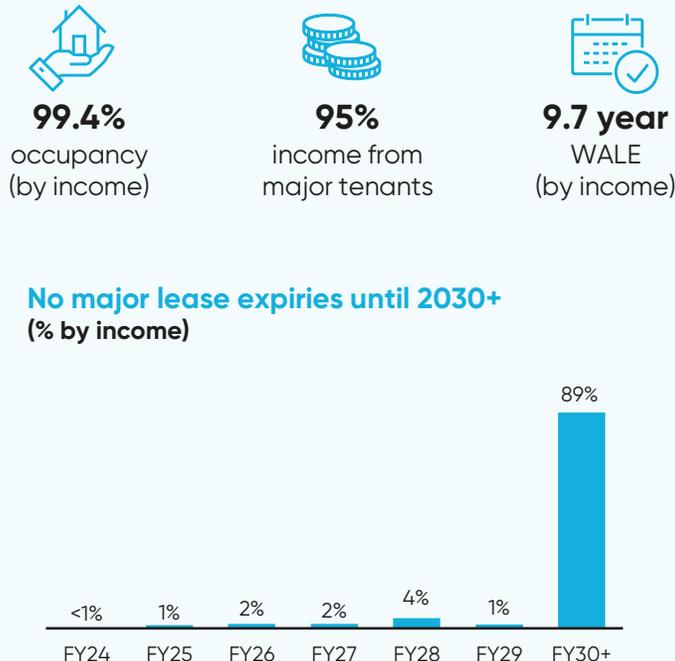
5. Based on closing security price as at 17 November 2023.

Defensive, diversified income with embedded rental growth

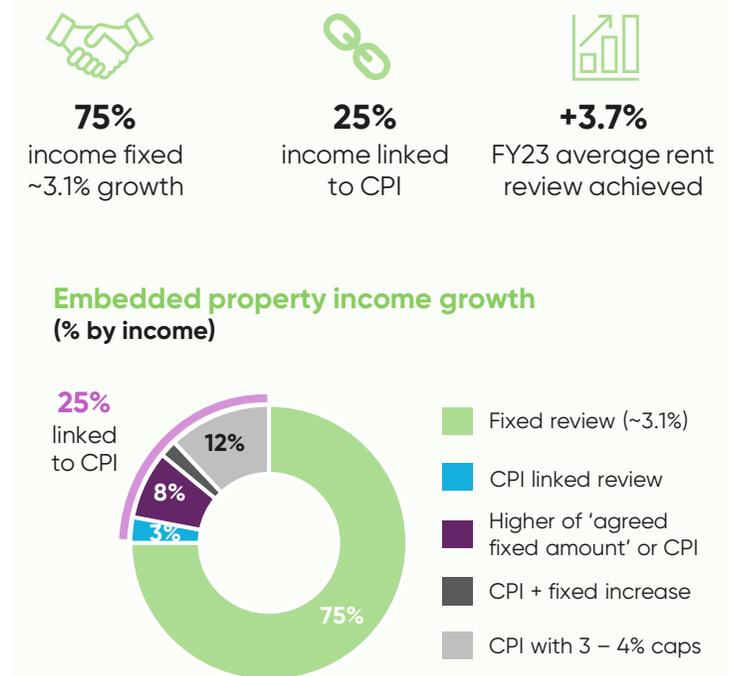
Diversified tenant base

Tenant	% income
Chevron	33%
Viva Energy & OTR	16%
7-Eleven	13%
EG Australia	10%
Mobil	5%
United	4%
Ampol	3%
Coles Express	2%
BP	2%
Other major QSR & national tenants	7%
Major tenants	95%
Other tenancies	5%
Total	100%

Income resilience



Growth



Strategic portfolio underpinned by valuable landbank

National footprint of 105 assets

Key metrics

 **77%** weighted to eastern seaboard

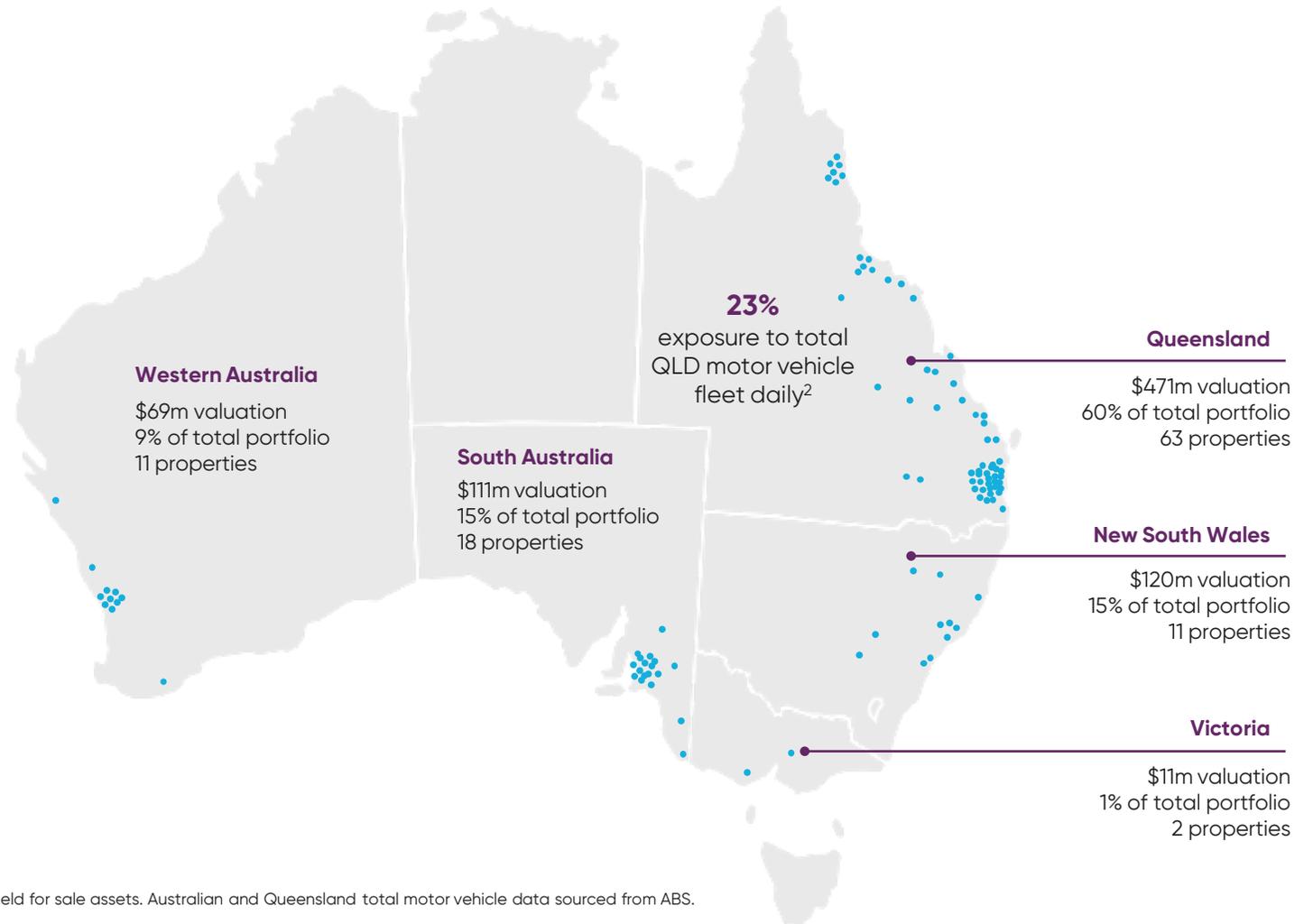
 **676,000sqm** total site area

 **35%** average site coverage

 **2.9m** people within 3km radius¹

 **9%** exposure to total Australian motor vehicle fleet daily²

 **2.1%** population growth since last census, 0.3% above national average¹



5 1. Estimate as at May 2023 sourced from AreaSearch. Based on 3km radius.
2. Portfolio estimated traffic count data based on portfolio as at 30 June 2023, excluding held for sale assets. Australian and Queensland total motor vehicle data sourced from ABS.

Sub-sector spotlight: fuel & convenience retail

Key trends



Sale of fuel volumes remain robust, particularly diesel for long-haul transport

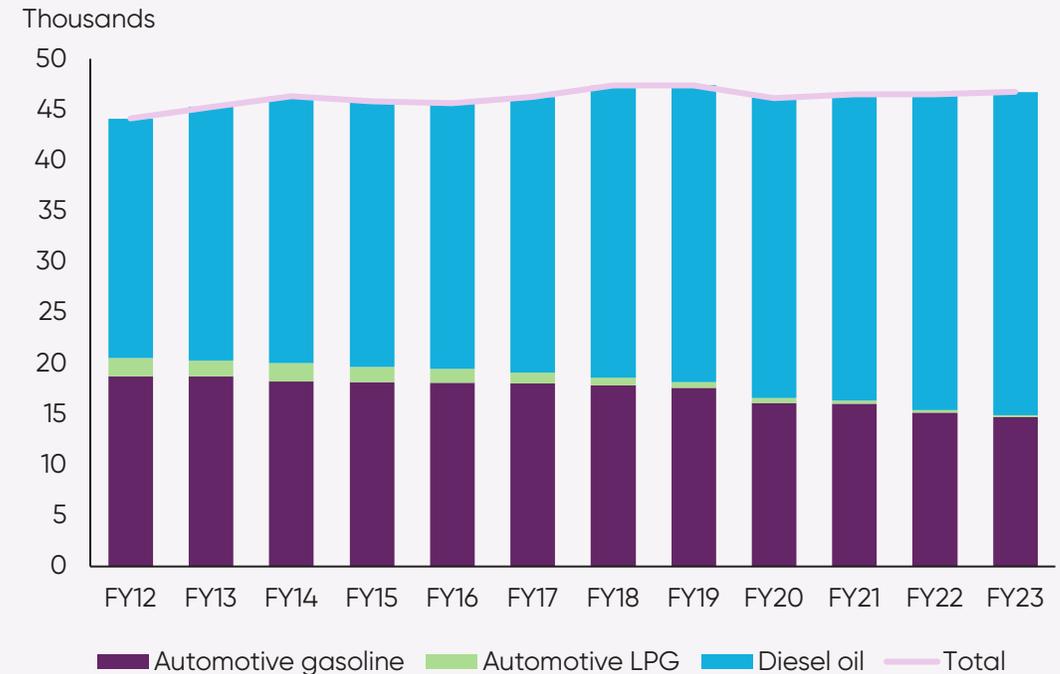


Varied tenant approaches to rise in electric vehicle adoption



Operators investing in convenience retail offerings, including through M&A (e.g. Viva Energy acquisition of Coles Express and OTR)

Sales volumes of petroleum products¹



Manager spotlight: significant portfolio curation

Enhancing the portfolio and balance sheet in a subdued market

FY23 outcomes¹

11 assets divested

\$52.3m total divestments value
(7% of portfolio)

2.5% average discount to
book value

6.69% average cap rate²

Portfolio enhancement¹

 **42%** of assets sold located in
regional areas

 **21%** reduction in assets with
older tank infrastructure

 **3.7%** increase in average
asset size (by value)

 **~4ppt** reduction in gearing from
asset sales



226-228 Bridge Road, Pooraka SA



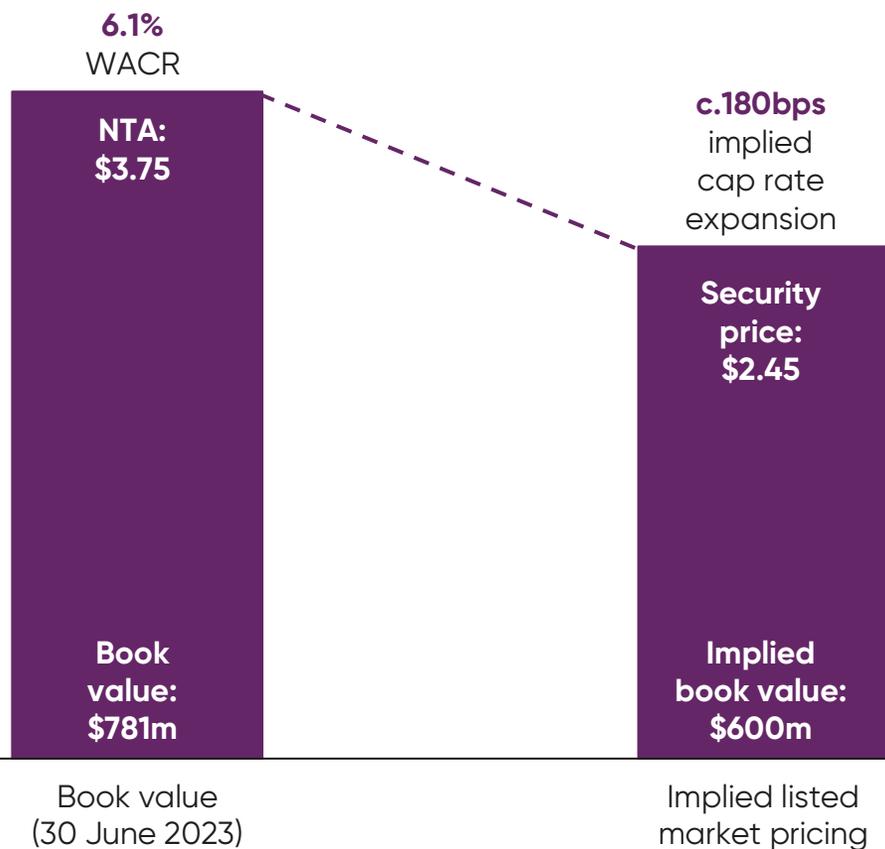
473 North East Road, Hillcrest SA

1. Includes the sale of 656 Bruce Highway, Woree, QLD, 1182 Chapman Road, Glenfield WA, 264 Browns Plains Road, Browns Plains, QLD and 323 North East Road, Hampstead Gardens, SA for combined proceeds of \$18.6 million which settled post 30 June 2023.

2. By value. Based on book value capitalisation rate of assets prior to divestment.

What is the equity market pricing in?

Listed market pricing implies significant cap rate expansion from here¹...



...despite positive indicators in the direct market



65 market transactions over FY23 and 1H24 at an average cap rate of 6.1% allowing for asset price discovery²



Fuel & convenience transaction activity has resulted in cap rate spreads to real bond yields tracking closer to long-term averages (90bps below) compared to the broader commercial real estate market (150bps below)



Investors taking a long-term view on interest rates, underlying land value and tenant lease renewals

Questions



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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