

Dexus Convenience Retail REIT (ASX:DXC)

ASX release

23 November 2021

General Meeting Chair and Fund Manager address

Dexus Convenience Retail REIT provides the attached Chair and Fund Manager address for its General Meeting which is being held today at 9.00am (AEDT)

The meeting will be held virtually and can be viewed by using the following link:

<https://agmlive.link/DXC2021>

Authorised by Chantal Churchill, 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. The fund's portfolio of 111 properties, valued at approximately \$762 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 estate 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") as 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).

Level 30, 101 Collins Street, Melbourne VIC 3000 Australia. PO Box 18011 Melbourne Collins Street East VIC 8003 Australia

Dexus Convenience Retail REIT General Meeting

Chair's address

Good morning everyone and welcome to our first General Meeting under our new name Dexus Convenience Retail REIT (ASX:DXC).

I'm Geoff Brunsdon, Chair and Independent Director of Dexus Asset Management Limited, the responsible entity of the three trusts that comprise Dexus Convenience Retail REIT.

I would like to start by acknowledging the Traditional Custodians of the land on which we are presenting from today, and pay our respects to their Elders past, present and emerging. I would also like to extend that respect to, and welcome, any First Nations people who are joining our meeting today.

Today's meeting has three key objectives. First, to provide you with a Fund update, secondly to refresh Dexus Convenience Retail REIT's placement capacity under ASX Listing Rule 7.1; and lastly to provide you, our investors, with an opportunity to ask any questions.

I will provide you with a brief overview, followed by an update from Fund Manager, Chris Brockett, and then I will turn to the formal aspects relating to the resolution which was outlined in the Notice of Meeting and Explanatory Memorandum sent out in mid-October

I'll table my appointment as Chair of today's meeting and open the meeting.

Today I'm joined by Chris Brockett, and joining us remotely in Melbourne and Sydney are our Independent Directors: Howard Brechley, Jennifer Horrigan and Michael Johnstone.

I would also like to welcome Deborah Coakley to our Board as an Executive Director. Deborah is the Executive General Manager, Funds Management at Dexus and is responsible for managing Dexus's \$25 billion funds management business which comprises 20 investment vehicles across listed and unlisted direct property vehicles, capital partnerships, real estate securities and venture capital. Deborah brings a valuable mix of experience across financial services, property investment and funds management to our Board, complementing the Board's diverse skillset.

I would also like to welcome our company secretaries, Brett Cameron and Chantal Churchill along with a representative from our Auditors at Deloitte Touche Tohmatsu, and lawyers from King & Wood Mallesons.

Accordingly, I formally call for a poll on the resolution to be put to the meeting today and declare the poll open so you can lodge your votes any time during the meeting.

As you would be aware, Dexus is now the external manager of Dexus Convenience Retail REIT after completing the acquisition of APN Property Group in August this year.

Dexus is one of Australia's leading real estate groups, managing a high-quality Australian property portfolio valued at \$42.5 billion. This includes some assets that you may know of including Australia Square and 5 Martin Place in Sydney, 80 Collins Street and 180 Flinders Street in Melbourne, Calvary Adelaide Hospital in South Australia and larger industrial portfolios in New South Wales and Victoria. Dexus has obtained significant scale across the office, industrial, healthcare and retail property sectors, with more than \$6 billion in retail properties under management.

Dexus has access to a significant pool of opportunities across the real estate spectrum and the Fund is already benefiting from deal flow by leveraging this capability.

Dexus is also recognised as a global leader in sustainability and Environmental, Social and Governance (ESG) principles are integrated across its business operations. I will talk more to this later in the presentation.

Being part of the Dexus group enables the Fund to leverage Dexus's fully integrated business model which provides access to multi-sector expertise across Investment management - which is underpinned by best practice corporate governance principles, and a track record of delivering outperformance; Asset management - with strong sector leasing capabilities supported by deep market relationships; and Transactional and development capabilities - which unlock opportunities and outcomes that will support the Fund's investment objectives. In addition, alignment of interest is achieved through Dexus's direct co-investment in the Fund.

Since listing in 2017, the Fund has successfully grown from a \$287 million portfolio with four major tenants, to a circa \$760 million portfolio with 10 major tenants. The Board and management team have always made and will continue to make decisions that are in the best interests of all Security holders. We take an informed approach to potential transactions and capital management decisions, always taking a number of factors into consideration including (but not limited to) the impact on earnings, NTA and NAV per security, gearing and debt serviceability, as well as long-term value creation measures such as Internal Rate of Return, and portfolio diversification and scale.

Since 30 June 2021, the team have been busy, acquiring four convenience retail centres in New South Wales and Queensland, all strategically located with high traffic flow exposure, income security and sustainable growth. These centres were acquired on an average yield of 5.7% which compares favourably against recent comparable transactions in the market, creating value for our investors.

To partially fund these acquisitions, the Fund successfully raised \$50 million of new equity through an institutional placement and Security Purchase Plan which is up for ratification today.

The Fund trades at an attractive distribution yield of 6.6% and we are confident of delivering on the FY22 earnings and distribution guidance of 22.9 cents per security, reflecting 4.6% growth on FY21 subject to the current market conditions continuing and no unforeseen events.

As I mentioned earlier, sustainability is an integral part of Dexu's business operations with the objectives of Leading Cities, Thriving People, Future Enabled Customers, Strong Communities, and an Enriched Environment supporting the achievement of the overarching goal of Sustained Value.

The Dexu Sustainability Approach incorporates the Principles for Responsible Investment (PRI) 'six principles' relating to responsible investment and active property management and informs the creation of long-term value through understanding and addressing ESG issues that are relevant to its operations.

Fund Manager's address

Dexu Convenience Retail REIT offers a compelling investment opportunity. From a pricing perspective, the Fund provides an attractive distribution yield, with distributions paid out of free cash flow. These distributions also benefit from a high tax deferral rate, which was 80% at 30 June 2021. The stock is also currently trading at a 4.1% discount to NTA, with stronger pricing being achieved on recent direct market transactions for comparable assets at around 5% cap rates, compared to our portfolio weighted average cap rate of circa 6%.

Dexu Convenience Retail REIT offers a defensive and predictable income stream for investors, through a diversified portfolio of 111 convenience retail assets in attractive locations on long-term leases to high quality tenants. This is supported by a strong balance sheet, with pro forma gearing of 33.6% (after committed acquisitions & developments), within our 25-40% target range.

Since listing in 2017 we have demonstrated a consistent track record of growing distributions while successfully growing the portfolio through quality acquisitions and developments. The portfolio will drive organic growth through the contracted annual rent increases of 3% or more, while enhancing our disciplined acquisition approach through leveraging Dexu's platform capabilities.

Over the year to 30 June 2021, the Fund achieved a total security holder return of 15.9%, albeit underperforming the S&P/ASX 300 A-REIT index. However, the Fund has delivered a strong total security holder return of more than 17% per annum for the three years to 30 June 2021, and more than 11% per annum since inception, outperforming the S&P/ASX 300 A-REIT index across both of these time periods.

We acknowledge that the DXC security price trading performance has been underwhelming in recent months, and is now trading at a discount to NTA, despite the stronger pricing evidence on recent transactions for comparable assets.

We continue to actively review capital management initiatives including selective asset recycling and assessing the merits of an on-market securities buy back, as we have done in the past, to close the gap to NTA, acting in the best interests of all Security holders.

Thank you for your continued support.

Authorised by Chantal Churchill, Company Secretary of Dexu Asset Management Limited

For further information please contact:

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About Dexus Convenience Retail REIT

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Level 30, 101 Collins Street, Melbourne VIC 3000 Australia. PO Box 18011 Melbourne Collins Street East VIC 8003 Australia



General Meeting

23 November 2021

Dexus Asset Management Limited
ACN 080 674 479
AFSL 237500
as responsible entity for Dexus Convenience Retail REIT

Welcome to the General Meeting

Geoff Brunsdon AM
Independent Chair



Acknowledgement of country

Dexus 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, present and emerging.



Artwork: Down in the Valley by Deborah Taylor.
Artwork photographer: Sharon Hickey.

Virtual General Meeting

Link Market Services
online platform



Dexus Convenience Retail REIT

dexus

Online Meeting
POWERED BY LINK MARKET SERVICES

HELP NUMBER
1800 990 363

Ask a Question

Get Voting Card

Exit Meeting



Chair's address

Geoff Brunsdon AM, Chair

Board of Directors

Dexus Asset Management Limited



Geoff Brunsdon

Independent Chair



Howard Brenchley

Independent Director



Deborah Coakley

Executive Director
EGM, Funds
Management



Jennifer Horrigan

Independent Director



Michael Johnstone

Independent Director

Dexus Convenience Retail REIT

Now a part of Dexus's fully integrated real estate group

About Dexus

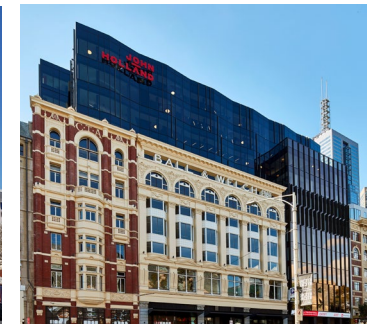
- › Total **\$42.5 billion** of funds under management
- › Purpose is to **create spaces where people thrive**
- › **Specialist leading manager** of Australian real estate
 - Established expertise in property investment and development
- › **Scalable platform**
 - Access to deeper pool of opportunities
- › **Leading ESG credentials**
 - Recognised global leader in sustainability

1. Data as at 30 June 2021 pro forma for acquisitions announced prior to 18 August 2021.

Images reflect properties within Dexus's Group property portfolio.



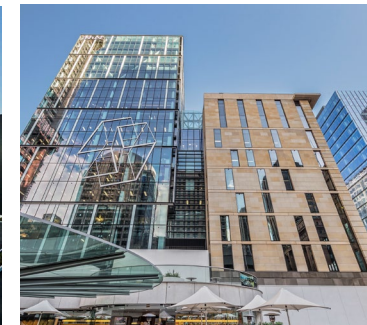
Calvary Adelaide Hospital, SA



180 Flinders Street, Melbourne VIC



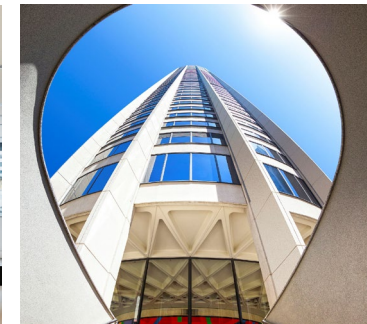
18 Momentum Way, Ravenhall VIC



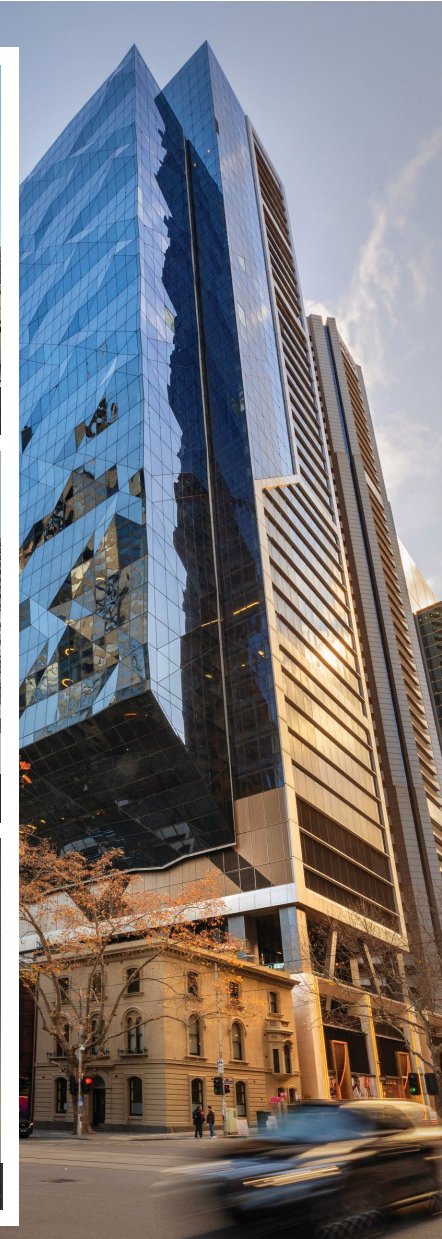
5 Martin Place, Sydney NSW



Dexus Place, Sydney NSW



Australia Square, Sydney NSW



80 Collins Street, Melbourne VIC

Leveraging Dexus's capabilities to enhance growth

Activating new investment opportunities through an aligned and experienced manager

Leveraging Dexus's superior acquisition, leasing and development capabilities to add value and enhance growth

Realising scale benefits with Dexus group retail assets under management of \$6.2 billion¹

Access to experienced senior management team with careers spanning on average more than 20 years

Aligned objectives and investment partnerships via Dexus's direct co-investment

1. As at 30 June 2021.

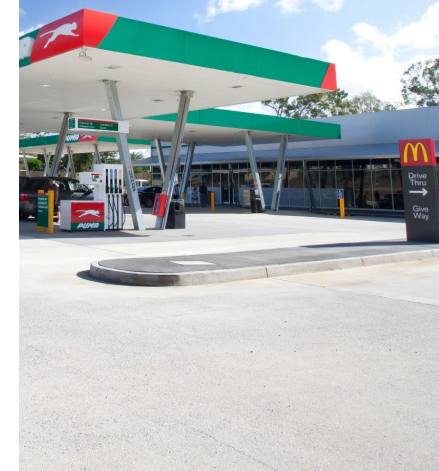
Images depict properties within DXC's property portfolio.



Mobil X, Hampstead Gardens SA



Liberty Oil, Gosnells WA



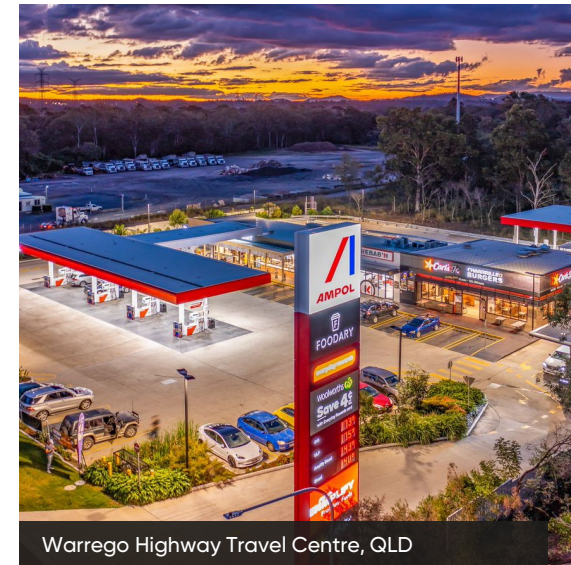
Puma, Kempsey South NSW

Active and disciplined approach to growing the portfolio

Active period since 30 June 2021 with **\$53 million of acquisitions**

- › Convenience retail centres strategically located with high traffic flow exposure, high income security and sustainable growth
 - Purchased on an **average yield of 5.7%**, which compares favourably against comparable transactions, creating value for security holders
 - **Warrego Highway Travel Centre QLD** – purpose-built travel centre 100% occupied with an 11.5 year WALE
 - **Dubbo Service Station NSW** – fund through development completing March 2022 with a 12.0 year WALE
 - **7-Eleven, Kingston** and **United, Gordonvale** both in Queensland with an average WALE of 8.7 years
- › Successfully raised \$50 million of equity through an Institutional Placement and Security Purchase Plan (SPP)
- › FY22 distribution guidance 22.9 cents per security¹

1. Guidance is subject to current market conditions continuing and no unforeseen events.



Warrego Highway Travel Centre, QLD



Artist impression: Dubbo Service Station, NSW



Woolworths Caltex, Bayswater North VIC

Dexus ESG credentials

Driving sustained value by leveraging and aligning with the Dexus Sustainability Approach

Leveraging and aligning with Dexus's Sustainability Approach

- › The Dexus Sustainability Approach incorporates the 'six principles' of the Principles for Responsible Investment relating to responsible investment and active property management
- › It is the lens that is used to effectively manage current and emerging ESG risks and opportunities and create long-term value focusing on five objectives



Dexus ESG credentials

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

Dexus recognised as **Global Leader** in Real Estate Industry



Dexus recognised as a **Global Leader** in sustainability



Dexus is **1 of 3 Australian** companies named on CDP Climate A list



Dexus ESG video



Fund Manager's address

Chris Brockett, Fund Manager

DXC Investment overview

A defensive and predictable income stream, supported by a strong balance sheet

Since listing, track record of growing distributions and growing NTA from \$2.73 to \$3.64, while also growing and diversifying the portfolio

Organic growth through contracted annual rent increases and disciplined approach to acquisitions

An attractive cash-backed distribution yield

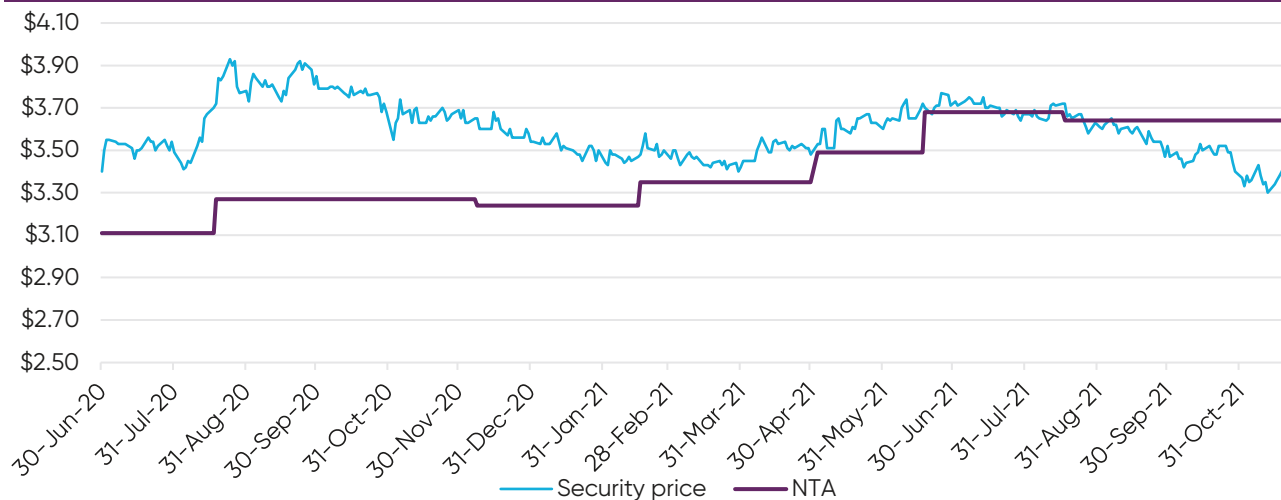
Trading at a discount to NTA, with stronger pricing being achieved on recent direct market transactions for comparable assets



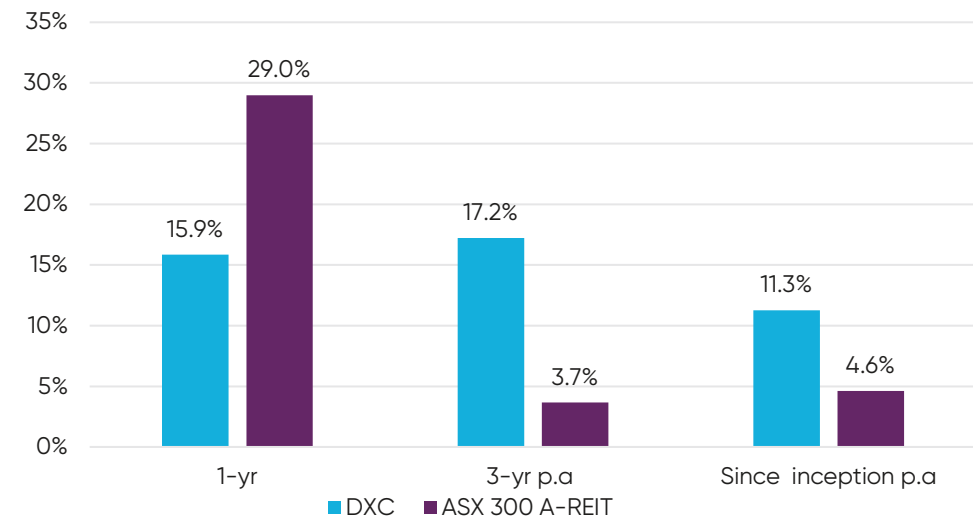
DXC Trading performance and returns

- › We acknowledge the recent trading discount to NTA and continue to actively review capital management initiatives including selective asset recycling and considering the merits of an on-market securities buy-back

DXC security price¹ and NTA



Total security holder returns² to 30 June 2021



1. Source: IRESS.
 2. Source: UBS Australia and Factset June 2021.

Questions

A modern office lounge with people sitting around a table, engaged in conversation. The word 'Questions' is overlaid in white text on a purple background. The scene is set in a contemporary office environment with large windows, copper-colored metal partitions, and comfortable seating. In the foreground, a man in a dark suit and blue striped tie sits in a grey tufted armchair, looking towards two women seated across from him. The women are also in professional attire, one in a light blue patterned top and the other in a dark sleeveless top. They are seated around a small round table with coffee cups and documents. In the background, other office workers are visible, including a man in a blue suit and a woman in a white top near a coffee station. The lighting is warm and ambient, with copper-colored pipes and light fixtures adding to the modern aesthetic.



Formal business

Geoff Brunsdon AM, Chair

Resolution 1

Ratification of placement to investors under Listing Rule 7.1

To consider and, if thought fit to pass the following resolution as an ordinary resolution:



"That, for the purpose of Listing Rule 7.4 and for all other purposes, Securityholders ratify the issue of 12,500,000 Securities (at an issue price of \$3.60 per Security) pursuant to an institutional placement on 23 August 2021, under Dexus Convenience Retail REIT's placement capacity under ASX Listing Rule 7.1 on the terms and conditions set out in the Explanatory Memorandum."

Resolution		For	Open	Against
1. Ratification of placement to investors under Listing Rule 7.1	%	88.67%	1.95%	9.38%
	Number of Votes	16,698,744	367,036	1,766,665
	Number of Securityholders	75	27	9

A close-up, profile view of a man with a beard and glasses driving a car. He is holding a white coffee cup with a lid in his left hand and the steering wheel in his right. The background shows a blurred view of a parking lot or street through the car's windshield. A rearview mirror is visible above the coffee cup. The overall tone is professional and focused.

Questions

Thank you for attending

Disclaimer

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