

Dexus Convenience Retail REIT (ASX:DXC)

ASX release

16 December 2021

Acquisition of two modern properties and upgrade to FY22 guidance

Dexus Convenience Retail REIT (DXC) announces that it has acquired or exchanged contracts to acquire two purpose-built, modern metropolitan convenience retail properties in Queensland, comprising Puma Chandler (Chandler) and BP Brendale (Brendale).

As a result of these acquisitions, the Board of Dexus Asset Management Limited has upgraded DXC's FFO and distribution guidance for the 12 months ending 30 June 2022 (FY22) to 23.1 cents per security, up 5.5% on FY21. This compares to prior guidance of 22.9 cents per security. The upgrade will flow through the third and fourth quarter FY22 distributions and the updated guidance is subject to current market conditions continuing and no unforeseen events.

Chandler and Brendale are being acquired for a combined price of \$20.8 million, representing an average purchase yield of 5.5%.

Chandler was constructed in 2019 and is anchored by Chevron with 13.2 years remaining on its lease, supported by three additional specialty retail tenancies. DXC settled on the acquisition of Chandler on 5 November 2021.

Brendale was constructed in 2021 and comprises a BP petrol station and Wild Bean branded convenience store. DXC has exchanged contracts to acquire Brendale with settlement expected next month.

Both properties are strategically located on main arterial roads with exposure to high traffic flows.

A summary of the acquisitions is provided below:

Property	Major tenants	Value	Purchase yield	WALE	WARR ¹
Puma Chandler, QLD	Puma, Taste My Bean, Chicken & Pizza, Kebab	\$11.7m	5.7%	11.3 years	3.0%
BP Brendale, QLD	BP	\$9.1m	5.2%	12.2 years	Greater of 2.5% or CPI
Total		\$20.8m	5.5%	11.7 years	2.8%

Chris Brockett, DXC Fund Manager, said: "These acquisitions reinforce our active and disciplined approach to creating a resilient portfolio of high-quality assets. Both are recently constructed assets, with long WALEs and favourable rent reviews providing income security and a sustainable source of income growth."

"While we have taken the opportunity to acquire quality properties that enhance value, we continue to actively review capital management initiatives to close the trading discount to NTA per security."

Following the settlement of Chandler and Brendale, DXC's portfolio will grow to 113 properties valued at \$783 million, reflecting a weighted average capitalisation rate of 5.9% and a portfolio WALE of 11.6 years.

The acquisitions will be funded by existing debt capacity, increasing the Fund's gearing to 34.4% on a pro forma basis², which is within the Fund's 25% - 40% target range.

DXC will release its 2022 half year results on Tuesday, 8 February 2022.

Authorised by the Board of Dexus Asset Management Limited

¹ Weighted average rent review.

² Pro forma after adjusting for existing development pipeline.

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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 is valued at approximately \$783 million, 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).

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