Dexus Convenience Retail REIT (ASX:DXC) Appendix 4D

Dexus Convenience Retail REIT | dexus

Results for announcement to the market

Dexus Convenience Retail REIT

ARSN 619 527 829

Financial reporting for the half year ended 31 December 2022

Dexus Convenience Retail REIT[1]			
	31 Dec 2022	**31 Dec 2021**	**%**
	$000	**$000**	**Change**
Revenue from ordinary activities	30,692	27,267	12.6%
Net profitable attributable to security holders after tax	3,101	39,979	-92.2%
Funds from operations (FFO)[2]	15,559	15,250	2.0%
Distribution to securityholders	14,602	15,933	-8.4%
	Cents	**Cents**	
FFO per security[2]	11.29	11.38	-0.8%
Distribution per security for the period ending:			
30 September	5.30	5.725	-7.4%
31 December	5.30	5.725	-7.4%
Total distributions	10.60	11.45	-7.4%
Payout ratio (distribution per security as a % of FFO per security)	93.9%	100.6%	-6.7%
Basic earnings per security	2.25	29.82	-92.5%
Diluted earnings per security	2.25	29.82	-92.5%
Franked distribution amount per security	-	-	-
	‘000	**‘000**	
Total assets	844,080	816,781	3.3%
Total borrowings	282,802	265,691	6.4%
Security holders equity	543,017	532,481	2.0%
Market capitalisation	393,984	499,541	-21.1%
	$ per security	**$ per security**	
Net tangible assets	3.94	3.83	2.9%
Securities price	2.86	3.59	-20.3%
Securities on issue	137,756,563	139,147,982	
Record date	30 Dec 2022	31 Dec 2021	
Payment date	23 Feb 2023	4 Feb 2022	

Distribution Reinvestment Plan (DRP)

The Group has a DRP in place. The DRP is not currently open.

1 For the purposes of statutory reporting, the stapled entity, known as DXC, must be accounted for as a consolidated group. Accordingly, one of the stapled entities must be the “deemed acquirer” of all other entities in the Group. Convenience Retail REIT No. 2 (Dexus Convenience Retail REIT) has been chosen as the deemed acquirer of the balance of the DXC stapled entities, comprising Convenience Retail REIT No.1 and Convenience Retail REIT No.3.

2 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, movements in right-of-use assets and lease liabilities, rental guarantees and coupon income. 31 Dec 2021 has been restated to include amortised borrowing costs in FFO, aligned with PCA guidelines.

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) (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 31 December 2022, the fund’s portfolio is valued at approximately $822 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") 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).

Level 5, 80 Collins Street (South Tower), Melbourne VIC 3000 Australia. PO Box 18011 Melbourne Collins Street East VIC 8003 Australia

Dexus Convenience Retail REIT
Interim Report
31 December 2022

ARSN: 619 527 829

Contents

Dexus Convenience Retail REIT consists of three stapled entities, Convenience Retail REIT No. 2, Convenience Retail REIT No. 1 and Convenience Retail REIT No. 3, collectively referred to as DXC or the Group. Dexus Asset Management Limited (DXAM) is the Responsible Entity of all three stapled entities. DXAM oversees the management and strategic direction of the Group. Dexus Convenience Retail REIT stapled securities are listed on the Australian Securities Exchange under the "DXC" code.

The registered office of the Responsible Entity of the Group is Level 25, Australia Square, 264-278 George Street, Sydney, NSW 2000 and its principal place of business is Level 5, 80 Collins Street (South Tower), Melbourne, VIC 3000.

HY23 Operating and Financial Review

Strategy

Dexus Convenience Retail REIT (DXC) has taken an active and disciplined approach to investing in strategically located assets to provide investors a defensive portfolio income stream with an $822 million portfolio. The business assesses opportunities across the broader retail landscape, with a focus on convenience retail and other assets with a non-discretionary focus, including fuel service stations. Currently, 84% of the portfolio is weighted towards high-quality metropolitan and highway service stations which provide long-term opportunities for alternate uses beyond fuel retailing. DXC's portfolio is underpinned by strong income visibility, with a weighted average lease expiry of 10.2 years and contracted annual weighted average rent reviews of 3.1%[1]. DXC's assets are supported by a strong tenant base, with 89% of income derived from major fuel tenants.

DXC's strategy is to deliver an attractive, defensive and growing income stream for investors. Its strategic objectives are as follows:

- Executing transactions and managing capital to deliver long-term value to all security holders.
- Maintaining deep tenant engagement to ensure its sites are well positioned for the long term (e.g. strong convenience offerings).
- Leveraging Dexus's leading ESG capabilities.

Review of operations

The results of DXC's operations are disclosed in the Consolidated Statement of Comprehensive Income. A summary of results for the six months to 31 December 2022 is as follows:

Key financial performance metrics:	**31 December 2022**	**31 December 2021**	**Change**
Net profit after tax ($'000)	3,101	39,979	(92.2)%
Funds From Operations (FFO) ($'000)	15,559	15,250[a]	2.0%
FFO per security (cents)	11.3	11.4[a]	(0.8)%
Distribution per security (cents)	10.6	11.5	(7.4)%
	31 December 2022	**30 June 2022**	**Change**
Net tangible asset backing per security ($)	3.94	4.03	(2.1)%
Gearing (%)	34.1%	35.0%	(0.9)ppt

a) HY22 restated to include amortised borrowing costs in FFO, aligned with PCA guidelines.

Profit & loss	**31 December 2022 $'000**	**31 December 2021 $'000**	**Change**
Net rental income	26,815	23,776	12.8%
Interest income	22	146	(84.9)%
Total revenue	**26,837**	**23,922**	**12.2%**
Management fees	(2,725)	(2,460)	10.8%
Finance costs	(5,459)	(3,172)	72.1%
Corporate costs	(547)	(441)	24.0%
Total expenses	**(8,731)**	**(6,073)**	**43.8%**
Net operating income (EBIT)	**18,106**	**17,849**	**1.4%**
Fair value gain/(loss) on derivatives	(113)	3,657	n.a.
Fair value gain/(loss) on investment properties	(14,892)	18,473	n.a.
Statutory net profit	**3,101**	**39,979**	**(92.2)%**

[1] Assuming long-term average CPI of 3.0%.

The Responsible Entity uses Funds From Operations (FFO) as its key performance indicator. 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, movements in right-of-use assets and lease liabilities, rental guarantees and coupon income.

A reconciliation of profit after tax to FFO is outlined as follows:

FFO reconciliation	**31 December 2022 $'000**	**31 December 2021 $'000**
Profit after tax for the period	**3,101**	**39,979**
Net fair value (gain)/loss on investment properties	14,892	(18,473)
Net fair value (gain)/loss on derivatives	113	(3,657)
Incentive amortisation and rent straight line	(2,514)	(2,767)
Debt modification expense	367	-
Rental guarantees, coupon income and other	(400)	168
FFO	**15,559**	**15,250**[a]

a) HY22 restated to include amortised borrowing costs in FFO, aligned with PCA guidelines.

FFO composition	**31 December 2022 $'000**	**31 December 2021 $'000**	**Change**
Property FFO	23,901	21,321	12.1%
Management fees	(2,725)	(2,460)	10.8%
Net finance costs	(5,070)	(3,170)[a]	59.9%
Other net expenses	(547)	(441)	24.0%
FFO	**15,559**	**15,250**[a]	**2.0%**

a) HY22 restated to include amortised borrowing costs in FFO, aligned with PCA guidelines.

Financial result

DXC reported a statutory net profit after tax of $3.1 million for the half, down $36.9 million, or 92.2%, primarily driven by $14.9 million of valuation declines on investment properties, compared to valuation gains of $18.5 million in HY22.

FFO increased 2.0% to $15.6 million, with portfolio like-for-like net operating income growth of 2.4% and full period contributions from acquisitions in HY22, partially offset by higher net finance costs and reduced income from divestments.

On a per security basis, FFO decreased 0.8% to 11.3 cents, impacted by higher average securities on issue following $56.3 million of equity raised in HY22.

Net tangible assets and asset valuations

25 of DXC's investment properties were independently valued in the six months to 31 December 2022, with the remainder subject to internal valuations. The external and internal valuations resulted in a net devaluation of $14.9 million, representing a 1.8% decrease on prior book values. The valuations of metropolitan assets decreased 1.7% on prior book values, while highway assets decreased 0.4% and regional assets decreased 3.8%

NTA per security decreased nine cents, or 2.1%, to $3.94 as at 31 December 2022.

Property portfolio and asset management

DXC's property portfolio includes 109 assets valued at $822 million as at 31 December 2022. The portfolio is diversified by geography, tenant and site type.

The portfolio is 84% weighted (by value) to metropolitan and highway assets, with regional properties comprising the remainder. Metropolitan and highway assets benefit from higher levels of traffic flow and offer greater flexibility to explore alternate land usage to support the consumer trend towards greater convenience retail spend per visit.

The weighted average capitalisation rate for the portfolio is 5.90%, expanding 16 basis points over the past six months.

The portfolio has a weighted average lease expiry of 10.2 years with limited lease expiry risk in the next 10 years, providing strong income visibility.

The portfolio generates strong organic rental growth with average rent reviews of approximately 3.1% per annum[2]. 76% of rental income is subject to fixed increases, while 24% is linked to CPI with half of these subject to caps of 3 – 4%.

The portfolio remains 99.4% occupied by income and is underpinned by reliable and experienced national and global tenants, with 89% of rental income derived from 10 major tenants.

Transactions

Six divestments were announced for a total consideration of $25.4 million, reflecting an average discount to book value of 1.3% amidst complex market conditions with transaction volumes approximately 50% lower than the prior year due to cautious buyer sentiment in response to increases in cost of capital. $10.1 million of proceeds from these sales are expected to be received in the coming months, which will further enhance balance sheet strength through reducing gearing and increasing hedging levels.

The announced divestments have enhanced portfolio quality by reducing DXC’s exposure to older tank technology and regionally located assets, while also retaining a diverse tenant base and increasing its exposure to non-fuel tenants.

Divestments included:

- 2215 David Low Way, Peregian Beach, QLD, which exchanged contracts on 3 August 2022 and settled on 19 September 2022
- 4545 Flinders Highway, Reid River, QLD, which exchanged contracts on 4 October 2022 and settled on 14 November 2022
- 25 Kiernan Drive, Roseneath, QLD, which exchanged contracts on 1 December 2022 and settled on 16 December 2022
- 282 Wardell Street, Enoggera, QLD, which exchanged contracts on 4 October 2022 and is expected to settle on 6 February 2023
- Lot 401 Great Northern Highway, South Hedland, WA, which exchanged contracts on 22 December 2022 and is expected to settle on 31 March 2023
- 656 Bruce Highway, Woree, QLD, which exchanged contracts on 19 July 2022 and is expected to settle on 18 July 2023

[2] Assuming long-term average CPI of 3.0%.

Financial position

DXC's net assets decreased $12 million primarily due to asset divestments.

Balance sheet	31 December 2022	30 June 2022
Cash and cash equivalents ($'000)	5,693	5,178
Investment properties ($'000)	822,295	850,050
Other assets ($'000)	16,092	17,894
Total assets ($'000)	**844,080**	**873,122**
Borrowings ($'000)	(282,802)	(299,611)
Provisions ($'000)	(7,947)	(11,256)
Other liabilities ($'000)	(10,314)	(7,737)
Total liabilities ($'000)	**(301,063)**	**(318,604)**
Net assets ($'000)	**543,017**	**554,518**
Stapled securities on issue ('000)	137,757	137,757
NTA per security ($)	**3.94**	**4.03**

Capital management

Gearing was 34.1%, within the target range of 25 – 40%. The weighted average cost of debt increased 70 basis points to 3.4% compared to HY22, primarily driven by higher average floating interest rates. 63% of debt was hedged during the half with a weighted average hedge maturity of 3.7 years as at 31 December 2022. DXC's weighted average debt maturity is 4.3 years.

Key metrics	31 December 2022	30 June 2022
Gearing[a]	34.1%	35.0%
Cost of debt[b]	3.4%	2.6%
Average maturity of debt[c]	4.3 years	4.7 years
Hedged debt (including caps)[d]	63%	58%
Average maturity of hedges	3.7 years	3.8 years
Headroom[e]	$93.2m	$75.4m

a) Adjusted for cash.
b) Weighted average for the period, inclusive of fees and margins on a drawn basis.
c) Weighted average maturity of drawn debt. 30 June 2022 is restated and was previously reported as 4.2 years based on a weighted average maturity of total facility limits.
d) Average for the period.
e) Undrawn facilities plus cash.

Environmental, social and governance (ESG)

DXC remains focused on driving long-term portfolio resilience. Approximately 11% of the portfolio's income is derived from non-fuel tenants, while three sites across the portfolio offer electric vehicle charging stations.

DXC supports its tenants' ESG aspirations and their continued investment in sustainability initiatives across the portfolio. During the half, DXC progressed agreements to rollout onsite solar at 29 Chevron sites in DXC's portfolio with works for the first installation expected to begin in February 2023.

Market outlook

Service station investments remain sought after as a stable and defensive asset class due to their long leases and strong lease covenants. Fuel and convenience retail businesses play an important role in the community as an essential service, making the asset class resilient and defensive.

HY23 Operating and Financial Review (continued)

Fuel and convenience yields have been higher and more stable than many other property investments. In 2022 yields were 5.8% on average, screening favourably compared to other asset classes in an environment where investors are increasingly seeking higher yielding investment opportunities.

Summary and guidance

DXC provides secure portfolio income in an uncertain environment, marked by inflationary pressures, rising interest rates and softening transaction volumes. DXC is well placed to deliver sustainable property income growth, underpinned by leases to high-quality international and national tenants generating 3.1% average rent growth per annum[3]. DXC expects relative valuation resilience for service station and convenience retail assets due to their defensive characteristics.

DXC will continue to focus on enhancing balance sheet strength to position it for long-term growth, including through exploring additional asset sales to increase redeployment optionality.

DXC narrows its FY23 guidance range to FFO and distributions between 21.4 – 21.8 cents per security, based on property income growth supported by contracted rental increases, current interest rate expectations and barring unforeseen circumstances (assumes average floating interest rates of circa 3.25% (90-day BBSW) and no further transactional activity).

Key risks

Risk	Potential impacts	How DXC is responding
Health, safety and wellbeing Providing an environment that ensures the safety and wellbeing of customers, contractors and the public at DXC properties and responding to events that have the potential to disrupt business continuity	– Death or injury at DXC properties – Reputational damage – Inability to sustainably perform or deliver objectives – Loss of broader community confidence – Costs or sanctions associated with regulatory response – Costs associated with criminal or civil proceedings – Costs associated with remediation and/or restoration – Business disruption	– Dexus implements an ISO 45001 accredited WHS Management system to communicate and manage WHS risks, including: - Contractor management procedures to facilitate safe systems of work - WHS risk management program to identify and assess risks associated with DXC owned assets and operations, and to monitor controls are effectively implemented – Maintain a business continuity management framework to mitigate safety threats, including the adoption of plans relating to crisis management, business continuity and emergency management
Strategic and financial performance Ability to meet market guidance, achieve strategic objectives, generate value and deliver superior risk-adjusted performance	– Reduced investor sentiment (equity and debt) – Reduced credit ratings and availability of debt financing – Sustained inflation and recessionary pressures on the economy – Inability to meet earnings expectations – Decline in asset valuations	– Processes in place to monitor and manage performance and risks that may impact on performance – DXC's strategy and risk appetite are approved annually by the Board and reviewed throughout the year by management – Investments, divestments and developments must be approved by the Investment Committee and the Dexus Asset Management Limited Board in accordance with the terms of reference and operating limits – Due diligence is undertaken for all investment and divestment proposals, developments and major capital expenditure before approval or endorsement of each investment decision
Capital management Positioning the capital structure of the business to withstand	– Constrained capacity to execute strategy – Increased cost of funding (equity and debt) – Fluctuations in interest rates which	– Prudent management of capital, including regular sensitivity analysis and periodic independent reviews of the Treasury Policy, assists in positioning DXC's balance sheet in relation to unexpected changes in capital

[3] Assuming long-term average CPI of 3.0%.

Risk	Potential impacts	How DXC is responding
unexpected changes in equity and debt markets	could impact the cost of debt – Fluctuations in foreign exchange rates which could impact profitability – Reduced investor sentiment – Reduced availability of debt financing	markets – Ongoing monitoring of capital management is undertaken to ensure metrics are within risk appetite thresholds benchmarks and/or limits outlined within the Treasury Policy
Cyber security Ability to access, protect and maintain systems and respond to major incidents including data loss, cyber security threats or breaches to information systems	– Reputational damage – Inability to sustainably perform or deliver objectives – Lack of resilience in DXC's response to cyber security threats – Impact to DXC stakeholders – Loss of broader community confidence – Business disruption – Data integrity compromised – Loss or damage to systems or assets	– Enhancing cyber and information security risk controls – Engagement with key service providers to ensure risk of data breaches is minimised – Comprehensive Business Continuity and Disaster Recovery plans in place – Educating and training DXC people on how to best protect data
Compliance and regulatory Maintaining market leading governance and compliance practices	– Reputational damage – Conflicts of interest resulting in loss or reduced performance – Sanctions impacting on business operations – Reduced investor sentiment (equity and debt) – Loss of broader community confidence – Increased compliance costs	– DXC's compliance monitoring program supports its comprehensive compliance policies and procedures that are regularly updated to ensure the business operates in accordance with regulatory expectations – Dexus employees and DXC service providers receive training on their compliance obligations and are encouraged to raise concerns where appropriate – Maintain grievance, complaints and whistleblower mechanisms for Dexus employees and DXC stakeholders to raise concerns safely, confidentially and anonymously – Independent industry experts are appointed to undertake reviews where appropriate
Environmental and social sustainability Ability to meet societal and investor expectations of corporate and social responsibilities	– Increased costs associated with global and domestic energy crisis – Increased costs associated with physical risks (e.g. asset damage from extreme weather) – Increased costs associated with transition risks (e.g. carbon regulation, requirements for building efficiency) – Inability to maintain access to capital due to reputational damage – Increased reputational risk for not supporting the community and social causes – Increased difficulties in leasing assets due to heightened risk of climate change impact	– DXC are committed to ensuring its operations provide quality jobs with the right conditions and collaborate with its suppliers to understand how it can contribute to upholding human rights across the supply chain, including addressing modern slavery
Development Achieving strategic development objectives that provides the opportunity to grow DXC's portfolio and enhance future returns	– Reputational damage – Leasing outcomes impacting on completion valuations – Fluctuations in construction costs and project delays, including due to liquidation of third-party contractors, resulting in sub-optimal returns – Financial loss	– Leverage Dexus's strong development capability with a proven track record of delivering projects with a focus on quality, sustainability and returns that satisfy the evolving needs of customers – Partnering with trusted and high-quality development managers to execute fund-through projects

Directors' Report

The Directors of Dexus Asset Management Limited (DXAM) as Responsible Entity of Convenience Retail REIT No. 2 (the Trust and deemed parent entity for consolidation accounting purposes) and its controlled entities (together DXC or the Group) present their Directors' Report together with the Interim Consolidated Financial Statements for the half year ended 31 December 2022.

Directors and Secretaries

Directors

The following persons were Directors of DXAM at all times during the half year and to the date of this Directors' Report, unless otherwise stated:

Directors	**Appointed**
Howard Brenchley, BEc[1]	16 March 1998
Danielle Carter, BA/BCom, GradDipAppFin, CA, GAICD[2]	17 October 2022
Deborah Coakley, BBus, GAICD	19 August 2021
Jennifer Horrigan, BBus, GradDipMgt, GradDipAppFin, MAICD	30 April 2012
Michael Johnstone, BTRP, LS, AMP (Harvard)[3]	25 November 2009
Emily Smith, BCom, GAICD	19 April 2022
Jonathan Sweeney, BCom, LLB, CFA, GAICD[4]	17 October 2022
Brett D Cameron, LLB/BA, GAICD, FGIA – Alternate Director for Deborah Coakley	1 March 2022

1. Mr Brenchley resigned from the DXAM Board effective 17 October 2022.
2. Ms Carter was appointed as a Non-Executive Director on 17 October 2022.
3. Mr Johnstone resigned from the DXAM Board effective 17 October 2022.
4. Mr Sweeney was appointed as a Non-Executive Director on 17 October 2022.

Operating and financial review

Information on the operations and financial position of the Group and its business strategies and prospects is set out on pages 2 to 7 of the Interim Report and forms part of this Directors' Report.

Significant changes in the state of affairs

During the financial period, DXC had no significant changes in its state of affairs.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10 and forms part of this Directors' Report.

Rounding of amounts and currency

As the Group is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, the Directors have chosen to round amounts in this Directors' Report and the accompanying Financial Report to the nearest thousand dollars, unless otherwise indicated. All figures in this Directors' Report and the Interim Consolidated Financial Statements, except where otherwise stated, are expressed in Australian dollars.

Directors' authorisation

The Directors' Report is made in accordance with a resolution of the Directors. The Interim Consolidated Financial Statements were authorised for issue by the Directors on 6 February 2023.

Jennifer Horrigan

Chair

6 February 2023

Auditor's Independence Declaration

As lead auditor for the review of Convenience Retail REIT No. 2 for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Convenience Retail REIT No. 2 and the entities it controlled during the period.

Samantha Johnson
Partner
PricewaterhouseCoopers

Sydney
6 February 2023

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Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2022

	Note	31 Dec 2022 $'000	31 Dec 2021 $'000
Revenue from ordinary activities			
Property revenue	2	**30,692**	27,267
Total revenue from ordinary activities		**30,692**	27,267
Other income			
Interest income		**22**	146
Net fair value gain of investment properties	5	**-**	18,473
Net fair value gain of derivatives		**-**	3,657
Total other income		**22**	22,276
Total income		**30,714**	49,543
Expenses			
Property expenses		**(3,877)**	(3,491)
Finance costs	3	**(5,459)**	(3,172)
Management fee expense	11	**(2,725)**	(2,460)
Other expenses		**(547)**	(441)
Net fair value loss of investment properties	5	**(14,892)**	-
Net fair value loss of derivatives		**(113)**	-
Total expenses		**(27,613)**	(9,564)
Profit for the period		**3,101**	39,979
Profit for the period attributable to:			
Security holders of the parent entity		**1,543**	10,731
Security holders of other stapled entities (non-controlling interests)[1]		**1,558**	29,248
Profit for the period		**3,101**	39,979
Other comprehensive income for the period		**-**	-
Total comprehensive income for the period		**3,101**	39,979
Total comprehensive income for the period attributable to:			
Security holders of the parent entity		**1,543**	10,731
Security holders of other stapled entities (non-controlling interests)[1]		**1,558**	29,248
Total comprehensive income for the period		**3,101**	39,979
		Cents	Cents
Earnings per stapled security on profit attributable to security holders of the Trust (parent entity)			
Basic earnings per security		**1.12**	8.01
Diluted earnings per security		**1.12**	8.01
Earnings per stapled security on profit attributable to security holders of other stapled entities[1]			
Basic earnings per security		**1.13**	21.82
Diluted earnings per security		**1.13**	21.82

1. Non-controlling interest represents the profit and total comprehensive income for the period attributable to Convenience Retail REIT No. 1 and Convenience Retail REIT No. 3.

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 2022 $'000	30 Jun 2022 $'000
Current assets			
Cash and cash equivalents		**5,693**	5,178
Receivables		**1,603**	1,288
Non-current assets classified as held for sale	6	**10,050**	-
Derivative financial instruments		**1,321**	240
Other current assets		**1,255**	3,348
Total current assets		**19,922**	10,054
Non-current assets			
Investment properties	5	**812,245**	850,050
Derivative financial instruments		**11,830**	12,706
Other non-current assets		**83**	312
Total non-current assets		**824,158**	863,068
Total assets		**844,080**	873,122
Current liabilities			
Payables		**9,302**	6,737
Provisions		**7,947**	11,256
Total current liabilities		**17,249**	17,993
Non-current liabilities			
Derivative financial instruments		**170**	-
Interest bearing liabilities	7	**282,802**	299,611
Other non-current liabilities		**842**	1,000
Total non-current liabilities		**283,814**	300,611
Total liabilities		**301,063**	318,604
Net assets		**543,017**	554,518
Equity			
Equity attributable to security holders of the Trust (parent entity)			
Contributed equity	10	**190,503**	190,503
Retained profits		**45,108**	48,711
Parent entity security holders' interest		**235,611**	239,214
Equity attributable to security holders of other stapled entities (non-controlling interests)[1]			
Contributed equity	10	**216,760**	216,760
Retained profits		**90,646**	98,544
Other stapled security holders' interest		**307,406**	315,304
Total equity		**543,017**	554,518

1. Non-controlling interest represents the net assets attributable to Convenience Retail REIT No. 1 and Convenience Retail REIT No. 3.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2022

		Attributable to security holders of the Trust (parent entity)			Attributable to security holders of other stapled entities[1]			
	Note	Contributed equity $'000	Retained profits $'000	Total $'000	Contributed equity $'000	Retained profits $'000	Total $'000	Total equity $'000
Opening balance as at 1 July 2021		170,572	31,666	202,238	186,046	64,987	251,033	453,271
Net profit for the period		-	10,731	10,731	-	29,248	29,248	39,979
Other comprehensive income for the period		-	-	-	-	-	-	-
Total comprehensive income for the period		-	10,731	10,731	-	29,248	29,248	39,979
Transactions with owners in their capacity as owners:								
Issue of contributed equity		21,952	-	21,952	33,545	-	33,545	55,497
Securities issued under distribution reinvestment plan (DRP)		344	-	344	450	-	450	794
Equity issuance costs		(446)	-	(446)	(681)	-	(681)	(1,127)
Distributions paid or payable	4	-	(6,734)	(6,734)	-	(9,199)	(9,199)	(15,933)
Total transactions with owners in their capacity as owners		21,850	(6,734)	15,116	33,314	(9,199)	24,115	39,231
Closing balance as at 31 December 2021		192,422	35,663	228,085	219,360	85,036	304,396	532,481
Opening balance as at 1 July 2022		**190,503**	**48,711**	**239,214**	**216,760**	**98,544**	**315,304**	**554,518**
Net profit for the period		**-**	**1,543**	**1,543**	**-**	**1,558**	**1,558**	**3,101**
Other comprehensive income for the period		**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income for the period		**-**	**1,543**	**1,543**	**-**	**1,558**	**1,558**	**3,101**
Transactions with owners in their capacity as owners:								
Distributions paid or payable	4	**-**	**(5,146)**	**(5,146)**	**-**	**(9,456)**	**(9,456)**	**(14,602)**
Total transactions with owners in their capacity as owners		**-**	**(5,146)**	**(5,146)**	**-**	**(9,456)**	**(9,456)**	**(14,602)**
Closing balance as at 31 December 2022		**190,503**	**45,108**	**235,611**	**216,760**	**90,646**	**307,406**	**543,017**

1. Non-controlling interest represents the equity attributable to Convenience Retail REIT No. 1 and Convenience Retail REIT No. 3.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2022

	31 Dec 2022	31 Dec 2021
	$'000	$'000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	**33,524**	31,947
Payments in the course of operations (inclusive of GST)	**(11,476)**	(3,559)
Interest received	**22**	146
Finance costs paid	**(4,204)**	(3,600)
Net cash inflow from operating activities	**17,866**	24,934
Cash flows from investing activities		
Net proceeds from sale of investment properties	**15,379**	-
Payments for acquisition of investment properties	**-**	(136,311)
Payments for capital expenditure on investment properties	**(55)**	(6,881)
Net cash inflow/(outflow) from investing activities	**15,324**	(143,192)
Cash flows from financing activities		
Proceeds from borrowings	**63,750**	212,779
Repayment of borrowings	**(81,100)**	(127,584)
Proceeds from issue of contributed equity	**-**	55,497
Equity issuance and buy-back costs paid	**-**	(1,127)
Distributions paid to security holders	**(15,325)**	(13,930)
Net cash inflow/(outflow) from financing activities	**(32,675)**	125,635
Net increase in cash and cash equivalents	**515**	7,377
Cash and cash equivalents at the beginning of the period	**5,178**	786
Cash and cash equivalents at the end of the period	**5,693**	8,163

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

In this section

This section sets out the basis upon which the Group's Interim Consolidated Financial Statements are prepared.

Basis of preparation

These Interim Consolidated Financial Statements have been prepared in accordance with the requirements of the Constitutions of the entities within the Group, the *Corporations Act 2001* and AASB *134 Interim Financial Reporting* issued by the Australian Accounting Standards Board.

These Interim Consolidated Financial Statements do not include notes of the type normally included in an annual financial report. Accordingly, these Interim Consolidated Financial Statements should be read in conjunction with the annual Consolidated Financial Statements for the year ended 30 June 2022 and any public pronouncements made by the Group during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Unless otherwise stated, these Interim Consolidated Financial Statements have been prepared using consistent accounting policies in line with those of the previous financial year and corresponding interim reporting period. Where required, comparative information has been restated for consistency with the current period's presentation.

The Interim Consolidated Financial Statements are presented in Australian dollars, with all values rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise stated.

The Interim Consolidated Financial Statements have been prepared on a going concern basis using historical cost conventions, except for investment properties, derivative financial instruments and non-current assets classified as held for sale which are stated at their fair value.

Critical accounting estimates

The preparation of the Interim Consolidated Financial Statements requires the use of certain critical accounting estimates and management to exercise its judgement in the process of applying the Group's accounting policies.

In the process of applying the Group's accounting policies, management has considered the current economic environment including the impacts of inflation and rising interest rates.

Other than the inflationary and interest rate impacts, and the estimates and assumptions used for the measurement of items held at fair value such as certain financial instruments and investment properties, no key assumptions concerning the future or other estimation of uncertainty at the end of each reporting period are expected to have a significant risk of causing material adjustments to the Interim Consolidated Financial Statements.

The Notes to the Interim Consolidated Financial Statements are organised into the following sections:

Group performance	Property portfolio assets	Capital management	Other disclosures
1. Operating segments	5. Investment properties	7. Interest bearing liabilities	11. Related parties
2. Property revenue	6. Non-current assets classified as held for sale	8. Fair value measurement	12. Subsequent events
3. Finance costs		9. Commitments and contingencies	
4. Distributions paid and payable		10. Contributed equity	

Group performance

In this section

This section explains the results and performance of the Group.

It provides additional information about those individual line items in the Interim Consolidated Financial Statements that the Directors consider most relevant in the context of the operations of the Group, including results by operating segment, property revenue, finance costs and distributions paid and payable.

Note 1 Operating segments

The Group derives its income from investment in properties located in Australia and is deemed to have only one operating segment which is consistent with the reporting reviewed by the chief operating decision makers. 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. A reconciliation of the Group's FFO to profit for the half year is tabled below:

	31 Dec 2022	31 Dec 2021
	$'000	$'000
Segment performance measures		
Property revenue	**30,692**	27,267
Property expenses	**(3,877)**	(3,491)
Management fees	**(2,725)**	(2,460)
Other expenses	**(547)**	(441)
Interest and other income	**22**	146
Finance costs	**(5,092)**	(3,172)
Incentive amortisation and rent straight line	**(2,514)**	(2,767)
Rental guarantees, coupon income and other	**(400)**	168
Funds From Operations (FFO)	**15,559**	15,250
Net fair value gain/(loss) of investment properties	**(14,892)**	18,473
Net fair value gain/(loss) of derivatives	**(113)**	3,657
Incentive amortisation and rent straight line	**2,514**	2,767
Rental guarantees, coupon income and other	**400**	(168)
Debt modification expense	**(367)**	-
Net profit for the period	**3,101**	39,979

Note 2 Property revenue

The Group's main revenue stream is property rental revenue and is derived from holding properties as investment properties and earning rental yields over time. Rental revenue is recognised on a straight line basis over the lease term for leases with fixed rent review clauses.

Prospective tenants may be offered incentives as an inducement to enter into operating leases. The costs of incentives are recognised as a reduction of rental revenue on a straight-line basis from the lease commencement date to the end of the lease term. The carrying amount of the lease incentives is reflected in the fair value of investment properties.

Within its lease arrangements, the Group provides certain services to tenants (such as utilities, cleaning, maintenance and certain parking arrangements) which are accounted for within AASB 15 *Revenue from Contracts with Customers.*

	31 Dec 2022	31 Dec 2021
	$'000	$'000
Rental income	**27,364**	24,455
Outgoings and direct recoveries	**2,657**	2,316
Services revenue	**708**	542
Incentive amortisation	**(37)**	(46)
Total property revenue	**30,692**	27,267

Note 3 Finance costs

	31 Dec 2022 $'000	31 Dec 2021 $'000
Interest paid/payable	**4,763**	1,309
Line fees	**1,271**	984
Amortisation of borrowing costs	**208**	197
Debt modification expense	**367**	-
Realised (gain)/loss of interest rate derivatives	**(1,166)**	673
Other finance costs	**16**	9
Total finance costs	**5,459**	3,172

Note 4 Distributions paid and payable

Distributions are recognised when declared.

a) Distribution to security holders

	31 Dec 2022 $'000	31 Dec 2021 $'000
30 September (paid 10 November 2022)	**7,301**	7,966
31 December (payable 23 February 2023)	**7,301**	7,967
Total distribution to security holders	**14,602**	15,933

b) Distribution rate

	31 Dec 2022 Cents per security	31 Dec 2021 Cents per security
30 September (paid 10 November 2022)	**5.300**	5.725
31 December (payable 23 February 2023)	**5.300**	5.725
Total distribution rate	**10.600**	11.450

Property portfolio assets

In this section

The following table summarises the property portfolio assets of the Group detailed in this section.

31 December 2022	Note	Convenience retail $'000
Investment properties	5	**812,245**
Non-current assets classified as held for sale	6	**10,050**
Total		**822,295**

Property portfolio assets are used to generate the Group's performance and are considered to be the most relevant to the understanding of the operating performance of the Group. The assets are detailed in the following notes:

- *Investment properties*: relates to investment properties, both stabilised and under development.
- *Non-current assets classified as held for sale:* relates to investment properties which are expected to be sold within 12 months of the reporting date and are currently being marketed for sale.

Note 5 Investment properties

The Group's investment properties consist of properties held for long-term rental yields and/or capital appreciation and property that is being constructed or developed for future use as investment property. Investment properties are initially recognised at cost including transaction costs. Investment properties are subsequently recognised at fair value.

a) Reconciliation of carrying amounts

	For the 6 months to 31 Dec 2022 $'000	For the 12 months to 30 Jun 2022 $'000
Opening balance at the beginning of the period	**850,050**	632,651
Additions	**566**	10,782
Acquisitions	**-**	176,164
Lease incentives	**125**	1,469
Amortisation of lease incentives	**(85)**	(138)
Rent straightlining	**2,599**	5,166
Disposals	**(16,068)**	(6,880)
Transfer to non-current assets held for sale	**(10,050)**	-
Net fair value gain/(loss) of investment properties	**(14,892)**	30,836
Closing balance at the end of the period	**812,245**	850,050

Disposals

Settlement for the disposals of 2215 David Low Way, Peregian Beach QLD, 4545 Flinders Highway, Reid River QLD and 25 Kiernan Drive, Roseneath QLD occurred on 19 September 2022, 14 November 2022 and 16 December 2022 respectively, totalling $15,340,000 excluding transaction costs.

Note 5 Investment Properties (continued)

b) Fair value measurement and valuation inputs

The following table represents the level of the fair value hierarchy and the associated unobservable inputs utilised in the fair value measurement of investment property.

Class of property	Fair value hierarchy	Inputs used to measure fair value	Range of unobservable inputs	
			31 Dec 2022	30 Jun 2022
Convenience retail	Level 3	Adopted capitalisation rate	**4.75% - 8.00%**	4.50% - 8.50%
		Current net market rental (per sqm)	**$250 - $4,682**	$226 - $4,745

Key estimates: inputs used to measure fair value of investment properties

Judgement is required in determining the following key assumptions:

– *Adopted capitalisation rate*: The rate at which net market rental revenue is capitalised to determine the value of a property. The rate is determined with regard to market evidence and the prior external valuation.

– *Net market rental (per sqm)*: The net market rent is the estimated amount for which a property should lease between a lessor and a lessee on appropriate lease terms in an arm's length transaction.

c) Sensitivity information

Significant movement in any one of the valuation inputs may result in a change in the fair value of the Group's investment properties as shown below. The estimated impact of a change in certain significant unobservable inputs would result in a change in the fair value as follows:

	31 Dec 2022 $'000	30 Jun 2022 $'000
A decrease of 25 basis points in the adopted capitalisation rate	**36,005**	37,920
An increase of 25 basis points in the adopted capitalisation rate	**(33,405)**	(36,870)
A decrease of 5% in the net market rental (per sqm)	**(40,675)**	(43,580)
An increase of 5% in the net market rental (per sqm)	**40,335**	41,310

Under the capitalisation approach, the net market rental has a strong interrelationship with the adopted capitalisation rate as the fair value of the investment property is derived by capitalising, in perpetuity, the total net market rent receivable. An increase (softening) in the adopted capitalisation rate may offset the impact to fair value of an increase in the net market rent. A decrease (tightening) in the adopted capitalisation rate may also offset the impact to fair value of a decrease in the net market rent. A directionally opposite change in the net market rent and the adopted capitalisation rate may increase the impact to fair value.

Note 6 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, and a sale is considered highly probable.

Non-current assets classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position. Non-current assets classified as held for sale relate to investment properties measured at fair value.

At 31 December 2022, total assets held for sale of $10,050,000 comprised 656 Bruce Highway, Woree QLD, 282 Wardell Street, Enoggera QLD and Lot 401 Great Northern Highway, South Hedland WA (30 June 2022: nil), which were exchanged on 19 July 2022, 4 October 2022 and 22 December 2022, respectively.

Capital management

In this section

The Board of the Responsible Entity determines the appropriate capital structure of the Group, how much is borrowed from financial institutions and capital markets (debt), and how much is raised from security holders (equity) in order to finance the Group's activities both now and in the future. This capital structure is detailed in the following notes:

- Debt: *Interest bearing liabilities* in note 7, *Fair value measurement* in note 8 and *Commitments and contingencies* in note 9; and
- Equity: *Contributed equity* in note 10.

Note 7 Interest bearing liabilities

	31 Dec 2022 $'000	30 Jun 2022 $'000
Non-current		
Secured		
Bank loans	**284,338**	301,321
Capitalised borrowing cost	**(1,536)**	(1,710)
Total secured	**282,802**	299,611
Total non-current liabilities - interest bearing liabilities	**282,802**	299,611
Total interest bearing liabilities	**282,802**	299,611

Financing arrangements

The Group has $375,000,000 of revolving credit facilities with four banks.

	31 Dec 2022 $'000	30 Jun 2022 $'000
Loan facility limit	**375,000**	375,000
Amount drawn at balance date	**(287,481)**	(304,831)
Amount undrawn at balance date	**87,519**	70,169

As at 31 December 2022, the following table summarises the maturity profile of the Group's financing arrangements:

Type of facility	Maturity date	Utilised $'000	Facility limit $'000
Tranche 1 Series	Mar-26	-	52,500
Tranche 2 Series	Feb-24	-	12,500
Tranche 3 Series	Jul-27	30,750	31,250
Tranche 4 Series	Mar-26	21,250	21,250
Tranche 5 Series	Mar-27	7,500	7,500
Tranche 6 Series	Mar-27	21,500	30,000
Tranche 7 Series	Sep-27	15,000	17,500
Tranche 8 Series	Mar-27	20,000	20,000
Tranche 9 Series	Mar-29	20,000	20,000
Tranche 10 Series	Mar-29	20,000	20,000
Tranche 11 Series	Sep-24	20,000	20,000
Tranche 12 Series	Mar-28	7,500	15,000
Tranche 13 Series	Jul-24	30,000	30,000
Tranche 14 Series	Jul-25	30,000	30,000
Tranche 15 Series	Sep-26	26,500	30,000
Tranche 16 Series	Sep-27	17,481	17,500

Note 7 Interest bearing liabilities (continued)

The revolving cash advance facilities are secured and cross collateralised over the Group's investment properties (by first registered real property mortgages) and other assets (via a first ranking general "all assets" security agreement), maturing between February 2024 and March 2029 with a weighted average maturity of September 2026.

The debt facilities contain both financial and non-financial covenants and undertakings that are customary for secured debt facilities of this nature. The key financial covenants that apply to the Group are as follows:

		31 Dec 2022	30 Jun 2022
Loan to Value Ratio ("LVR")	At all times, LVR does not exceed 50%	**34.8%**	38.8%
Interest Cover Ratio ("ICR")	As at 31 December and 30 June each year, ICR is not less than 2.0 times	**4.4 times**	5.2 times

Note 8 Fair value measurement

The Group uses the following methods in the determination and disclosure of the fair value of financial instruments:

Level 1: the fair value is calculated using quoted prices in active markets.

Level 2: the fair value is determined using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: the fair value is estimated using inputs for the asset or liability that are not based on observable data.

All derivative financial instruments were measured at Level 2 for the periods present in this report.

During the half year, there were no transfers between Level 1, 2 and 3 fair value measurements.

Note 9 Commitments and contingencies

a) Commitments

Capital commitments

Under some of the lease agreements applicable to the existing investment properties, the Group is responsible for capital and structural repairs to the premises (except to the extent required due to the tenant's act, omissions or particular use). This contractual obligation can include the requirement to replace underground tanks and/or LPG tanks if they become worn out, obsolete, inoperable or incapable of economic repair. As at the reporting date, there were no requirements and forecast capital expenditure to replace underground tanks at any sites (30 June 2022: nil).

The following amounts represent other capital expenditure of the parent entity on investment properties contracted at the end of the reporting period but not recognised as liabilities payable:

	31 Dec 2022	30 Jun 2022
	$'000	$'000
Investment properties	**15**	348
Total capital commitments	**15**	348

b) Contingencies

The Directors of the Responsible Entity are not aware of any other contingent liabilities in relation to the Group, other than those disclosed in the Interim Consolidated Financial Statements, which should be brought to the attention of security holders as at the date of completion of this report.

Outgoings are excluded from contingencies as they are expensed when incurred.

Note 10 Contributed equity

Carrying amount

	For the 6 months to 31 Dec 2022 $'000	For the 12 months to 30 Jun 2022 $'000
At the beginning of the period	**407,263**	356,618
Issue of contributed equity, net of transaction costs	**-**	55,500
Securities issued under distribution reinvestment plan	**-**	795
Buy-back of contributed equity	**-**	(4,509)
Equity issuance cost (net of income tax benefit)	**-**	(1,141)
At the end of the period	**407,263**	407,263
Attributable to:		
Security holders of the parent entity	**190,503**	190,503
Security holders of other stapled entities	**216,760**	216,760
At the end of the period	**407,263**	407,263

Number of securities on issue

	For the 6 months to 31 Dec 2022 No.	For the 12 months to 30 Jun 2022 No.
At the beginning of the period	**137,756,563**	123,429,770
Issue of contributed equity	**-**	15,499,599
Securities issued under distribution reinvestment plan	**-**	218,613
Buy-back of contributed equity	**-**	(1,391,419)
At the end of the period	**137,756,563**	137,756,563

Other disclosures

In this section

This section includes other information that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the Corporations Regulations.

Note 11 Related parties

a) Transactions with key management personnel

The Group does not employ personnel in its own right. However, it is required to have a Responsible Entity to manage the activities of the Group and its controlled entities. As such there are no staff costs (including fees paid to Directors of the Responsible Entity) included in the Consolidated Statement of Comprehensive Income.

b) Transactions with the Responsible Entity and related body corporate

The Responsible Entity of the stapled entities that form DXC is DXAM. Dexus PG Limited (DXPG) (ACN 109 846 068), the immediate parent entity of DXAM and its controlled entities, are wholly owned subsidiaries of Dexus. Convenience Retail Management Pty Limited is the appointed Fund Manager (the "Manager") to provide investment management services and property management services to the Group. The Manager is a related body corporate of DXAM and a wholly owned subsidiary of DXPG.

Accordingly, transactions with entities related to DXPG are disclosed below:

	31 Dec 2022		31 Dec 2021	
	Paid	**Payable**	Paid	Payable
	$'000	**$'000**	$'000	$'000
Management fees[1]	**2,278**	**447**	2,047	413
Custody fees	**71**	**14**	62	13
Reimbursement of costs paid[2]	**18**	**-**	54	-
Total	**2,367**	**461**	2,163	426

[1] DXAM is entitled to a base management fee of 0.65% per annum of the Gross Asset Value of the Group (reducing to 0.60% p.a. of Gross Asset Value between $500m and $1,000m, 0.55% p.a. of Gross Asset Value between $1,000m and $1,500m and 0.50% of Gross Asset Value in excess of $1,500m). In addition, the Manager has been appointed, on a non-exclusive basis, to provide property management, financial management, leasing and rent review and project supervision services.

[2] The Manager/Responsible Entity is entitled to be reimbursed for all reasonable expenses properly incurred in the performance of services.

Note 11 Related parties (continued)

c) Security holdings and associated transactions with related parties

The below table shows the number of DXC securities held by related parties (including other managed investment schemes for which DXAM is the Responsible Entity or Investment Manager) and the associated distributions paid, or payable to the related parties are set out as follows:

	31 Dec 2022		31 Dec 2021	
	Number of securities	**Distributions $**	Number of securities	Distributions $
Dexus Asset Management Limited	**2,402,816**	**254,698**	2,402,816	275,122
APD Trust	**10,011,224**	**1,061,190**	10,011,224	1,146,285
Dexus Asian REIT Fund	**8,057,327**	**873,146**	8,417,135	940,862
Dexus Property for Income Fund	**581,261**	**64,794**	721,261	80,409
Dexus Property for Income Fund No.2	**166,166**	**19,363**	219,166	24,579
CFS AREIT Mandate	**1,043,128**	**112,057**	1,121,159	124,938
Jennifer Horrigan	**33,500**	**3,551**	-	-
Howard Brenchley[1]	**-**	**5,282**	99,668	11,412
Geoff Brunsdon AM[2]	**-**	**-**	89,494	10,247
Joseph De Rango[3]	**-**	**-**	24,152	2,765
Total	**22,295,422**	**2,394,081**	23,106,075	2,616,619

[1] Mr Brenchley resigned as a Director of DXAM on 17 October 2022.
[2] Mr Brunsdon resigned as a Director DXAM on 28 February 2022.
[3] Mr De Rango resigned as an Alternate Director of DXAM for Mr Brenchley effective 1 March 2022.

As at 31 December 2022, 16.18% (31 December 2021: 16.61%) of DXC's stapled securities were held by related parties.

Note 12 Subsequent events

Since the end of the half year, the Directors are not aware of any matter or circumstance not otherwise dealt with in their Directors' Report or the Interim Consolidated Financial Statements that has significantly or may significantly affect the operations of the Group, the results of those operations, or state of the Group's affairs in future financial periods.

Directors' Declaration

In the Directors' opinion:

(a) the Interim Consolidated Financial Statements and Notes set out on pages 11 to 24 are in accordance with the *Corporations Act 2001*; including

   (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Group's consolidated financial position as at 31 December 2022 and of its performance for the half year ended on that date; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Jennifer Horrigan

Chair

6 February 2023

Independent auditor's review report to the stapled security holders of Convenience Retail REIT No. 2

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Convenience Retail REIT No. 2 (the Trust) and its stapled entities, Convenience Retail REIT No. 1 and Convenience Retail REIT No. 3 (together the Group or Dexus Convenience Retail REIT), which comprises the Consolidated Statement of Financial Position as at 31 December 2022, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, significant accounting policies and explanatory notes and the Directors' Declaration of Dexus Asset Management Limited (the Responsible Entity).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors of the Responsible Entity for the half-year financial report

The Directors of the Responsible Entity (the Directors) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

Samantha Johnson

Samantha Johnson
Partner

Sydney
6 February 2023