

Dexus Convenience Retail REIT (ASX:DXC)

ASX release

23 June 2023

Update on further asset sales and portfolio valuations

Dexus Convenience Retail REIT ("DXC") today announced the divestment of three assets, as well as valuation outcomes across its portfolio as at 30 June 2023.

Further asset sales

DXC has divested three assets for a combined price of \$15.4 million, representing an average 4.0% discount to the 31 December 2022 book values.

The divestments of these assets are consistent with DXC's stated strategy of:

- enhancing balance sheet strength, reducing pro-forma gearing by 1.2 percentage points
- reducing exposure to interest rate rises by increasing average hedging by circa 3 percentage points¹
- reducing property portfolio exposure to regional assets and older tank technology

These transactions bring total sales contracted throughout FY23 to \$40.8 million, reflecting circa 5% of the portfolio at an average 2.3% discount to prior stated book values.

The sale of 983 Waterworks Road, The Gap and 127 Kingston Road, Woodridge in Queensland settled on 27 April 2023. The sale of 1182 Chapman Road, Glenfield in Western Australia is expected to settle by early September 2023.

Portfolio valuations

In addition, 57 of DXC's 105 assets have been externally valued as at 30 June 2023, with the remainder internally valued. These draft external and internal valuations have resulted in an estimated net devaluation of circa \$23.7 million² for the six months to 30 June, representing a 2.9% decrease on prior book values.

The weighted average capitalisation rate across the total portfolio expanded 20 basis points over the six months from 5.90% at 31 December 2022 to 6.10% at 30 June 2023.

DXC Fund Manager, Jason Weate said: "Despite the impact of capitalisation rate expansion, the valuation outcomes reflect the overall quality of the portfolio which is supported by secure cash flows underpinned by weighted average rent reviews of over 3.5% to high-quality tenants and stable occupancy of above 99%.

"The divestments enhance the overall quality of the portfolio while delivering a strong price outcome in a challenging environment. The combined impact of these divestments alongside asset revaluations result in pro forma gearing of circa 33%³, and we continue to actively assess portfolio composition to enable DXC to take advantage of future investment opportunities."

Further details on the portfolio's final valuations will be included in DXC's FY23 results which will be released to the Australian Securities Exchange on Monday, 7 August 2023.

Authorised by the Board of Dexus Asset Management Limited

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¹ Based on HY23 average hedging.

² Includes assets held for sale at 30 June 2023 at sale price.

³ Reflects 31 December 2022 gearing of 34.1% adjusted for the impact of divestments announced to date as well as circa \$23.7 million of estimated net devaluations.

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 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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