

Dexus Industria REIT (ASX:DXI)

ASX release

22 November 2023

2023 Bell Potter Foundations Conference

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

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About Dexus Industria REIT

Dexus Industria REIT (ASX code: DXI) is a listed Australian real estate investment trust which is primarily invested in high-quality industrial warehouses. At 30 June 2023, the fund's portfolio is valued at \$1.6 billion and is located across the major Australian cities, providing sustainable income and capital growth prospects for security holders over the long term. The fund has a target gearing range of 30 – 40%. Dexus Industria 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 Industria Trust No. 1 (ARSN 125 862 875), Industria Trust No. 2 (ARSN 125 862 491), Industria Trust No. 3 (ARSN 166 150 938) and Industria Trust No. 4 (ARSN 166 163 186), and Industria Company No 1 Limited (ACN 010 794 957), collectively the Dexus Industria REIT (ASX code: DXI) stapled group. The Responsible Entity is a wholly owned subsidiary of Dexus (ASX code: DXS).

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Dexus Asset Management Limited
ACN 080 674 479, AFSL 237500
as responsible entity for Industria Trust No. 1, Industria Trust No. 2, Industria Trust No. 3 and Industria Trust No. 4
Industria Company No. 1 Limited
ACN 010 794 957

Acknowledgement of country

Dexus Industria 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: The Land and the Rivers by Sharon Smith.



DXI investment proposition

Generating superior risk-adjusted returns for investors seeking listed industrial real estate exposure in Australia



Delivering organic income growth

- › High-quality tenants diversified across interests in 94 properties
- › Secure income yield with **97.5%** occupancy and **6.3 year** WALE (by income)
- › Contracted rent growth – average FY23 reviews **4.9%** underpinned by **50%** of income linked to annual CPI rental escalations



Conservatively managing the balance sheet

- › **27.3%** pro forma look-through gearing¹; below the target range of 30 – 40%
- › Anticipate FY24 average hedging to be above **70%**²
- › Significant headroom to covenants
- › Tactically utilising balance sheet capacity to drive superior risk-adjusted returns over the long term



Creating value through active management

- › Driving overall performance through executing on asset plans that create value
- › Continuing to invest in higher risk-adjusted returning opportunities
- › Delivering development pipeline (**~\$170 million** spend remaining³) to further enhance portfolio quality



Aligned manager with deep real asset capability

- › Dexus principal ownership **17.5%**
- › Dexus brings capital transaction, development, leasing and asset management capability with **~\$12 billion** of industrial funds under management⁴

30 June 2023 key metrics



\$1.6bn
portfolio



5.38%
WACR



97.5%
occupancy
(by income)



6.3 year
WALE
(by income)



50%
income
linked to CPI



6.2%
distribution
yield⁵

1. Pro forma for the sale of 3 & 4 Forbes Close, Knoxfield VIC and 16-28 Quarry Road, Stapylton QLD which settled post 30 June 2023. At 30 June 2023, look-through gearing was 31.2%.
2. Based on existing hedges in place as at 30 June 2023 and assuming no further transactional activity.

3. As at 30 June 2023, excluding the Lot 2, 884-928 Mamre Road, Kempas Creek NSW fund-through project which will no longer be pursued.
4. Pro forma post final completion of the AMP Capital acquisition.
5. Based on closing security price as at 17 November 2023.

Prudent and active approach to capital management

Proactively positioning the balance sheet

- › \$250 million of divestments executed in FY23 to reduce gearing and enhance natural hedging; \$45 million of divestments in FY24 reduces look-through gearing by two percentage points
- › Kemps Creek fund-through transaction terminated due to ongoing planning uncertainty and escalating risks; balance sheet strength and optionality prioritised, providing \$67 million of additional capacity (~3% gearing benefit)

Key metrics at 30 June 2023:

27.3%¹

Look-through gearing
(30-40% target)

>70%

Expected FY24
average hedged debt

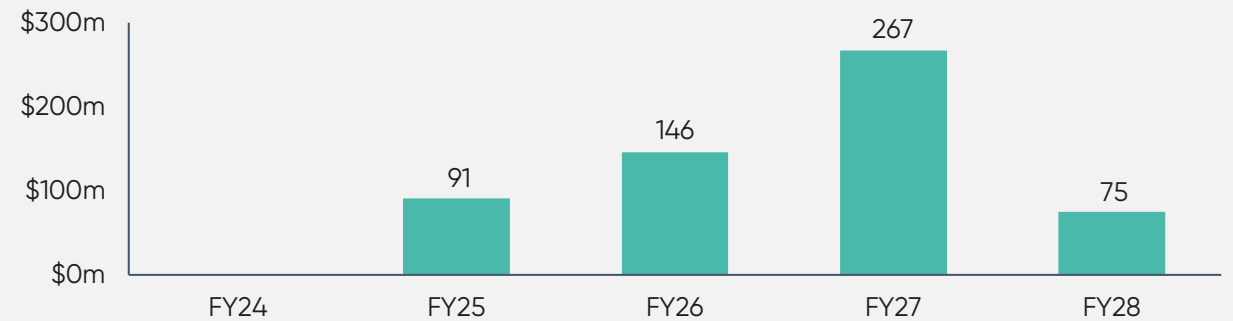
4.5x

Interest cover
(2.0x covenant)

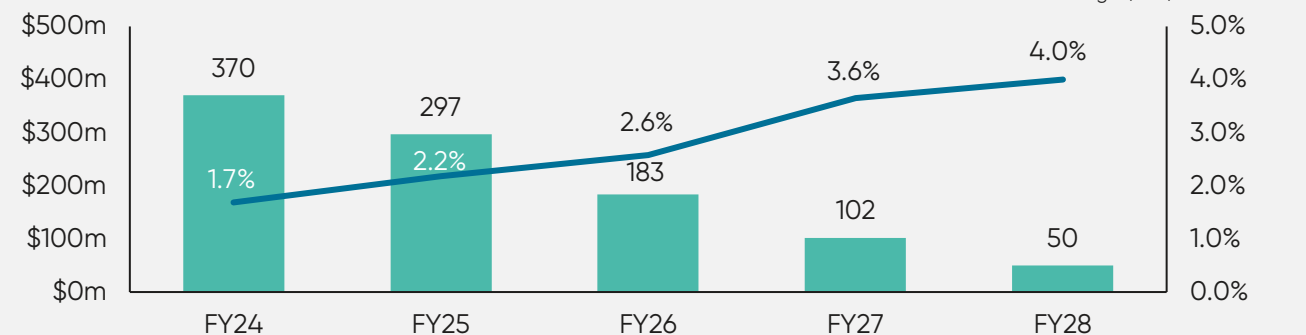
No maturities

Until FY25

Look-through debt maturity profile (total facility limit, at 30 June 2023)



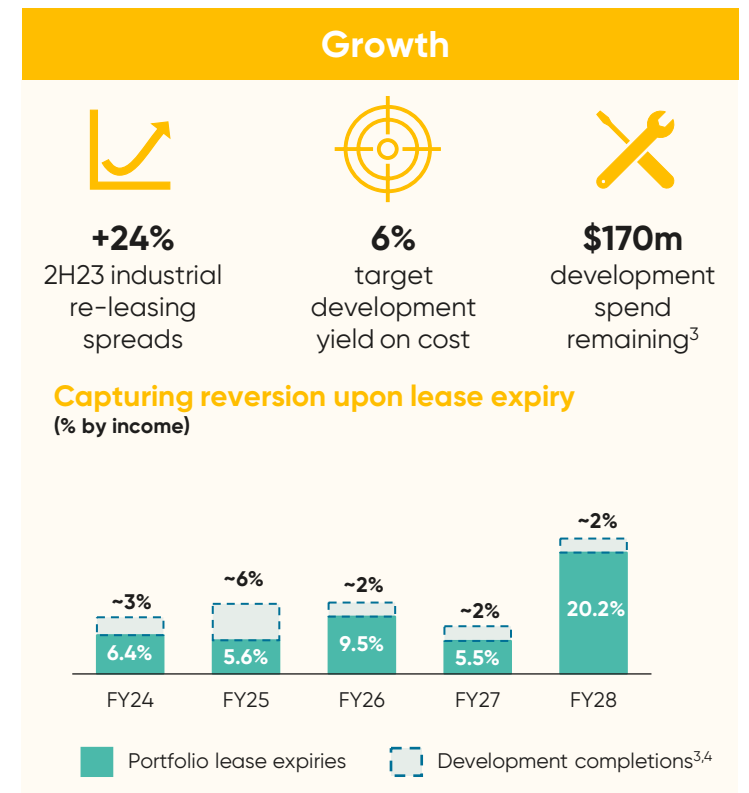
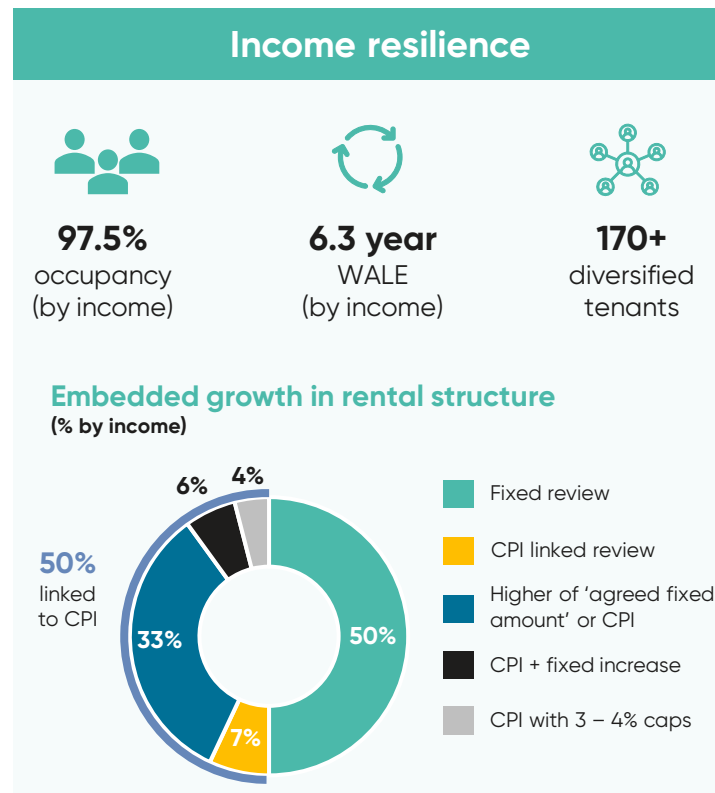
Look-through interest rate hedging profile (at 30 June 2023)



1. Pro-forma including sale of 3 & 4 Forbes Close, Knoxfield VIC and 16-28 Quarry Road, Stapylton QLD (combined proceeds of \$89.8 million) which settled post 30 June 2023.

High-quality portfolio generating income growth

Growth driven by annual reviews, reversion and development upside



1. Excludes developments. At 100%, or 105,500sqm at DXI ownership.
 2. Excludes developments. At DXI ownership.
 3. As at 30 June 2023, excluding the Lot 2, 884-928 Mamre Road, Kemps Creek NSW fund-through project which will no longer be pursued.
 4. Based on annualised income of both committed and uncommitted development completions.

Well-located and national footprint

80% of the population in each capital city accessible within 60 minutes



Sub-market overview

New South Wales

- › Delivering new developments in core industrial markets with sub-1% vacancy
- › Leading investment at Westrac Newcastle – constructed in 2012

Victoria

- › Diverse portfolio across the core west, north, and south eastern markets
- › Captured material rental growth in FY23, underpinning FY24 growth

Queensland

- › Industrial presence in key precincts including Wacol and Narangba
- › Diversified portfolio of 12 business park properties leased to over 80 tenants

Western Australia

- › Perth’s leading master-planned estate with occupiers including Amazon, Hello Fresh and Marley Spoon
- › Gateway location in close proximity to residential growth areas
- › Unlocking value through development – with over 300,000 square metres to be built out

South Australia

- › Located within the Adelaide Airport precinct, these high-quality warehouses are within close proximity of the Adelaide CBD and surrounding suburbs

Jandakot precinct

Key metrics

55 assets

\$430m external valuation on investment property
 - \$332m stabilised
 - \$99m development

\$78m general aviation airport & infrastructure operations value¹

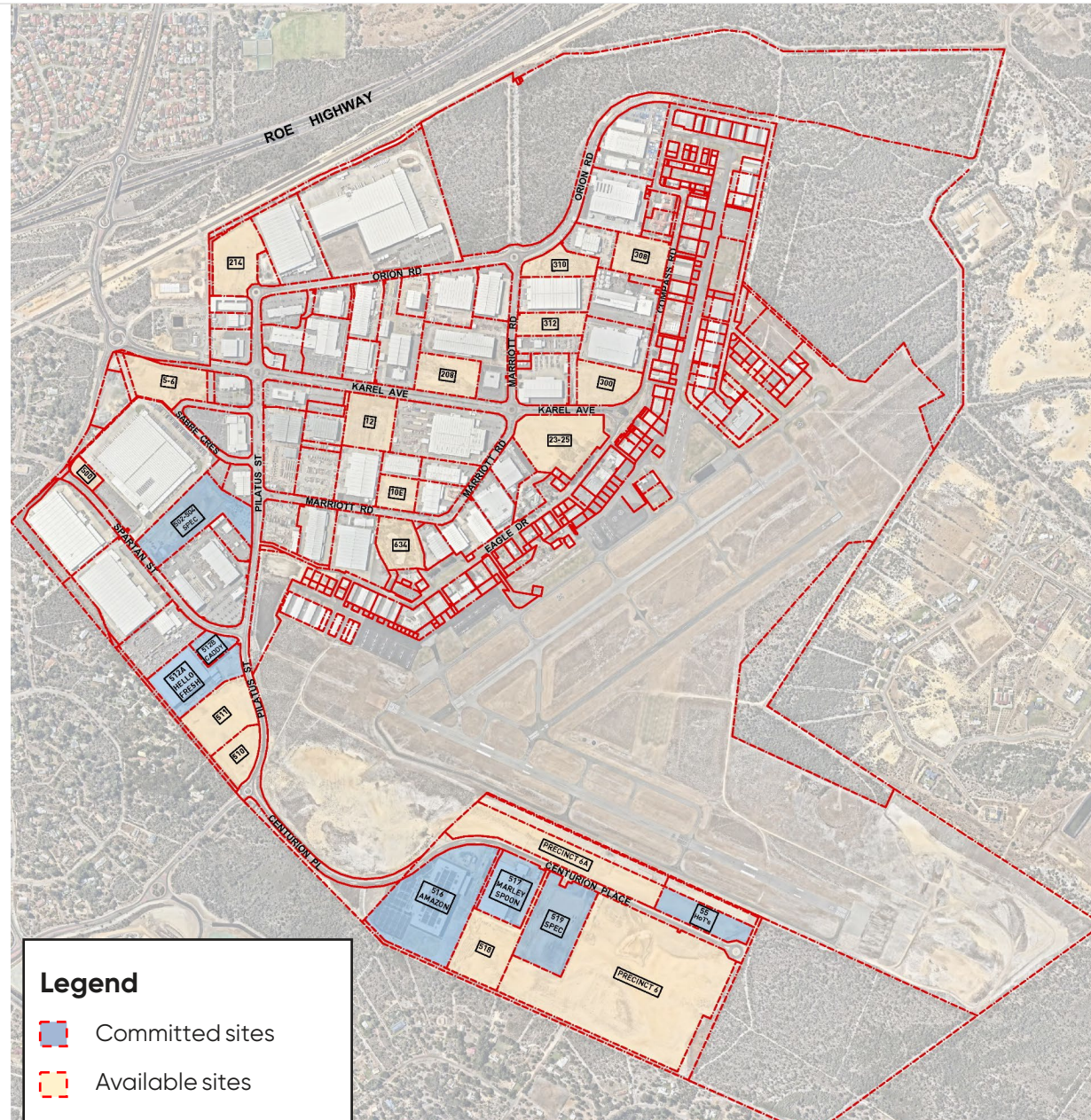
338,100sqm development pipeline

~\$201m development pipeline value

~\$145m development spend remaining

6% target yield on cost

1. Based on right-of-use asset value of the ground leases on completed developments and airport plant & equipment.



Well placed to deliver long-term value



Embedded property income growth driven by development completions, double-digit re-leasing spreads achieved in FY23 and 50% of the portfolio linked to CPI rental escalations



Balance sheet de-levered to capitalise on opportunities with gearing below the target band, substantial liquidity and no debt maturities until FY25



Continue to explore capital recycling initiatives to further reduce debt, provide additional capacity to fund the development pipeline, and pursue potential growth opportunities



FY24 guidance: Barring unforeseen circumstances, FFO of 17.1 cps and distributions of 16.4 cps

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 Industria Trust No. 1 (ARSN 125 862 875), Industria Trust No. 2 (ARSN 125 862 491), Industria Trust No. 3 (ARSN 166 150 938) and Industria Trust No. 4 (ARSN 166 163 186), and Industria Company No. 1 Limited (ACN 010 794 957) ("Industria Company") collectively the Dexus Industria REIT (ASX: DXI) stapled group. DXAM is a wholly owned subsidiary of Dexus (ASX: DXS).

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