

DXI | dexus

Dexus Industria REIT

2024

# Bell Potter Foundations Conference

17 October 2024

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

Viridian, ASCEND Industrial Estate at  
Jandakot Airport, Perth WA



# 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.**

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**Artwork:**  
The Land and the Rivers by Sharon Smith.

# DXI investment proposition

To generate strong risk-adjusted returns for investors seeking listed industrial real estate exposure in Australia



## Delivering organic income growth

- Well-located and national portfolio attracting broad range of tenants
- Secure income backed by high occupancy and minimal near-term expiries
- Attractive rental escalators providing embedded rental growth
- Diversified tenant base enhancing cash flow resilience



## Act as a reliable custodian of capital

- 27.3% look-through gearing<sup>1</sup>; below the target range of 30 – 40%
- Tactically utilising balance sheet capacity to drive strong risk-adjusted returns over the long term



## Active portfolio management

- Executing on asset plans to maximise value
- Investing in higher returning opportunities
- Delivering high-quality, modern warehouses via development pipeline



## Aligned manager with deep real asset capability

- Dexus principal ownership of 17.5%
- Leverage insights and relationships across Dexus's ~\$11 billion industrial portfolio
- Dexus is committed to delivering performance for investors across its funds management platform

## Key metrics



**\$1.4bn**  
portfolio



**80%**  
of population reached by DXI assets within 60 minutes<sup>2</sup>



**99.3%**  
occupancy (by income)



**5.9 year**  
WALE (by income)



**53%**  
income linked to CPI



**c. \$163m**  
development pipeline spend remaining



**6.0%**  
distribution yield<sup>3</sup>

1. Adjusted for cash and debt in equity accounted investments. | 2. Based on population reached each capital city in Australia on average. Source: Australian census data and SA1 Property data. | 3. Based on closing security price as at 8 October 2024.

# Portfolio primarily comprises high-quality industrial assets

## Industrial – 89% of portfolio

## BTP – 11% of portfolio

### Industrial (excl. ASCEND)



\$795m

- 22 properties across 298,100sqm
- 100% occupied<sup>1</sup>
- 6.5 year WALE<sup>1</sup>
- Average asset size circa \$36m<sup>2</sup>
- Last mile 17,900sqm development project at Moorebank, NSW

### ASCEND at Jandakot



\$431m (at 33.3% DXI share)

- 33.3% investment alongside Dexu and Cbus Super
- 55 properties across 427,000sqm
- 98.5% occupied<sup>1</sup>
- 5.6 year WALE<sup>1</sup>
- 289,000sqm development pipeline

### Brisbane Technology Park



\$159m

- 12 properties across 31,200sqm
- 98.1% occupied generating a high income yield of 7.7%
- **Potential funding source for future growth opportunities**

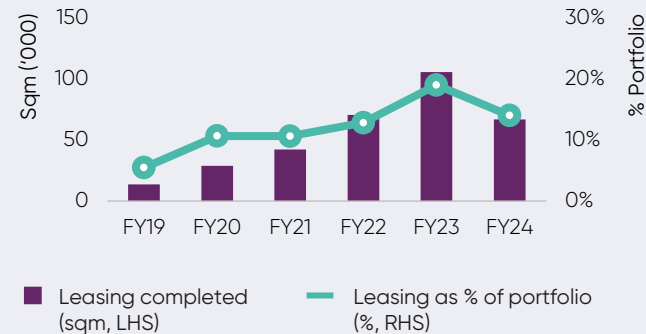
Book value

Profile

# Delivering resilient income growth with development upside

## Property

Track record of leasing success (sqm)<sup>1</sup>



**89**  
properties



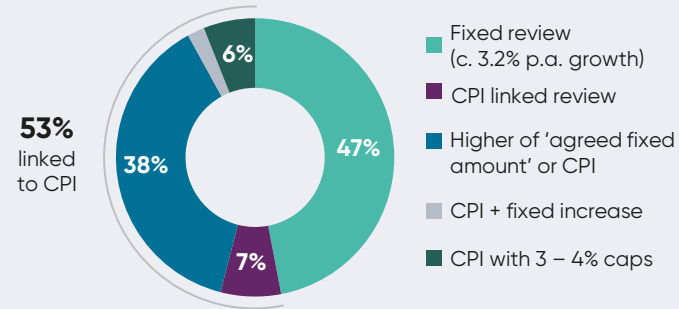
**\$1.4bn**  
portfolio value



**83,100sqm**  
total FY24  
leasing<sup>2</sup>

## Embedded growth

Fixed reviews with strong inflation protection (% by income)



**99.3%**  
occupancy  
(by income)



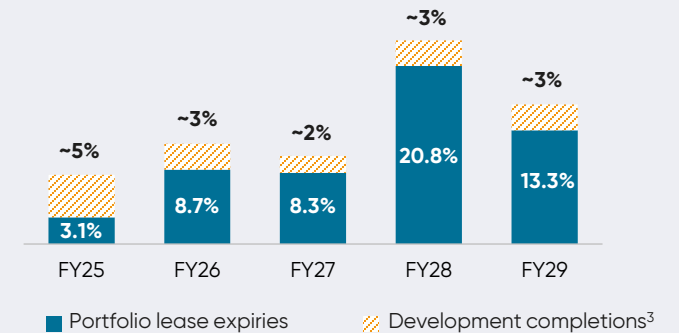
**53%**  
income linked  
to CPI



**+4.4%**  
average FY24  
rent review

## Income resilience

Stable earnings with potential development upside (% by income)



**170**  
diversified  
tenants



**5.9 year**  
WALE  
(by income)

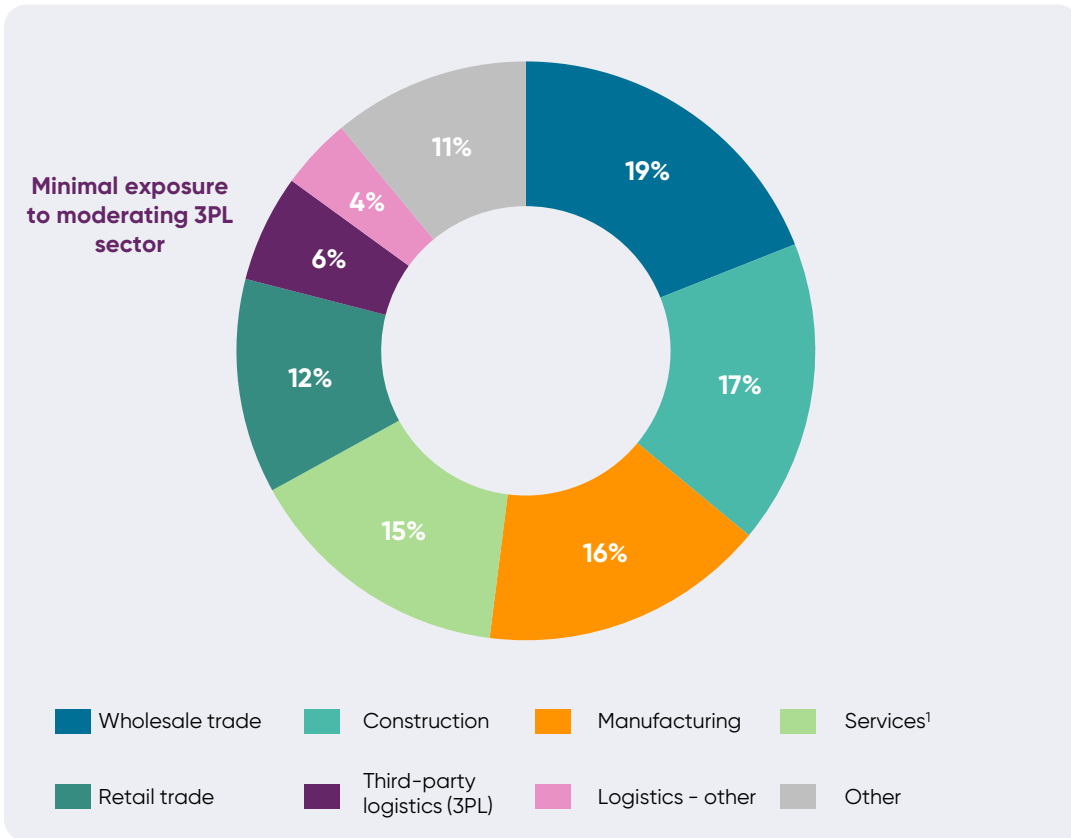


**6.25%+**  
target  
development  
yield on cost<sup>4</sup>

# Diverse and high-quality tenant base

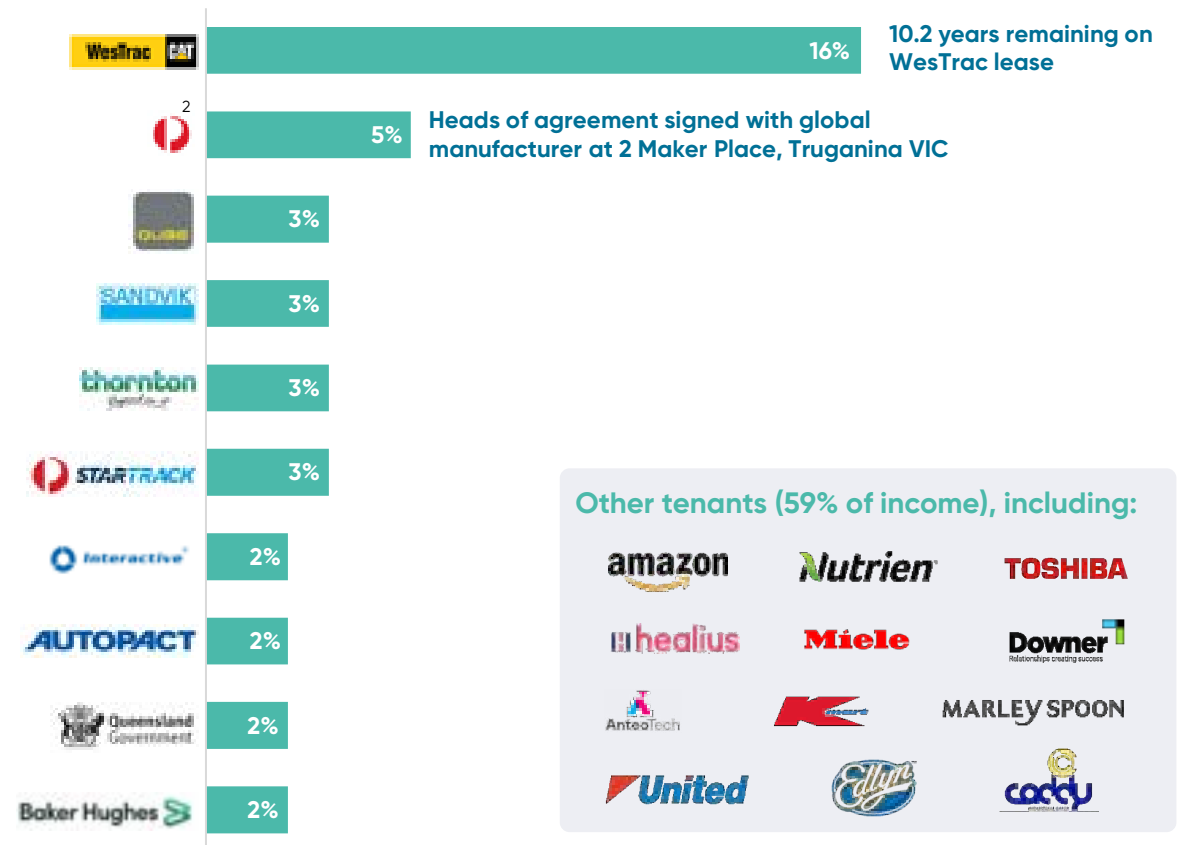
## Diversified tenant base across range of sectors

(% of DXI income)



## Top 10 tenants account for 41% of portfolio income

(% of DXI income)



# Proactive capital management track record

Preserving balance sheet strength and enhancing underlying portfolio quality

## Divestments since FY22

**\$295m** total divestments across five assets

**4.4%** average yield of divestments

**c.10%** increase in portfolio weighting to industrial post Rhodes divestment

## Capital redeployment

**27.3%** look-through gearing, below 30-40% target range

**5.3%** average yield on cost for FY24 developments completed and fully leased (both completed July 2023)

**\$31m** total development spend on FY24 completions

## Future pipeline

**c.\$163m** remaining development pipeline spend (\$23 million committed)

**6.25%+** target yields on cost<sup>1</sup>

**\$15m+** potential annual net rental uplift from total development pipeline<sup>2</sup>



# Strategic execution of our investment proposition

## Strategic priority areas

### Active asset management

- Execute on asset plans
- Proactively manage forward leasing risks and opportunities
- Maintain strong tenant relationships
- Deliver sustainability initiatives including on-site solar

### Inherent growth through developments

- Disciplined approach to activating projects with 6.25%+ target yields on cost
- Focused on pre-commitment strategy at ASCEND at Jandakot
- Leverage Dexus platform and market-leading capability

### Consider divestments and value-enhancing acquisitions in line with strategy

- Exit BTP at appropriate pricing and terms
- Consider future divestment of older industrial assets
- Assess potential acquisition opportunities:
  - Well-located assets poised to benefit from population growth and infrastructure investment
  - Attractive sub-market demand and supply dynamics
  - Build out east coast exposure
  - Value-add opportunities

Value drivers:

FFO

NTA & NAV

IRR

Gearing

Debt serviceability

Portfolio quality

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

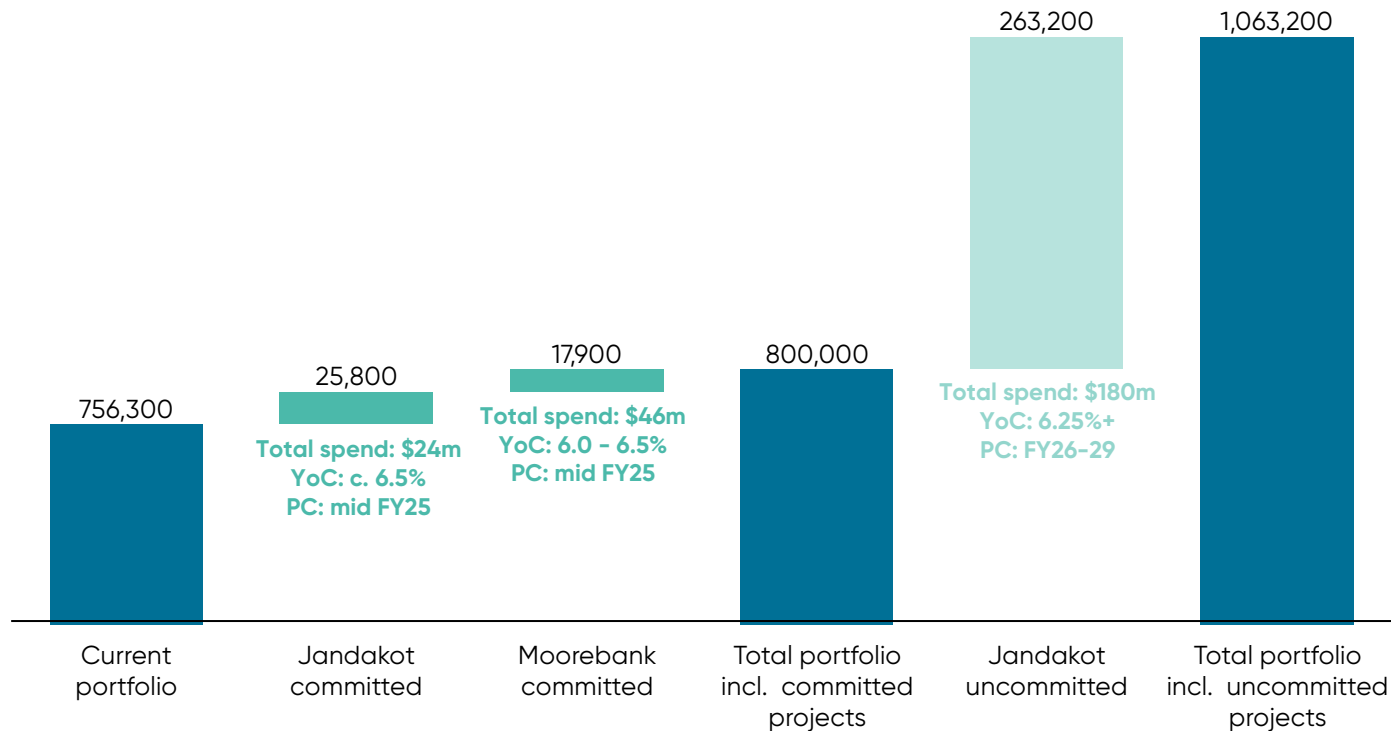


# Inherent growth delivered through development pipeline

Disciplined approach to activating projects

## High-quality development pipeline in major hubs across Sydney and Perth

(sqm to be delivered, at 100%)



Fixed priced contracts **limits construction cost risk**



**77%** of ASCEND at Jandakot committed pipeline **pre-leased limits income risk**



First heads of agreement secured at Moorebank at a **record rent for the South West Sydney market**



**Available balance sheet capacity** to fund projects



Projects will **improve portfolio quality** and are expected to be **accretive to FFO**

# Questions



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