Dexus Industria REIT (ASX:DXI)

ASX release

10 August 2022

2022 Annual Report

Dexus Industria REIT (DXI) releases its 2022 Annual Report, which will be mailed to Security holders who have elected to receive a hard copy in mid-September 2022.

Authorised by the Board of Dexus Asset Management Limited and Industria Company No. 1 Limited

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About Dexus Industria REIT

Dexus Industria REIT (ASX code: DXI) (formerly APN Industria REIT) is a listed Australian real estate investment trust which owns, manages and develops high-quality industrial warehouses and business parks, and is invested in the operations of Jandakot Airport industrial precinct. At 30 June 2022, the fund's portfolio is valued at $1.73 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 band 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 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 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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Annual Report 2022

DXI | dexus

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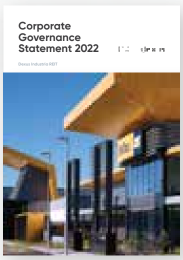
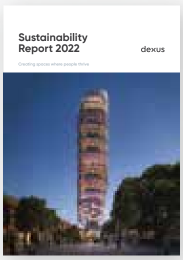
Dexus Dexus Industria REIT 2022 Annual Reporting suite

Annual Report 2022

Annual Results Presentation 2022



Corporate Governance Statement 2022



Dexus Sustainability Report 2022

About this report

The 2022 Annual Report is a consolidated summary of Dexus Industria REIT's (DXI) performance for the financial year ended 30 June 2022. It should be read in conjunction with the reports that comprise the 2022 Annual Reporting Suite available from www.dexus.com/industria

In this report, unless otherwise stated, references to 'DXI', 'the Fund, 'we' and 'our' refer to ASX-listed entity of Dexus Industria REIT. Any reference in this report to a 'year' relates to the financial year ended 30 June 2022. All dollar figures are expressed in Australian dollars unless otherwise stated. The Board acknowledges its responsibility for the 2022 Annual Report and has been involved in its development and direction from the beginning. The Board reviewed, considered and provided feedback during the production process and approved the Annual Report at its August 2022 meeting.

Dexus Industria REIT

Industria Trust No. 1 ARSN 125 862 875
Industria Trust No. 2 ARSN 125 862 491
Industria Trust No. 3 ARSN 166 150 938
Industria Trust No. 4 ARSN 166 163 186

Industria Company No. 1 Ltd
ACN 010 794 957

Dexus Asset Management Limited
ACN 080 674 479 AFSL 237 500
as responsible entity for Industria Trust No. 1, Industria Trust No. 2, Industria Trust No. 3 and Industria Trust No. 4

Dexus Industria REIT is a listed Australian real estate investment trust with a $1.7 billion portfolio, primarily comprised of industrial properties, as well as an interest in 90 hectares of development land, across the major Australian capital cities.

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, present and emerging.

Artwork

The Land and the Rivers
by Sharon Smith.

FY22 highlights

Strong result with FFO at the top end of the guidance range, driven by 5.1% like-for-like growth across the industrial assets and record leasing activity.

Financial

18.5cps

FFO per security

FY21: 19.9cps

17.3cps

Distribution per security

FY21: 17.3cps

$3.60[1]

NTA per security

FY21: $3.20

1 Calculated as total net assets less intangible assets on a look-through basis, divided by total securities on issue.

Capital management

28.9%[2]

Gearing

FY21: 32.0%

3.5yrs[3]

Weighted avg. debt facility maturity

FY21: 2.9yrs

71%[3]

Hedged debt

FY21: 57%

2 On a look-through basis, gearing was 34.2%.

3 On a look-through basis.

Portfolio

$1.7bn

Total value
FY21: $1.1bn

96%

Occupancy (by area)
FY21: 98%

90,600sqm

Leasing outcomes (including development)
FY21: 42,100sqm

Sustainability

Net zero

DXI was one of the first A-REITs to become certified carbon neutral in August 2021

2.5 megawatts

Of solar PV systems installed across the portfolio

5.0 star

NABERS Energy portfolio average across eligible assets

Group portfolio composition

Queensland
$318m valuation
18% of total portfolio
15 properties

New South Wales
$504m valuation
29% of total portfolio
4 properties
$119m development exposure

Victoria
$456m valuation
26% of total portfolio
18 properties

Western Australia
$392m valuation
23% of total portfolio
53 properties
$259m development exposure

South Australia
$63m valuation
4% of total portfolio
4 properties

About Dexus Industria REIT

Dexus Industria REIT is a listed Australian real estate investment trust with a $1.7 billion portfolio, primarily comprised of industrial properties, as well as an interest in 90 hectares of development land, across the major Australian cities.

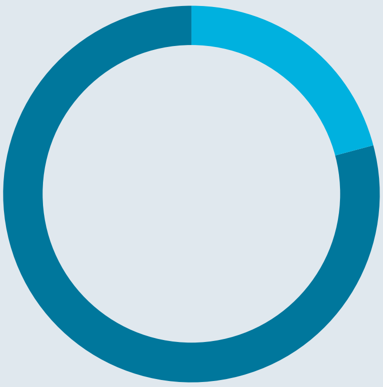
The fund has a target gearing band of 30 – 40%, providing flexibility to fund future growth. Dexus Industria REIT is governed by a majority independent Board and managed by Dexus (ASX code: DXS), one of Australia's leading fully-integrated real estate groups.

Over the past five years, DXI has grown its portfolio from $638 million to $1.7 billion. Performance over this period has been driven by:

- The acquisition of $1.0 billion of value-accretive assets at an average yield of 5.9%, and approximately 90 hectares of developable land to drive future growth
- Portfolio repositioning towards high-growth industrial assets, with industrial assets now representing 79% of the portfolio by value – up from 47% in 2017 – with the remainder being well-located business park assets
- Completing 168,900 square metres of portfolio leasing, achieving performance above market to create value and secure future income streams that support distributions

Portfolio value	$1.7bn
Properties	94
Occupancy (by area)	96%
WALE (by income)	5.6yrs
Weighted average cap rate	5.0%
Development pipeline	$378m

Portfolio value by classification



Industrial	79%
Business parks	21%

Strategy

Vision

To be the first choice for investors seeking listed industrial real estate exposure in Australia by generating superior risk-adjusted returns

Strategy

Leveraging the leading asset management, transactional, development and ESG capabilities of the Dexus platform to deliver spaces that inspire and engage our customers

Value drivers

Active asset management and development to drive returns underpinned by 3.1% average rent reviews[1]	Portfolio accessible to 80% of the population in each capital city within 60 minutes	Disciplined approach to capital allocation and balance sheet management

1 Assuming long-term average CPI of 3.0%.

About Dexus

Dexus is one of Australia's leading fully-integrated real estate groups, managing a high-quality Australian property portfolio valued at $45.3 billion[1].

Dexus is a top 50 entity by market capitalisation listed on the Australian Securities Exchange (ASX code: DXS) and is supported by more than 29,000 investors from 24 countries.

Dexus believe the strength and quality of its relationships will always be central to success and are deeply committed to working with customers to provide spaces that engage and inspire.

With more than 35 years of expertise in property investment, development and asset management, Dexus has a proven track record in managing capital and risk and delivering superior risk-adjusted returns for its investors. Dexus invests only in Australia, and directly owns $18.3 billion[1] of office, industrial and healthcare properties and investments. Dexus manages a further $27.0 billion[1] of office, retail, industrial and healthcare properties in the funds management business, which provides wholesale and retail investors with exposure to quality sector-specific and diversified real estate investment products.

The funds within this business have a strong track record of delivering outperformance and benefit from Dexus's capabilities. The group's $17.8 billion[1] development pipeline provides the opportunity to grow both portfolios and enhance future returns.

Dexus's Sustainability Approach

Dexus's approach to ESG incorporates the Principles for Responsible Investment (PRI) 'six principles' relating to responsible investment and active property management.

The approach is aligned with Dexus's strategy by supporting the long-term creation of sustained value through the integration of material ESG issues into the business model.

Dexus's Sustainability Approach is the lens used to effectively manage emerging ESG risks and opportunities and create long-term value. It incorporates five objectives, which are Leading Cities, Future Enabled Customers, Thriving People and an Enriched Environment supporting the overarching goal of Sustained Value. These objectives, collectively, direct Dexus's focus towards addressing the issues considered to be most material for stakeholders.

1 As at 31 December 2021.

Fund Manager's letter

The Dexus platform is well-placed to execute our vision of becoming the first choice for investors seeking industrial real estate exposure in Australia generating superior risk-adjusted returns.

The 2022 financial year was the year we emerged from the COVID-19 pandemic, with the progressive easing of restrictions having a positive impact on consumer and business confidence across Australia.

As a result, the economy continues to perform reasonably well, notwithstanding the interest rate increases, ongoing supply chain disruptions and the Ukraine conflict – all factors that have resulted in cost pressures, particularly in construction and across the food and energy sectors.

This was our first year under the management of Dexus's fully-integrated real estate platform. As one of Australia's largest managers of real estate, the Dexus platform is well-placed to execute our vision of becoming the first choice for investors seeking industrial real estate exposure in Australia generating superior risk-adjusted returns.

The financial results for the year were driven by record levels of portfolio leasing as well as contributions from acquisitions and record industrial leasing. Statutory net profit after tax was $169.4 million, representing a 42.1% increase on the prior year. Funds from Operations per security of 18.5 cents was delivered at the top end of the 18.1 to 18.5 cents guidance range, with distributions per security of 17.3 cents in line with the prior year.

A key highlight for the year was the acquisition of $622 million of high-quality industrial assets, which have provided us with a new growth platform via a $378 million development pipeline over circa 90 hectares of land across Western Australia and New South Wales. We expect to deliver this pipeline by 2027.

We also pursued the opportunity to recycle capital, selling two assets at a 19% average premium to book value.

In total, the portfolio grew from 39 properties valued at $1.1 billion to 94 properties valued at $1.7 billion over the year with its weighting towards industrial and logistics assets increasing to 79%.

The acquisition of a 33.3% interest in Jandakot Airport and industrial precinct in Perth, Western Australia represents a step change for Dexus Industria REIT. The precinct will enable us to provide a national offering to customers. The acquisition was undertaken alongside a co-investment by Dexus, demonstrating our ability to leverage the broader Dexus platform to activate new investment opportunities. Jandakot is performing in line with underwrite assumptions at the time of acquisition.

After being one of the first A-REITs to be certified carbon neutral in FY21, we expect to retain this status for FY22. We continue to support decarbonisation efforts across the portfolio through on-site solar PV system installations, with 2.5 megawatts installed across the portfolio. We will continue to leverage Dexus's sustainability approach and leading ESG capabilities to progressively manage ESG risks and opportunities across the portfolio.

Dexus Industria REIT achieved Funds from Operations per security of 18.5 cents, at the top end of the 18.1 to 18.5 cents per security guidance range.

Approximately 1.9 million securities were also repurchased during the year at an average price of $3.12, representing a 12% discount to NTA per security. Whilst acquiring stock is a use of capital, when there is a meaningful discount to NTA per security it is an attractive value proposition, and demonstrates that we will continue to allocate available capital to investments that will generate strong risk-adjusted returns.

We refinanced a significant portion of our debt during the year through securing $176 million of new facilities and extending $244 million of existing facilities. Our nearest debt maturity is $30 million in December 2023. On a look-through basis, 71% of our debt was hedged in FY22 at an average rate of 1.0%, and we have a weighted average hedge maturity of 2.4 years, providing some protection from rising rates. Gearing is 28.9%[1], compared to our target 30 – 40% band.

We maintain a disciplined approach to capital allocation and will retain our on-market securities buyback program to capitalise on market volatility where appropriate. Our development pipeline also provides the opportunity to organically enhance our high-quality portfolio.

While the macroeconomic environment is uncertain, our portfolio is well placed, providing a reliable income stream underpinned by a 5.6 year weighted average lease expiry with approximately 40% of portfolio income linked to CPI escalations. We expect strong operating conditions for the industrial portfolio to continue, and are focused on leasing up 11,800 square metres of vacancy at Rhodes Building A where conditions are more challenged.

Based on current interest rate expectations and barring unforeseen circumstances, we expect FFO per security of 16.7 – 17.5 cents and distributions per security of 16.4 cents for the 12 months ended 30 June 2023[2].

Thank you for your continued investment in Dexus Industria REIT.

Alex Abell

Fund Manager, Dexus Industria REIT

1 On a look-through basis, gearing was 34.2%.

2 Assumes average floating interest rates of 2.75 - 3.75% (90-day BBSW) and no further transactional activity.

ESG overview

Dexus Industria REIT has made good progress on leveraging the Dexus platform to scale its response to material ESG issues.

Dexus Industria REIT's approach to ESG is guided by Dexus's Sustainability Approach.

Dexus regularly reviews its sustainability approach. As part of its 2022 materiality review, Dexus engaged an external agency to assess the ESG issues which are most important to the business and its diverse stakeholders. This review focused on ensuring these issues reflected recent changes to Dexus's group portfolio and operating environment.

To capture valuable insights into these changes, Dexus Industria REIT (DXI) took part in this materiality review. The materiality review ensures Dexus's material ESG issues are both relevant and meeting the growing expectations of stakeholders.

The materiality review confirmed that the current material issues are still relevant. For more information on our approach to materiality, refer to the 2022 Dexus Sustainability Report.

In FY22, we leveraged the thinking and resources of Dexus's approach to ESG to better integrate these ESG issues into our business and scale our collective response. Contributing to this approach will support long-term value creation for all our stakeholders.

Future Enabled Customers and Strong Communities

Building a strong network of customers, communities and suppliers, who support Dexus and are positively impacted by Dexus.

We are committed to providing a seamless, efficient customer experience that maximises customer satisfaction with their workspace and property management. To ensure we are delivering against these goals, we undertake customer surveys. Dexus has been running the annual customer survey since 2013 across its industrial portfolio. The survey covers Net Promoter Score (NPS), performance of our people, buildings and services but also expanded this year to include questions around COVID-19 and future needs.

This year, we achieved a positive result of +29 customer NPS, with no detractors and an average survey rating of 8.8 out of 10. We are proud of this achievement in our first year operating within the Dexus customer framework. Customers identified varied areas of improvement, and as such our action plans will be tailored to suit each customer individually.

+29 customer NPS

Positive results achieved in our first year operating within the Dexus framework.

Supply chain monitoring and relationship management

Dexus Industria REIT is committed to ensuring that standards relating to people, the environment, and the communities in which we operate are maintained and continuously improved throughout our supply chain.

We recognise the central role that suppliers play in optimising asset performance, managing risk and delivering customer amenity. As a result, we are focused on collaborating with our suppliers to achieve our sustainability objectives.

This year, Dexus Industria REIT engaged with 60 preferred suppliers as part of the Dexus group-wide supplier ESG monitoring and relationship management program. The program's annual supplier surveys are informed by 360-degree feedback to increase visibility around our suppliers' environmental, social and governance performance. Dexus Industria REIT's preferred suppliers have also been invited to register and complete the Informed 365 Property Council of Australia Modern Slavery due diligence questionnaire.

We also require all suppliers engaged for work on properties within the Dexus Industria REIT portfolio to complete an annual attestation of compliance with the Dexus Sustainable Procurement Policy and Supplier Code of Conduct.

Reconciling with Aboriginal and Torres Strait Islander peoples

As part of the Dexus group, Dexus Industria REIT contributes to the actions outlined in the Dexus Reconciliation Action Plan (RAP), which has been endorsed at the 'Reflect' level by Reconciliation Australia.

The Dexus RAP was launched in March 2022 and we look forward to working closely with our Aboriginal and Torres Strait Islander peoples and communities to achieve meaningful reconciliation.

LEARN MORE

To find out more about Dexus's RAP available at www.dexus.com

Enriched Environment

An efficient and resilient portfolio that minimises its environmental footprint and is positioned to thrive in a climate-affected future.

Maintaining carbon neutral certification

Dexus Industria REIT was one of the first A-REIT's to be certified carbon neutral across both its portfolio and operations, in accordance with the Climate Active Standard. The Fund had retained its carbon neutral status for its emissions inventory relating to FY21. Dexus is in the final stages of quantifying DXI's greenhouse gas emissions over the financial year following the procurement of required renewable electricity and carbon offsets. Final certification is expected to be achieved post-reporting period.

Over the past six years, Dexus Industria REIT has installed 2.5 megawatts of solar PV systems across the portfolio.

Implementing our emissions reduction strategy

Dexus Industria REIT is committed to being a leader in the property management space when it comes to climate action. Over the past six years, Dexus Industria REIT has installed 2.5 megawatts of solar PV systems across the portfolio.

We endeavour to reduce our total carbon footprint by improving efficiency and avoiding emissions at our properties. For example, we implemented control systems in our offices for lights and devices to reduce energy consumption. To complement these measures, we are also developing behaviour campaigns to educate employees about reducing energy use and waste production in the office and when working remotely.

Supporting our customers to increase renewable energy uptake

Dexus is partnering with Shell Energy's solar PV business to expand rooftop solar across the group's industrial portfolio and support customers to increase renewable energy uptake and reduce carbon emissions.

We continue to seek opportunities designed to increase renewable energy generation. We consider these opportunities as a key component to enable us to achieve our sustainability goals, while supporting our customers to meet their own decarbonisation goals.

Partnering with Jandakot Airport on energy solutions

During the year, Dexus, DXI and Cbus Super acquired Jandakot Airport industrial precinct in Perth. During the acquisition process and relevant sustainability assessments, we identified an opportunity to decarbonise the property.

This year, we focused on the first phase of our decarbonisation plan through the development of a strategic procurement partnership with Jandakot Airport Holdings (JAH). JAH oversees the supply of electricity across the Jandakot Airport precinct.

Dexus and JAH collaborated to combine their energy load and leverage this scale to tender for a competitive new electricity contract. Western Australia's leading provider of electricity and gas, Synergy, was the successful bidder, winning the multi-year contract. Synergy's offer provides the most competitive price over the length of the agreement, as well as connecting to a renewable project (Warradarge Wind Farm) to support the Dexus group's net-zero goals.

The next phase of our decarbonisation of Jandakot Airport will focus on installing solar projects, subject to development plans and regulations. The new agreement with Synergy includes the flexibility to account for these future solar developments.

Dexus Industria REIT was one of the first A-REIT's to be certified carbon neutral across both its portfolio and operations, in accordance with the Climate Active Standard.

5.0 stars

Average NABERS Energy rating across the portfolio.

Addressing climate risk in our portfolio

We remain committed to reducing our climate impact by reducing our operational emissions, adapting to climatic effects by enhancing portfolio resilience, and influencing our value chain to collaboratively tackle the climate challenge.

This year, Dexus has undertaken physical climate risk profiling on all assets in the Dexus Industria REIT portfolio as of 30 June 2021. The profiling assesses each asset's performance against increasing frequency and severity of extreme weather events, as well as longer-term climate considerations, such as sea level rise and higher maximum temperatures.

Improving the way we collect environmental data

Dexus Industria REIT has integrated its environmental data reporting with the Dexus group environmental data collection program. By adopting this single source of information, along with its embedded validation checks, we can improve the way we obtain, analyse and validate the resource consumption and performance data of our managed operations in line with Dexus's robust standards.

This approach fulfils data governance requirements and supports measurement and monitoring of our sustainability-focused projects.

National Australian Built Environment Rating System (NABERS)

Dexus has a well-established NABERS program to benchmark performance nationally, using a rating scale from one to six stars for efficiency across energy, water, waste, and indoor environment.

Dexus Industria REIT remains committed to optimising the efficiency of our buildings through reporting in the NABERS framework. The average NABERS Energy rating across the portfolio is 5.0 stars without GreenPower, up from 4.5 stars last year, with nine assets rated. Four properties were rated according to the NABERS Water framework and three of these were rated 4.0 stars or higher.

We support the environmental commitments made by Dexus at a group level, relating to net zero, sourcing of renewable energy, building certifications, and reducing energy and water intensity, and will continue to work with the Dexus Sustainability team, customers, and suppliers to drive progress over the coming year.

LEARN MORE

For further information on Dexus group sustainability performance, please refer to the 2022 Dexus Sustainability Report. For data on the sustainability performance of Dexus Industria REIT, please refer to the Data Appendix section in the 2022 Dexus Sustainability Report.

Governance

Dexus has implemented a corporate governance framework that applies to all funds including Dexus Industria REIT. Dexus Asset Management Limited (DXAM) acts as Responsible Entity for Dexus Industria REIT's Managed Investment Scheme.

DXI benefits from leveraging Dexus's funds and property management expertise to drive growth and performance.

Dexus, the Board of DXAM and the Board of Industria Company No. 1 Limited (IC1) believe that good corporate governance supports:

- A culture of ethical behaviour resulting in an organisation that acts with integrity
- Improved decision-making processes
- Better controls and risk management
- Improved relationships with stakeholders
- Accountability and transparency

The framework adopted by Dexus meets the requirements of the ASX Corporate Governance Principles and Recommendations Fourth Edition (ASX Principles) and addresses additional aspects of governance which Dexus considers important.

Further details are set out in DXI's 2022 Corporate Governance Statement, which outlines key aspects of DXI's corporate governance framework and practices, which is available at www.dexus.com/investor-centre/listed-funds/dexus-industria-reit/corporate-governance.

Board of Directors

The Board of DXAM and the Board of IC1 comprises four Non-Executive Directors (including the Chair) and one Executive Director.

The Board of DXAM and the Board of IC1 regularly assesses the independence of its Directors in light of interests disclosed to it and has determined that each Non-Executive Director has maintained independence throughout the year. The Board continues to review its composition, experience and director tenure.

The Board renewal process is ongoing, resulting in an experienced Board of Directors with a broad and diverse skill set. The Board has determined that, along with individual Director performance, diversity is integral to a well-functioning Board.

Board skills and experience

The Board has determined the skills, expertise and experience required as a collective to ensure diversity of thought and vigorous debate on key decisions. The collective experience of the current Directors has been outlined against the areas of skill and expertise in the table below. The Board believes that its composition meets or exceeds the minimum requirements in each category.

Areas of skill and expertise	Experience
Leadership	– Directorship experience with ASX-listed companies – CEO or Senior Executive experience
Governance	– Experience in governing large and complex organisations – Experience in overseeing the successful execution of strategy – Ability to assess, and commitment to ensure, the effectiveness of governance structures
Strategy and innovation	– Ability to consider multiple scenarios to achieve the strategic direction – Experience in identifying innovative ways of achieving an organisation's vision, purpose and strategy – Experience in complex merger and acquisition activities – Deep understanding of financial drivers and alternative business models
Capital and funds management	– Senior investment banking experience (including capital raising) – Experience in the management of third-party funds (including strategy and growth)
Large scale property experience (including developments)	– Deep experience and industry knowledge in the development and management of property – Relevant property sector expertise – Understanding of industry trends (demographic and societal changes, and stakeholder needs)
Talent, remuneration and culture	– Experience in attracting, engaging and retaining a highly talented and dynamic workforce – Experience with remuneration structures and incentives in large ASX-listed companies – Experience in the management of people and the influence of organisational culture
Sustainability	– Experience in identifying and embedding innovative sustainability policies and practices – Deep understanding of environmental and social issues relevant to the property sector
Finance and accounting	– Expertise in analysing and challenging accounting concepts and judgements – Deep understanding of Australian Accounting Principles and their application in financial statements
Risk management	– Experience in the oversight and management of material risks in large organisations including technology risks (cyber attacks and loss of customer, proprietary and other sensitive information) – Extensive knowledge of risk and compliance frameworks governing workplace health and safety, environmental and community, and social responsibility issues

Board of Directors

Jennifer Horrigan

BBus, GradDipMgt, GradDipAppFin, MAICD
Independent Chair

Jennifer has been a Director since 2012 and the Chair since 2022. Jennifer is also a Member of the Audit, Risk & Compliance Committee.

Jennifer brings 25 years' experience across investment banking, financial communications and investor relations. She was formerly the Chief Operating Officer in Australia of the independent investment bank Greenhill & Co. She has extensive experience in enterprise management, including the supervision and management of compliance, human resources and financial management.

Jennifer is also a director of QV Equities (ASX: QVE), A2B Limited (ASX: A2B), Yarra Funds Management Limited and Yarra Investment Management Limited.

Michael Johnstone

BTRP, LS, AMP (Harvard)
Independent Director

Michael has been a Director since 2009 and is also a Member of the Audit, Risk & Compliance Committee.

Michael has 45 years of global experience in chief executive and general management roles and more recently in company directorships. His two principal corporate executive engagements have been with Jennings Industries Ltd and the National Australia Banking Group (NAB). At Jennings, he was successively General Manager of AVJennings Homes, General Manager of Commercial Property, CEO of Jennings Properties Limited and President of Jennings USA. At NAB, he was Global Manager of Real Estate responsible for commercial property lending and corporate property investment. He has extensive experience in mergers and acquisitions, capital raising, property investment and funds management. In the not for profit sector, he has chaired the Cairnmillar Institute and been a Board member of the Salvation Army and Yarra Community Housing.

Michael is also a Non-Executive Director of Charter Hall Social Infrastructure REIT (CQE) and in the private sector, a Non-Executive Director of Dennis Family Holdings and Chairman of Dennis Family Homes.

Howard Brenchley

BEc
Independent Director

Howard has been a Director since 1998 and an Independent Director since March 2018.

Howard has a long history in the Australian property investment industry with over 35 years' experience analysing and investing in the sector. Howard joined APN Property Group in 1998 and was responsible for establishing the APN Funds Management business. In this capacity he developed a suite of new property securities and direct property funds, including the flagship APN AREIT Fund and the APN Property for Income Fund, both market leading property securities funds in Australia.

Prior to joining APN Property Group, Howard was co-founder and research director of Property Investment Research Pty Limited, one of Australia's leading independent research companies, specialising in the property fund sector.

Howard is also a Director of National Storage Holdings Limited (since 2014) and National Storage Financial Services Limited (since 2015), both listed as National Storage REIT (ASX Code: NSR).

Key management

Alex Abell
Fund Manager

Gordon Korkie
Assistant Fund Manager

Emily Smith

BCom, GAICD
Independent Director

Emily was appointed as a Director in 2022 and is also the Chair of the Audit, Risk & Compliance Committee.

Emily has over 20 years' experience in the finance sector having worked in senior executive roles at Deutsche Bank AG and Credit Suisse. She has had significant exposure to key sectors including REITs, building materials, steel, diversified industrials and telecommunications both domestically and globally.

Emily is a Senior M&A Advisor and Director at Grant Samuel. She is also a Council Member of the Kambala Girls School and a member of their Finance and Audit Committee, Investment Committee and Nominations Committee. She is also a member of Chief Executive Women.

Deborah Coakley

BBus, GAICD
Executive Director

Deborah was appointed an Executive Director in 2021.

Deborah Coakley is Executive General Manager, Funds Management at Dexus where she has responsibility for managing the funds management business which comprises a number of wholesale pooled funds, capital partnerships and listed REITs.

She has more than 25 years' experience in management roles in consulting, human resources and outsourcing gained in organisations such as Deloitte, Qantas and Alexander Mann Solutions.

Deborah is an Executive Director of Dexus Wholesale Funds Limited, Dexus Asset Management Limited and the Dexus Asset Management Board. She is also a Director of the Property Council of Australia and President of their Capital Markets Division, an ambassador for the Sydney Children's Hospital Foundation and a Non-Executive Director of the Children's Cancer Institute. She holds a Bachelor of Business degree from University of Technology Sydney (BBus) and is a graduate of the Australian Institute of Company Directors (GAICD).

Brett Cameron

LLB/BA (Science and Technology), GAICD, FGIA
Alternate Executive Director for Deborah Coakley

Brett was appointed an Alternate Executive Director in 2022

Brett Cameron is General Counsel and Company Secretary at Dexus and is responsible for the legal function, company secretarial services and compliance, risk and governance systems and practices across the Group. He is also the Company Secretary of DXAM and IC1.

He has an extensive background in real estate structuring and operations, funds management, mergers and acquisitions, private equity and corporate finance across a number of industries. Brett has held legal counsel roles in-house and in private practice in Australia and in Asia with over 22 years' experience gained in organisations including Macquarie Real Estate (Asia), Macquarie Capital Funds and Minter Ellison.

Brett holds a Bachelor of Laws and a Bachelor of Arts (Science and Technology) from the University of New South Wales and is a Fellow of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors. He is also a member of the Law Societies of New South Wales and Hong Kong.

Tim Slattery
Head of Listed Funds and Private Capital

Joseph De Rango
Head of Finance, Real Estate Funds

Chantal Churchill
Company Secretary

Financial report

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Directors' Report

The Directors of Dexus Asset Management Limited (DXAM, previously known as APN Funds Management Limited) as Responsible Entity of Industria Trust No. 1 (the Trust or IT1 and parent entity) and its controlled entities (together DXI or the Group) present their Directors' Report together with the Consolidated Financial Statements for the year ended 30 June 2022.

On 5 October 2021, the Responsible Entity approved the change of name for the Group from APN Industria REIT to Dexus Industria REIT and the ticket code changed from "ADI" to "DXI". The Trust, together with Industria Trust No. 2 (IT2), Industria Trust No. 3 (IT3), Industria Trust No. 4 (IT4) and Industria Company No. 1 Limited (IC1) form the DXI stapled entity.

Directors and Secretaries

Directors

The following persons were Directors of DXAM and IC1 at all times during the year and to the date of this Directors' Report, unless otherwise stated:

Directors	Appointed
Geoff Brunsdon AM, BCom, CA, F Fin, FAICD[1]	19 October 2009
Howard Brenchley, BEc	16 March 1998
Deborah Coakley, BBus, GAICD[2]	19 August 2021
Jennifer Horrigan, BBus, GradDipMgt, GradDippAppFin, MAICD[3]	30 April 2012
Michael Johnstone, BTRP, LS, AMP (Harvard)	25 November 2009
Emily Smith, BCom, GAICD[4]	19 April 2022
Joseph De Rango, BCom, BBIS (IBL), MAICD[5] - Alternate Director for Howard Brenchley[6]	2 September 2019
Brett D Cameron, LLB/BA, GAICD, FGIA - Alternate Director for Deborah Coakley[7]	1 March 2022

1 Mr Brunsdon resigned from the DXAM Board effective 28 February 2022.
2 Ms Coakley was appointed as Executive Director on 19 August 2021.
3 Ms Horrigan was appointed as the Chair of the DXAM Board effective 1 March 2022.
4 Ms Smith was appointed as a Non Executive Director on 19 April 2022.
5 Mr De Rango resigned as an Executive Director of IC1 effective 1 March 2022.
6 Mr De Rango resigned as Alternate Director for Mr Brenchley effective 1 March 2022.
7 Mr Cameron was appointed as Alternate Director for Ms Coakley effective 1 March 2022.

Company Secretaries

The names and details of the Company secretaries of DXAM as at 30 June 2022 are as follows:

Chantal Churchill BSc (Psych), DipHRM, GIA(Cert)

Appointed: December 2016

Chantal is the Company Secretary and Senior Manager, Governance at Dexus.

Chantal has over 17 years' professional experience in company administration, corporate governance, risk and compliance having been involved with several listed and unlisted public companies. Prior to joining DXAM in 2015, Chantal held various risk and compliance roles predominantly in financial services and funds management including seven years at Arena Investment Management.

Chantal is a member of the Governance Institute of Australia.

Brett D Cameron LLB/BA (Science and Technology), GAICD, FGIA

Appointed: September 2021

Brett is the General Counsel and a Company Secretary of Dexus companies and is responsible for the legal function, company secretarial services and compliance and governance systems and practices across the Group.

Prior to joining Dexus, Brett was Head of Legal for Macquarie Real Estate (Asia) and has held senior legal positions at Macquarie Capital Funds in Hong Kong and Minter Ellison in Sydney and Hong Kong. Brett has 24 years' experience as in-house counsel and in private practice in Australia and in Asia, where he worked on real estate structuring and operations, funds management, mergers and acquisitions, private equity and corporate finance across a number of industries.

Brett graduated from The University of New South Wales and holds a Bachelor of Laws and a Bachelor of Arts (Science and Technology) and is a member of the Law Societies of New South Wales and Hong Kong. Brett is also a graduate of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia.

Attendance of Directors at Board Meetings and Board Committee Meetings

The number of Directors' meetings held during the year and each Director's attendance at those meetings is set out in the table below. The Directors met 15 times during the year. DXAM and IC1 are assisted by the Dexus Board Nomination Committee and the Dexus Board People and Remuneration Committee, meeting details are provided in the Directors Report in the Dexus 2022 Annual Report.

	DXAM Board		Audit, Risk and Compliance Committee	
	Held	Attended	Held	Attended
Geoff Brunsdon	11	11	5	4
Howard Brenchley	15	14	N/A	N/A
Deborah Coakley	12	10	N/A	N/A
Jennifer Horrigan	15	15	6	6
Michael Johnstone	15	15	6	6
Emily Smith	2	2	1	1
Joseph De Rango	–	–	N/A	N/A
Brett D Cameron	1	1	N/A	N/A

Directors' relevant interests

The relevant interests of each Director in DXI stapled securities as at the date of this Directors' Report are shown below:

Directors	No. of securities
Howard Brenchley	-
Deborah Coakley	-
Jennifer Horrigan	-
Michael Johnstone	-
Emily Smith	-
Brett D Cameron	-

Operating and financial review

Strategy

Over the past five years, the Dexus Industria REIT (DXI) portfolio has grown from $638 million to $1.7 billion in assets. At the same time, active asset management has resulted in over 168,900 square metres of portfolio leasing, and the portfolio has been repositioned towards sectors with strong tailwinds, with industrial assets now accounting for 79% of total portfolio value, up from 47% five years ago.

The experienced management team that drive the performance of DXI continue to focus on progressing the core strategic initiatives. DXI's vision is to be the first choice for investors seeking listed industrial real estate exposure in Australia by generating superior risk-adjusted returns. In executing this, DXI's strategy is to leverage the superior asset management, transactional, development and ESG capabilities of the Dexus platform to deliver spaces that inspire and engage customers.

The foundations of the portfolio include high-quality industrial assets that have demonstrated income resilience and capital growth. DXI's aligned manager, Dexus, and a majority independent Board underpin strong governance. Customer insights from the Dexus platform are leveraged to actively manage and reposition assets, enhance long-term returns through development exposure, access unique opportunities to deploy capital, and progressively manage ESG risks and opportunities over time.

Review of operations

The results of DXI's operations are disclosed in the Consolidated Statement of Comprehensive Income. A summary of results for the 12 months to 30 June 2022 is as follows:

	30 Jun 2022[a]	30 Jun 2021	Change
Key financial performance metrics:			
FFO per security (cents)	18.5	19.9	(7.2)%
Distributions per security (cents)	17.3	17.3	-
Payout ratio (%)	93.7%	86.9%	6.8ppt
NTA per security[b] ($)	$3.60	$3.20	12.5%
Statutory earnings per security (cents)	58.4	57.6	1.4%
Weighted average securities on issue (thousands)	290,215	207,127	40.1%
Securities on issue (thousands)	317,270	217,001	46.2%
Distributions declared (thousands)	50,700	36,386	39.3%

a) Financial year ended 30 June 2022 includes the financial results of the equity accounted investments acquired during the year on a look-through basis.

b) Calculated as total net assets less intangible assets on a look-through basis, divided by total securities on issue.

	30 Jun 2022 $'000[a]	30 Jun 2021 $'000	Change
FFO composition:			
Property FFO	73,653	55,232	33.4%
Management fees	(6,993)	(4,897)	42.8%
Net finance costs	(12,074)	(7,953)	51.8%
Other net expenses[b]	(1,017)	(1,157)	(12.1)%
FFO	**53,569**	**41,225**	**29.9%**

a) Financial year ended 30 June 2022 includes the financial results of the equity accounted investments acquired during the year on a look-through basis.

b) Includes other income offset by fund and income tax expenses.

	30 Jun 2022 $'000	30 Jun 2021 $'000	Change
Property revenue including straight-line rent	74,689	65,644	13.8%
Operating expenses	(22,263)	(17,331)	28.5%
Profit before interest, tax and other items	**52,426**	**48,313**	**8.5%**
Net fair value gain / (loss) on investment properties	114,783	78,340	46.5%
Net gain / (loss) on sale of assets	(342)	-	n.a.
Net fair value gain / (loss) on right-of-use assets	(311)	(123)	152.8%
Net fair value gain / (loss) on derivatives	15,603	3,438	353.8%
Share of equity accounted profit / (loss)	(47)	-	n.a.
Net interest expense	(9,049)	(8,786)	3.0%
Profit before tax	**173,063**	**121,182**	**42.8%**
Income tax expense	(3,713)	(1,985)	87.1%
Profit after tax	**169,350**	**119,197**	**42.1%**

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 profit after tax attributable to stapled security holders, calculated in accordance with Australian Accounting Standards and adjusted for: property revaluations, derivative mark-to-market impacts, amortisation of leasing costs and incentives, 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:

	30 Jun 2022 $'000[a]	30 Jun 2021 $'000
Profit after tax for the period	**169,350**	**119,197**
Adjusted for:		
Net fair value (gain) / loss on investment properties	(100,300)	(78,340)
Fair value (gain) / loss on investment properties - ROU assets	(720)	123
Fair value (gain) / loss on derivatives	(21,562)	(3,438)
Net (gain) / loss on sale of assets	342	-
Incentive amortisation and rent straight line	3,292	2,511
Non-FFO tax expense	5,954	1,985
Debt modification	(2,586)	-
Rental guarantees, coupon income and other[b]	(201)	(813)
FFO	**53,569**	**41,225**

a) Financial year ended 30 June 2022 includes the financial results of the equity accounted investments acquired during the year on a look-through basis.

b) Includes movements in right-of-use assets and lease liabilities, depreciation and coupon income.

Financial result

The 2022 financial year was the year Australia emerged from the COVID-19 pandemic, with the progressive easing of restrictions having a positive impact on consumer and business confidence. As a result, the economy continues to perform reasonably well, notwithstanding the interest rate increases, ongoing supply chain disruptions and the Ukraine conflict - all factors that have resulted in cost pressures, particularly in construction and across the food and energy sectors.

Statutory net profit was $169.4 million, up $50.2 million, or 42.1%, on the prior year. The increase was primarily driven by valuation gains on investment properties on a look-through basis of $100.3 million, which were $22.0 million higher than the prior year.

In relation to guidance, FFO per security of 18.5 cents was delivered at the top end of the 18.1 to 18.5 cents guidance range, with distributions per security of 17.3 cents in line with guidance and the prior year.

FFO increased 29.9% to $53.6 million. FFO per security was 18.5 cents, down 7.2% largely due to anticipated timing delays between the $350 million equity raising launched in September 2021 and capital deployment relating to acquisitions, as well as the departure of a major tenant at Rhodes Corporate Park in September 2021.

Net tangible assets and asset valuations

All investment properties were independently valued in the 12 months to 30 June 2022. The uplift above prior book values was 10.2% on a like-for-like basis, largely driven by industrial assets in Victoria and NSW increasing by 16.6% and 15.2% on average respectively. Valuation gains were the primary driver of a 40 cent (12.5%) uplift in NTA per security to $3.60[1].

On a look-through basis, additions to investment properties in the form of capital expenditure totalled $24.6 million, with $15.3 million of development capital expenditure, $0.2 million of tenancy works, $5.0 million of maintenance capital expenditure and cash-based tenant incentives of approximately $4.6 million.

Material movements in valuations include:

- Development completions at 1-3 Westrac Drive, Tomago NSW and strong leasing outcomes at 89 West Park Drive, Derrimut VIC supporting valuation increases of 15% and 36% respectively
- Adelaide Airport properties acquired in March 2021 at average cap rate of 8.55% increased 39% due to reset of market rents and de-risking of cash flow

1 Calculated as total net assets less intangible assets on a look-through basis, divided by total securities on issue.

Property portfolio and asset management

Property FFO increased $18.4 million, or 33.4%, with contracted rental uplifts and new acquisitions contributing to the growth. The industrial portfolio achieved strong like-for-like growth of 5.1%, while the entire portfolio recorded like-for-like growth of 3.1%[1].

DXI achieved record leasing activity for the year, with 70,600 square metres of portfolio leasing, as well as 20,000 square metres of development leasing[2].

The weighted average capitalisation rate for the portfolio is 5.0% and the weighted average lease expiry by income is 5.6 years. 93% of portfolio income grows at contracted rent reviews of 3% or more[3], with 39% of the portfolio linked to CPI rental escalations. Total occupancy remained strong at 96.2%.

Industrial portfolio performance

$1.4bn book value	**4.70%** WACR	**99.6%** occupancy (by area)
5.1% like-for-like NOI growth	**6.9 year** WALE (by income)	**61,100sqm** leased plus 20,000sqm[2] development leasing

DXI's industrial portfolio was valued at $1.4 billion at 30 June 2022 at a weighted average cap rate of 4.70%. Industrial occupancy was 99.6% (by area), and the weighted average lease expiry was 6.9 years (by income). Favourable contracted rental uplifts and strong market conditions supported industrial like-for-like net operating income growth of 5.1%

During the year, DXI leased 61,100 square metres across the stabilised portfolio, as well as 20,000 square metres of development leasing[2]. Key leasing activity included 22,900 square metres at 16-28 Quarry Road and 17,000 square metres at 89 West Park Drive.

Business parks portfolio performance

DXI's business parks portfolio is comprised of Brisbane Technology Park ($179 million book value) and Rhodes Corporate Park ($189 million book value).

Brisbane Technology Park performance

$179m book value	**6.61%** WACR	**5,700sqm** leasing achieved	**81%** occupancy (by area)

Brisbane Technology Park was valued at $179 million at 30 June 2022 at a weighted average cap rate of 6.61%. Occupancy was 81% (by area), in line with FY21.

During the year, 5,700 square metres of leasing was agreed. Technology and life sciences tenants account for 33% of income at Brisbane Technology Park.

1 Excludes Rhodes Building A. Including Rhodes Building A, total portfolio NOI declined by 8.4% on a like-for-like basis.
2 Development leasing at 100%, or circa 6,700 square metres at DXI ownership.
3 Assuming long-term average CPI of 3.0%.

Rhodes Corporate Park performance

$189m book value	**5.88%** WACR	**3,800sqm** leasing achieved	**50%** occupancy (by area)

Rhodes Corporate Park was valued at $189 million at 30 June 2022 at a weighted average cap rate of 5.88%. Occupancy was 50% (by area), impacted by a major lease expiry in September 2021.

During the year, 3,800 square metres was leased at Rhodes Corporate Park including 2,100 square metres to Booktopia at Building A.

The lease up of remaining vacancy at Rhodes represents a major growth driver with each vacant floor representing $1.3 million of FFO per annum.

Developments

Post acquisitions during the year, the total development pipeline was $378 million, of which $128 million is committed with $82 million spend remaining.

At Jandakot Airport industrial precinct[1], 4,800 square metres were completed during the year and is fully leased to Canon Foods. 20,000 square metres of leasing was achieved in total during the year, including 16,100 square metres leased to Hello Fresh.

Transactions

During the period, DXI undertook $657 million of transactions, including $622 million of acquisitions. The acquisitions included three new joint ventures with Dexus.

Key acquisitions included:

- 33.3% interest in Jandakot Airport, Perth (WA), an industrial precinct comprising 51 assets at acquisition, approximately 80 hectares of developable land, and airport infrastructure operations (alongside a co-investment by Dexus and Cbus Super)
- 100% interest in 2 Maker Place, Truganina (VIC), a 30,364 square metres logistics facility fully leased to Australia Post
- 50% interest in Lot 2, 884-928 Mamre Road, Kemps Creek (NSW), a 42,500 square metres fund-through development project (remaining 50% owned by Dexus)
- 50% interest in 12 Church Street, Moorebank (NSW), a last-mile logistics development site which is expected to deliver approximately 34,000 square metres of multi-level warehousing (remaining 50% is owned by Dexus)
- 100% interest in 9 Boron Street, Narangba (QLD), a 11,840 square metre modern warehouse facility that is across 36,800 square metres of land, reflecting low site coverage of 32% and providing potential scope to add value over the medium term

In addition, two divestments were completed for $35 million in total representing a 19% average premium to book value.

Environmental, social and governance (ESG)

DXI's portfolio is carbon neutral[2], after being one of the first REITs to achieve this certification in August 2021. The average NABERS Energy rating across the portfolio increased from 4.5 stars last year to 5.0 stars this year[3].

DXI has made significant direct investments in solar with 2.5 megawatts of solar PV panels installed, and Dexus's partnership with Shell Energy will be leveraged to further solar installations across the portfolio.

Pleasingly, a customer NPS of +29 was achieved, with no detractors and an average rating of 8.8 out of 10. 60 suppliers were also engaged as part of Dexus's group-wide supplier ESG monitoring and relationship program.

DXI will continue to leverage the Dexus platform to scale its response to ESG issues.

1 DXI has a 33.3% interest in Jandakot Airport. Areas and leasing figures are disclosed at 100%.
2 Dexus is in the final stages of quantifying DXI's greenhouse gas emissions over the financial year following the procurement of equivalent renewable electricity and carbon offsets. Final certification is expected to be achieved post-reporting period.
3 Applies to eligible portfolio business parks assets eligible for the NABERS ratings for office.

Financial position

DXI's net assets increased $458 million primarily due to $622 million of acquisitions.

	30 Jun 2022	30 Jun 2021
Cash and cash equivalents ($'000)	5,583	5,762
Investment properties ($'000)	1,319,450	1,051,008
Equity accounted investments ($'000)	317,486	-
Other assets ($'000)	73,235	56,789
Total assets ($'000)	**1,715,754**	**1,113,559**
Borrowings ($'000)	(475,929)	(343,003)
Distributions payable ($'000)	(13,722)	(9,440)
Other liabilities ($'000)	(72,572)	(65,695)
Total liabilities ($'000)	**(562,223)**	**(418,138)**
Net assets ($'000)	**1,153,531**	**695,421**
Stapled securities on issue ('000)	317,270	217,001
NTA per security[a] ($)	**$3.60**	**$3.20**

a) Calculated as total net assets less intangible assets on a look-through basis, divided by total securities on issue.

Capital management

Gearing was 28.9%, or 34.2% on a look-through basis, compared to the target band of 30 - 40%.

The weighted average cost of debt was 2.4%, and the weighted average debt facility maturity increased to 3.5 years after securing $176 million of new facilities and extending $244 million of existing facilities. The nearest debt maturity is $30 million in December 2023 with 71% of DXI's debt hedged in FY22 and a weighted average hedge maturity of 2.4 years.

During the year, an on-market securities buyback program was launched to take advantage of market volatility, with 1.9 million securities repurchased at an average discount to NTA per security of 12%.

	30 Jun 2022	30 Jun 2021
Gearing	28.9%	32.0%
Gearing (look-through)[a]	34.2%	n.a.
Cost of debt (look-through)[b]	2.4%	2.7%
Weighted average debt facility maturity (look-through)[c]	3.5 years	2.9 years
Hedged debt (look-through)[d]	71%	57%
Total debt	$476m	$343m
Total debt (look-through)	$616m	n.a.
Headroom[e]	$61m	$22m
Interest cover (covenant)	6.1x	7.2x

a) Adjusted for cash and debt in equity accounted investments.
b) Weighted average for the period, inclusive of fees and margins on a drawn basis.
c) Weighted average maturity of total facility limits.
d) Average for the period.
e) Undrawn facilities plus cash.

Market outlook

Industrial

The Australian industrial sector continues to benefit from a period of strong demand, falling vacancy rates and robust development activity. Over the past 6 months demand has been running at around one and half times the pre-COVID rate for a similar period. Demand is very broad-based including medical supplies, supermarkets and groceries, agribusiness, materials supporting transport infrastructure and retailers investing in last mile fulfilment.

The outlook for leasing in FY23 is more subdued given the possibility that rises in interest rates will slow spending on retail goods. On a positive note, leasing activity is expected to be supported by a continued build-up of inventories from below trend levels and by retailers enacting long term plans to invest in multi-channel supply chains.

Strong demand and low vacancy rates are pushing up on rents with many markets experiencing double-digit rent growth over the past year.

Business parks

Metropolitan business parks benefiting from solid growth in white collar employment, up 4.7% nationally in the year to May 2022. Many metropolitan locations are benefiting from a flight-to-experience thematic as occupiers look for high-quality space outside the CBD that is still close to everyday convenience retail, transport and infrastructure.

Summary and guidance

While the macroeconomic environment is uncertain, tenant demand remains strong across the industrial market, supported by Australian retail online penetration increasing; just-in-time inventory management moving to just-in-case; and an uplift in manufacturing activity. DXI's portfolio is well positioned to continue to benefit from these strong structural trends, while also providing a reliable income stream underpinned by a 5.6 year weighted average lease expiry.

Leasing completed this period has de-risked FY23 lease expiries to 8% of the portfolio, down from 19% as at 30 June 2021. Leasing up vacancy at the business park assets is a key focus in FY23, including 11,800 square metres at Rhodes Building A where operating conditions are more challenged.

DXI will retain a disciplined approach to capital allocation, including exploring capital recycling initiatives to repay debt, fund the development pipeline and potentially buy back additional securities.

FY23 guidance for FFO of 16.7 – 17.5 cents per security and distributions of 16.4 cents per security, based on current interest rate expectations and barring unforeseen circumstances[1].

1 Assumes average floating interest rates of 2.75% - 3.75% (90-day BBSW) and no further transactional activity.

Key risks

Risk	Potential impacts	Mitigants
Health, safety and wellbeing Providing an environment that ensures the safety and wellbeing of customers, contractors and the public at DXI properties and responding to events that have the potential to disrupt business continuity	– Death or injury at DXI properties – Reputational damage – 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 – Inability to sustainably perform or deliver objectives	– Ongoing monitoring and testing at existing assets and regular training provided to service providers – We engage external consultants to identify and remediate health and safety issues relating to the fabric of properties across the portfolio, including facades – 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 the group's strategic objectives, generate value and deliver superior risk-adjusted performance	– Reduced investor sentiment – Loss of broader community confidence – Reduced availability of debt financing – Inability to meet earnings expectations, and potentially asset valuation declines, as a result of tenant failure	– Processes in place to monitor and manage performance and risks that may impact on performance – The Investment Committee is responsible for the consideration, approval or endorsement, subject to delegated authority, of material investment decisions – Detailed due diligence is undertaken for all investment and divestment proposals, developments and major capital expenditure before approval or endorsement of each investment decision
Development Achieving strategic development objectives that provides the opportunity to grow DXI'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	– 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 – The Investment Committee is responsible for the consideration, approval or endorsement, subject to delegated authority, of material investment decisions – Detailed due diligence is undertaken for all developments before approval or endorsement of each investment decision
Capital management Positioning the capital structure of the business to withstand unexpected changes in equity and debt markets	– Constrained capacity to execute strategy – Increased cost of funding (equity and debt) – Reduced investor sentiment – Reduced availability of debt financing	– Prudent management of capital, including regular sensitivity analysis and periodic independent reviews of the Treasury Policy, assists in positioning DXI's balance sheet in relation to unexpected changes in capital 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 Awareness of and preparedness for potential security breaches, and capability to respond	– Reputational damage – Inability to sustainably perform or deliver objectives	– Enhancing cyber and information security risk controls – Engagement with key service providers to ensure risk of data breaches is minimised

Remuneration Report

No remuneration or director fees are paid out of the assets of any of the entities that comprise DXI. Further, there are no employees of DXI. The Independent Directors receive director fees from the Dexus Group. Ms Deborah Coakley (and Mr Brett Cameron as Ms Coakley's Alternate) and Mr Darren Steinberg (CEO of DXAM and Dexus Group) receive remuneration as employees of Dexus Group. Please refer to the Remuneration Report which forms part of the 2022 Dexus Annual Report. The Dexus Annual Report will be made available on the website www.dexus.com on or around 17 August 2022.

Please also refer to the Remuneration Report which forms part of the 2022 Director's Report for IC1. The IC1 report will be made available on the website www.dexus.com on or around 31 August 2022.

The remuneration for the Directors and key management personnel (KMP) is set out below:

Directors	
Howard Brenchley	Nil paid by DXI
Deborah Coakley	Nil paid by DXI
Jennifer Horrigan	Nil paid by DXI
Michael Johnstone	Nil paid by DXI
Emily Smith	Nil paid by DXI
Deborah Coakley	Nil paid by DXI
Brett D Cameron (Alternate Director)	Nil paid by DXI
Darren Steinberg, CEO of DXAM (KMP)	Nil paid by DXI

Directors' directorships in other listed entities

The following table sets out directorships of other ASX listed entities (unless otherwise stated), not including DXAM and Industria Company No. 1 Limited, held by the Directors at any time in the three years immediately prior to the end of the year, and the period for which each directorship was held.

Directors	Company	Date appointed
Geoff Brunsdon	Sims Limited	20 November 2009
Howard Brenchley	National Storage Holdings Ltd	21 November 2014
	National Storage Financial Services Limited	8 September 2015
Deborah Coakley	-	-
Jennifer Horrigan	QV Equities Limited	26 April 2016
	A2B	11 September 2020
Michael Johnstone	Charter Hall Social Infrastructure Trust	22 December 2004
Emily Smith	-	-
Joseph De Rango	-	-
Brett D Cameron	-	-

Principal activities

During the year, the principal activities of the Group was to own, manage and develop high quality industrial warehouses and business parks, and to invest in the operations of Jandakot airport and related infrastructure. The Group consists of four registered managed investment schemes and one public company domiciled in Australia and together forms Dexus Industria REIT which is listed on the Australian Securities Exchange ("ASX") (ASX Ticker: "DXI"). The parent entity of the Group is Industria Trust No. 1. The Group did not have any employees during the year.

Total value of Trust assets

The total value of the assets of the Group as at 30 June 2022 was $1,715,754,000 (2021: $1,113,559,000). Details of the basis of this valuation are outlined in the Notes to the Consolidated Financial Statements and form part of this Directors' Report.

Likely developments and expected results of operations

In the opinion of the Directors, disclosure of any further information regarding business strategies and future developments or results of the Group, other than the information already outlined in this Directors' Report or the Consolidated Financial Statements accompanying this Directors' Report would be unreasonably prejudicial to the Group.

Significant changes in the state of affairs

During the financial year, DXI had the following significant changes in its state of affairs:

1. On 13 August 2021, Dexus PG Limited (DXPG, previously APN Property Group Limited or APN), the ultimate and immediate parent entity of DXAM was acquired by Dexus Nominee Pty Limited (an entity controlled by Dexus, listed on the ASX under code "DXS"). Accordingly, DXPG and its controlled entities are now wholly owned subsidiaries of Dexus. APN Industria REIT was rebranded to Dexus Industria REIT and the ticker changed to "DXI" effective 1 December 2021.
2. On 1 November 2021, Dexus Holdings Pty Limited acquired 100% of Jandakot City Holdings Pty Limited (JCH) and 49% of Jandakot Airport Holdings Pty Limited (JAH) through the newly established Jandakot City Holdings Trust (JCHT) and Jandakot Airport Holdings Trust (JAHT). On 19 November 2021, shortly after initial settlement, DXI acquired a 33.3% interest in JCHT and a 68% interest in JAHT.

   On 1 April 2022, Dexus Projects Pty Limited settled on the remaining 51% interest of JAH through the establishment of Jandakot Airport Domestic Trust (JADT), with Cbus Super acquiring a 33.3% interest in each of JCH and JAH by acquiring a 33.3% interest in JCHT and a 65.3% interest in JADT. The joint venture which owns 100% of Jandakot airport, Perth, is held in the following proportions: Dexus 33.4%, DXI 33.3% and Cbus Super 33.3%. The existing structure included senior asset-level debt of $405,000,000, reflecting a combined equity commitment of $895,000,000 excluding acquisition costs.
3. To assist in funding acquisitions, DXI successfully completed an equity raising in October 2021 for approximately $350,000,000 at a fixed issue price of $3.45 per security, comprising:
   - $100,000,000 via an institutional placement
   - $144,000,000 via an institutional entitlement offer
   - $106,000,000 via a retail entitlement offer

Matters subsequent to the end of the financial year

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt with in their Directors' Report or the 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.

Distributions

Distributions paid or payable by the Group for the year ended 30 June 2022 were 17.3 cents per security which amounted to $50,700,000 (2021: 17.3 cents per security, $36,386,000) as outlined in note 6 of the Notes to the Consolidated Financial Statements.

Interests in DXI securities

The movement in securities on issue in the Group during the year and the number of securities on issue as at 30 June 2022 are detailed in note 15 of the Notes to the Consolidated Financial Statements and form part of this Directors' Report.

The number of interests in the Group held by DXAM or its associates as at the end of the financial year is 60,636,319 securities (2021: 36,225,364 securities).

The Group did not have any options on issue as at 30 June 2022 (2021: nil).

Environmental regulation

The Audit, Risk and Compliance Committee oversees the policies, procedures and systems that have been implemented to ensure the adequacy of its environmental risk management practices. It is the opinion of this Committee that adequate systems are in place for the management of its environmental responsibilities and compliance with its various licence requirements and regulations. Further, the Committee is not aware of any material breaches of these requirements.

The Group is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007 (NGER Act). The NGER Act requires the Group to report its annual greenhouse gas emissions and energy use. The Group has implemented systems and processes for the collection and calculation of the data required and submitted its 2021 report to the Greenhouse and Energy Data Officer on 31 October 2021 and will submit its 2022 report by 31 October 2022. During the 12 month period ending 30 June 2022, the Group complied with all the relevant requirements as set out by the NGER Act.

Information regarding the Group's participation in the NGER program is available at: www.dexus.com/sustainability

Indemnification and insurance

The insurance premium for a policy of insurance indemnifying Directors, Officers and others (as defined in the relevant policy of insurance) is paid by DXAM's immediate parent entity, Dexus Holdings Pty Limited (DXH).

Subject to specified exclusions, the liabilities insured are for costs that may be incurred in defending civil or criminal proceedings that may be brought against Directors and Officers in their capacity as Directors and Officers of DXAM, its subsidiaries or such other entities, and other payments arising from liabilities incurred by the Directors and Officers in connection with such proceedings.

PricewaterhouseCoopers (PwC or the Auditor), is indemnified out of the assets of the Group pursuant to the Dexus Specific Terms of Business agreed for all engagements with PwC, to the extent that the Group inappropriately uses or discloses a report prepared by PwC. The Auditor is not indemnified for the provision of services where such an indemnification is prohibited by the *Corporations Act 2001*.

Audit

Auditor

Effective from 23 November 2021, PricewaterhouseCoopers have been appointed as the Auditor of DXI in accordance with section 327 of the *Corporations Act 2001*. This appointment follows the resignation of Deloitte Touche Tohmatsu and ASIC's consent to the same.

The Board of DXAM, the Responsible Entity of the Group, has changed the auditor to align with the wider Dexus platform.

Non-audit services

The Group may decide to employ the Auditor on assignments, in addition to its statutory audit duties, where the Auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out in note 17 of the Notes to the Consolidated Financial Statements.

The Audit, Risk and Compliance Committee is satisfied that the provision of non-audit services provided during the year by the Auditor (or by another person or firm on the Auditor's behalf) is compatible with the standard of independence for auditors imposed by the *Corporations Act 2001*.

The reasons for the Directors being satisfied are:

- All non-audit services have been reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the impartiality and objectivity of the Auditor
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*

The above Directors' statements are in accordance with the advice received from the Audit, Risk and Compliance Committee.

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 32 and forms part of this Directors' Report.

Corporate governance

DXAM's Corporate Governance Statement is available at:

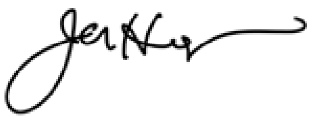
https://www.dexus.com/investor-centre/listed-funds/dexus-industria-reit/corporate-governance

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 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 Consolidated Financial Statements were authorised for issue by the Directors on 10 August 2022.



Jennifer Horrigan
Chair
10 August 2022

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Industria Trust No. 1 for the year ended 30 June 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 audit; and

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

This declaration is in respect of Industria Trust No. 1 and the entities it controlled during the period.

Samantha Johnson
Partner
PricewaterhouseCoopers

Sydney
10 August 2022

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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Revenue from ordinary activities			
Property revenue	2	**72,490**	62,764
Straight line rental income recognition		**2,199**	2,880
Total revenue from ordinary activities		**74,689**	65,644
Other Income			
Interest revenue		**38**	22
Net fair value gain of investment properties	7	**114,783**	78,340
Share of net profit/(loss) of investments accounted for using the equity method	9	**(47)**	-
Net fair value gain of derivatives	11(c)	**15,603**	3,438
Total other income		**130,377**	81,800
Total income		**205,066**	147,444
Expenses			
Property expenses	2	**(15,252)**	(11,271)
Management fee expense		**(5,591)**	(4,897)
Finance costs	3	**(9,087)**	(8,808)
Net loss on sale of assets		**(342)**	-
Net fair value loss of right-of-use assets	8	**(311)**	(123)
Other expenses		**(1,420)**	(1,163)
Total expenses		**(32,003)**	(26,262)
Profit/(loss) before tax		**173,063**	121,182
Income tax expense	4(b)	**(3,713)**	(1,985)
Profit/(loss) for the year		**169,350**	119,197
Profit/(loss) for the year attributable to:			
Security holders of the parent entity		**154,833**	106,210
Security holders of other stapled entities (non-controlling interests)[1]		**14,517**	12,987
Profit/(loss) for the year		**169,350**	119,197
Other comprehensive income for the year		**-**	-
Total comprehensive income/(loss) for the year		**169,350**	119,197
Total comprehensive income/(loss) for the year attributable to:			
Security holders of the parent entity		**154,833**	106,210
Security holders of other stapled entities (non-controlling interests)[1]		**14,517**	12,987
Total comprehensive income/(loss) for the year		**169,350**	119,197
		Cents	Cents
Earnings per stapled security on profit/(loss) attributable to security holders of the Trust (parent entity)			
Basic earnings per security	5	**53.35**	51.28
Diluted earnings per security	5	**53.35**	51.28
Earnings per stapled security on profit/(loss) attributable to stapled security holders of other stapled entities[1]			
Basic earnings per security	5	**5.00**	6.27
Diluted earnings per security	5	**5.00**	6.27

1 Non-controlling interests represents the profit and total comprehensive income for the year attributable to Industria Trust No. 2, Industria Trust No. 3, Industria Trust No. 4 and Industria Company No. 1 Limited.

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

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	2022 $'000	2021 $'000
Current assets			
Cash and cash equivalents		**5,583**	5,762
Receivables	16(b)	**15,152**	729
Non-current assets classified as held for sale	10	**-**	12,550
Derivative financial instruments	11(c)	**35**	-
Other current assets	16(c)	**6,957**	4,125
Total current assets		**27,727**	23,166
Non-current assets			
Investment properties	7	**1,319,450**	1,051,008
Right-of-use assets	8	**39,069**	39,380
Investments accounted for using the equity method	9	**317,486**	-
Derivative financial instruments	11(c)	**12,022**	-
Other non-current assets	16(c)	**-**	5
Total non-current assets		**1,688,027**	1,090,393
Total assets		**1,715,754**	1,113,559
Current liabilities			
Payables	16(d)	**(19,960)**	(11,211)
Provisions	16(e)	**(14,432)**	(9,440)
Derivative financial instruments	11(c)	**(160)**	(28)
Lease liabilities	12	**(344)**	(280)
Interest bearing liabilities	13	**-**	(105,921)
Total current liabilities		**(34,896)**	(126,880)
Non-current liabilities			
Payables	16(d)	**-**	(978)
Derivative financial instruments	11(c)	**-**	(4,924)
Lease liabilities	12	**(37,831)**	(38,175)
Interest bearing liabilities	13	**(475,929)**	(237,082)
Deferred tax liabilities	4(c)	**(13,567)**	(10,099)
Total non-current liabilities		**(527,327)**	(291,258)
Total liabilities		**(562,223)**	(418,138)
Net assets		**1,153,531**	695,421
Equity			
Equity attributable to security holders of the Trust (parent entity)			
Contributed equity	15	**594,296**	332,545
Retained profits		**308,553**	197,157
Parent entity security holders' interest		**902,849**	529,702
Equity attributable to security holders of other stapled entities (non-controlling interests)[1]			
Contributed equity	15	**198,402**	120,693
Retained profits		**52,280**	45,026
Other stapled security holders' interest		**250,682**	165,719
Total equity		**1,153,531**	695,421

1 Non-controlling interests represents the net assets attributable to Industria Trust No. 2, Industria Trust No. 3, Industria Trust No. 4 and Industria Company No. 1 Limited.

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 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 2020		**291,216**	**121,053**	**412,269**	**107,354**	**38,319**	**145,673**	**557,942**
Net profit for the year		-	106,210	106,210	-	12,987	12,987	119,197
Other comprehensive income/(loss) for the year		-	-	-	-	-	-	-
Total comprehensive income for the year		-	106,210	106,210	-	12,987	12,987	119,197
Transactions with owners in their capacity as owners:								
Issue of contributed equity	15	41,565	-	41,565	13,433	-	13,433	54,998
Securities issued under distribution reinvestment plan (DRP)	15	350	-	350	55	-	55	405
Equity issuance costs	15	(586)	-	(586)	(149)	-	(149)	(735)
Distributions paid or payable	6	-	(30,106)	(30,106)	-	(6,280)	(6,280)	(36,386)
Total transactions with owners in their capacity as owners		41,329	(30,106)	11,223	13,339	(6,280)	7,059	18,282
Closing balance as at 30 June 2021		**332,545**	**197,157**	**529,702**	**120,693**	**45,026**	**165,719**	**695,421**
Opening balance as at 1 July 2021		**332,545**	**197,157**	**529,702**	**120,693**	**45,026**	**165,719**	**695,421**
Net profit for the year		-	154,833	154,833	-	14,517	14,517	169,350
Other comprehensive income/(loss) for the year		-	-	-	-	-	-	-
Total comprehensive income for the year		-	154,833	154,833	-	14,517	14,517	169,350
Transactions with owners in their capacity as owners:								
Issue of contributed equity	15	269,795	-	269,795	80,205	-	80,205	350,000
Securities issued under distribution reinvestment plan (DRP)	15	2,153	-	2,153	247	-	247	2,400
Buy-back of contributed equity	15	(4,585)	-	(4,585)	(1,324)	-	(1,324)	(5,909)
Equity issuance and buy-back costs	15	(5,612)	-	(5,612)	(1,419)	-	(1,419)	(7,031)
Distributions paid or payable	6	-	(43,437)	(43,437)	-	(7,263)	(7,263)	(50,700)
Total transactions with owners in their capacity as owners		261,751	(43,437)	218,314	77,709	(7,263)	70,446	288,760
Closing balance as at 30 June 2022		**594,296**	**308,553**	**902,849**	**198,402**	**52,280**	**250,682**	**1,153,531**

1 Non-controlling interests represent the equity attributable to Industria Trust No. 2, Industria Trust No. 3, Industria Trust No. 4 and Industria Company No. 1 Limited.

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		**77,418**	67,457
Payments in the course of operations (inclusive of GST)		**(19,177)**	(15,570)
Interest received		**38**	22
Finance costs paid		**(12,096)**	(7,507)
Net cash inflow/(outflow) from operating activities	18	**46,183**	44,402
Cash flows from investing activities			
Proceeds from sale of investment properties		**34,482**	-
Payments for acquisition of investment properties		**(158,951)**	(151,802)
Payments for capital expenditure on investment properties		**(18,584)**	(10,806)
Payments for investments accounted for using the equity method		**(330,944)**	-
Net cash inflow/(outflow) from investing activities		**(473,997)**	(162,608)
Cash flows from financing activities			
Proceeds from borrowings		**1,012,013**	159,236
Repayment of borrowings		**(875,450)**	(58,243)
Additional borrowing costs paid		**(1,690)**	(472)
Payment of lease liabilities		**(280)**	(968)
Payments for buy-back of contributed equity		**(5,909)**	-
Proceeds from issue of contributed equity		**350,000**	54,998
Equity issuance and buy-back costs paid		**(7,031)**	(771)
Distributions paid to security holders (net of reinvestment)		**(44,018)**	(34,740)
Net cash inflow/(outflow) from financing activities		**427,635**	119,040
Net increase/(decrease) in cash and cash equivalents		**(179)**	834
Cash and cash equivalents at the beginning of the year		**5,762**	4,928
Cash and cash equivalents at the end of the year		**5,583**	5,762

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 Consolidated Financial Statements are prepared.

Specific accounting policies are described in their respective Notes to the Consolidated Financial Statements.

Basis of preparation

The Consolidated Financial Statements are general purpose financial reports which have been prepared in accordance with the requirements of the Constitutions of the entities within the Group, the *Corporations Act 2001*, AASB's issued by the Australian Accounting Standards Board and International Financial Reporting Standards adopted by the International Accounting Standard Board.

Unless otherwise stated the 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 year's presentation.

The 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 Consolidated Financial Statements have been prepared on a going concern basis using historical cost conventions, except for investment properties, investment properties within equity accounted investments, right of use assets and derivative financial instruments which are stated at their fair value.

DXI stapled securities are quoted on the Australian Securities Exchange under the "DXI" code and comprise one unit in each of IT1, IT2, IT3, IT4 and IC1. In accordance with Australian Accounting Standards, the entities within the Group must be consolidated for financial reporting purposes. IT1 is the parent entity and deemed acquirer of IT2, IT3, IT4 and IC1. These Consolidated Financial Statements therefore represent the consolidated results of DXI and include IT1, IT2, IT3, IT4, IC1 and their respective controlled entities. All entities within the Group are for-profit entities.

Equity attributable to other entities stapled to IT1 is a form of non-controlling interest and represents the equity of IT2, IT3, IT4 and IC1. The amount of non-controlling interest attributable to stapled security holders is disclosed in the Consolidated Statement of Financial Position.

Each entity forming part of the Group continues as a separate legal entity in its own right under the Corporations Act 2001 and is therefore required to comply with the reporting and disclosure requirements under the Corporations Act 2001 and Australian Accounting Standards. Dexus Asset Management Limited (DXAM) as Responsible Entity and Manager for IT1, IT2, IT3, IT4 and IC1 may only unstapled the Group if approval is obtained by a special resolution of the stapled security holders.

Significant change from the previous annual financial report

During the year, the Group entered into a joint venture arrangement to acquire a 33.3% interest in Jandakot City Holdings Trust (JCHT) and a 68% interest in Jandakot Airport Holdings Trust (JAHT). The accounting policy for the investment in the joint venture arrangement is outlined below.

The terms of the joint venture arrangement agreed upon establishes joint control for all parties to the arrangement and is therefore accounted for using the equity method of accounting in accordance with *AASB 128 Investments in Associates and Joint Ventures.*

On initial recognition, under the equity method, the investment in the joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the equity accounted investment after the date of acquisition. The Group's share of the equity accounted investment's profit or loss is recognised in the Consolidated Statement of Comprehensive Income.

Any distributions received/receivable reduce the carrying amount of the equity accounted investment.

Acquisition related costs are capitalised and form part of the cost base of the equity accounted investment.

On acquisition, where the consideration paid exceeds the Group's share of the net fair value of the equity accounted investments' identifiable assets and liabilities, the difference is accounted for as notional goodwill relating to the joint venture and is included in the carrying amount of the equity accounted investment. Amortisation of that goodwill is not permitted. Conversely, any excess of the Group's share of the net fair value of the equity accounted investments' identifiable assets and liabilities over the consideration paid is included as a gain within the Group's share of net profit/(loss) of investments accounted for using the equity method in the Consolidated Statement of Comprehensive Income.

After initial recognition, the carrying amount of the equity accounted investment is tested for impairment in accordance with AASB 136 *Impairment of assets.*

Net current asset deficiency

As at 30 June 2022, the Group had a net current asset deficiency of $7,169,000 (2021: deficiency of $103,714,000). This is primarily due to the distributions payable to stapled security holders of $13,722,000 (2021: $9,440,000) and in the prior year current interest bearing liabilities of $105,921,000. The Group has in place external funding arrangements to support the cash flow requirements of the Group, including undrawn facilities of $55,750,000 (2021: $16,063,000). In determining the basis of preparation of the Consolidated Financial Statements, the Directors of the Responsible Entity have taken into consideration the unutilised facilities available to the Group. As such, the Group is a going concern and the Consolidated Financial Statements have been prepared on that basis.

Critical accounting estimates

The preparation of the 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.

COVID-19

The economic impacts resulting from the Government imposed restrictions in a response to the COVID-19 pandemic have the potential to impact various financial statement line items including: Investment properties, Property revenue and expenses.

The financial year saw the continuation of COVID-19 lockdowns in Sydney and Melbourne, which impacted the economy and the ability for business to trade normally. Despite this, the vaccine was successfully rolled out across Australia enabling the easing of restrictions before Christmas. Subsequently, the Omicron variant of COVID-19 continues to impact confidence, creating challenges in supply chains which has persisted for the second half of the financial year.

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates in relation to continued COVID-19 related uncertainties.

Additionally, management has considered the current economic environment noting recent inflationary impacts and a rising interest rate climate. Other than these and the estimates and assumptions used for the measurement of items held at fair value such as certain derivative financial instruments, right of use assets and investment properties, no key assumptions concerning the future or other estimation of uncertainty at the end of each reporting period could have significant risk of causing material adjustments to the Consolidated Financial Statements.

Climate change

The Group is continuing to develop its assessment of the impact of climate change in line with emerging industry and regulatory guidance as it considers the impact of climate change risks in preparing the Consolidated Financial Statements. Refer to specific considerations relating to Investment Properties within Note 7 to the Consolidated Financial Statements.

In March 2022, the International Sustainability Standards Board (ISSB) released their first two exposure drafts. When the exposure drafts are issued as standards, these will be available for voluntary adoption and will not become mandatory until aligned standards are adopted in Australia. The Group will assess the potential impact of these new standards on the consolidated financial statements once they have been issued by the ISSB and will continue to monitor developments in Australia.

Principles of consolidation

These Consolidated Financial Statements incorporate the assets, liabilities and results of all subsidiaries as at 30 June 2022.

Controlled entities

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement.

Joint operations

Where assets are held directly as tenants in common, the Group's proportionate share of revenues, expenses, assets and liabilities are included in their respective items of the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income.

Joint ventures

Investments in joint ventures are accounted for using the equity method. Under this method, the Group's share of the joint ventures' post-acquisition profits or losses is recognised in the Consolidated Statement of Comprehensive Income and distributions received from joint ventures are recognised as a reduction of the carrying amount of the investment.

Goods and services tax

Revenues, expenses and capital assets are recognised net of any amount of Australian Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as cash flows from operating activities.

Notes to the Consolidated Financial Statements

The Notes include information which is required to understand the Consolidated Financial Statements and is material and relevant to the operations, financial position and performance of the Group.

The Notes are organised into the following sections:

Group performance	Property portfolio assets	Capital and financial risk management and working capital	Other disclosures
1. Operating segment	7. Investment properties	11. Capital and financial risk management	17. Audit, taxation and transaction service fees
2. Property revenue and expenses	8. Right-of-use assets	12. Lease liabilities	18. Cash flow information
3. Finance costs	9. Investments accounted for using the equity method	13. Interest bearing liabilities	19. Related parties
4. Taxation	10. Non-current assets classified as held for sale	14. Commitments and contingencies	20. Controlled entities
5. Earnings per security		15. Contributed equity	21. Parent entity disclosures
6. Distributions paid and payable		16. Working capital	22. Subsequent events

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 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 and expenses, finance costs, taxation, earnings per security and distributions paid and payable.

Note 1 Operating segment

DXI derives its income from investment in properties and equity accounted investments 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 DXI's FFO to Profit for the year is tabled below:

	2022 $'000	2021 $'000
Segment performance measures[1]		
Property revenue	**90,388**	65,595
Property expenses	**(18,677)**	(11,308)
Management fee and other expenses	**(9,028)**	(5,974)
Interest income	**2,825**	22
Finance costs	**(12,979)**	(8,808)
Incentive amortisation and rent straight line	**3,292**	2,511
FFO tax expense	**(852)**	-
Other income	**1,387**	-
Debt modification	**(2,586)**	-
Rental guarantees, coupon income and other	**(201)**	(813)
Funds From Operations (FFO)	**53,569**	41,225
Net fair value gain of investment properties	**100,300**	78,340
Net fair value loss of right-of-use assets	**720**	(123)
Net fair value gain of derivatives	**21,562**	3,438
Net loss on sale of assets	**(342)**	-
Incentive amortisation and rent straight line	**(3,292)**	(2,511)
Non FFO tax expense	**(5,954)**	(1,985)
Debt modification	**2,586**	-
Rental guarantees, coupon income and other	**201**	813
Profit for the year	**169,350**	119,197

1 For the financial year ending 30 June 2022, the operating segment note includes the financial results of the equity accounted investments acquired during the year on a proportional consolidation basis.

Note 2 Property revenue and expenses

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. A portion of the consideration within the lease arrangements is therefore allocated to services revenue within property revenue.

	2022 $'000	2021 $'000
Rental income	**65,688**	56,112
Outgoing and direct recoveries	**4,751**	3,790
Services revenue	**7,118**	7,377
Embedded network income[1]	**234**	323
Incentive amortisation	**(5,301)**	(4,838)
Total property revenue	**72,490**	62,764

1 Embedded network income represents the net of $0.5 million (2021: $1.1 million) of direct recoveries income and $0.3 million (2021: $0.8 million) of electricity expenses.

Impact of COVID-19 on Property revenue

The rent relief measures outlined in the Australian Government National Code of Conduct (Code of Conduct) and given effect to by State based legislation and regulations operated over the following periods during the year ended 30 June 2022:

- NSW – For the period 13 July 2021 to 13 March 2022
- VIC – For the period 28 July 2021 to 15 March 2022

Rent relief provided to tenants that have been impacted by the COVID-19 pandemic comprised short term waivers related to future occupancy and are treated as lease modifications. Such modifications are recognised on a straight-line basis over the non-cancellable term of the modified lease. As at the reporting date, all waivers provided were on a short-term basis and in aggregate were insignificant to the Group's total property revenue.

Property expenses

Property expenses include rates, taxes, expected credit losses on receivables and other property outgoings incurred in relation to investment properties. These expenses are recognised in the Consolidated Statement of Comprehensive Income on an accrual basis. If these items are recovered from a tenant by the Group, they are recorded within Services revenue or outgoings and direct recoveries within Property revenue.

	2022 $'000	2021 $'000
Recoverable outgoings and direct recoveries	**12,211**	9,645
Other non-recoverable property expenses	**3,041**	1,626
Total property expenses	**15,252**	11,271

Note 3 Finance costs

Finance costs include interest, amortisation or other costs incurred in connection with arrangement of borrowings, finance costs on lease liabilities and realised interest rate swaps. Finance costs are expensed as incurred.

	2022 $'000	2021 $'000
Interest paid/payable	**3,767**	2,441
Line fees	**3,315**	2,140
Amortisation of borrowing costs	**639**	468
Debt modifications	**(2,586)**	-
Interest expense on lease liability	**1,335**	833
Realised gain/(loss) of interest rate derivatives	**2,617**	2,926
Total finance costs	**9,087**	8,808

Note 4 Taxation

Industria Company No.1 Limited

Income tax on the profit or loss for the financial year comprises current and deferred tax for Industria Company No.1 Limited (the "Company"), a stapled entity of DXI. Income tax is recognised in the Consolidated Statement of Comprehensive Income.

Current tax is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted at balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes.

The following temporary differences are not provided for: goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of the deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount or assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current and deferred tax is recognised as an expense or income in the Consolidated Statement of Comprehensive Income.

Income taxes relating to items recognised directly in other comprehensive income or equity are recognised in other comprehensive income or equity and not in the Consolidated Statement of Comprehensive Income.

Industria Company No.1 Limited – tax consolidation

The Company and its controlled entities are a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is Industria Company No. 1 Limited. The members of the tax-consolidated group are identified in note 20.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, Industria Company No. 1 Limited and each of the entities in the tax-consolidated group has agreed to pay/(or receive) a tax equivalent payment to/(or from) the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax-sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax-sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding agreement.

Note 4 Taxation (continued)

Dexus Industria Trusts

All Trusts that comprise DXI are "flow-through" entities for Australian income tax purposes ("AMIT Trusts") and have elected into the Attribution Managed Investment Trusts rules from the 2017 income year, such that the determined trust components of each AMIT Trust will be taxable in the hands of the beneficiaries (the security holders) on an attribution basis.

Accordingly, deferred taxes associated with these AMIT Trusts have not been recognised in the Consolidated Financial Statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains/losses which could arise in the event of a sale of investments for the amount at which they are stated in the consolidated financial statements.

Realised capital losses are not attributed to security holders but instead are retained within the AMIT Trusts to be offset against realised capital gains. The benefit of any carried forward capital losses is also not recognised in the Consolidated Financial Statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income attributed to security holders as noted above. For the year ended 30 June 2022, there were no unrecognised carried forward capital losses (2021: nil).

a. Income tax (expense)/benefit

	2022 $'000	2021 $'000
Current income tax benefit/(expense)	-	(24)
Deferred income tax (expense)/benefit	**(3,713)**	(1,961)
Total income tax (expense)/benefit	**(3,713)**	(1,985)
Deferred income tax expense included in income tax (expense)/benefit comprises:		
(Decrease)/increase in deferred tax assets	**(655)**	(36)
(Increase)/decrease in deferred tax liabilities	**(3,058)**	(1,949)
Total deferred tax benefit/(expense)	**(3,713)**	(1,985)

b. Reconciliation of income tax (expense)/benefit to net profit

	2022 $'000	2021 $'000
Profit before income tax	**173,063**	121,182
Less: non-assessable income	-	-
Less: profit attributed to entities not subject to tax	**(160,575)**	(114,411)
Profit subject to income tax	**12,488**	6,771
Prima facie tax expense at the Australian tax rate of 30% (2021: 30%)	**(3,746)**	(2,031)
Add/(subtract) the tax effect of:		
Differences in accounting and tax asset values	-	43
Under provision from previous years	**33**	3
Income tax expense	**(3,713)**	(1,985)

Note 4 Taxation (continued)

c. Deferred tax balances

2022 Temporary differences	Opening balance $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Closing balance $'000
Provisions and accruals	**11**	**202**	**–**	**213**
Investment properties	**(11,098)**	**(2,966)**	**–**	**(14,064)**
Impairment of receivables	**–**	**10**	**–**	**10**
Equity issuance and buy-back costs	**61**	**–**	**245**	**306**
Fair value adjustments on derivatives	**118**	**(207)**	**–**	**(89)**
Tax losses carried forward	**809**	**(752)**	**–**	**57**
Net deferred tax assets / (liabilities)	**(10,099)**	**(3,713)**	**245**	**(13,567)**

2021 Temporary differences	Opening balance $'000	Recognised in profit or loss $'000	Recognised in equity $'000	Closing balance $'000
Provisions and accruals	10	1	–	11
Investment properties	(9,434)	(1,664)	–	(11,098)
Impairment of receivables	90	(90)	–	–
Equity issuance and buy-back costs	65	(40)	36	61
Fair value adjustments on derivatives	271	(153)	–	118
Tax losses carried forward	848	(39)	–	809
Net deferred tax assets / (liabilities)	**(8,150)**	**(1,985)**	**36**	**(10,099)**

Note 5 Earnings per security

Earnings per security are determined by dividing the net profit attributable to security holders by the weighted average number of ordinary securities outstanding during the year. Diluted earnings per security are adjusted from the basic earnings per security by taking into account the impact of dilutive potential securities.

	2022	2021
Profit after tax ($'000) attributable to security holders of the Trust (parent entity)	**154,833**	106,210
Weighted average number of securities outstanding (thousands)	**290,215**	207,127
Basic and diluted earnings (cents per security)	**53.35**	51.28
Profit after tax ($'000) attributable to security holders of other stapled entities	**14,517**	12,987
Weighted average number of securities outstanding (thousands)	**290,215**	207,127
Basic and diluted earnings (cents per security)	**5.00**	6.27

No dilutive securities were issued or on issue during the current year (2021: nil).

Note 6 Distributions paid and payable

Distributions are recognised when declared.

a. Distribution to security holders

	2022 $'000	2021 $'000
30 September (paid 5 November 2021)	**9,392**	8,493
31 December (paid 4 February 2022)	**13,804**	9,020
31 March (paid 13 May 2022)	**13,782**	9,433
30 June (payable 23 August 2022)	**13,722**	9,440
Total distribution to security holders	**50,700**	36,386

b. Distribution rate

	2022 Cents per security	2021 Cents per security
30 September (paid 5 November 2021)	**4.325**	4.300
31 December (paid 4 February 2022)	**4.325**	4.300
31 March (paid 13 May 2022)	**4.325**	4.350
30 June (payable 23 August 2022)	**4.325**	4.350
Total distribution per security	**17.300**	17.300

No dividends were declared from Industria Company No.1 Ltd for the year ended 30 June 2022 (2021: nil). Franking credits available for subsequent reporting periods based on a tax rate of 30% (2021: 30%) is $365,533 (2021: $365,533).

Property portfolio assets

In this section

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

30 June 2022	Note	Leased assets $'000	Land held for development $'000	Industrial and office $'000	2022 $'000
Investment properties	7	-	2,850	1,316,600	**1,319,450**
Right-of-use assets	8	39,069	-	-	**39,069**
Investments accounted for using the equity method	9	50,452	108,879	303,195	**462,526**
Total		**89,521**	**111,729**	**1,619,795**	**1,821,045**

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.
- ***Right-of-use assets:*** relates to ground leases on which some of the Group's investment properties are located.
- ***Investments accounted for using the equity method:*** provides summarised financial information on the joint ventures and investments where the Group has significant influence. The Group's interests in its joint venture property portfolio assets are held through investments in trusts.

Note 7 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 measured at fair value.

Investment properties represent industrial and business park properties held for deriving rental income and held for development for future use as investment property. For all investment properties, the current use equates to the highest and best use.

The basis of valuations of investment properties is fair value, being the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

Changes in fair values are recorded in the Consolidated Statement of Comprehensive Income. The gain or loss on disposal of an investment property is calculated as the difference between the carrying amount of the asset at the date of disposal and the net proceeds from disposal and is included in the Consolidated Statement of Comprehensive Income in the year of disposal.

Subsequent redevelopment and refurbishment costs (other than repairs and maintenance) are capitalised to the investment property where they result in an enhancement in the future economic benefits of the property.

Leasing fees incurred and incentives provided are capitalised and amortised over the lease periods to which they relate.

	2022 $'000	2021 $'000
Non-current		
Industrial and office properties	**1,316,600**	1,048,585
Land held for development	**2,850**	2,423
Total	**1,319,450**	1,051,008

Note 7 Investment properties (continued)

a. Reconciliation

	2022 $'000	2021 $'000
Opening balance at the beginning of the year	**1,051,008**	826,481
Additions[1]	**10,672**	10,951
Acquisitions	**160,599**	150,154
Lease incentives	**8,121**	50
Amortisation of lease incentives	**(5,684)**	(5,298)
Rent straightlining	**2,199**	2,880
Disposals	**(22,248)**	-
Transfer to non-current assets classified as held for sale	**-**	(12,550)
Net fair gain/(loss) on fair value adjustments[2]	**114,783**	78,340
Carrying amount at the end of the financial year	**1,319,450**	1,051,008

1 Includes $5.2 million (2021: $4.2 million) of maintenance and lessor works capital expenditure incurred during the year.
2 The net gain on fair value adjustments is wholly unrealised and has been recognised as "net fair value gain of investment properties" in the Consolidated Statement of Comprehensive Income.

Acquisitions

On 28 July 2021, settlement occurred for the acquisition of 57-67 Mark Anthony Drive, Dandenong South VIC for $13,485,000 excluding acquisition costs.

On 29 July 2021, settlement occurred for the acquisition of 137-143 Fitzgerald Rd, Laverton North VIC for $24,100,000 excluding acquisition costs.

On 7 October 2021, settlement occurred for the acquisition of 2 Maker Place, Truganina VIC for $69,000,000 excluding acquisition costs.

On 16 December 2021, settlement occurred for the acquisition of 9 Boron Street, Narangba QLD for $44,450,000 excluding acquisition costs.

Disposals

On 1 September 2021, settlement occurred for the disposal of 10 Brandl Street, Eight Mile Plains QLD for $12,550,000 excluding transaction costs.

On 20 June 2022, settlement occurred for the disposal of 147-153 Canterbury Road, Kilsyth VIC for $22,248,000 excluding transaction costs.

b. Valuation process

It is the policy of the Group to obtain independent valuations for each individual property at least once every three years by a member of the Australian Property Institute of Valuers. Since 31 December 2021, it has been the Group's practice in the majority of cases to have such valuations performed every six months. Each valuation firm and its signatory valuer are appointed on the basis that they are engaged for no more than three years except for properties under development and co-owned properties. Independent valuations may be undertaken earlier where the Responsible Entity believes there is potential for a change in the fair value of the property, being 5% of the asset value. At 30 June 2022, all investment properties were externally valued.

The Group's policy requires investment properties to be internally valued at least every six months at each reporting period (interim and full-year) unless they have been independently externally valued. Internal valuations are compared to the carrying value of investment properties at the reporting date. Where the Directors determine that the internal valuations present a more reliable estimate of fair value the internal valuation is adopted as book value. Internal valuations are performed by the Group's internal valuers who hold recognised relevant professional qualifications and have previous experience as property valuers from major real estate valuation firms.

Note 7 Investment properties (continued)

b. Valuation process (continued)

An appropriate valuation methodology is utilised according to asset class. In relation to industrial and office assets this includes the capitalisation approach (market approach) and the discounted cash flow approach (income approach). The valuation is also compared to, and supported by, direct comparison to recent market transactions. The adopted capitalisation rates and discount rates are determined based on industry expertise and knowledge and, where possible, a direct comparison to third party rates for similar assets in a comparable location. Rental revenue from current leases and assumptions about future leases, as well as any expected operational cash outflows in relation to the property, are also built into each asset assessment of fair value.

In relation to development properties under construction for future use as investment property, where reliably measurable, fair value is determined based on the market value of the property on the assumption it had already been completed at the valuation date (using the methodology as outlined above) less costs still required to complete the project, including an appropriate adjustment for industry benchmarked profit and development risk.

c. Sustainability valuation considerations

The Group engages independent valuation firms to assist in determining fair value of the investment property assets at each reporting period. As qualified valuers, they are required to follow the *RICS Valuation - Global Standards* and accordingly their valuations are required to take into account the sustainability features of properties being valued and the implications such factors could have on property values in the short, medium and longer term.

Where relevant, the Group's independent valuation firms note in their valuation reports that sustainability features are considered as part of the valuation approach and outline that sustainability features have been influencing value for some time.

Where the independent valuation firms give consideration to the impacts of sustainability, they are incorporating their understanding of how market participants include sustainability in their bids and the impact on market valuations, noting that valuers should reflect markets and not lead them.

d. 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 for each class of investment property, including investment property held within investments accounted for using the equity method.

Class of property	Fair value hierarchy	Inputs used to measure fair value	Range of unobservable inputs	
			2022	**2021**
Industrial and office properties	Level 3	Adopted capitalisation rate	**4.00% - 7.75%**	4.75% - 8.55%
		Adopted discount rate	**5.25% - 7.50%**	5.75% - 9.30%
		Adopted terminal yield	**4.13% - 7.50%**	5.00% - 10.25%
		Net market rent (per sqm p.a)	**$80 - $537**	$63 - $1,290
Land held for development	Level 3	Sales price per sqm	**$265 - $1,239**	$725 - $775
Leased assets	Level 3	Adopted discount rate	**3.08% - 6.40%**	3.08% - 3.60%

Key assumptions: 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.
- **Adopted discount rate:** The rate of return used to convert cash flows, payable or receivable in the future, into present value. For industrial and office properties, it reflects the opportunity cost of capital, that is, the rate of return the cash can earn if put to other uses having similar risk. The rate is determined with regard to market evidence and the prior external valuation. For leased assets, the discount rate is determined with reference to the Group's incremental borrowing rate.
- **Adopted terminal yield:** The capitalisation rate used to convert the future net market rental revenue into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. 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.

Note 7 Investment properties (continued)

e. Impact of COVID-19 on fair value of investment properties

While there remains uncertainty in relation to the ultimate impact of COVID-19, the impact to the Group has been limited. As a result, the independent valuations did not identify specific COVID-19 related impacts to assumptions in determining appropriate fair values for investment properties as at 30 June 2022. Since the end of the year, the Group have considered the current economic environment, noting the recent inflationary impacts and a rising interest rate climate and considers that the assumptions used in the valuations are appropriate for the purposes of determining fair value of investment properties at 30 June 2022.

f. Sensitivity information

Significant movement in any one of the valuation inputs above may result in a change in the fair value of the Group's investment properties, including investment properties within investments accounted for using the equity method, 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:

	2022 $'000	2021 $'000
A decrease of 25 basis points in the adopted capitalisation rate	**90,345**	51,331
An increase of 25 basis points in the adopted capitalisation rate	**(81,810)**	(46,818)
A decrease of 25 basis points in the adopted discount rate	**74,793**	22,248
An increase of 25 basis points in the adopted discount rate	**(68,845)**	(22,273)
A decrease of 5% in the net market rental (per sqm)	**(86,574)**	(50,057)
A increase of 5% in the net market rental (per sqm)	**86,574**	50,057

Generally, a change in the assumption made for the adopted capitalisation rate is often accompanied by a directionally similar change in the adopted terminal yield. The adopted capitalisation rate forms part of the capitalisation approach while the adopted terminal yield forms part of the discounted cash flow approach.

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 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.

The discounted cash flow (DCF) is primarily made up of the discounted cash flow of net income over the cash flow period used in the DCF (generally no less than 5 years) and the discounted terminal value (which is largely based upon market rents grown at forecast market rental growth rates capitalised at an adopted terminal yield). An increase (softening) in the adopted discount rate may offset the impact to fair value of a decrease (tightening) in the adopted terminal yield. A decrease (tightening) in the discount rate may offset the impact to fair value of an increase (softening) in the adopted terminal yield. A directionally similar change in the adopted discount rate and the adopted terminal yield may increase the impact to fair value.

A decrease (softening) in the forecast rental growth rate may result in a negative impact on the discounted cash flow approach value while a strengthening may have a positive impact on the value under the same approach.

g. Investment properties pledged as security

Refer to note 13 *interest bearing liabilities* for information on investment properties pledged as security.

Note 8 Right-of-use assets

a. Sub-leasehold properties and ground rent obligations

Five of DXI's investment properties at 140 Sharps Road, Tullamarine VIC and 5, 5B, 18-20, 20-22 Butler Boulevard, Adelaide Airport SA are each located on airport land. These are held as sub-leasehold interests with Australia Pacific Airports (Melbourne) Pty Ltd and Adelaide Airport Limited ("Airport Authority") respectively who hold head leases from the Commonwealth of Australia.

Therefore, the Group is the lessee of the associated lease arrangements for these investment properties which are subject to the recognition and measurement requirements of AASB 16 Leases for operating leases.

Leasehold land that meets the definition of investment property under AASB 140 Investment properties is measured at fair value. The leased assets are measured initially at an amount equal to the corresponding lease liabilities. Subsequent to initial recognition, the leased assets are recognised at fair value in the Consolidated Statement of Financial Position. Refer to note 12 *lease liabilities* and note 7 *investment properties* for details.

b. Reconciliation of right-of-use ("ROU") assets

	2022 $'000	2021 $'000
ROU assets recognised at the beginning of the financial year	**39,380**	20,159
ROU assets recognised on new investment properties acquired during the year	**-**	19,344
Net fair value gain / (loss) on ROU assets recognised in the Consolidated Statement of Comprehensive Income	**(311)**	(123)
Investment properties – ROU assets at end of the financial year	**39,069**	39,380

Note 9 Investments accounted for using the equity method

Investments accounted for using the equity method are initially recognised at cost, including acquisition costs and adjusted thereafter for the Group's share of changes in the investee's net assets. The Group's share of the profits or losses of an investment accounted for using the equity method is recorded in the Consolidated Statement of Comprehensive Income within "Share of net profit accounted for using the equity method".

a. Interest in joint ventures and associates

The following investments are accounted for using the equity method of accounting in the Consolidated Financial Statements. Information relating to these entities is set out below.

Jandakot acquisition

On 1 November 2021, Dexus Holdings Pty Limited acquired 100% of Jandakot City Holdings Pty Limited (JCH) and 49% of Jandakot Airport Holdings Pty Limited (JAH) through the newly established Jandakot City Holdings Trust (JCHT) and Jandakot Airport Holdings Trust (JAHT). On 19 November 2021, shortly after initial settlement, DXI acquired a 33.3% interest in JCHT and 68% interest in JAHT.

On 1 April 2022, Dexus Projects Pty Limited settled on the remaining 51% interest of JAH through the establishment of Jandakot Airport Domestic Trust (JADT), with Cbus acquiring a 33.3% interest in each of JCH and JAH by acquiring a 33.3% interest in JCHT and a 65.3% interest in JADT. The joint venture which owns 100% of Jandakot airport, Perth, is held in the following proportions: Dexus 33.4%, DXI 33.3% and Cbus Super 33.3%. The existing structure included senior asset-level debt of $405,000,000, reflecting a combined equity commitment of $895,000,000 excluding acquisition costs.

	Ownership interest			
	2022	2021	2022	2021
Name of entity	**%**	**%**	**$'000**	**$'000**
Jandakot City Holdings Trust (JCHT)[1]	33.3	-	250,162	-
Jandakot Airport Holdings Trust (JAHT)[1]	68.0	-	44,725	-
Dexus Moorebank Trust	50.0	-	22,599	-
Total assets - investments accounted for using the equity method[2,3]			**317,486**	-

1 The above entities were formed in Australia and their principal activity is property investment and airport operations and related infrastructure within Australia.
2 On 19 November 2021, DXI acquired a 33.3% interest in JCHT and a 68% interest in JAHT, for a total consideration of $300,187,000 excluding acquisition costs.
3 The Group's share of investment properties in the investments accounted for using the equity method was $412,074,000 (30 June 2021: nil) and right-of-use assets of $50,452,000 (30 June 2021: nil). Additionally, held for sale assets in the investments accounted for using the equity method was nil (30 June 2021: nil). These investments are accounted for using the equity method as a result of contractual arrangements requiring unanimous decisions on all relevant matters.

b. Impairment assessment on Investments accounted for using the equity method

At each reporting date, management assess whether there is any indication of impairment to the carrying value of investments accounted for using the equity method, which in certain instances may include notional goodwill recognised on acquisition. As a result, the entire carrying amount of the investment is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset, by comparing its recoverable amount (taken to be the higher of value in use and fair value less costs to sell) with its carrying value.

As part of the assessment to determine whether any indicators of impairment exist at the reporting date, the impact of COVID-19 has been taken into consideration.

The main risk to the value of the investments accounted for using the equity method is the fair value of the underlying investment properties. Note 7 gives further explanation of the approach taken to measure the fair value of investment properties. Any fair value movements are recorded within share of net profit of investments accounted for using the equity method in the Consolidated Statement of Comprehensive Income. During the year, there were no impairment losses recorded (2021: nil).

Note 9 Investments accounted for using the equity method (continued)

c. Summarised financial information for individually material joint ventures and associates and equity accounted investments

The following table provides summarised financial information for the equity accounted investments which, in the opinion of the directors, are material to the Group. The information disclosed reflects the amounts presented in the Consolidated Financial Statements of the relevant joint ventures and associates and not DXI's share of those amounts.

	Jandakot City Holdings Trust (JCHT)		Jandakot Airport Holdings Trust (JAHT)		Dexus Moorebank Trust		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Summarised Statement of Financial Position								
Current assets								
Cash and cash equivalents	17,677	–	–	–	3,525	–	21,202	–
Other current assets	4,071	–	–	–	118	–	4,189	–
Total current assets	21,748	–	–	–	3,643	–	25,391	–
Non-current assets		–		–		–		–
Investment properties	1,295,338	–	–	–	42,250	–	1,337,588	–
Investments accounted for using the equity method	–	–	65,751	–	–	–	65,751	–
Other non-current assets	340	–	–	–	66	–	406	–
Total non-current assets	1,295,678	–	65,751	–	42,316	–	1,403,745	–
		–		–		–		–
Current liabilities		–		–		–		–
Provisions	39,917	–	–	–	238	–	40,155	–
Other current liabilities	383,193	–	533	–	524	–	384,250	–
Total current liabilities	423,110	–	533	–	762	–	424,405	–
Non-current liabilities		–		–		–		–
Other non-current liabilities	146,476	–	–	–	–	–	146,476	–
Total non-current liabilities	146,476	–	–	–	–	–	146,476	–
Net assets	747,840	–	65,218	–	45,197	–	858,255	–
Reconciliation to carrying amounts:								
Opening balance at the beginning of the year	–	–	–	–	–	–	–	–
Additions	269,392	–	37,557	–	23,995	–	330,944	–
Profit/(loss) for the year	(5,938)	–	7,168	–	(1,277)	–	(47)	–
Distributions received/receivable	(13,292)	–	–	–	(119)	–	(13,411)	–
Closing balance at the end of the year	250,162	–	44,725	–	22,599	–	317,486	–
Group's share	249,031	–	44,348	–	22,599	–	315,978	–
Capitalised transaction costs	1,131	–	1,168	–	–	–	2,299	–
Notional goodwill/(gain on bargain purchase)	–	–	(791)	–	–	–	(791)	–
Group's carrying amount	250,162	–	44,725	–	22,599	–	317,486	–

Note 9 Investments accounted for using the equity method (continued)

c. Summarised financial information for individually material joint ventures, associates and equity accounted investments (continued)

	Jandakot City Holdings Trust (JCHT)		Jandakot Airport Holdings Trust (JAHT)		Dexus Moorebank Trust		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Summarised Statement of Comprehensive Income								
Property revenue	43,818	–	–	–	310	–	44,128	–
Property revaluations	(34,885)	–	–	–	(2,792)	–	(37,677)	–
Interest revenue	6	–	–	–	1	–	7	–
Share of net profit of investments accounted for using the equity method	–	–	11,258	–	–	–	11,258	–
Depreciation and amortisation	(1)	–	–	–	–	–	(1)	–
Property expenses	(9,541)	–	–	–	(68)	–	(9,609)	–
Finance costs	(11,788)	–	–	–	–	–	(11,788)	–
Other expenses	(3,445)	–	(533)	–	(5)	–	(3,983)	–
Net profit/(loss) for the year	(15,836)	–	10,725	–	(2,554)	–	(7,665)	–
Total comprehensive income/(loss) for the year	(15,836)	–	10,725	–	(2,554)	–	(7,665)	–

Note 10 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.

As at 30 June 2022, there were no investment properties held for sale. The balance at 30 June 2021 related to 10 Brandl Street, Eight Mile Plains QLD that was disposed on 1 September 2021.

	2022 $'000	2021 $'000
Current		
Investment properties held for sale	–	12,550

Capital and financial risk management and working capital

In this section

The Group's overall risk management program focuses on reducing volatility from impacts of movements in financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Note 11 *Capital and financial risk management* outlines how the Group manages its exposure to a variety of financial risks (interest rate risk, liquidity risk and credit risk) and details the various derivative financial instruments entered into by the Group.

The Board 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:** *Lease liabilities* in note 12, *Interest bearing liabilities* in note 13 and *Commitments and contingencies* in note 14
- **Equity:** *Contributed equity* in note 15

Note 16 provides a breakdown of the working capital balances held in the Consolidated Statement of Financial Position.

Note 11 Capital and financial risk management

Capital and financial risk management is carried out through a centralised treasury function which is governed by a Board approved Treasury Policy. The Group has an established governance structure which consists of the Group Management Committee and Capital Markets Committee.

The Dexus Group Management Committee is responsible for supporting DXI in achieving its goals and objectives, including the prudent financial and risk management of the Group. The Dexus appointed Capital Markets Committee has been established to advise the Group Management Committee and the Board.

The Capital Markets Committee convenes at least quarterly and conducts a review of financial risk management exposures including liquidity, funding strategies and hedging. It is also responsible for the development of financial risk management policies and funding strategies for recommendation to the Board, and the approval of treasury transactions within delegated limits and powers.

a. Capital risk management

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, cash and cash equivalents and equity attributable to security holders. The Group continuously monitors its capital structure, and it is managed in consideration of the following factors:

- The cost of capital and the financial risks associated with each class of capital
- Gearing levels and other debt covenants
- Potential impacts on net tangible assets and security holders' equity
- Other market factors

The Group has a stated target gearing level of 30% to 40%. The table below details the calculation of the gearing ratio.

	2022 $'000	2021 $'000
Total interest bearing liabilities[1]	**480,500**	343,937
Total tangible assets[2]	**1,664,628**	1,074,179
Gearing ratio[3]	**28.9%**	32.0%
Gearing ratio (look through)[4]	**34.2%**	n/a

1 Total interest bearing liabilities excludes deferred borrowing costs and debt modification amounts.
2 Total tangible assets comprise total assets less intangible (right-of-use) assets and derivatives.
3 Calculated as total interest bearing liabilities divided by total tangible assets.
4 The look-through gearing is adjusted for cash and debt in equity accounted investments and is not a financial covenant.

The Group is required to comply with certain financial covenants in respect of its interest bearing liabilities. During the 2022 and 2021 reporting periods, the Group was in compliance with all of its financial covenants.

Note 11 Capital and financial risk management (continued)

b. Financial risk management

DXAM is the Responsible Entity for management investment schemes that are stapled to form the Group. DXAM has been issued with an Australian Financial Services Licence (AFSL). The licence is subject to certain capital requirements including the requirement to maintain liquidity above specified limits. DXAM must also prepare rolling cash projections over at least the next 15 months to demonstrate it will have access to sufficient financial resources to meet its liabilities that are expected to be payable over that period. Cash projections and assumptions are approved, at least quarterly, by the Board of the Responsible Entity.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's principal financial instruments, other than derivatives, comprise cash and bank loans. The main purpose of financial instruments is to manage liquidity and hedge the Group's exposure to financial risks namely:

- Interest rate risk
- Liquidity risk
- Credit risk

The Group uses derivatives to reduce the Group's exposure to fluctuations in interest rates. These derivatives create an obligation or a right that effectively transfers one or more of the risks associated with an underlying financial instrument, asset or obligation. Derivative financial instruments that the Group may use to hedge its risks includes interest rate swaps and interest rate options (together interest rate derivatives).

The Group does not trade in interest rate related derivative instruments for speculative purposes. The Group uses different methods to measure the different types of risks to which it is exposed, including monitoring the current and forecast levels of exposure and conducting sensitivity analysis.

i. Market risk

Interest rate risk

Interest rate risk arises from interest bearing financial assets and liabilities that the Group utilises. Non-derivative interest bearing financial instruments are predominantly short term liquid assets and long term debt issued at variable rates which exposes the Group to interest rate risk due to movements in variable interest rates. The Group's borrowings which have a variable interest rate give rise to cash flow interest rate risk due o movements in variable interest rates.

The Group's risk management policy for interest rate risk seeks to minimise the effects of interest rate movements on its asset and liability portfolio through active management of the exposures. The policy prescribes minimum and maximum hedging amounts for the Group, which is managed on a portfolio basis.

The Group maintains local currency variable rate debt, through a mix of medium term and short term debt. The Group primarily enters into interest rate derivatives swap agreements to manage the associated interest rate risk. The derivative contracts are recorded at fair value in the Consolidated Statement of Financial Position, using standard valuation techniques with market inputs.

As at 30 June 2022, 68% (2021: 77%) of the Group's debt was hedged. The average hedged percentage for the financial year was 73% (2021: 57%).

Interest rate derivatives require settlement of net interest receivable or payable generally each 30 or 90 days. The net notional amount of interest rate derivatives in place in each year and the weighted average effective hedge rate is set out below:

	June 2023 $'000	June 2024 $'000	June 2025 $'000	June 2026 $'000	June 2027 $'000
A$ interest rate derivatives	285,000	236,667	113,750	-	-
Hedge rate (%)	**1.26%**	**1.48%**	**1.53%**	**-**	**-**

Note 11 Capital and financial risk management (continued)

b. Financial risk management (continued)

i. Market risk (continued)

Interest rate risk (continued)

Sensitivity analysis on interest expense

The table below shows the impact on the Group's net interest expense of a 100 basis point movement in market interest rates. The sensitivity on cash flow arises due to the impact that a change in interest rates will have on the Group's floating rate debt and derivative cash flows on average during the financial year. Net interest expense is only sensitive to movements in market rates to the extent that floating rate debt is not hedged.

	2022 $'000	2021 $'000
+/- 1.00% (100 basis points)	**1,148**	1,247
Total	**1,148**	1,247

The movement in interest expense is proportional to the movement in interest rates.

Sensitivity analysis on fair value of interest rate derivatives

The sensitivity analysis on interest rate derivatives below shows the effect on net profit or loss of changes in the fair value of interest rate derivatives for a 100 basis point movement in short-term and long-term market interest rates. The sensitivity on fair value arises from the impact that changes in market rates will have on the valuation of the interest rate derivatives.

The fair value of interest rate derivatives is calculated as the present value of estimated future cash flows on the instruments. Although interest rate derivatives are transacted for the purpose of providing the Group with an economic hedge, the Group has elected not to apply hedge accounting to these instruments. Accordingly, gains or losses arising from changes in the fair value are reflected in the Consolidated Statement of Comprehensive Income.

	2022 $'000	2021 $'000
+/- 1.00% (100 basis points)	**5,715**	6,218
Total	**5,715**	6,218

ii. Liquidity risk

Liquidity risk is associated with ensuring that there are sufficient funds available to meet the Group's financial commitments as and when they fall due and planning for any unforeseen events which may curtail cash flows. The Group identifies and manages liquidity risk across the following categories:

- Short-term liquidity management covering the month ahead on a rolling basis with continuous monitoring of forecast and actual cash flows
- Medium-term liquidity management of liquid assets, working capital and undrawn facilities to cover Group cash requirements over the next 1-24 month period. The Group maintains a level of committed borrowing facilities above the forecast committed debt requirements (liquidity headroom buffer). Committed debt includes future expenditure that has been approved by the Board or Investment Committee (as required within delegated limits)
- Long-term liquidity management through ensuring an adequate spread of maturities of borrowing facilities so that refinancing risk is not concentrated in certain time periods and ensuring an adequate diversification of funding sources where possible, subject to market conditions

Refinancing risk

Refinancing risk is the risk that the Group:

- Will be unable to refinance its debt facilities as they mature and/or
- Will only be able to refinance its debt facilities at unfavourable interest rates and credit market conditions (margin price risk)

The Group's key risk management strategy for margin price risk on refinancing is to spread the maturities of debt facilities over different time periods to reduce the volume of facilities to be refinanced and the exposure to market conditions in any one period. An analysis of the contractual maturities of the Group's interest-bearing liabilities and derivative financial instruments

Note 11 Capital and financial risk management (continued)

b. Financial risk management (continued)

ii. Liquidity risk (continued)

Refinancing risk (continued)

	Within one year $'000	Between one and two years $'000	Between two and five years $'000	After five years $'000	Total contractual cash flows $'000	Carrying amounts $'000
2022						
Liabilities						
Payables	**19,960**	**–**	**–**	**–**	**19,960**	**19,960**
Provisions	**14,432**	**–**	**–**	**–**	**14,432**	**14,432**
Lease liabilities	**1,668**	**1,708**	**5,375**	**52,082**	**60,833**	**38,175**
Interest bearing liabilities	**27,731**	**70,487**	**483,531**	**–**	**581,749**	**475,929**
Total liabilities	**63,791**	**72,195**	**488,906**	**52,082**	**676,974**	**548,496**
2021						
Liabilities						
Payables	11,211	468	510	–	12,189	12,189
Provisions	9,440	–	–	–	9,440	9,440
Lease liabilities	1,615	1,668	5,235	53,930	62,448	38,455
Interest bearing liabilities	110,796	85,143	160,289	–	356,228	343,003
Derivative financial instruments	2,242	2,192	3,023	–	7,457	4,952
Total liabilities	**135,304**	**89,471**	**169,057**	**53,930**	**447,762**	**408,039**

iii. Credit risk

Credit risk is the risk that the counterparty will not fulfil its obligations under the terms of a financial instrument and will cause financial loss to the Group. The Group has exposure to credit risk on all financial assets and derivative contracts included in the Group's Consolidated Statement of Financial Position.

The Group manages this risk by:

- Adopting a process for determining an approved counterparty, with consideration of qualitative factors as well as the counterparty's credit rating
- Regularly monitoring counterparty exposure within approved credit limits that are based on the lower of an S&P and Moody's credit rating. The exposure includes the current market value of in-the-money contracts and the potential exposure, which is measured with reference to credit conversion factors as per APRA guidelines
- Entering into International Swaps and Derivatives Association (ISDA) Master Agreements once a financial institution counterparty is approved
- For some trade receivables, obtaining collateral where necessary in the form of bank guarantees and tenant bonds
- Regularly monitoring loans and receivables on an ongoing basis

A minimum S&P rating of "A-" (or Moody's equivalent) is required to become or remain an approved counterparty unless otherwise approved by the DXAM Board.

The Group is exposed to credit risk on cash balances and on derivative financial instruments with financial institutions. The Group has a policy that sets limits as to the amount of credit exposure to each financial institution. New derivatives and cash transactions are limited to financial institutions that meet minimum credit rating criteria in accordance with the Group's policy requirements.

Financial instrument transactions are spread among a number of approved financial institutions within specified credit limits to minimise the Group's exposure to any one counterparty. As a result, there is no significant concentration of credit risk for financial instruments. The maximum exposure to credit risk at 30 June 2022 is the carrying amounts of financial assets recognised on the Consolidated Statement of Financial Position.

Note 11 Capital and financial risk management (continued)

b. Financial risk management (continued)

iii. Credit risk (continued)

The Group is also exposed to credit risk on trade receivable balances. The Group has a policy to continuously assess and monitor the credit quality of trade debtors on an ongoing basis. Given the historical profile and exposure of the trade receivables, it has been determined that no significant concentrations of credit risk exists for receivables balances. The maximum exposure to credit risk at 30 June 2022 is the carrying amounts of the trade receivables recognised on the Consolidated Statement of Financial Position.

iv. Fair value

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 presented in this report.

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

Since cash, receivables and payables are short-term in nature, their fair values are not materially different from their carrying amounts. For the majority of the borrowings, the fair values are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a medium to long term nature.

Key assumptions: fair value of derivatives and interest bearing liabilities

The fair value of derivatives and interest bearing liabilities has been determined based on observable market inputs (interest rates) and applying a credit or debit value adjustment based on the current credit worthiness of counterparties and the Group.

c. Derivative financial instruments

A derivative is a type of financial instrument typically used to manage risk. A derivative's value changes over time in response to an underlying benchmark, such as interest rates, and is entered into for a fixed period. A hedge is where a derivative is used to manage risk associated with an underlying exposure.

Written policies and limits are approved by the Board of Directors of the Responsible Entity, in relation to the use of financial instruments to manage financial risks. The Responsible Entity regularly reviews the Group's exposures and updates its treasury policies and procedures. The Group does not trade in interest rate related derivative instruments for speculative purposes.

The Group uses derivative contracts as part of its financial and business strategy. Interest rate derivative contracts are used to manage the risk of movements in variable interest rates on the Group's Australian dollar denominated borrowings.

Derivatives are measured at fair value with any changes in fair value recognised in the Consolidated Statement of Comprehensive Income.

Interest rate contracts

The Group has exposure to a debt facility that is subject to floating interest rates. The Group uses derivative financial instruments on a portfolio basis to manage its exposure to interest rates such as interest rate swaps (to lock in fixed interest rates) and/or interest rate options (to limit exposure to rising floating interest rates).

All derivative financial instruments are entered into on terms that provide pari-passu security and cross collateralisation rights over the Group's investment properties (via first registered real property mortgages) and other assets (via a first ranking general "all assets" security agreement) pursuant to the Group's revolving cash advance facilities.

Generally, interest rate contracts settle on a combination of monthly and quarterly basis coinciding with the dates on which the interest is payable on the underlying debt. The floating rate incurred on the debt is Australian BBSY. The difference between the fixed and floating interest rate is settled on a net basis with the relevant counterparty. The interest rate contracts have not been identified as hedging instruments and any movements in the fair value are recognised immediately in the Consolidated Statement of Comprehensive Income.

Note 11 Capital and financial risk management (continued)

c. Derivative financial instruments (continued)

Interest rate contracts (continued)

	2022 $'000	2021 $'000
Current assets		
Interest rate derivative contracts	35	-
Total current assets - derivative financial instruments	35	-
Non-current assets		
Interest rate derivative contracts	12,022	-
Total non-current assets - derivative financial instruments	12,022	-
Current liabilities		
Interest rate derivative contracts	(160)	(28)
Total current liabilities - derivative financial instruments	(160)	(28)
Non-current liabilities		
Interest rate derivative contracts	-	(4,924)
Total non-current liabilities - derivative financial instruments	-	(4,924)
Net derivative financial instruments	11,897	(4,952)

The table below details a breakdown of the net fair value gain on derivatives in the Consolidated Statement of Comprehensive Income.

	2022 $'000	2021 $'000
Net fair value gain/(loss) of derivatives		
Interest rate swap contracts	14,891	3,438
Other derivative contracts	712	-
Total net fair value gain/(loss) of derivatives	15,603	3,438

Note 12 Lease liabilities

Under AASB 16 *Leases*, as a Lessee, the Group recognises a right-of-use asset and lease liability on the Consolidated Statement of Financial Position for all material leases.

The Group recognises the lease payments associated with these leases as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. The Group recognises a right-of-use asset and lease liability on the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at fair value. The initial cost of the right-of-use asset includes:

- The amount of initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs
- Make good costs

The ground leases at 140 Sharps Road, Tullamarine VIC and 5, 5B, 18-20, 20-22 Butler Boulevard, Adelaide Airport SA meet the definition of investment property under AASB140 *Investment Property*.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The weighted rate applied was 3.3%. Variable lease payments that depend on an index or rate are included in the lease liability, measured using the index or rate as at the date of lease commencement.

Note 12 Lease liabilities (continued)

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. The liability is remeasured when there is a change in future lease payments arising from a change in index or rate or changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised. Interest costs and variable lease payments not included in the initial measurement of the lease liability are recognised in the Consolidated Statement of Comprehensive Income in the period to which they relate.

The Group has applied judgement to determine the lease term for contracts which include renewal and termination options. The Group's assessment considered the facts and circumstances that create an economic incentive to exercise a renewal option or not to exercise a termination option.

Refer to note 8 Right-of-use assets for information and disclosures relating to the corresponding leased asset.

	2022 $'000	2021 $'000
Lease liabilities at the beginning of the period	**(38,455)**	(19,245)
Lease liabilities recognised on new investment properties acquired during the year	**-**	(19,345)
Lease payments	**1,615**	968
Interest expense on lease liabilities	**(1,335)**	(833)
Lease liabilities at the end of the period	**(38,175)**	(38,455)

	2022	2021
Attributable to:		
Current lease liabilities	**(344)**	(280)
Non-current lease liabilities	**(37,831)**	(38,175)
Total lease liabilities at balance date	**(38,175)**	(38,455)

Note 13 Interest bearing liabilities

Borrowings are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method. Under the effective interest rate method, any transaction fees, costs, discounts and premiums directly related to the borrowings are capitalised to borrowings and amortised in the Consolidated Statement of Comprehensive Income over the expected life of the borrowings.

If there is a substantial debt modification, the financial liability is derecognised from the Consolidated Statement of Financial Position and residual capitalised costs expensed to the Consolidated Statement of Comprehensive Income. If there is a non-substantial debt modification, the balance on the Consolidated Statement of Financial Position is adjusted and the difference between the fair value of the new facility and carrying value of the original facility is recognised in the Consolidated Statement of Comprehensive Income.

If there is an effective fair value hedge of borrowings, a fair value adjustment will be applied based on the mark to market movement in the benchmark component of the borrowings. This movement is recognised in the Consolidated Statement of Comprehensive Income. Refer note 11 *Capital and financial risk management* for further detail.

Note 13 Interest bearing liabilities (continued)

All borrowings with contractual maturities greater than 12 months after reporting date are classified as non-current liabilities.

	2022 $'000	2021 $'000
Current		
Secured		
Bank loans	-	(106,250)
Capitalised borrowing cost	-	329
Total secured	-	(105,921)
Total current liabilities - interest bearing liabilities	-	(105,921)
Non-current		
Secured		
Bank loans (net of debt modification)	**(477,914)**	(237,687)
Capitalised borrowing cost	**1,985**	605
Total secured	**(475,929)**	(237,082)
Total non-current liabilities - interest bearing liabilities	**(475,929)**	(237,082)
Total interest bearing liabilities	**(475,929)**	(343,003)

Financing arrangements

DXI has $536,250,000 of revolving cash advance facilities with three banks.

	2022 $'000	2021 $'000
Loan facility limit	**536,250**	360,000
Amount drawn at balance date	**(480,500)**	(343,937)
Amount undrawn at balance date	**55,750**	16,063

As at 30 June 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	Nov-26	56,000	56,250
Tranche 2 Series	Nov-25	26,250	26,250
Tranche 3 Series	Nov-26	15,000	15,000
Tranche 4 Series	Nov-25	30,000	30,000
Tranche 5 Series	Nov-26	20,000	20,000
Tranche 6 Series	Dec-26	22,500	22,500
Tranche 7 Series	Sep-24	36,250	36,250
Tranche 8 Series	Sep-24	10,000	10,000
Tranche 9 Series	May-24	10,000	10,000
Tranche 10 Series	Dec-25	-	30,000
Tranche 11 Series	Jul-26	46,000	60,000
Tranche 12 Series	Jul-25	30,000	30,000
Tranche 13 Series	Nov-26	4,000	12,500
Tranche 14 Series	Dec-26	17,000	20,000
Tranche 15 Series	Jul-24	90,000	90,000
Tranche 16 Series	Dec-23	30,000	30,000
Tranche 17 Series	Nov-26	37,500	37,500
		480,500	**536,250**

Note 13 Interest bearing liabilities (continued)

The revolving cash advance facilities are secured and cross collateralised over DXI's investment properties (by first registered real property mortgages) and other assets (via a first ranking general "all assets" security agreement). During the year, DXI renegotiated the pricing and extended the term of some existing tranches as well as introduced new tranches, resulting in an overall facilities limit increase of $176,250,000.

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:

		2022	2021
Loan to Value Ratio ("LVR")	At all times, LVR does not exceed 55%	**36.4%**	32.5%
Gearing Ratio	At all times, gearing ratio does not exceed 55%	**28.9%**	32.0%
Net Rental Income to Interest Costs Ratio	At all times, the net rental income to interest costs ratio under the facility does not fall below 2.0 times	**6.1 times**	7.2 times
Weighted Average Lease Length to Expiry ("WALE")	WALE for the portfolio will be greater than 2.5 years	**5.6 years**	5.3 years

Note 14 Commitments and contingencies

a. Commitments

Capital commitments

The following amounts represent capital expenditure on investment properties as well as committed fitout or cash incentives contracted at the end of each reporting period but not recognised as liabilities payable:

	2022 $'000	2021 $'000
Investment properties	**2,714**	11,602
Investments accounted for using the equity method	**22,426**	-
Total capital commitments	**25,140**	11,602

Lease receivable commitments

The majority of the investment properties are leased to tenants under long term operating leases. Rentals are receivable from tenants monthly. Revenue from the top three tenants represents $21,300,000 (2021: $19,800,000) of the Group's total revenue from continuing operations. Minimum lease payments to be received under non-cancellable operating leases of investment properties not recognised in the Consolidated Financial Statements as receivable are as follows:

	2022 $'000	2021 $'000
Within one year	**66,943**	65,183
More than one year but not more than five years	**204,808**	137,901
More than five years	**211,309**	177,633
Total lease receivable commitments	**483,060**	380,717

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 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 15 Contributed equity

Each stapled security ranks equally with all other stapled securities for the purposes of distributions and on termination of the Group. Each stapled security entitles the holder to vote in accordance with the provisions of the Constitutions and the *Corporations Act 2001*.

Transaction costs arising on the issuance and buy-back of equity instruments are recognised directly in equity (net of tax). Transaction costs are the costs that are incurred directly in connection with the issue and buy-back of those equity instruments and which would not have been incurred had those instruments not been issued or bought back.

a. Carrying amount

	2022 $'000	2021 $'000
At the beginning of the year	**453,238**	398,570
Issue of contributed equity	**350,000**	54,998
Securities issued under distribution reinvestment plan	**2,400**	405
Buy-back of contributed equity	**(5,909)**	-
Equity issuance and buy-back costs	**(7,031)**	(735)
At the end of the year	**792,698**	**453,238**
Attributable to:		
Security holders of the parent entity	**594,296**	332,545
Security holders of other stapled entities	**198,402**	120,693
At the end of the year	**792,698**	**453,238**

b. Number of securities on issue

	2022 No.	2021 No.
At the beginning of the year	**217,001,053**	197,525,519
Issue of contributed equity[1]	**101,449,276**	19,336,874
Securities issued under distribution reinvestment plan	**712,232**	138,660
Buy-back of contributed equity[2]	**(1,892,549)**	-
At the end of the year	**317,270,012**	**217,001,053**

1 During the year, DXI successfully completed an equity raising through issuance of 101.4 million stapled securities for approximately $350,000,000 at a fixed issue price of $3.45 per security, comprising:
- 29.0 million stapled securities for $100,000,000 via an institutional placement
- 42.0 million stapled securities for $144,000,000 via an institutional entitlement offer
- 30.4 million stapled securities for $106,000,000 via a retail entitlement offer

2 On 11 February 2022, DXI announced plans to initiate an on-market securities buy-back of up to 5% of DXI stapled securities on issue over the next 12 months, as part of its active approach to capital management. During the period to 30 June 2022, DXI acquired and cancelled 1,892,549 stapled securities representing 0.60% of DXI stapled securities on issue.

Note 16 Working capital

a. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

b. Receivables

Rental income is brought to account on an accrual basis. Dividends and distributions are recognised when declared and, if not received at the end of the reporting period, reflected in the Consolidated Statement of Financial Position as a receivable.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for expected credit losses. Trade receivables are required to be settled within 30 days and are assessed on an ongoing basis for impairment. Receivables which are known to be uncollectable are written off by reducing the carrying amount directly.

A provision for expected credit losses is recognised for expected credit losses on trade and other receivables. The provision for expected credit losses is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted as the effect of discounting is immaterial.

The calculation of expected credit losses relating to rent and other receivables require judgement to assess the future uncertainty of tenants' ability to pay their debts. Expected credit losses have been estimated using a provision matrix that has been developed with reference to the Group's historical credit loss experience, general economic conditions and forecasts, assumptions around rent relief that may be provided to tenants and tenant risk factors such as size, industry exposure and the Group's understanding of the ability of tenants to pay their debts. Accordingly, expected credit losses include both the part of the rent receivable that is likely to be waived and any additional amount relating to credit risk associated with the financial condition of the tenant.

In relation to distributions receivable, an assessment has been performed taking into consideration the ability of the Trusts in which the Group holds an equity accounted interest to cash settle their distributions outstanding.

For any provisions for expected credit losses, the corresponding expense has been recorded in the Consolidated Statement of Comprehensive Income within Property expenses.

	2022 $'000	2021 $'000
Rent receivable[1]	**2,058**	130
Less: provision for expected credit losses	**(451)**	-
Total rent receivable	**1,607**	130
Distributions receivable	**13,411**	-
Other receivables	**134**	599
Total other receivables	**13,545**	599
Total receivables	**15,152**	**729**

1 Rent receivable includes outgoings recoveries.

The provision for expected credit losses for rent receivables (which includes outgoings recoveries as at 30 June 2022 was determined as follows:

Days outstanding	2022 $'000	2021 $'000
0-30 days	**43**	-
31-60 days	**42**	-
61-90 days	**180**	-
91+ days	**186**	-
Total provision for expected credit losses	**451**	-

The provision for expected credit losses for distributions receivable and other receivables that have been recorded is minimal.

Note 16 Working capital (continued)

b. Receivables (continued)

The provision of expected credit losses for rent receivable at the reporting date reconciles as follows:

	2022 $'000	2021 $'000
Opening provision for expected credit losses	–	-
Increase in provision recognised in profit or loss during the year	451	-
Closing provision for expected credit losses	**451**	–

As at 30 June 2022, rent receivable of nil was written off (2021: $9,000) and expensed in the Consolidated Statement of Comprehensive Income.

The Group holds $5.7 million security deposits and other collateral (2021: $1.3 million) and does not have any significant credit risk exposure to any single counterparty or counterparties having similar characteristics in respect of rent receivables past due but not impaired.

There are no significant financial assets that have had renegotiated terms that would otherwise have been past due or impaired.

c. Other assets

	2022 $'000	2021 $'000
Current		
Prepayments	572	1,152
Security deposits received from tenants	5,666	1,291
Other	719	1,682
Total other current assets	6,957	4,125
Non-current		
Other	–	5
Total other non-current assets	–	5

Other current assets for the year ended 30 June 2022 includes $0.7 million for land tax for properties owned in Queensland and South Australia that are due during the following period.

d. Payables

	2022 '$'000	2021 '$'000
Current		
Trade payables	1,893	1,043
Accruals and other creditors	8,208	6,099
Prepaid income	3,987	3,423
Security deposits received from tenants	5,740	349
GST payable	132	297
Total current payables	19,960	11,211
Non-current		
Security deposits received from tenants	–	978
Total non-current payables	–	978

Note 16 Working capital (continued)

e. Provisions

A provision is recognised when an obligation exists as a result of a past event, and it is probable that a future outflow of cash or other benefit will be required to settle the obligation.

Distributions are provided for when they are approved by the Board of Directors and declared.

Provision for land tax has been recognised in accordance with the requirements of AASB Interpretation 21 Levies which requires a provision to be recognised for land tax obligation on properties owned in Queensland and South Australia that are due during the following period.

	2022 $'000	2021 $'000
Provision for distribution	**13,722**	9,440
Provision for land tax	**710**	–
Total current provisions	**14,432**	9,440

Movements in material provisions during the financial year, are set out below:

	2022 $'000	2021 $'000
Provision for distribution		
Opening balance at the beginning of the year	**9,440**	8,199
Additional provisions	**50,700**	36,386
Payments of distributions	**(46,418)**	(35,145)
Closing balance at the end of the year	**13,722**	9,440

A provision for distribution has been raised for the period ended 30 June 2021. This distribution will be paid on 23 August 2022.

Other disclosures

In this section

This section includes information that must be disclosed to comply with the Accounting Standards, the *Corporations Act 2001* or the Corporations Regulations, but which are not considered critical in understanding the financial performance or position of the Group.

Note 17 Audit, taxation and transaction service fees

Effective from 23 November 2021, PricewaterhouseCoopers have been appointed as the Auditor of the Fund in accordance with section 327 of the *Corporations Act 2001*. This appointment follows the resignation of Deloitte Touche Tohmatsu and ASIC's consent to the same.

During the year, the Auditor and its related practices earned the following remuneration:

	2022 $	2021 $
Audit and review services		
Auditors of the Group - PwC (2021: Deloitte Touche Tohmatsu)		
Financial Statement and review services	**133,744**	141,840
Audit and review fees paid	**133,744**	141,840
Assurance services		
Auditors of the Group - PwC (2021: Deloitte Touche Tohmatsu)		
Outgoings audit	**48,265**	-
Compliance assurance services	**19,452**	13,600
Other assurance services	**30,000**	-
Assurance fees paid	**97,717**	13,600
Total audit, review and assurance fees paid	**231,461**	155,440

Note 18 Cash flow information

a. Reconciliation of cash flows from operating activities

Reconciliation of net profit for the year to net cash flows from operating activities:

	2022 $'000	2021 $'000
Net profit/(loss) for the year	**169,350**	119,197
Add / (less) non-cash items:		
Straight line lease revenue recognition	**(2,199)**	(2,880)
Amortisation of borrowing costs	**639**	468
Debt modifications	**(2,586)**	-
Interest expense on finance leases	**-**	833
Amortisation of incentives	**5,684**	5,248
Net fair value gain of derivatives	**(15,603)**	(3,438)
Net fair value gain of investment properties	**(114,783)**	(78,340)
Share of net (profit)/loss of investments accounted for using the equity method	**47**	-
Net fair value loss of right-of-use assets	**311**	123
Net loss on sale of assets	**342**	-
Change in operating assets and liabilities:		
(Increase)/decrease in receivables	**(2,659)**	(942)
(Increase)/decrease in other assets	**(2,832)**	(1,292)
(Increase)/decrease in right-of-use assets	**-**	(19,221)
(Increase)/decrease in derivatives	**(1,246)**	-
(Decrease)/increase in payables	**8,250**	3,451
(Decrease)/increase in lease liabilities	**-**	19,210
(Decrease)/increase in deferred tax	**3,468**	1,985
Net cash inflow/(outflow) from operating activities	**46,183**	44,402

b. Net debt reconciliation

	2022 $'000	2021 $'000
Opening balance	**(343,003)**	(242,014)
Changes from financing cash flows		
Proceeds from borrowings	**(1,012,013)**	(159,236)
Repayments of borrowings	**875,450**	58,243
Additional capitalised borrowing costs paid	**1,690**	472
Non-cash changes		
Amortisation of borrowing costs	**(639)**	(468)
Debt modification	**2,586**	-
Closing balance	**(475,929)**	(343,003)

c. Lease liabilities

	2022 $'000	2021 $'000
Lease liabilities at the beginning of the year	**(38,455)**	(19,245)
Lease liabilities recognised during the year	**-**	(19,345)
Net cash inflow / (outflow) from financing activities:		
Payments for ground rent	**1,615**	968
Non-cash changes:		
Interest expense on lease liabilities	**(1,335)**	(833)
Lease liabilities at the end of the year	**(38,175)**	(38,455)

Note 19 Related parties

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. As such there are no staff costs (including fees paid to Directors of the Responsible Entity) included in the Consolidated Statement of Comprehensive Income.

Transactions with the Responsible Entity and related body corporate

The Responsible Entity and Manager of the stapled entities that form DXI is DXAM. On 13 August 2021, DXPG (ACN 109 846 068), the ultimate and immediate parent entity of DXAM was acquired by Dexus Nominee Pty Limited (an entity controlled by Dexus). Effective from that date, DXPG and its controlled entities are wholly owned subsidiaries of Dexus. Accordingly, transactions with entities related to DXPG are disclosed below:

	2022		2021	
	Paid $'000	Payable $'000	Paid $'000	Payable $'000
Management fees[1, 2]	**(3,157)**	**(2,434)**	(3,567)	(1,330)
Property management and leasing fees[3]	**(158)**	**(601)**	(732)	(14)
Total	**(3,315)**	**(3,035)**	(4,299)	(1,344)

1 DXAM is entitled to a base management fee of 0.55% per annum of the Gross Asset Value of the Group (reducing to 0.50% p.a. of Gross Asset Value in excess of $750m and 0.45% p.a. of Gross Asset Value in excess of $1,500m). Management fees are allocated to the entities comprising DXI on a fair and reasonable basis and in accordance with each entities' Constitution.
2 DXAM has entered into a base management fee waiver agreement with DXI, associated with the acquisitions of 2 Marker Place, Truganina VIC and 33% interest in Jandakot Airport, Perth WA (Assets) whereby DXAM will waive 50% of the incremental increase in base management fee to which it becomes entitled to from the respective assets' settlement date to 30 June 2022. The management fees disclosed for the year ended 30 June 2022 have been reduced by the waiver amount.
3 APN Asset Services Pty Ltd, a related party of DXAM provides property management and leasing services to the Group. These services can be carried out by DXAM or sub-contracted to one or more third parties. In the event that DXAM provides property management or leasing services without engaging third parties, DXAM is entitled to charge a fee of up to 3% of annual gross income and leasing fees at market rates.

Security holdings and associated transactions with related parties

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

	2022		2021	
	Number of securities	Distributions $	Number of securities	Distributions $
Dexus PG Limited (formerly APN Property Group Limited)	**-**	**-**	-	361
Dexus Diversified Fund	**11,382,460**	**1,548,516**	-	-
APD Trust	**44,261,005**	**7,178,582**	33,195,754	5,163,168
APN AREIT Fund	**3,657,216**	**554,909**	2,330,956	782,857
APN Property for Income Fund	**721,261**	**164,436**	63,173	20,039
APN Property for Income Fund No.2	**92,684**	**14,758**	321,502	115,415
CFS AREIT Fund	**521,693**	**83,765**	199,617	61,093
Geoff Brunsdon AM[1]	**-**	**11,741**	105,578	15,932
Tim Slattery[2]	**-**	**126**	970	824
Joseph De Rango[3]	**-**	**-**	7,814	1,337
Total	**60,636,319**	**9,556,833**	36,225,364	6,161,026

1 Mr Brunsdon resigned as Director of Dexus PG Limited on 28 February 2022.
2 Mr Slattery resigned as a Director of Dexus PG Limited on 13 August 2021.
3 Mr De Rango resigned as Alternative Director of DXAM for Mr Brenchley on 1 March 2022.

As at 30 June 2022, 19.11% (2021: 16.69%) of DXI's stapled securities were held by related parties.

Note 20 Controlled entities

	Country of incorporation	Percentage owned %	
		2022	**2021**
Parent entity			
Industria Trust No.1	Australia		
Controlled entities of Industria Trust No.1			
South Park Investment Trust	Australia	**100**	100
West Park Investment Trust	Australia	**100**	100
Tullamarine Investment Trust	Australia	**100**	100
Kilsyth Investment Trust	Australia	**100**	100
West Park Investment Trust No. 2	Australia	**100**	100
Burbridge Investment Trust	Australia	**100**	100
Rhodes Investment Trust	Australia	**100**	100
West Park Investment Trust No. 3	Australia	**100**	100
Tomago Investment Trust	Australia	**100**	100
Kilsyth Investment Trust No. 2	Australia	**100**	100
Knoxfield Investment Trust	Australia	**100**	100
Knoxfield Investment Trust No. 2	Australia	**100**	100
Knoxfield Investment Trust No. 3	Australia	**100**	100
Cooper Investment Trust No. 1	Australia	**100**	100
Cooper Investment Trust No. 2	Australia	**100**	100
Rowville Investment Trust	Australia	**100**	100
Corio Investment Trust	Australia	**100**	100
ADI Victoria Trust No. 1	Australia	**100**	100
ADI Victoria Trust No. 2	Australia	**100**	-
ADI Victoria Trust No. 3	Australia	**100**	-
ADI Victoria Trust No. 4	Australia	**100**	-
Non-controlling interests			
Industria Trust No. 2	Australia	**-**	-
Industria Trust No. 3	Australia	**-**	-
APN Robinson Road Industrial Property Fund	Australia	**-**	-
APN Technology and Business Park Property Fund	Australia	**-**	-
Industria Finance Trust	Australia	**-**	-
APN Technology and Business Park Property Fund No. 1	Australia	**-**	-
Industria Trust No. 4	Australia	**-**	-
Industria Company No.1 Limited[1]	Australia	**-**	-
APN DF1 SPV1 (Qld) Pty Ltd[1]	Australia	**-**	-
APN DF1 SPV2 (Qld) Pty Ltd[1]	Australia	**-**	-
APN DF1 SPV3 (Qld) Pty Ltd[1]	Australia	**-**	-
McKechnie Drive Pty Ltd[1]	Australia	**-**	-
BTP Central Pty Ltd[1]	Australia	**-**	-
Connect Office Services Pty Ltd[1]	Australia	**-**	-

1 Entity forms part of the tax-consolidated group.

Industria Trust No. 2, Industria Trust No. 3 (and its controlled entities), Industria Trust No. 4 and Industria Company No. 1 Limited (and its controlled entities) were acquired through a stapling arrangement, and thus no ownership has been obtained. The financial results and financial position attributable to these entities are disclosed as 'non-controlling interests' in the Consolidated Financial Statements.

Note 21 Parent entity disclosures

The financial information for the parent entity of Industria Trust No. 1 has been prepared on the same basis as the Consolidated Financial Statements except as set out below.

Distributions received from associates are recognised in the parent entity's Statement of Comprehensive Income, rather than being deducted from the carrying amount of these investments.

Interests held by the parent entity in controlled entities are measured at fair value through profit and loss to reduce a measurement or recognition inconsistency.

a. Summary financial information

The individual Financial Statements for the parent entity show the following aggregate amounts:

	2022 $'000	2021 $'000
Financial position		
Total current assets	**5,501**	6,538
Total non-current assets	**1,187,968**	887,164
Total assets	**1,193,469**	893,702
Total current liabilities	**(252,749)**	(323,599)
Total non-current liabilities	**(37,871)**	(40,401)
Total liabilities	**(290,620)**	(364,000)
Net assets	**902,849**	529,702
Equity		
Contributed equity	**594,296**	332,545
Retained profits	**308,553**	197,157
Total equity	**902,849**	529,702
Financial performance		
Net profit/(loss) for the year	**154,833**	106,210
Total comprehensive income/(loss) for the year	**154,833**	106,210

b. Guarantees entered into by the parent entity

At 30 June 2022, the parent entity had not provided guarantees (2021: nil).

c. Contingent liabilities

At 30 June 2022, the parent entity had no had no contingent liabilities (2021: nil).

d. Capital commitments

The following amounts represent capital expenditure on investment properties as well as committed fitout or cash incentives of the parent entity on investment properties contracted at the end of the reporting period but not recognised as liabilities payable:

	2022 $'000	2021 $'000
Investment properties	**2,018**	11,602
Investments accounted for using the equity method	**68**	-
Total capital commitments	**2,086**	11,602

Note 21 Parent entity disclosures (continued)

e. Going concern

The parent entity is a going concern. The entity recorded a net current asset deficiency of $247.2 million as at 30 June 2022 (2021: $317.1 million). The deficiency is primarily due to loans payable to related entities within the DXI stapled group of $225.5 million (2021: $307.4 million). The Group has a centralised treasury function which provides access to unutilised facilities of $55.8 million (2021: $16.1 million) and sufficient working capital and cash flows in order to fund all requirements arising from the net current asset deficiency (excluding loans payable to related entities) of $21.7 million (2021: $16.2 million).

Note 22 Subsequent events

Since the end of the year the Directors are not aware of any matter or circumstance not otherwise dealt with in their Directors' Report or the 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

The Directors of Dexus Asset Management Limited as Responsible Entity of Dexus Industria REIT declare that the Consolidated Financial Statements and Notes set out on pages 33 to 72:

1. comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
2. give a true and fair view of the Group's consolidated financial position as at 30 June 2022 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date.

In the Directors' opinion:

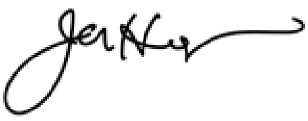
a. the Consolidated Financial Statements and Notes are in accordance with the *Corporations Act 2001*; and

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

The Consolidated Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Fund Manager who performs the Chief Executive Officer function and the Head of Finance who performs the Chief Financial Officer function required by section 295A of the *Corporations Act 2001*.

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



Jennifer Horrigan
Chair
10 August 2022

Independent auditor's report

To the stapled security holders of Industria Trust No. 1

Report on the audit of the Group financial report

Our opinion

In our opinion:

The accompanying Group financial report of Industria Trust No. 1 (the Trust), Industria Trust No. 2 (IT2), Industria Trust No. 3 (IT3), Industria Trust No. 4 (IT4), Industria Company No. 1 (IC1) and their respective controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

For the purposes of consolidation accounting, the Trust is the deemed parent entity and acquirer of IT2, IT3, IT4 and IC1.

The Group financial report comprises:

- the Consolidated Statement of Financial Position as at 30 June 2022
- the Consolidated Statement of Comprehensive Income for the year then ended
- the Consolidated Statement of Changes in Equity for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Notes to the Consolidated Financial Statements, which include significant accounting policies and other explanatory information
- the Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Group financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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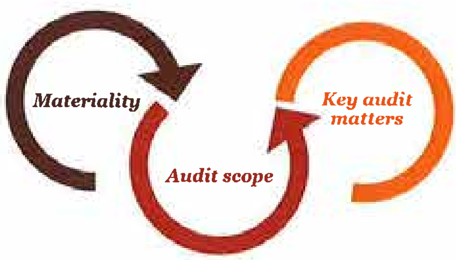
Independence

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 our audit of the Group financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the Group financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Group financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Group financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality	Audit scope	Key audit matters
• For the purpose of our audit we used overall materiality of $2.7 million, which represents approximately 5% of the Group's adjusted profit before tax (Funds from Operations or FFO). • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the Group financial report as a whole. • We chose FFO because, in our view, it is the key	• Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events. • The Group is a stapled entity with operations in Australia. In a stapled group the securities of two or more entities are 'stapled' together and cannot be traded separately. In the case of the Group, the stapled entity includes the Trust, IT2, IT3, IT4, IC1 and their respective controlled entities.	• Amongst other relevant topics, we communicated the following key audit matters to the Audit Risk and Compliance Committee: – Valuation of investment properties, including those investment properties in investments accounted for using the equity method – Acquisition Accounting - Jandakot • These are further described in the *Key audit matters* section of our report.

performance measure of the Group. An explanation of what is included in FFO is outlined in Note 1, Operating segment. • We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.	• We audited each of the individual stapled entities that form the Group as well as the consolidation of the Group.

As part of our audit, we also considered the potential impact of climate change on our risk assessment. We made enquiries of management to develop an understanding of the process that they adopted to assess the extent of the potential impact of climate change risk on the Group financial report. We considered management's progress in developing its assessment, and in particular the assessment of the impact on the fair value of investment properties.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group financial report for the current period. The key audit matters were addressed in the context of our audit of the Group financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties, including those investment properties in investments accounted for using the equity method *(Refer to Notes 7 and 9)*	
The Group's investment property portfolio comprises: • Directly held properties included in the Consolidated Statement of Financial Position as Investment Properties valued at $1,319.5 million as at 30 June 2022. • The Group's share of investment properties valued at $412.1 million as at 30 June 2022 held through associates and joint ventures included in the Consolidated Statement of Financial Position as Investments accounted for using the equity method. Investment properties are carried at fair value at reporting date using the Group's policy as described in Note 7. The value of investment properties is dependent on the valuation methodology adopted and	To assess the valuation of investment properties we performed the following procedures amongst others: • We compared the valuation methodology adopted by the Group with commonly accepted valuation approaches used in the real estate industry for investment properties, and with the Group's stated valuation policy. • We obtained recent independent property market reports to develop an understanding of the prevailing market conditions in which the Group invests. We leveraged this knowledge to assess the reasonableness of movements in significant assumptions used in the investment property valuations including capitalisation rates and discount rates.

the inputs and assumptions in the valuation models. The following significant assumptions are used in establishing fair value:

- Capitalisation rate
- Discount rate

At each reporting period the Group determines the fair value of its investment property portfolio in line with the Group's valuation policy which requires all properties to be independently valued by a member of the Australian Property Institute of Valuers at least once every three years. Since 31 December 2021, it has been the Group's practice, in the majority of cases, to have such valuations performed every six months.

We considered the valuation of investment properties to be a key audit matter due to the:

- Financial significance of investment properties in the Consolidated Statement of Financial Position (including those within investments accounted for using the equity method)
- Potential for changes in the fair value of investment properties to have a significant effect on the Consolidated Statement of Comprehensive Income.
- The inherently subjective nature of the assumptions that underpin the valuations, including the capitalisation and discount rates.

- We assessed the design and tested the operating effectiveness of certain controls supporting the Group's investment property valuation process, including controls relating to the review and approval of the valuations adopted.
- We agreed the adopted fair values of all properties to the external valuation reports.
- For selected data inputs to the valuations, on a sample basis we agreed relevant details to supporting documentation.
- We performed a risk-based assessment of the investment property portfolio to determine those properties at greater risk of being carried at amounts other than fair value. Our risk-based selection criteria included qualitative considerations and quantitative measures which were informed by our knowledge of each property, its asset class and our understanding of the current market conditions.
- For those properties which met our selection criteria, we performed procedures to assess the appropriateness of selected assumptions used in the valuations. These procedures included, amongst others:
  - Discussions held with management on the specifics of the selected individual properties including, where relevant, any new leases signed during the year, lease expiries, incentives, capital expenditure and vacancy rates.
  - Assessing the capitalisation rate and discount rate used in the valuations by reference to market analysis published by industry experts and recent market transactions.
  - Testing the mathematical accuracy of the valuation calculations.
- As the Group engaged independent valuation firms to assist in the determination of the fair value of investment properties, we considered the independence, experience and competency of the independent valuation firms as well as the results of their work.
- We met with a selection of independent valuation firms used by the Group to develop an

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- understanding of their processes, judgements and observations.
- We assessed the reasonableness of the Group's disclosures in the financial report against the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Acquisition Accounting - Jandakot *(Refer to Note 9)* On 19 November 2021 the Group acquired a 33% interest in Jandakot City Holdings Trust and a 68% interest in Jandakot Airport Holding Trust (together, Jandakot). We consider the acquisition accounting for these transactions a key audit matter due to the: • Financial significance of the associated balances in the Consolidated Statement of Financial Position • The judgement required in assessing the Group's ability to influence the Jandakot financial and operating policies and hence whether the associated entities should be accounted for through consolidation or equity accounting. • The complexity and judgement required in assessing the fair value of the assets and liabilities acquired. The Group engaged an external valuation expert to assist in the determination of fair values for selected balances.	Our audit included the following procedures, amongst others: • Evaluating the appropriateness of the Group's accounting for the acquisitions against the requirements of Australian Accounting Standards and with regard to key transaction agreements. • Assessing the reasonableness of the fair values of selected assets and liabilities acquired, including, agreeing the fair values of all acquired investment properties and land held for development to the corresponding external valuation reports. • Considering selected purchase price adjustments in light of the requirements of Australian Accounting Standards. • Assessing the competence and capability of the Group's independent valuation expert and the results of their work. • Testing the mathematical accuracy of the Group's purchase price allocation calculations. • Evaluating the related financial statement disclosures for consistency with Australian Accounting Standards requirements.

Other information

The Directors of Dexus Asset Management Limited as the Responsible Entity of the Trust (the Directors) are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the Group financial report and our auditor's report thereon.

Our opinion on the Group financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the Group financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

Group financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Group financial report

The Directors are responsible for the preparation of the Group 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 Group financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Group financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Group financial report

Our objectives are to obtain reasonable assurance about whether the Group financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Group financial report.

A further description of our responsibilities for the audit of the Group financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Samantha Johnson

Samantha Johnson
Partner

Sydney
10 August 2022

Investor information

Dexus Industria REIT recognises the importance of effective communication with existing and potential institutional investors, sell-side analysts, financial adviser groups and retail investors.

Management and the Investor Relations team maintain a strong rapport with the investment community through proactive and regular engagement initiatives. We are committed to delivering high levels of transparency and disclosure by:

- Releasing accurate and relevant information to investors to ensure they can make informed investment decisions
- Providing regular access to senior management through one-on-one meetings, presentations, property tours, conferences, dedicated investor roadshows, conference calls and webcasts

We adopt strong governance practices including a policy that ensures a minimum of two Dexus representatives participate in any institutional investor or sell-side broker meetings and that a record of the meeting is maintained on an internal customer relationship management database.

Annual General Meeting

Dexus Industria REIT's Annual General Meeting (AGM) will be held on Tuesday 22 November 2022 commencing at 10.00am.

We are planning to host a hybrid AGM with an in-person meeting and utilising Link Market Services virtual online meeting platform for Security holders who cannot join us in Sydney.

As the health and safety of our Security holders, our employees, all of their families, and the broader community, is paramount, this decision will be reviewed as we get closer to the date of the AGM.

We encourage all Security holders and proxy holders to participate in the AGM, either by attending the meeting in-person, or via a virtual online meeting platform or by a webcast at www.dexus.com/investor-centre.

Details relating to the meeting and how it will be conducted will be provided in the 2022 Notice of Annual General Meeting when it is released in October 2022.

Reporting calendar[1]

2022 General Meeting	22 November 2022
2023 Half year results	8 February 2023
2023 Annual results	9 August 2023
2023 General Meeting	23 November 2023

Distribution calendar[1]

Period end	30 September 2022	31 December 2022	31 March 2023	30 June 2023
Ex-distribution date	29 September 2022	29 December 2022	30 March 2023	29 June 2023
Record date	30 September 2022	30 December 2022	31 March 2023	30 June 2023
Payment date	November 2022	February 2023	May 2023	August 2023

Distribution payments

Distributions are paid quarterly for the three-month periods to 30 September, 31 December, 31 March and 30 June each year. Distribution statements are available in print and electronic formats and distributions are paid only by direct credit into nominated bank accounts for all Australian Security holders and by cheque for other international Security holders. To update the method of receiving distributions, please visit the investor login facility at www.dexus.com/industria

Unclaimed distribution income

Unpresented cheques or unclaimed distribution income can be claimed by contacting the DXI's Infoline on +61 1800 819 675. For monies outstanding greater than seven years, please contact the NSW Office of State Revenue on +61 1300 366 016, 8.30am-5.00pm Monday to Friday or use their search facility available at www.revenue.nsw.gov.au/unclaimed-money or email unclaimedmoney@revenue.nsw.gov.au

AMMA statement

An Attribution Managed Investment Trust Member Annual Statement (AMMA) is sent to investors in August each year. The statement summarises distributions provided during the financial year and includes information required to complete your tax return. AMMA statements are also available online at www.dexus.com/industria

1 Please note that these dates are indicative and are subject to change without prior notice. Any changes in our key dates will be published on our website at www.dexus.com/industria

MAKING CONTACT

If you have any questions regarding your Security holding or wish to update your personal or distribution payment details, please contact the Registry by calling the DXI's Infoline on +61 1800 819 675.

This service is available from 8.30am to 5.30pm (Sydney time) on all business days. All correspondence should be addressed to:

Dexus Industria REIT

C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Phone: +61 1800 819 675
Email:
dexus@linkmarketservices.com.au

We are committed to delivering a high level of service to all investors. If you feel we could improve our service or you would like to make a suggestion or a complaint, your feedback is appreciated.
Our contact details are:

Investor Relations

Dexus Industria REIT
PO Box R1822
Royal Exchange NSW 1225

Email: ir@dexus.com

Go electronic for convenience and speed

Did you know that you can receive all or part of your Security holder communications electronically? You can change your communication preferences at any time by logging in at www.linkmarketservices.com.au or by contacting Link Market Services on +61 1800 819 675.

Investor communications

We are committed to ensuring all investors have equal access to information. In line with our commitment to long term integration of sustainable business practices, investor communications are provided via various electronic methods including:

DXI website

www.dexus.com/industria

Online enquiry

www.dexus.com/get-in-touch
Scroll down to the investor section to get in touch with us.

Investor login

www.linkmarketservices.com.au
Enables investors to update their details and download statements.

Key dates

Notifies investors on key events and reporting dates.

LinkedIn

We engage with our followers on LinkedIn at www.linkedin.com/showcase/dexus-industria-reit and click follow us.

Complaints handling process

Dexus Asset Management Limited has a complaints handling policy to ensure that all Security holders are dealt with fairly, promptly and consistently. Any Security holder wishing to lodge a complaint, can do so verbally by calling the Dexus Infoline on +612 1800 819 675 or in writing to:

Dispute Resolutions Officer
Dexus Asset Management Limited

PO Box R1822
Royal Exchange NSW 1225

Email to ir@dexus.com

Dexus Asset Management Limited is a member of the Australian Financial Complaints Authority (AFCA), an independent dispute resolution scheme which may be contacted at:

Australian Financial Complaints Authority Limited

GPO Box 3
Melbourne VIC 3001

Phone: +61 1800 931 678
(free call within Australia)
Fax: +61 3 9613 6399

Email: info@afca.org.au
Website: www.afca.org.au

Additional information

Top 20 Security holders at 29 July 2022

Rank	Name	Number of stapled securities	% of issued capital
1	Growthpoint Properties Australia Limited <RE GPAT A/C>	49,051,035	15.46
2	Perpetual Corporate Trust Ltd <APD A/C>	44,261,005	13.95
3	J P Morgan Nominees Australia Pty Ltd	40,930,991	12.90
4	HSBC Custody Nominees (Australia) Limited	37,372,026	11.78
5	Citicorp Nominees Pty Limited	22,474,229	7.08
6	Dexus Funds Management Limited <Dexus Diversified A/C>	11,382,460	3.59
7	National Nominees Limited	8,452,047	2.66
8	BNP Paribus Noms Pty Ltd <DRP>	4,660,160	1.47
9	Australian Executor Trustees Limited <No 1 Account>	3,361,685	1.06
10	Neweconomy com au Nominees Pty Limited <900 Account>	1,466,365	0.46
11	John E Gill Trading Pty Ltd	1,208,931	0.38
12	The Cass Foundation Limited	1,165,100	0.37
13	BNP Paribus Nominees Pty Ltd HUB24 Custodial Serv Ltd <DRP A/C>	1,139,451	0.36
14	BNP Parbibus Nom(NZ) Ltd <DRP>	1,127,698	0.36
15	Brispot Nominees Pty Ltd <House Head Nominee A/C>	998,863	0.31
16	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	707,130	0.22
17	Certane CT Pty Ltd <ECT CAP STBL FND>	630,000	0.20
18	BNP Paribus Nominees Pty Ltd <IB AU Noms Retailclient DRP>	592,381	0.19
19	Netwealth Investments Limited <Wrap Services A/C>	583,303	0.18
20	Buttonwood Nominees Pty Ltd	530,410	0.17
Sub total		**232,095,270**	**73.15**
Balance of register		**85,174,742**	**26.85**
Total of issued capital		**317,270,012**	**100.00**

Spread of securities at 29 July 2022

Range	Securities	Number of holders	% of issued capital
100,001 and over	243,306,215	83	76.69
10,001 to 100,000	56,183,061	2,260	17.71
5,001 to 10,000	11,107,549	1,475	3.50
1,001 to 5,000	6,158,917	2,062	1.94
1 to 1,000	514,270	1,252	0.16
Total	317,270,012	7,132	100.00
Unmarketable parcels	5,805	361	n.a

Substantial Holder Notices as at 29 July 2022

The names of Substantial Holders, at 29 July 2022 that have notified the Responsible Entity in accordance with section 671B of the Corporations Act 2001, are:

Date	Name	Number of Securities	% voting
21-Oct-21	Dexus Nominee Pty Limited and Dexus Funds Management Ltd as responsible entity for Dexus Diversified Trust	59,920,585	18.81%
7-Oct-21	Growthpoint Properties Australia Limited in its own capacity and as responsible entity for Growthpoint Properties Australia Trust, Growthpoint Properties Limited of South Africa and related entities	46,305,185	16.04%
19-Mar-21	Vanguard Group (the Vanguard Group, Inc and its controlled entities)	13,127,609	6.05%

Note: DXI issued capital changed from 217,001,053 securities at 30 June 2021 to 317,270,012 securities at 30 June 2022 as a result of an equity raising announced on 23 September 2021 and an on-market securities buy-back facility that was announced to the ASX on 11 February 2022.

On-market buy back

Dexus Industria REIT announced an on-market securities buy-back program on 11 February 2022 for up to 5% of securities. Throughout the year, DXI acquired 1,892,549 securities for $5,908,112.67 at an average price of $3.12 under the on-market securities buy-back program.

As at the date of this report the on-market securities buy-back program is still open.

Cost base apportionment

For capital gains tax purposes, the cost base apportionment details for DXI's securities for the 12 months ended 30 June 2022 are:

Date	Industria Trust No. 1	Industria Trust No. 2	Industria Trust No. 3	Industria Trust No. 4	Industria Company No. 1 Ltd
1 Jul 2021 to 31 Dec 2021	77.60%	4.56%	1.89%	2.51%	13.44%
1 Jan 2022 to 30 Jun 2022	78.27%	4.25%	1.82%	1.70%	13.96%

Historical cost base details are available at www.dexus.com/industria

Class of securities

DXI has one class of stapled security trading on the ASX with Security holders holding stapled securities at 29 July 2022.

Voting rights

At meetings of the Security holders of Industria Company No. 1 Limited, and of Industria Trust No. 1, Industria Trust No. 2, Industria Trust No. 3 and Industria Trust No. 4, together being the company and trusts that comprise the stapled group Dexus Industria REIT, on a poll, each Security holder has one vote for each security held.

There are no stapled securities that are restricted or subject to voluntary escrow.

Directory

Dexus Industria REIT

Industria Trust No. 1 ARSN 125 862 875
Industria Trust No. 2 ARSN 125 862 491
Industria Trust No. 3 ARSN 166 150 938
Industria Trust No. 4 ARSN 166 163 186
Industria Company No. 1 Ltd ACN 010 794 957

Responsible Entity

Dexus Asset Management Limited
ACN 080 674 479
AFSL No: 237500

Directors of the Responsible Entity and Industria Company No. 1 Limited

Jennifer Horrigan, Independent Chair
Howard Brenchley, Independent Director
Michael Johnstone, Independent Director
Emily Smith, Independent Director
Deborah Coakley, Executive Director
Brett Cameron, Alternate Director for Deborah Coakley

Secretaries of the Responsible Entity and Industria Company No. 1 Limited

Brett Cameron
Chantal Churchill

Manager

Dexus Asset Management Limited

Registered Office

Australia Square
Level 25, 264-278 George Street
Sydney NSW 2000

T +61 2 9017 1100

E: ir@dexus.com
W: www.dexus.com

Auditors

PricewaterhouseCoopers
Chartered Accountants
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000

Investor Enquiries

Registry Infoline: +61 1800 819 675
Investor Relations: +612 9017 1330
Email: dexus@linkmarketservices.com.au

Security Registry

Link Market Services Limited
Level 12, 680 George Street
Locked Bag A14
Sydney South NSW 1235

T: +61 1800 819 675 (free call)
F: +61 2 9287 0303

E dexus@linkmarketservices.com.au

Open Monday to Friday between 8.30am and 5.30pm (Sydney time). For enquiries regarding security holdings, contact the security registry, or access security holding details at www.dexus.com/industria

Stock Exchange Listing

Dexus Industria REIT stapled securities are listed on the Australian Securities Exchange (ASX: DXI)

Social media

DXI engages with its followers via LinkedIn