

## 2017 AGM

### Chairman's script

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#### [Slide 1 - Cover]

##### [Introduction]

Good morning Ladies and Gentlemen and welcome to the fourth Annual Meeting for **Industria REIT**. As it is now 10:00 am and we have a quorum present, I have pleasure in declaring the meeting open.

[Quorum for all 5 entities is two securityholders present in person or by proxy, representing at least 10% of issued units]

#### [Slide 2 - Agenda]

My name is Geoff Brunsdon and I am the Independent Chairman of APN Funds Management Limited, the Responsible Entity of Industria Trusts 1 to 4 and of Industria Company No 1 Limited, which together comprise Industria REIT.

The meeting today has three principal objectives:

- To review the results and activities of the Fund for the 2017 financial year and the prospects for the current financial year;
- To vote on three resolutions necessary for the continued good governance of the Fund; and
- To give you the opportunity to ask any questions you may have of Directors, Management or Advisers who are present here today.

#### [Slide 3 - Directors]

I would like to begin by introducing my fellow directors and some key members of the Management and Advisory teams. Our Directors:

- **Michael Johnstone** – who has been an independent Director since inception and is also Chair of the Audit & Risk Management Committee.
- **Jennifer Horrigan** – who has been an independent Director since inception and is also Chair of the Nomination & Remuneration Committee.
- **Howard Brenchley** – who is not able to join us today due to commitments overseas. He sends his apologies.

#### [Slide 4 – Directors and Management]

- **Michael Groth** who is an Executive Director of Industria Company No 1 Limited and CFO of APN Property Group

I would also like to introduce

- **Alex Abell** who many of you will know, and is the Fund Manager of Industria REIT;

and present in the audience, from APN Property Group:

- **Chantal Churchill** – who is the Company Secretary of APN Property Group
- **Tim Slattery** – who is the Chief Executive Officer of APN Property Group

and our external advisors:

- **Peter Caldwell** - from our auditor, Deloitte Touche Tohmatsu;
- **John Hutchinson** - from our lawyers, Hall & Wilcox; and
- **Julie Stokes** – from our share registry, Link market Services who will supervise the conduct of a poll, if one is required during the meeting.

#### [Slide 5 – Industria REIT overview]

#### [Slide 6 – Financial Year 2017 Highlights]

Financial Year 2017 was an outstanding year for Industria REIT:

- Net Tangible Asset growth was sector leading at 23.6%, as the management team drove leasing outperformance across the board to improve rent profiles, de-risked cashflows, and resulted in cap rate compression;
- FFO growth was 3.4%, the top of a previously upgraded guidance range as solid all-round performance contributed to an outcome at the top of our expectations;
- The 24,400 square metres of leasing completed provided greater income visibility for future periods and created a significant amount of value, whilst also underpinning a 7.6 year weighted average lease expiry;
- And the gearing is at the bottom of the target 30 – 40% range, providing future flexibility and earnings growth potential.

#### [Slide 7 – High quality and low risk portfolio]

The Fund continues to be well positioned, with a \$638 portfolio across 21 properties and a strategy to invest in office and industrial properties that provide businesses with attractively priced and well-located workspaces, underpinned by an active

management approach that harnesses innovation to deliver improved tenant satisfaction and retention. An example of such an initiative is the 1 megawatt solar installation underway at Brisbane Technology Park, which will provide securityholders with a 15% yield on cost and reduce the volatility of energy charges passed onto Industria's tenants.

The average 3% rent escalations underpin organic growth for the fund moving forward, in addition to opportunities to improve occupancy and provide near-term income upside. In June we also announced Industria REIT would move to quarterly distributions, as the Board and APN recognised Industria's investors are highly focused on consistent and regular income generation through the cycle.

The balance sheet has low gearing at 30.8%, and we have significant headroom to the 55% covenant, in addition to equity support from a wide investor base, as demonstrated by our equity raise last year that was strongly supported. Industria REIT also benefits from being included in the S&P/ASX 300 index.

#### **[Slide 8 – Diversified portfolio]**

This slide provides a summary of the portfolio, which is diversified across high quality and well-located technology and business parks, and industrial properties. We continue to seek out opportunities to grow the portfolio or recycle into higher returning assets, whilst also focusing on maximising the income out of the existing portfolio – as we did during the prior financial year. The Board are determined to ensure that growth or capital recycling opportunities are complementary to the portfolio and consistent with the strategy of owning real estate that provides businesses with attractively priced and well-located workspaces. We believe the addition of WesTrac Newcastle was a good example of APN finding attractive real estate in a competitive market, and we remain active in the investment market as we seek out similar opportunities.

#### **[Slide 9 – APN Property Group]**

I would like to take the opportunity to acknowledge the contribution of the management team across the APN Property Group, many of whom are in the audience today. Their dedication and commitment has been critical to the overall performance of Industria REIT.

APN is a specialist real estate investor established in 1996 and now has over \$2.5 billion under management, across direct and listed real estate mandates. APN and its associated entities are the funds largest investor, with a co-investment exceeding \$60 million. This creates an alignment that is arguably the strongest in the REIT

sector, taking into consideration internal and externally managed structures, and it's this alignment when combined with a simple and competitive management fee structure of 55 basis points of gross asset value and an independent Board that ensures APN Property Group will always act in the best interests of security holders.

APN Funds Management Limited is the Board of Industria REIT. The Board is majority independent, including myself as the independent Chairman, and has an average of 30 years experience with complementary Directorships across multiple industries that adds value by bringing broader perspectives and knowledge to the platform. For the avoidance of doubt, the management fee I mentioned covers the costs of the Board in front of you today and there is no additional fee leakage to Industria REIT security holders.

**[Slide 10 – Continued focus on securityholder value creation]**

Before I hand over to Alex to provide additional commentary on the 2017 result, I would like to reflect on this chart which highlights the total security holder return to June 2017 and the disciplined actions taken over the same period. The 23.5% total securityholder return has been driven by our actions that included buying back stock below NTA, selling assets at premiums to book values, and raising equity at NTA to fund a highly attractive asset that underpinned the strength of the cash flow and dividend long into the future. The 30 June 2017 NTA of \$2.57 reflects the net value of the assets, as determined by independent valuers for the entire portfolio, and represented growth of 23.4% – a significant increase over the prior NTA after the management team completed leasing ahead of market expectations, and investor demand for high quality real estate strengthened.

I will now hand over to Alex

**[Slide 11 – 2017 Results and performance]**

I would now like to hand over to the Fund Manager, Alex Abell, who will take you through the operational aspects of FY17.

[Alex to lectern]

[Refer to separate presentation attached]

**[Slide 22 – IDR Slide]**

[After Alex presentation, GB to Lectern]

Thank you Alex.

[Pause]

I will now move to the formal business of the meeting.

[Presentation of Accounts]

The first item of business is

“To receive and consider the Financial Report, the Directors’ Report and the Auditor’s Report, each for the financial year ended 30 June 2016.”

This item does not require a vote; however, the reports are open for discussion. If any securityholder has questions or comments relating to this item, please raise your yellow admission card. Would you please begin by stating your name clearly.

[Questions / Discussion]

Thank you

[Preamble to resolutions]

The remaining items of business are resolutions for your consideration.

There are three resolutions and each must be considered separately, I propose to keep the process as short as possible by noting in advance, the following items:

- Resolutions 1, 2 and 3 relating to the re-election and election of directors of Industria Company No 1 Limited, are ordinary resolutions. They will be passed if more than 50% of the votes of those present and eligible to vote are cast in favour of the resolution;
- The resolutions are set out in the Notice of Meeting and as each is considered it will be shown on the screen behind me together with a summary of the proxy instructions received by the Company Secretary in respect of that resolution;
- I intend to vote all open proxies that I hold **in favour** of each resolution;
- Finally, when called upon to vote would you please do so by raising your hand showing clearly the yellow card.

**[Slide 23 – Resolution 1]**

All resolutions involve the re-election or election of directors of Industria Company No 1 Limited, which is the only company within the stapled group.

I will ask Mr Johnstone to take the chair for the first resolution.

[MJ to lectern]

Resolution 1 is for the re-election of Geoff Brunsdon as a director of Industria Company No. 1 Limited.

Geoff Brunsdon will resign as a director of the Company in accordance with clause 4.10(a) of the Company's constitution and, being eligible, offers himself for re-election. The following information has been provided by Geoff in support of his re-election as a director.

Geoff has been a director since 2013. He is also the Chairman of APN Funds Management Limited and is a member of the Audit, Risk and Compliance Committee and a member of the Nomination & Remuneration Committee.

Geoff has had a career in investment banking spanning more than 30 years. He is now Chairman of Sims Metal Management Ltd, MetLife Insurance Ltd and IPE Ltd. He is a Director of The Wentworth Group of Concerned Scientists and Purves Environmental Custodians.

Geoff was previously Managing Director and Head of Investment Banking of Merrill Lynch International (Australia) Limited until 2009. Geoff was a member of the listing committee of the Australian Stock Exchange between 1993 and 1997, a member of the Takeovers Panel between 2007 and 2016 and Chairman of Redkite (supporting families who have children with cancer) until 2015 and is now a Patron. He is a Fellow of FINSIA, a Fellow of the Institute of Company Directors and a Fellow of The Institute of Chartered Accountants in Australia.

[Questions / Discussion]

Does any securityholder wish to speak in relation to the resolution or ask any questions?

[When questions complete]

Thank you.

[Put to vote]

I now put to the meeting the resolution **to re-elect Geoff Brunsdon as a director of Industria Company No. 1 Limited.**

**[Slide 24 – Resolution 2]**

[GB to lectern]

Resolution 2 is for the re-election of Jennifer Horrigan as a director of Industria Company No 1 Limited.

Jennifer Horrigan will resign as a director of the Company in accordance with clause 4.10(a) of the Company's constitution and, being eligible, offers herself for re-election. The following information has been provided by Jennifer in support of her re-election as a director.

Jennifer has been a director since 2013. She is also a director of APN Funds Management Limited and the Chairman of the Nomination & Remuneration Committee and a member of the Audit, Compliance & Risk Management Committee.

Jennifer brings 25 years' experience across investment banking, financial communications and investor relations. She was most recently 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, HR and financial management.

Jennifer is also a director of QV Equities (ASX: QVE), Redkite (national children's cancer charity) and Breast Cancer Institute of Australia/Australia & New Zealand Breast Cancer Trials Group.

[Questions / Discussion]

Does any security-holder wish to speak in relation to the resolution or ask any questions?

[When questions complete]

Thank you.

[Put to vote]

I now put to the meeting the resolution **to re-elect Jennifer Horrigan as a director of Industria Company No 1 Limited.**

### [Slide 25 – Resolution 3]

Resolution 3 is for the election of Michael Groth as a director of Industria Company No 1 Limited.

Michael Groth will resign as a director of the Company in accordance with clause 4.6(b) of the Company's constitution and, being eligible, offers himself for election. The following information has been provided by Michael in support of his election as a director.

Michael qualified as a chartered accountant in 1996 with KPMG Melbourne and brings over 21 years of corporate finance, accounting, taxation and management expertise to the Company. Michael was appointed as Chief Financial Officer of APN Property Group Limited, APN Funds Management Limited and Industria REIT in June 2014 and is currently an APN Funds Management Limited Executive Alternate Director for Howard Brenchley.

[Questions / Discussion]

Does any security-holder wish to speak in relation to the resolution or ask any questions?

[When questions complete]

Thank you.

[Put to vote]

I now put to the meeting the resolution **to elect Michael Groth as a director of Industria Company No 1 Limited.**

### [Slide 26 – IDR Slide]

[General business]

Ladies and Gentlemen, this completes the formal business of the meeting. However, as I indicated earlier, I would be happy to take any general questions you may have.

[Questions]

[Meeting close]

If there are no further questions, I will close the meeting.

Thank you for your attendance today and to those securityholders who participated by proxy.



The Directors and Management would be pleased if you would join them for light refreshments and an opportunity to ask additional questions.

## 2017 AGM

### Fund Manager's script

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#### **[Slide 1 – FY17 Results]**

Thank you Geoff and good morning ladies and gentlemen.

Firstly, thank you all for making the effort to come to today's Annual General Meeting of Industria REIT.

In this morning's address I will cover the highlights for financial year 2017 and the outlook as we move forward.

#### **[Slide 2 – FY17: FFO guidance delivered at top end; material valuation uplifts]**

Statutory net profit increased by \$70.3 million, largely due to growth in rental income and market increases in the valuation of our investment properties.

Funds From Operations increased 29.6% to 27.9 million, or 3.4% to 18.1 cents per security, after taking into consideration the higher number of securities on issue.

The distribution also increased, up 3.2% to 16.0 cents per security. This represented a yield of 7.5% on the equity raising price of \$2.12, and we're pleased to have rewarded our investors for their equity support over this time.

The balance sheet is well placed – with the valuation increases driving NTA to \$2.57 – a 23.6% increase – and gearing reducing to 30.8%.

#### **[Slide 3 – Balance sheet bolstered by valuation gains]**

We had the whole portfolio valued at 30 June 2017, and our leasing success during the past few periods – de-risking future cash flows and proving up rent profiles – has been recognised in the form of higher values. The impact of this has been compounded by cap rate compression, with a number of significant transactions during the period proving high quality real estate remains sought after by large pools of investment capital.

The valuation increases can be summarised into 3 categories: market rent increases – largely at Brisbane Technology Park and Rhodes – attributing to \$31 million of value improvement; WesTrac Newcastle increased by \$25 million – demonstrating our pricing discipline in acquiring that property; and cap rate compression elsewhere attributed to \$29 million of valuation improvements.

I will provide further detail on this in the following slides.

#### **[Slide 4 – Actively managing the real estate]**

At the portfolio level, we've maintained a high occupancy of 95%, and our proven leasing capability has underpinned the rental profile that has organic growth with average rent reviews of 3% per annum and a sector leading weighted average lease expiry of 7.6 years.

These metrics, when combined with an aligned and active manager, underpin a compelling investment proposition that provides a sustainable income stream into the future.

#### **[Slide 5 – Rhodes – strong leasing progress]**

We achieved a significant amount of progress at Rhodes during the last financial year, increasing occupancy from 80% to 97% and materially improving the risk profile to a weighted average lease expiry of 4.4 years.

The leasing to drive the occupancy also contributed to a significant component of the valuation uplift of \$43 million, as rents were recorded significantly higher than previous assumptions.

#### **[Slide 6 – BTP – another active year of leasing]**

We've had another active period of leasing at Brisbane Technology Park. Our focus has been sharpened by additional resourcing on the ground that's enabled deeper engagement with our clients to ensure our offering remains relevant and valuable for them. Improving our offering to our tenants and prospective tenants is a constant for the management team as we seek to innovate and leverage our position as the largest owner in the precinct, where we control approximately 1/3 of the market.

Values on average rose 7%, largely due to rent outperformance as we proved up the value of our offering and the rent profile. The outcomes at BTP require a high degree

of asset management focus, and we're extending that focus to delivering new amenity for our tenants and enhance overall value. Options being considered include childcare, health care related options, and improving the retail offering.

**[Slide 7 – BTP – new initiatives driving tenant satisfaction]**

I mentioned on the previous slide that we're really focused on providing our tenants with a relevant and valuable offering. During the period we signed off and commenced a solar installation of approximately 1 megawatt, which is designed to provide 40% of the energy across six of our properties. This investment will generate our unitholders a yield on cost exceeding 15% per annum, whilst also providing more affordable and a less volatile energy source to our clients. We've also installed Divvy car parking, which provides exclusive access to our tenants and their clients to surplus car parking we have available, rather than having them spend time finding on-street car parking that is rarely available.

We believe that the delivery of these and other initiatives provide a point of difference over the competition and position Industria's properties for outperformance over the long term.

**[Slide 8 – WesTrac Newcastle – world leading infrastructure asset]**

A year has now passed since we acquired WesTrac Newcastle, which improved the portfolio quality and cash flow generation over the long term, care of the 18 year triple-net lease growing at the higher of CPI or 3% per annum. We're extremely pleased to have rewarded our loyal investors who backed our judgement and supported our growth, reporting a \$25 million uplift over the period, in addition to a strong distribution.

Activity at the property is extremely high, with the infrastructure boom in NSW increasing demand for Caterpillar machinery, in addition to ongoing maintenance of heavy equipment that underpins the sustainability of the facility over the long term. Through regular dialogue we've built a good relationship with WesTrac and they continue to invest in modest improvements at the facility to build further efficiencies into their business.

### **[Slide 9 – Industrial portfolio – well positioned and capturing value]**

The remaining industrial properties are performing well and reported an average 6% increase in value over the period. There are not any lease expiries in the Melbourne properties for the next 5 years, and we've been actively renewing tenants and leasing any vacancy at our Adelaide Airport property – with over 6,000 square metres leased during the period.

We continue to engage with our tenants on areas where we can assist them to achieve greater efficiencies, including potentially installing solar, where it makes sense to do so.

### **[Slide 10 – Positioned for further growth in strong investment market]**

Industria's strategy is to own quality real estate that generates sustainable income returns through the cycle. As investor appetite for properties with these characteristics has increased, Industria's securityholders have benefited strongly – with yield compression compounding valuation growth we've achieved through growing the rental profile. Strong sales continue to be reported and there is a weight of equity from domestic and global sources seeking to be invested in real estate, and in the industrial and logistics sector alone there are mandates exceeding \$18 billion.

These mandates had limited opportunity to be invested in the first half of 2017, with volumes down one-third. However it's likely second half volumes will be higher, driven in particular by CBD office volumes in Sydney and potentially a number of portfolio sales.

### **[Slide 11 – Outlook]**

Industria is well positioned to continue to generate sustainable returns by investing in quality and affordable office and industrial workspaces. The portfolio is desirable and well leased, and the low-risk balance sheet allows us to be opportunistic and flexible when considering the portfolio composition and growth moving forwards.

We have activated a share buyback and are patiently acquiring stock on-market. Our objective for the buy-back is to maximise securityholder returns by utilising the balance sheet to reduce the equity base at an attractive price. The buyback demonstrates that management and the Board will remain disciplined, investing

capital into the buyback rather than growing the asset base, where it is accretive to earnings and value to do so.

FFO guidance is 18.4 – 18.6 cents per security, reflecting 2 – 3% growth on FY17. We believe is a sustainable growth profile for Industria whilst also providing opportunities to upgrade through leasing outcomes ahead of our expectations.

Distribution guidance is 16.5 cents per security, which represents 3.1% growth on FY17.

The guidance statements are subject to current market conditions continuing and no unforeseen events.

Thank you for your support over the year and I look forward to the opportunity to liaise with you after the formal components of the meeting that Geoff will take you through now.



# 2017 ANNUAL GENERAL MEETING

20 October 2017

[www.industriareit.com.au](http://www.industriareit.com.au)  
ASX: IDR



**INDUSTRIAREIT**

# Agenda

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**Geoff Brunson**  
Chairman

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**01**

2017 Highlights

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**02**

Activities and performance

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**03**

Resolutions

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Questions

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Appendices

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## Directors

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**Michael Johnstone**  
Independent  
Director



**Jennifer Horrigan**  
Independent  
Director



**Howard Brenchley**  
Non-Executive  
Director

## Directors and management

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**Michael Groth**  
Executive Director



**Chantal Churchill**  
Company Secretary



**Alex Abell**  
Fund Manager

# 01 Industria REIT overview



WestTrac Newcastle

## Highlights – Active management securing income and creating value

**23.6%**

**NTA growth**

Leasing ahead of expectations – benefiting from high demand for quality assets

**3.4%**

**FFO growth**

Delivered 18.1 cps – top of guidance range

**7.6 year**

**WALE**

Leased 24,400 sqm – creating value and de-risking future periods

**30.8%**

**Gearing**

Conservative balance sheet providing future flexibility and earnings growth potential

Solar PV – 12 Electronic St, Brisbane Technology Park

# High quality and low risk portfolio

## Invested in quality and affordable workspaces

- \$638 million invested across 21 assets with an average weighted average lease expiry of 7.6 years
- Strategy to grow through investing in office and industrial assets that:
  - Provide businesses with attractively priced and well located workspaces
  - Proactive approach to innovation and initiatives that deliver improved tenant satisfaction and retention
  - Produce sustainable income and capital growth returns

## Organic growth generating sustainable income

- Average 3% annual escalations underpin organic growth
- Increases in occupancy provide potential near-term income upside
- Security holders benefit from quarterly income distributions

## Strong balance sheet and access to capital

- Target leverage band 30 – 40%, well below covenant of 55%
- Significant equity support from wide investor base
- Included in the S&P/ASX 300 index

### AT A GLANCE

<b>Total assets</b>	<b>\$638m</b>
<b>Market capitalisation<sup>1</sup></b>	<b>\$408m</b>
<b>Index inclusion</b>	<b>S&amp;P / ASX 300</b>
<b>Distribution yield<sup>1</sup></b>	<b>6.6%</b>
<b>Gearing</b>	<b>30.8%</b>
<b>WALE</b>	<b>7.6</b>
<b>Occupancy</b>	<b>95%</b>

1. As at 22 August 2017 \$2.50 and based on FY18 guidance of 16.5 cents

# Diversified portfolio



## Rhodes Corporate Park

Inner west Sydney,  
~\$192 million invested  
2 buildings; 4.4 year WALE



## Industrial Melbourne and Adelaide

Key industrial precincts  
~\$112 million invested  
6 buildings; 5.5 year WALE



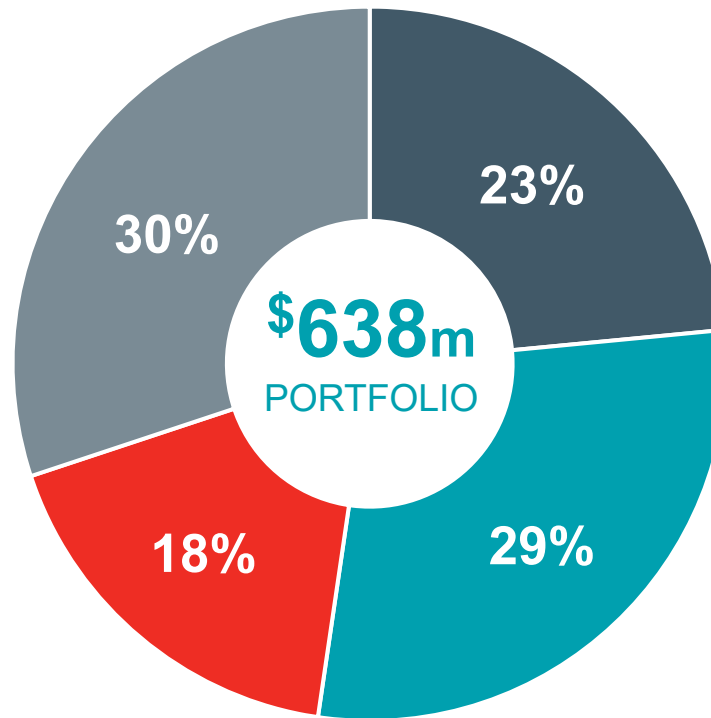
## Brisbane Technology Park

15 minutes south of CBD  
~\$150 million invested  
12 buildings; 3.0 year WALE



## WesTrac Newcastle

Located adjacent to  
M1 motorway  
~\$184 million invested  
1 building; 17.2 year WALE



# APN Property Group – aligned and experienced manager

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## Strong investor alignment

- APN is strongly aligned to delivering investor returns – owning a \$60 million co-investment stake in IDR
- Management fees are 55bps of Gross Asset Value – there is no leakage for performance or transactional fees

## Focused and dedicated management team

- Dedicated Fund Manager and management team, including on-the-ground resources
- Leveraging 15 average years of experience in real estate

## Manager with long track record and deep relationships across capital and investment markets

- Relationships generate leasing, investment opportunities and access to multiple capital sources
- Founded in 1996 and grown to \$2.5 billion under management – including direct and listed real estate mandates

## Governance overseen by majority independent Board

- Majority independent Board, ensuring robust governance framework
- 30 years average experience and Director roles on Boards including Sims Metal, MetLife, QV Equities, Folkestone, and the Chairman was a member of the Takeovers Panel for nine years

APN | AREIT Fund

APN | Property Plus Portfolio

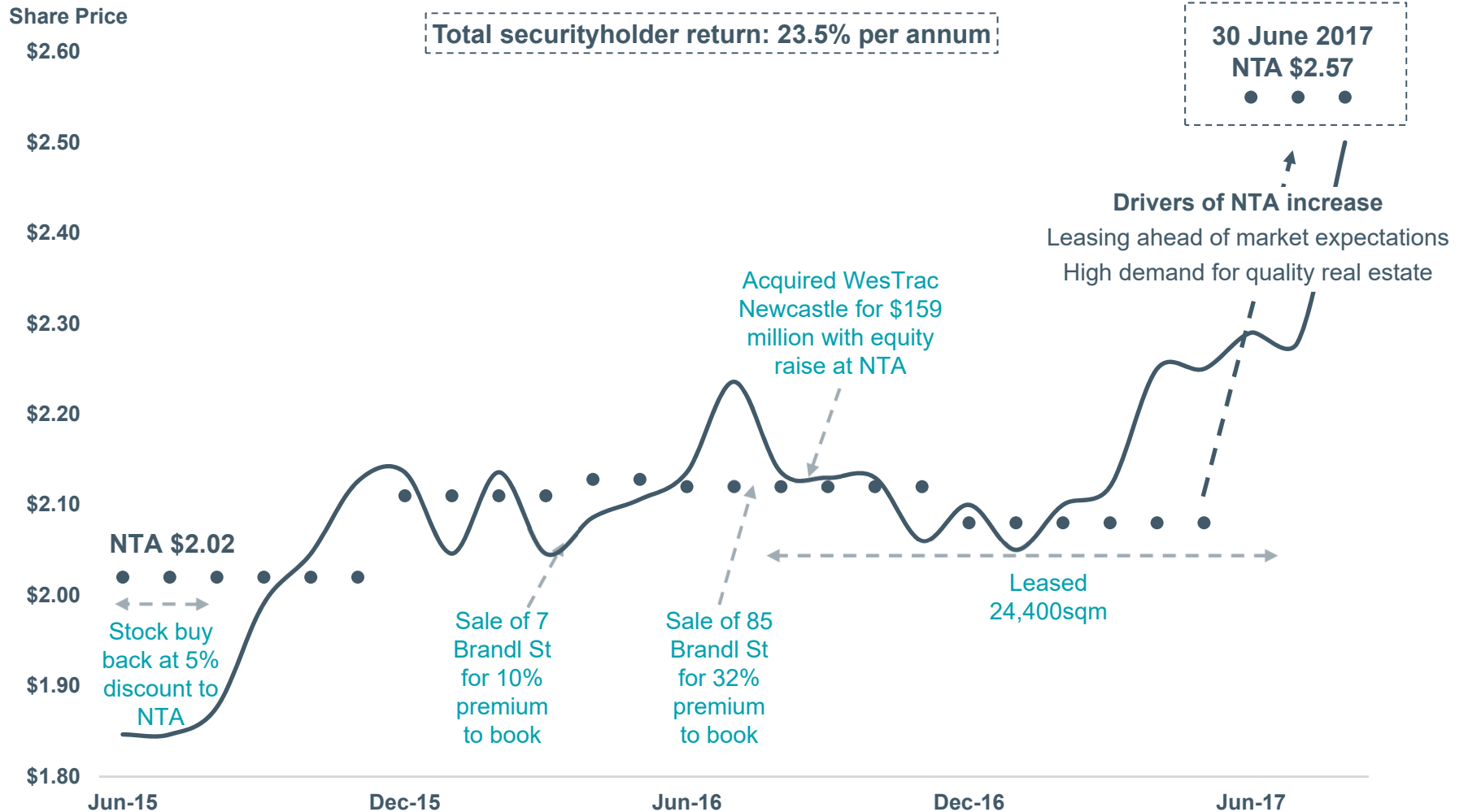
APN | Asian REIT Fund

APN | Regional Property Fund



# Continued focus on securityholder value creation

Value creation through portfolio quality improvement and prudent capital management





# 02 FY17 Results



Rhodes Building C, Rhodes NSW

## FY17: FFO guidance delivered at top end; material valuation uplifts

- Statutory net profit \$101.6 million, up \$70.3 million on pcp
- Income growth
  - Net Property Income up 31% to \$38.0 million
  - FFO increased - top of guidance range
  - Distribution increased 3.2%
- Strengthened balance sheet reflecting active approach to asset management
  - \$84.9 million of revaluations driving statutory net profit of \$101.6 million
  - NTA of \$419.4 million - up \$158.2 million in FY16
  - Gearing reduced to 30.8%

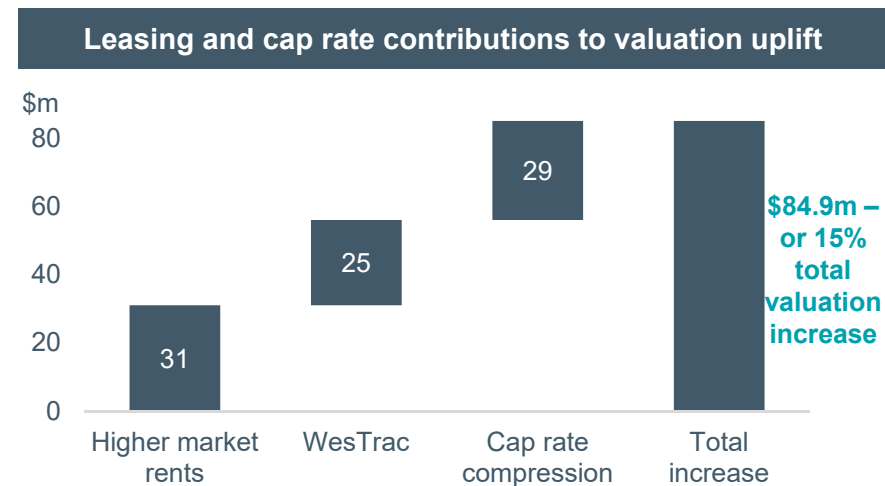
	FY17	FY16	Change
Statutory net profit (\$m)	\$101.6	\$31.3	▲ n/m
FFO (\$m)	\$27.9	\$21.5	▲ 29.6%
FFO (cents per security)	18.1	17.5	▲ 3.4%
Distribution declared (\$m)	\$26.1	\$19.1	▲ 36.9%
Distributions (cents per security)	16.0	15.5	▲ 3.2%
FFO payout ratio (%)	88.6%	88.7%	▼ 0.1%
Tax deferred component of distribution / non assessable income	41.4%	42.6%	▼ 1.2%

	Jun 2017	Dec 2016	Change
Gearing	30.8%	35.3%	▼ 4.5%
Net Tangible Assets per security	\$2.57	\$2.08	▲ 23.6%

## Balance sheet bolstered by valuation gains

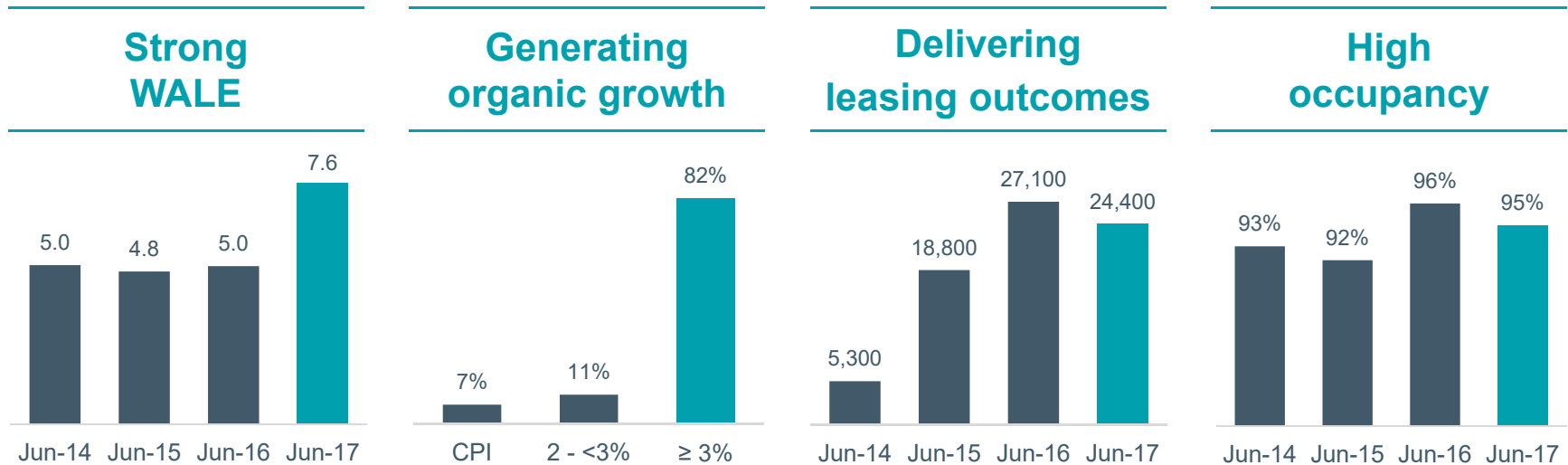
- 100% portfolio independently revalued at 30 June 2017
  - Multiple transactions completed in June at cap rates lower than market expectations
  - Previous valuations had not captured impact of new transactional evidence
- Valuation outcomes driven by combination of market rent improvements and cap rate compression
- Excluding WesTrac, approximately 50% of the increase in values has been due to higher market rents
  - Leasing ahead of prior valuation assumptions providing additional uplift
- WesTrac Newcastle cap rate compressed to 6.25% - an uplift of \$25 million above purchase price

Valuations (\$m)				
Property	Value	Change vs Dec 2016	Cap rate	Cap rate change
Rhodes	192.0	43.1	6.14%	(0.96%)
BTP	149.8	10.0	7.63%	(0.56%)
<b>Office subtotal</b>	<b>341.8</b>	<b>53.1</b>	<b>6.79%</b>	<b>(0.83%)</b>
WesTrac Newcastle	184.0	25.4	6.25%	(1.00%)
Industrial	112.2	6.4	7.14%	(0.23%)
<b>Industrial subtotal</b>	<b>296.2</b>	<b>31.8</b>	<b>6.59%</b>	<b>(0.71%)</b>
<b>Total / weighted average</b>	<b>638.0</b>	<b>84.9</b>	<b>6.70%</b>	<b>(0.77%)</b>



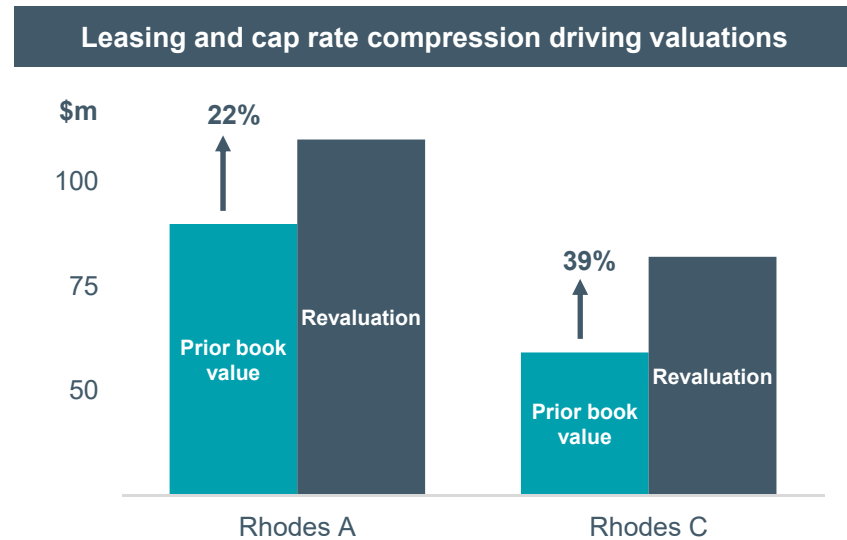
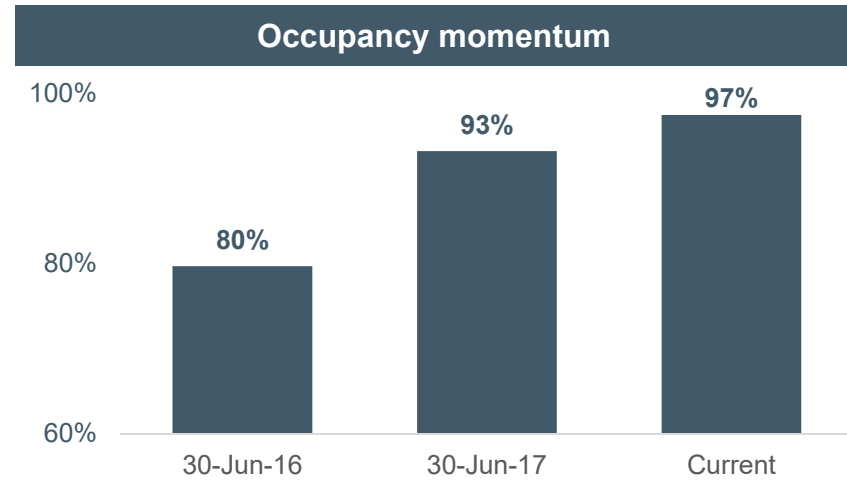
# Actively managing the real estate

- High occupancy has been maintained – 95% at 30 June 2017
- Proven leasing capability – with over 40% of initial Industria REIT portfolio being re-leased in 3 years
  - 16,400 sqm of industrial assets
  - 8,000 sqm of office assets
- The portfolio is underpinned by organic growth – with 82% generating annual growth of 3% or higher
- Leasing and portfolio management has created a sector-leading weighted average lease expiry of 7.6 years



# Rhodes – strong leasing progress

- Strategy of actively engaging with tenants and creating smaller suites in anticipation of smaller users has increased occupancy from 80% to 97%
- Risk profile of properties materially improved – weighted average lease expiry 4.4 years
- Leasing deals contributed to significant component of ~\$43 million valuation uplift – with rents significantly higher than previous assumptions



Building C, Rhodes



Plug'n'play fitted out suites at Building C, Rhodes

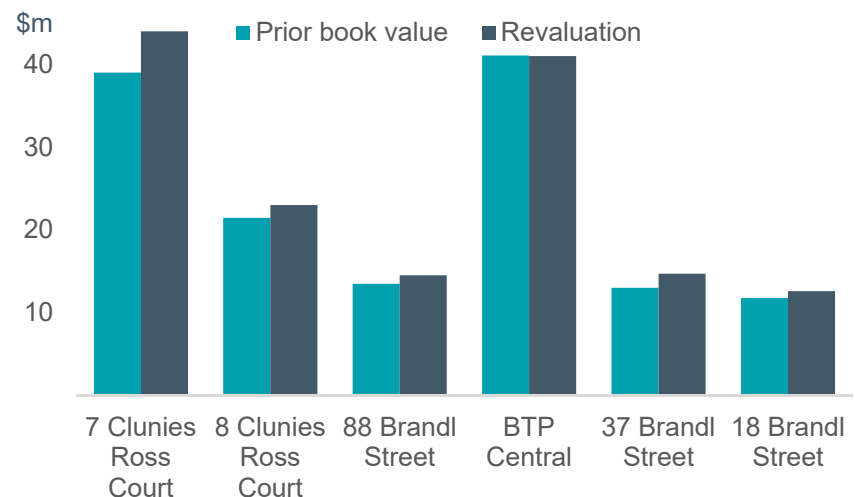
<sup>1</sup> Includes heads of terms

## BTP – another active year of leasing

- BTP is one of Brisbane’s leading suburban business parks – and Industria has a dominant position with ~1/3 of the market
- Most tenants are relatively small – requiring high levels of asset management focus to generate outperformance
  - Leased ~4,500 sqm
  - Increased asset management resourcing – adding a locally based asset manager to enhance performance
- Seeking to leverage wide planning remit to deliver alternative uses that create new amenity and enhance value
  - Childcare
  - Health related enterprises
  - Improving retail mix

### Leasing and cap rate compression driving valuations

Average 7% uplift following rent outperformance



## BTP – new initiatives driving tenant satisfaction

- Focused on delivering initiatives that add value to our tenants and create a point of difference that cannot be easily replicated
- 1 megawatt solar installation will generate ~40% of building energy
  - \$1.6 million investment will benefit security holders through 15% yield on cost and tenants through lower energy charges
- As the largest owner at BTP, Industria has significantly more car parking than competing owners
  - Flexible car parking exclusive to Industria tenants has been introduced
  - Removes ongoing source of frustration for tenants and their guests
- Initiatives have been well received and will ensure Industria's assets outperform over the long term



12 Electronics St – 100 Kilowatt installation being completed

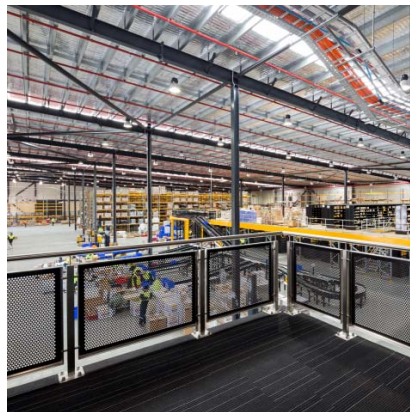


Unlocking flexible car parking, exclusive for Industria tenants

# WesTrac Newcastle – world leading infrastructure asset

- Leased to WesTrac until 2034 with annual 3% fixed rental uplifts
- Property completed in 2012 – and is regarded as best-in-class by Caterpillar dealers globally
  - No expense spared in development – extremely high quality with facilities catering for all aspects of WesTrac business although focused on maintenance
  - Major competitive advantage is capability to rebuild engines guaranteed by Caterpillar factory warranty
  - Distributes over 1 million parts annually from 24 hour distribution centre
  - Designed for a 50 year life
- WesTrac is a top 5 global dealer of Caterpillar Inc equipment
  - Average 3-year operating cash flow ~\$165m
  - Partnership with Caterpillar extends back to 1929

**Sept 2016 acquisition: \$158.6m (7.25%)**  
**June 2017 revaluation: \$184.0m (6.25%)**



Parts and Distribution Warehouse

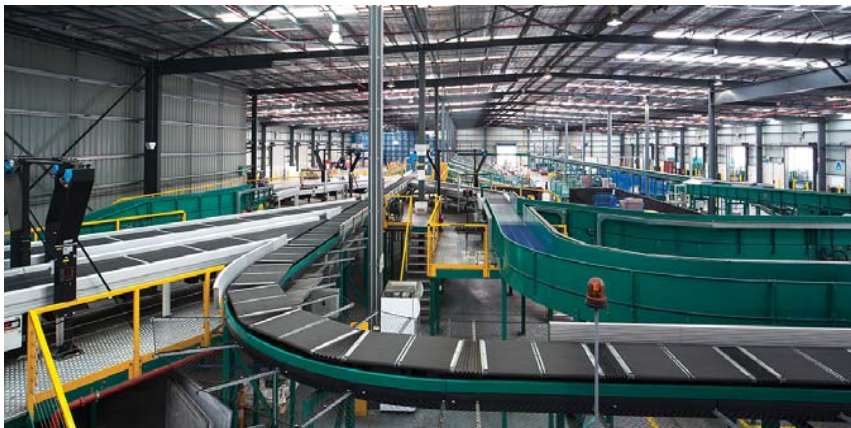


Component Rebuild Centre



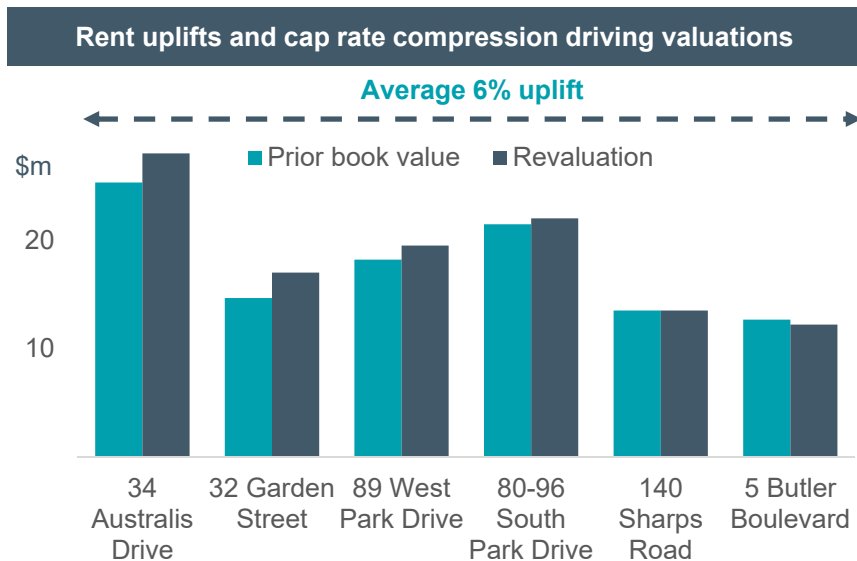
# Industrial portfolio – well positioned and capturing value

- Limited lease expiries – ~4,400 sqm across 140,000 sqm portfolio in the next 24 months
- Active year at Adelaide Airport with ~6,400 sqm leased
  - 3 expiries totalling 4,400 sqm remaining in FY18
  - Quality competing space is limited
- Active engagement with our tenants – regardless of lease expiry – to seek out opportunities to add value to their business – e.g. solar energy



140 Sharps Road, Tullamarine

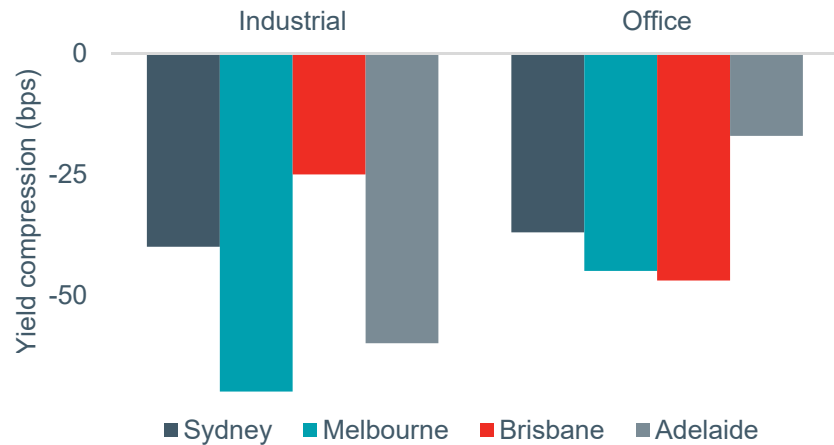
Key leases completed	
Property	Area (sqm)
Dandenong South	10,004
Adelaide – Unit D	3,765
Adelaide – Unit E	1,306
Adelaide – Unit A	1,298



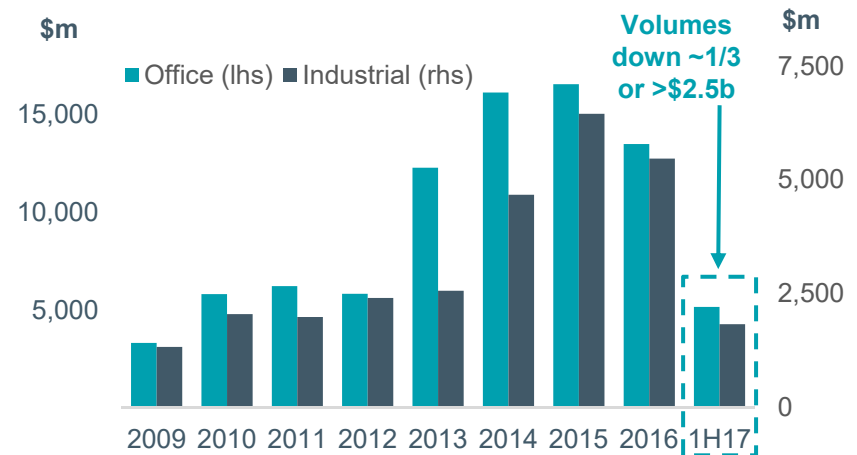
# Positioned for further growth in strong investment market

- Industria's strategy is to own quality real estate that generates sustainable income returns through the cycle
- This strategy has positioned Industria to benefit strongly from yield compression – which has been significant over the last 12 months
- Strongest sales are for long WALE assets
  - Coca Cola Amatil facility (south west Brisbane) – 20 year lease, 5.15% yield
  - 105 Phillip St, Parramatta – 12 year lease, 5.3% yield
- The demand for assets has not abated – and the lack of stock has intensified the bid for sought-after real estate
  - Global investors are active with targeted allocations to real estate lifting significantly
  - Industrial mandates alone exceed \$18 billion – the equivalent of the last 3 years of investment sales

12 month yield compression across the markets<sup>1</sup>



Transactional activity is low in 2017<sup>1</sup>

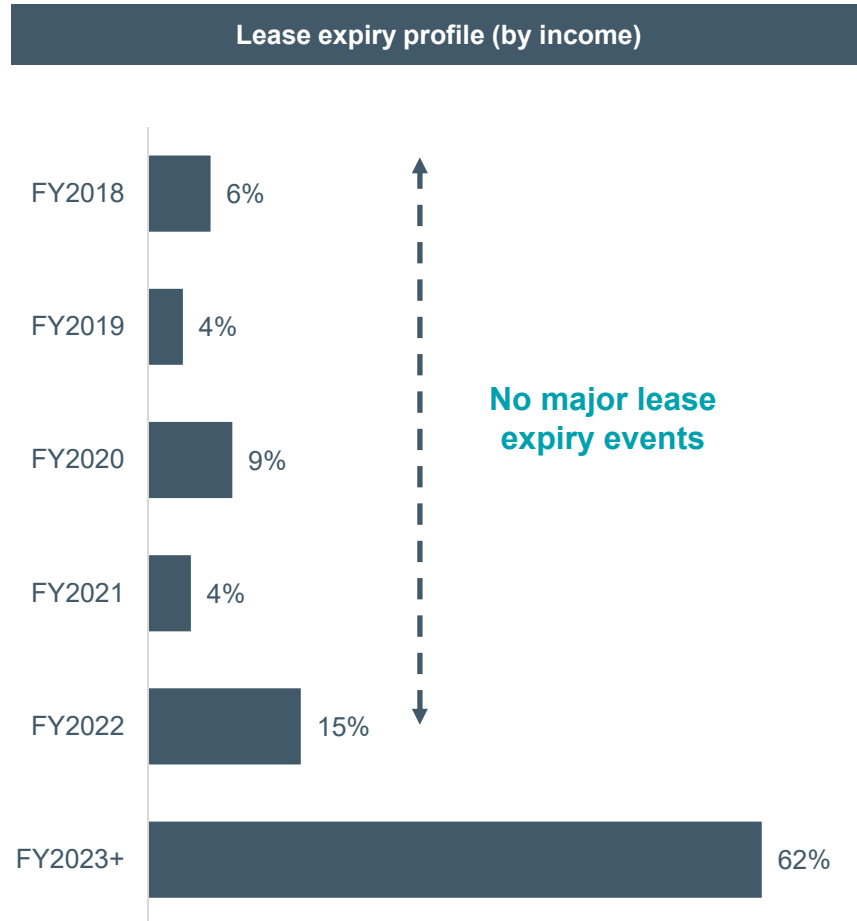


1. CBRE Research, APN Property Group

# Outlook

## Sustainable returns underpinned by quality and affordable workspaces

- Industria is well positioned
  - Desirable and well leased portfolio underpinning value and growth
  - Low-risk balance sheet provides ability to be opportunistic and flexible – with acquisitions likely to generate immediate accretion to earnings
  - Management is aligned to generating long term returns, as demonstrated by buyback activation post results announcement
- FFO guidance of 18.4 – 18.6 cps – reflecting 2 to 3% growth on FY17
  - Sustainable growth, with opportunity to upgrade through leasing outperformance
  - DPS guidance of 16.5 cps – 3.1% growth
  - Subject to current market conditions continuing and no unforeseen events



# Resolutions



## Ordinary Resolution 1

*“That Geoff Brunsdon, who retires by rotation in accordance with clause 4.10(a) of the Constitution, and being eligible, be re-elected as a director of the Company.”*

Summary of Proxy instructions				
	For	Open	Against	Abstain
Votes	58,813,630	247,064	0	1,123,924
Percentage	99.58%	0.42%	0.00%	-

## Ordinary Resolution 2

*“That Jennifer Horrigan, who retires by rotation in accordance with clause 4.10(a) of the Constitution, and being eligible, be re-elected as a director of the Company.”*

Summary of Proxy instructions				
	For	Open	Against	Abstain
Votes	58,813,730	212,214	31,750	1,123,924
Percentage	99.59%	0.36%	0.05%	-

## Ordinary Resolution 3

*“Michael Groth will resign as a director of the Company in accordance with clause 4.6(b) of the Company’s constitution and, being eligible, offers himself for election.”*

Summary of Proxy instructions				
	For	Open	Against	Abstain
Votes	58,770,716	227,314	32,500	1,151,088
Percentage	99.56%	0.38%	0.06%	-

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