

ASX ANNOUNCEMENT

11 September 2019

Industrial warehouse acquisition and FFO upgrade

Highlights

- Exchanged contracts to acquire 60 Grindle Road, Wacol, Queensland, for \$18.34 million
- 8% initial yield growing annually at the higher of 3.5% or CPI, underpinned by a 9.4 year lease
- FY20 FFO guidance upgrade from 2.5 – 3% to approximately 3.5% growth

APN Funds Management Limited, as Responsible Entity and Manager of APN Industria REIT is pleased to announce the acquisition of 60 Grindle Rd, Wacol, for \$18.34 million, representing an initial yield of 8%. The property is occupied by Vesco Foods for a remaining term of 9.4 years, and benefits from annual reviews of 3.5% or CPI (whichever is higher), and a triple-net lease structure (excluding land tax).

Vesco was founded in 1974 and is a leading manufacturer of ready-made meals. Brands it owns or licences include Lean Cuisine, On the Menu, Super Natural and Annabel Karmel; and its key clients include Woolworths, Coles, IGA, Aldi, a variety of restaurant chains, as well as food-service companies.

The property features a ~9,000 square metre warehouse on ~45,000 square metres of land. The location in Wacol provides outstanding connectivity to three arterial roads – the Centenary Highway, Ipswich Motorway and Logan Motorway – enhancing the ability for occupiers such as Vesco to service the South East Queensland and interstate markets. There are also sixteen other food manufacturers in Wacol, and other major companies including Volvo, Bridgestone, Penske and Komatsu.

Alex Abell, Fund Manager for APN Industria REIT said: “We’re excited to secure another opportunity to deploy capital at a strong and growing initial yield of 8%, underpinned by a tenant that’s a category leader in frozen ready-made meals in the supermarket aisles and which has been in operation for over 40 years.”

“As a result of the capital deployment, FY20 FFO guidance has been upgraded to 3.5%, as we continue to build on our track record of outperforming our initial guidance throughout the year.”

Post settlement, anticipated for late September 2019, gearing will remain low at approximately 32% - the lower end of the target 30 – 40% band.

ENDS

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About APN Industria REIT

APN Industria REIT ('Industria') (ASX code: ADI) is a listed Australian real estate investment trust which owns interests in office and industrial properties that provide functional and affordable workspaces for business. Industria's \$739 million portfolio of 28 properties located across the major Australian cities provides sustainable income and capital growth prospects for security holders over the long term. Industria has a target gearing band of 30 – 40%, providing flexibility for future growth without compromising the low-risk approach to management. Industria is managed by APN Property Group, a specialist real estate investment manager established in 1996, and governed by a majority independent Board.

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