

## 2019 General Meetings

### Chairman's script

---

#### [Slide 1 - Cover]

##### [Introduction]

Good morning Ladies and Gentlemen and welcome to the sixth Annual General Meetings for APN Industria REIT. As it is now 11:00 am and we have a quorum present, I have pleasure in declaring the meetings 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 APN Industria REIT.

The meeting today has three principal objectives:

- To review the results and activities of the Fund for the 2019 financial year and the prospects for the current financial year;
- To vote on five 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 the Fund's inception and is also Chair of the Nomination & Remuneration Committee.
- **Jennifer Horrigan** – who has also been an independent Director since the Fund's inception and is also Chair of the Audit, Risk & Compliance Committee.

- **Howard Brenchley** – who has been a Director since the Fund’s inception.

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

- **Joseph De Rango** 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, is the Fund Manager of APN Industria REIT;

and present in the audience, from APN Property Group:

- **Chantal Churchill** – who is the Company Secretary of APN Property Group.

and our external advisors:

- **Neil Brown** - from our auditor, Deloitte Touche Tohmatsu;
- **James Morvell** - from our lawyers, Hall & Wilcox; and
- **Julie Stokes** – from our share registry, Link Market Services who will act as Returning Officer in relation to the poll.

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

#### [Slide 6 – The APN Industria REIT opportunity]

The strategy for APN Industria REIT is to grow through investing in office and industrial assets that provide businesses with attractively priced and well-located workspaces. Core to our value proposition to our tenants is leveraging technology and innovation to proactively deliver improved tenant satisfaction and retention, which reduces downtime and underpins the sustainable income profile of the Fund and prospects for capital growth. Our strategy and approach has been consistent for many years now.

The opportunity for investors in APN Industria REIT is benefiting from a growing rent profile with no potential volatility from active earnings, such as development or funds management fees. APN Property Group, the manager and co-investor, has 23 years of experience in managing real estate and this continues to be harnessed to deliver superior outcomes for APN Industria REIT.

The assets within the portfolio are well-located, in close proximity to major arterial roads and often public transport and will benefit over the coming years from infrastructure upgrades in close proximity. Improved infrastructure will mean greater

accessibility and widen the tenant base, underpinning long term performance for investors.

The Fund will maintain a strong balance sheet to ensure we can withstand periods of financial uncertainty, whilst also being able to execute without delay on opportunities that may arise. This provides certainty to vendors seeking an outcome, and improves the ability to secure assets on attractive pricing metrics that enhance the overall risk-return profile of APN Industria REIT.

#### **[Slide 7 – At a glance]**

Following acquisitions in May, September and October this calendar year, as well as valuation uplifts, the portfolio has grown to \$768 million. This is up from \$418 million three years ago, and the market capitalisation has increased to over \$500 million. Being included in the S & P / ASX 300 index provides us with access to a wide pool of equity to support growth where we see value, and the current 5.9% distribution yield is underpinned by a 6.1 year weighted average lease expiry profile and 3% average rent reviews across the portfolio.

#### **[Slide 8 – 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 continues to drive the performance of APN Industria REIT.

APN is a specialist real estate investor established in 1996 and now has over \$2.9 billion under management, across direct and listed real estate mandates. APN and its associated entities are the fund's largest investor, with a co-investment of \$105 million. This creates alignment that is arguably the strongest in the REIT sector, and when combined with a simple and competitive management fee structure, provides a compelling proposition for investors.

APN Funds Management Limited is the Responsible Entity of APN Industria REIT. The Board of APN Funds Management Limited is independent, including myself as the independent Chairman, and has an average of over 30 years' experience with complementary Directorships across multiple industries that adds value by bringing broader perspectives and knowledge to the platform.

#### **[Slide 9 – FY19 Results]**

I would now like to hand over to the Fund Manager, Alex Abell, who will take you through the operational aspects of FY19.

[Alex to lectern]

[10,11,12,13,14,15,16,17,18]

## [Slide 19 – Resolutions]

[After Alex presentation, Geoff Brunson to Lectern]

Thank you Alex.

[Pause]

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

[Admission cards]

You should have received a coloured admission card when you registered at the meeting here today. These cards will be required by those wishing to participate in the formal business of the meeting.

**Yellow** cards have been issued to all securityholders and proxyholders entitled to speak and vote at this meeting.

**Blue** cards have been issued to non-voting securityholders entitled to speak.

**Red** cards have been issued to visitors who are not entitled to speak or vote.

Securityholders attending in their own right who have also been appointed as a proxy will have been issued with more than one yellow card.

If you have been issued with an incorrect card, please see the registration staff now.

You will have an opportunity to ask specific questions on the resolutions to be considered. It would be appreciated if you could please hold any general questions you may have until after the formal business is completed.

[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 2019.”

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 five 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;
- Resolutions 4.1, 4.2, 4.3, 4.4 and 4.5 relating to the proportional takeover provisions being reinserted in each of the constitutions for Industria Company No. 1 Limited and the 4 Trusts, are special resolutions. They will be passed if more than 75% of those present and eligible to vote are cast in favour of the resolution.
- Resolution 5 relating to the approval of the previous issue of stapled securities is an ordinary resolution. It 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;
- Voting on all resolutions will be conducted by poll and that poll is now **open**.
- All securityholders and proxy holders present are entitled to vote. You may do so by completing the voting section of the relevant admittance card, in accordance with the instructions given on the card.
- Proxyholders will have attached to their admittance cards a summary of the voting instructions of the securityholder they are representing. Proxyholders should vote in accordance with those instructions by completing the voting section of the relevant admittance card. Open instructions can be voted as you determine.
- When you have completed your voting, please lodge the card in one of the ballot boxes.

[Slide 20 – Resolution 1]

All resolutions that involve the re-election or election of directors are 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 non-executive, independent director of the Company since 2013 (the year APN Industria REIT became listed on ASX). He has also been a director of APN Funds Management Limited since 2009 and Chairman since 2012. He is also a member of the Audit, Risk & Compliance Committee and the Nomination & Remuneration Committee for each of APN Funds Management Limited and the Company.

Geoff has had a career in investment banking spanning more than 30 years. He is currently Chairman of Sims Metal Management Ltd and MetLife Insurance 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 Chartered Accountants Australia & New Zealand.

[\[Questions / Discussion\]](#)

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

[\[When questions complete\]](#)

Thank you.

[\[Poll\]](#)

Would you please complete your yellow voting card in relation to Resolution 1.

## **[Slide 21 – 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 non-executive, independent director of the Company since 2013. (the year APN Industria REIT became listed on ASX). She has also been a director of APN Funds Management Limited since 2012 and is Chairman of the Audit, Risk & Compliance Committee and a member of the Nomination & Remuneration Committee of each of APN Funds Management Limited and the Company.

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, HR and financial management.

Jennifer is also a director of QV Equities, Yarra Funds Management Limited and Breast Cancer Trials, and is Chairman of Redkite.

[Questions / Discussion]

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

[When questions complete]

Thank you.

[Poll]

Would you please complete your yellow voting card in relation to Resolution 2.

## **[Slide 22 – Resolution 3]**

Resolution 3 is for the election of Joseph De Rango as a director of Industria Company No 1 Limited.

Joseph De Rango 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 by

Securityholders. The following information has been provided by Joseph in support of his election as a director.

Joseph was appointed as Chief Financial Officer of APN Property Group Limited, and as a director of the Company, on 2 September 2019. He has over 13 years' experience in real estate, corporate advisory and investment banking.

Joseph has had broad exposure across all areas of the APN Property Group and is a member of APN's executive leadership team. He has led and been responsible for a number of significant corporate finance transactions including real estate acquisitions, equity raisings and bank financings, as well as being integrally involved with the successful IPOs of APN Convenience Retail REIT and APN Industria REIT in 2017 and 2013 respectively. Prior to joining APN, Joseph held leadership roles and worked on a broad range of transactions at National Australia Bank and PricewaterhouseCoopers.

[\[Questions / Discussion\]](#)

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

[\[When questions complete\]](#)

Thank you.

[\[Poll\]](#)

Would you please complete your yellow voting card in relation to Resolution 3.

**[Slides 23 - 27 – Resolution 4.1, 4.2, 4.3, 4.4 and 4.5]**

Resolution 4 is for the reinsertion of the proportional takeover provisions in the constitution of the Company and each Trust.

Under the Corporations Act and the APN Industria REIT constitutions, the provisions must be renewed or reinserted every three years or they will cease to have effect. The current provisions will be due for reinsertion in each of the Company and Trust constitutions.

A proportional takeover bid involves the bidder offering to buy only a proportion of each securityholder's securities in the Company. This means that control of the company may pass without members having the chance to sell all their securities to



the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control. In order to deal with this possibility, a Company may provide in its constitution that:

- in the event of a proportional takeover bid being made for securities in the Company, members are required to vote by ordinary resolution and collectively decide whether to accept or reject the offer; and
- the majority decision of the securityholders will be binding on all shareholders.

The Board considers that securityholders should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the company to change without securityholders being given the opportunity to dispose of all of their securities for a satisfactory control premium.

The Board also believes that the right to vote on a proportional takeover bid may avoid securityholders feeling pressured to accept the bid even if they do not want it to succeed.

For these reasons, your Directors unanimously recommend that you support the reinsertion of the proportional takeover provisions by voting in favour of this resolution.

[\[Questions / Discussion\]](#)

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

[\[When questions complete\]](#)

Thank you.

[\[Poll\]](#)

Would you please complete your yellow voting card in relation to Resolution 4.1, 4.2, 4.3, 4.4 and 4.5.

#### **[Slide 28 – Resolution 5]**

Resolution 5 is for the approval of the previous issue of stapled securities under the institutional placement conducted in May 2019.

On 17 May 2019, the Company and each of the Trusts issued 10,989,011 fully paid stapled securities through an institutional placement to institutional investors. The capital raised was used to fund the acquisitions of properties located in Knoxfield, and Kilsyth in Victoria. Securityholders are asked to approve the issue of the stapled securities for the purposes of Listing Rule 7.4.

Listing Rule 7.1 limits the number of ordinary securities that may be issued in the capital of a listed entity in any 12-month rolling period without securityholders' approval to 15% of the entity's capital, unless an exception set out in Listing Rule 7.2 applies to the issue. No exceptions under Listing Rule 7.2 apply to the issue of stapled securities to institutional investors as part of the May placement. However, the issue of stapled securities as part of the securities purchase plan conducted shortly after the institutional placement does fall within an exception in Listing Rule 7.2.

The approval of the issue of stapled securities to institutional investors, by passing Resolution 5, will exclude the issue for the purposes of calculating the number of stapled securities that may be issued in a twelve month period as set by the Listing Rules. The approval will provide flexibility for APN Industria REIT to undertake fundraising in the future, as opportunities arise, by maximising the number of stapled securities that can be issued over the next 12 months without further approval from securityholders.

For these reasons, your Directors unanimously recommend that you support the renewal of the proportional takeover provisions by voting in favour of this resolution.

[\[Questions / Discussion\]](#)

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

[\[When questions complete\]](#)

Thank you.

[\[Poll\]](#)

Would you please complete your yellow voting card in relation to Resolution 5.

[\[General business\]](#)

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.

The poll will be open for a further 5 minutes to allow for those who have not marked their voting cards to do so, and place in the poll box at the registration desk.

The results of the poll will be published later today on the ASX.

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.

## 2019 General Meetings

### Fund Manager's script

---

#### [Slide 9 – FY19 Results]

Thank you Mr Chairman, and good morning ladies and gentleman.

#### [Slide 10 – Continued to deliver]

Financial Year 2019 was another successful year for the Fund. The result of 19.2 cents per security was 3.8% growth on the prior financial year, significantly ahead of the initial guidance of 2 – 3% growth.

Seven properties were acquired for \$65 million, and gearing at 30 June 2019 was 30%, with the improved balance sheet position the result of \$50 million of equity being raised in May 2019.

Our focus on servicing our current and prospective tenants resulted in 13,700 square metres of leasing being completed, and this contributed to occupancy increasing from 95% to 97% over the 12 month period.

The consistent and sustainable growth of the Fund is underpinned by the diverse pool of tenants paying affordable rents with annual escalations. This predictable revenue stream drives the 2 – 3% annual growth that APN Industria REIT aims to deliver through the business cycle.

#### [Slide 11 – 30 June 2019 financials]

Statutory net profit was \$29.2 million, down on the prior period largely due to non-cash fair value adjustments, which were \$16.3 million lower than last year.

Funds From Operations rose to \$31.6 million, a 5.0% increase, and on a per security basis – once taking into consideration the higher number of securities on issue after the equity raise – rose 3.8%.

The distribution paid increased 3.0% to 17.0 cents, and we continue to pay this quarterly.

Net Tangible Assets per security rose 1 cent to \$2.71, as valuation uplifts of \$10.8 million were largely offset by derivative revaluations, and acquisition costs.

**[Slide 12 – Strong balance sheet, consistently outperforming peers]**

One of our areas of focus is reducing our refinance risks by maintaining a staggered debt maturity profile, as displayed in the chart on the top right of this slide. During the year we refinanced \$46 million of debt, and also increased the facilities by \$30 million to fund our growth. One of the changes we made in financial year 2018 was restructuring the documented terms and conditions to allow us to bring in new financiers, and we utilised this flexibility during financial year 2019 when we introduced a new lender into our financier pool. This means that we have diversified our refinancing risk by financial year and by lender.

The Fund's cost of debt continues to be lower than the average across the A-REIT sector. This is because the Fund's credit is viewed positively by lenders due to the portfolio quality and the proactive management team that I work alongside; as well as APN's ability to leverage broader relationships that it has across the banking sector.

It is worth noting that we have not broken any interest rate swaps to achieve these strong outcomes, and maintain a hedging position that allows us to benefit from lower rates whilst also providing some protection against rising interest rates.

**[Slide 13 – Portfolio Performance]**

**[Slide 14 – Active year of acquisitions to improve portfolio diversity and scale]**

We had an active year of acquisitions, purchasing seven warehouses at an average weighted average lease expiry of 4.9 years and 6.6% yield. We have already installed 265 Kilowatts of solar on three of these warehouses, and are working on additional measures to assist our tenants in reducing costs and improving efficiencies in these buildings. This is consistent with our approach of creating shared-value, which improves the performance and resilience of our assets, and also reduces gross occupancy costs for our tenants.

We continue to pursue further opportunities to grow, and consider warehouses in Melbourne – similar to what we have acquired here – to be a large opportunity given the market depth of warehouses under 25,000 square metres represents 98.8% of industrial warehouses in Melbourne.

**[Slide 15 – Sustainability and managing for the long term]**

We believe we can continue to generate good returns and also improve our asset quality by completing upgrades that are within our control and generate an immediate economic and environmental impact. We were one of the first REIT's to install solar on a meaningful scale, and have now installed over 1 megawatt at Brisbane

Technology Park, as well as 850 Kilowatts elsewhere. You should expect this to continue to increase as we gain traction with our tenants and this becomes a higher priority for those seeking to reduce cost and carbon emissions.

On average 52% of energy consumed across our BTP assets was generated by solar during the peak times of 7am to 6pm, and that exceeded 70% at periods throughout the day. Lighting upgrades continued, and we continue to roll through a program of upgrading our air conditioning units that rely on environmentally damaging refrigerant gases.

In our experience most businesses want to do the right thing by the environment. Furthermore, this is becoming a commercial priority for our tenants who work with government or private sector entities with strong ESG policies and priorities. Occupying buildings with high energy ratings enhances the sustainability credentials of our tenants, and helps them win work and grow. This is another reason why we believe that our relatively small investments in this area make excellent environmental and economic sense.

#### **[Slide 16 – Actively managing Industria’s real estate]**

This slide provides a snapshot of the past 5 years of occupancy and leasing performance, as well as the organic growth that underpins the sustainable earnings profile over time. We work hard to keep our buildings full as it is not lost on us that vacancy is arguably the largest hidden cost of owning real estate.

Our tenant-centric approach has been consistent for many years now, although we continue to refine and adapt that approach to ensure our properties remain relevant in a competitive environment. We are confident that our focus will generate further success, and we are well placed to address leasing risks in the coming years.

#### **[Slide 17 – Outlook]**

#### **[Slide 18 – Outlook]**

APN Industria REIT is well positioned, underpinned by a high quality portfolio with annual fixed growth from rent reviews; no exposure to active earnings that may rely on development or fund management fees; and a management team that is financially aligned, engaged with the tenants across the portfolio, and has demonstrated patience and discipline when allocating capital. You should expect to see this to continue moving forward.

When we announced our FY19 result guidance was 2.5 – 3% growth, but this has been upgraded to approximately 3.5% growth following the acquisition of 60 Grindle

Rd. We are reiterating that guidance here today, subject to market conditions continuing and no unforeseen events.

Thank you for your ongoing support and I will now hand back to the Chairman.



# 2019 ANNUAL GENERAL MEETING

23 OCTOBER 2019

[www.apngroup.com.au](http://www.apngroup.com.au)  
ASX Code: ADI

**APN** | Industria REIT



# Agenda

---



**Geoff Brunsdon AM**  
Independent Chairman

**01** Industria REIT Overview

---

**02** FY19 Results

---

**03** Portfolio Performance

---

**04** Outlook

---

**05** Resolutions

---

# Directors

---



**Michael Johnstone**  
Independent  
Director



**Jennifer Horrigan**  
Independent  
Director



**Howard Brenchley**  
Independent  
Director

## Directors and management

---



**Joseph De Rango**  
Executive Director



**Chantal Churchill**  
Company Secretary



**Alex Abell**  
Fund Manager

# 01 INDUSTRIA REIT OVERVIEW



# The APN Industria REIT opportunity



## Strategy to grow through investing in office and industrial assets

- Providing businesses with attractively priced and well located workspaces
- Proactively approaching innovation to deliver improved tenant satisfaction and retention
- Producing sustainable income and capital growth returns



## The opportunity

- Benefit from a growing rent profile from low-risk portfolio – no potential volatility from “active earnings” (e.g. funds management or development)
- Leveraging APN’s market knowledge and experience to enhance the product offering and drive occupancy
- Maximising synergies and minimising downtime by engaging with clients to execute initiatives including building efficiency works that reduce operational costs – such as solar power
- Benefit from supply constraints and significant infrastructure upgrades in close proximity to existing and future investments
- Utilise balance sheet strength and capital market support to grow through portfolio recycling initiatives and acquisitions

# At a glance

**\$768**

MILLION  
TOTAL ASSETS

**~\$522m**

MILLION MARKET  
CAPITALISATION

**S&P/ASX 300**

INDEX  
MEMBER

**~5.9%**

CASH DISTRIBUTION  
YIELD

**~33%**

GEARING

**6.1**

YEAR WALE

**3%**

AVG RENT REVIEWS

**HIGH QUALITY OFFICE AND INDUSTRIAL ASSETS DELIVERING A STRONG INCOME PROFILE COMBINED WITH A CONSERVATIVE BALANCE SHEET PROVIDING CAPACITY TO GROW**

Note: WALE as at 30 June 2019; all other metrics as at 22 October 2019

# APN Property Group – aligned and experienced manager



## Strong investor alignment

- APN is strongly aligned to delivering investor returns – owning a ~\$105 million co-investment stake
- Simple and transparent sliding fee structure – no additional transactional or performance fees



## Focused and dedicated management team

- Dedicated Fund Manager and management team
- Leveraging 21 average years of experience in real estate



## Governance overseen by an Independent Board

- 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



## 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 \$2.8 billion under management – including direct and listed real estate mandates

# 02 FY19 RESULTS





# FY19: Continued to deliver

As at 30 June 2019



19.2 cents per security; 3.8% FFO growth



Acquired ~\$65 million of property and reduced gearing to 30%



~13,700 square metres of leasing – strong occupancy of 97%



Affordable rents to a diverse pool of tenants driving growth of 2 – 3% per annum

Significantly ahead of 2 – 3% initial guidance

Opportunities to grow within 30 – 40% target gearing range

Increased from 95% over 12 months

Consistent driver of growth



## 30 June 2019 financials

- Statutory net profit \$29.2 million – with major drivers being revenue \$3.6 million higher than pcp, offset by non-cash fair value adjustments that were \$16.3 million lower than pcp
- FFO up from \$30.1 million to \$31.6 million:
  - Increase of 0.7 cents per security (3.8%) to 19.2 cents – significantly higher than the 2 – 3% guidance provided at the FY18 results
- 17.0 cents per security distribution paid:
  - 88.5% FFO payout ratio
- Net Property Income up ~7% to \$40.5 million
- 30% gearing - the bottom end of the 30 – 40% target band:
  - Provides considerable flexibility to execute on opportunities to grow
- NTA \$2.71 – with valuation uplifts above holding values of \$10.8 million offset by derivatives and acquisition costs

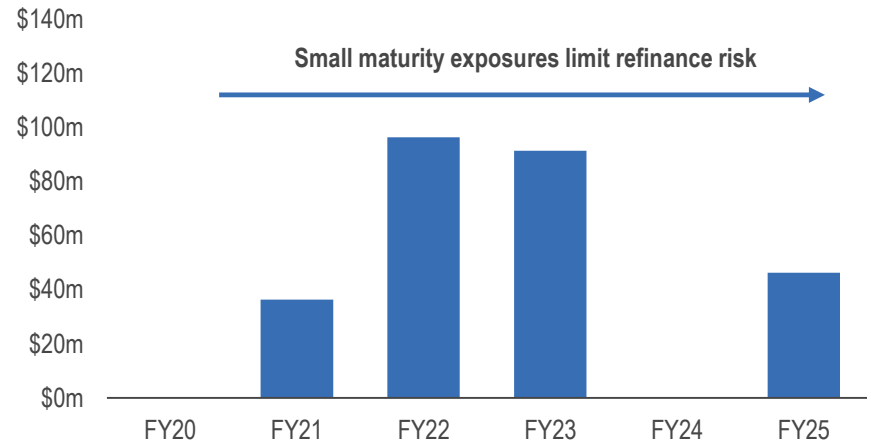
	FY2019	FY2018	Change
Statutory net profit (\$m)	\$29.2	\$48.2	▼ 39.4%
FFO (\$m)	\$31.6	\$30.1	▲ 5.0%
FFO (cents per security)	19.2	18.5	▲ 3.8%
Distribution declared (\$m)	\$28.5	\$26.9	▲ 5.9%
Distributions (cents per security)	17.0	16.5	▲ 3.0%
FFO payout ratio (%)	88.5%	89.3%	▼ 0.8%
Tax deferred component of distribution / non assessable income	42.7%	49.9%	▼ 7.2%

	Jun 2019	June 2018	Change
Gearing	30.0%	31.0%	▼ 1.0%
Net Tangible Assets per security	\$2.71	\$2.70	▲ 0.4%

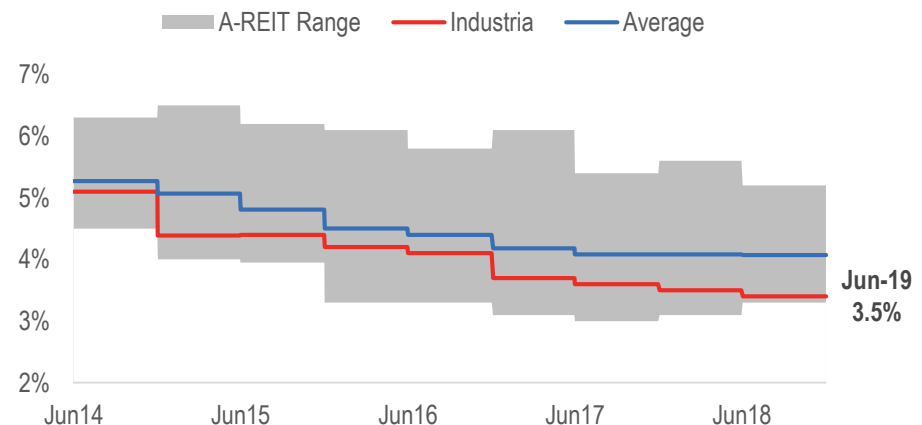
# Strong balance sheet, consistently outperforming peers

- Continuing to execute on strategy of maintaining a staggered debt maturity profile, reducing concentration risk over any given period:
  - Refinanced \$46 million and increased debt facilities by \$30 million, including introducing a new lender to diversify funding sources
  - New 3 and 5 year debt tenors
  - Weighted average debt maturity 3.2 years
- Weighted average interest rate of 3.5% and 5.4x interest cover
- Consistently outperforming the A-REIT average cost of debt:
  - Credit viewed positively by lenders due to portfolio quality, passive earnings, and proactive and experienced management team
  - Leveraging broader banking relationships and track record of APN Property Group to achieve optimal outcomes for ADI shareholders
  - Remaining disciplined with use of capital – no hedges have been broken

## Debt maturity profile – limited refinance risk



## APN Industria REIT cost of debt compared to A-REIT sector<sup>1</sup>



1. Source: Company information and IRESS


# 03 PORTFOLIO PERFORMANCE



# Active year of acquisitions to improve portfolio diversity and scale


- Improved portfolio diversity and exposure to properties that offer high quality and well-located warehouses for tenants:
  - ~\$65 million of acquisitions
  - Average WALE 4.9 and yield 6.6%
- Strong direct engagement with tenants, with multiple efficiency initiatives completed including 265KW of solar installed
- Pursuing additional bolt-on acquisitions of similar sized assets – depth of opportunity is <25,000sqm warehouses, which account for 98.8% of stock<sup>1</sup> in Melbourne

**1 West Park Drive,  
Derrimut, VIC**




Valuation: \$10.6m  
Initial yield: 6.6%  
WALE: 4.6 years

**13 Ricky Way and 10  
Jersey Dr, Epping, VIC**




Valuation: \$15.7m  
Initial yield: 7.45%  
WALE: 6.3 years

**81 Rushdale St  
Knoxfield, VIC**




Valuation: \$9.10m  
Initial yield: 8.28%  
WALE: 1.6 years

**3 Forbes Close  
Knoxfield, VIC**




Valuation: \$9.00m  
Initial yield: 4.76%  
WALE: 6.6 years

**4 Forbes Close  
Knoxfield, VIC**



Valuation: \$10.65m  
Initial yield: 5.04%  
WALE: 6.6 years

**147-153 Canterbury Rd  
Kilsyth, VIC**



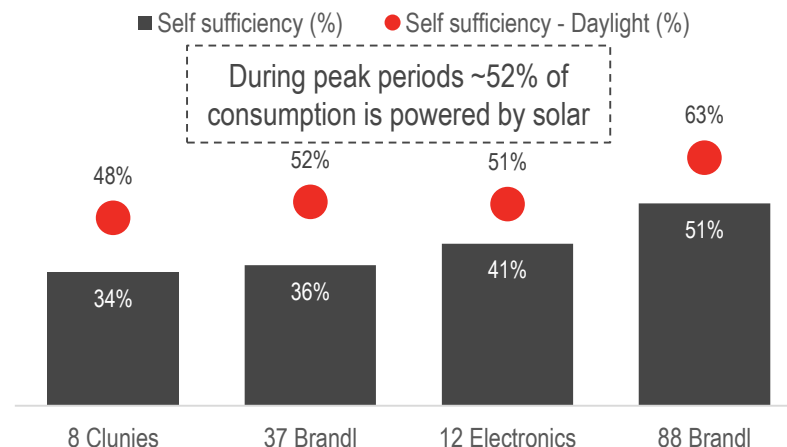
Valuation: \$9.50m  
Initial yield: 7.37%  
WALE: 2.6 years

1. Urban Development Program – Metropolitan Melbourne Industrial 2017

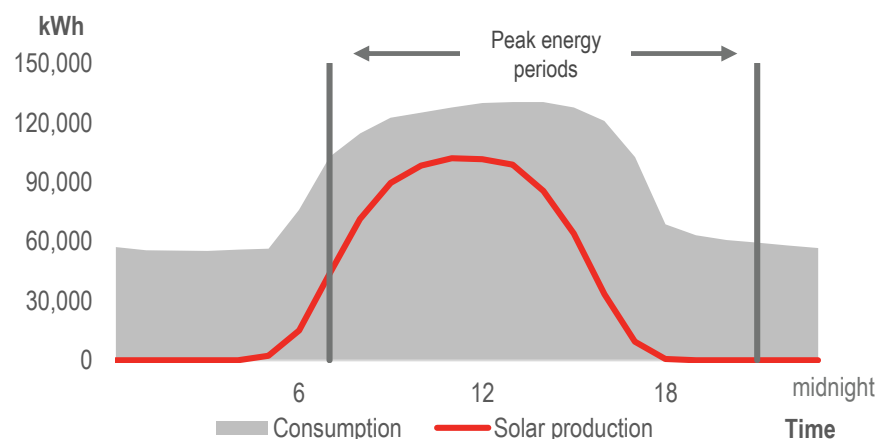
# Sustainability and managing for the long term

- Leveraging the built environment by enhancing existing asset performance and driving efficiencies:
  - Delivering >15% yield on cost and reducing reliance on the grid – with over 1 Megawatt of solar PV installed at BTP; and 850 Kilowatts elsewhere across the portfolio
  - On average, 52% of energy consumed across our BTP assets with solar during peak energy periods is self-generated
  - Rolling program of lighting upgrades – typically 2 – 4 year payback periods
  - Modernising air conditioning units that rely on environmentally damaging refrigerant gases – reducing risk of obsolescence and improving tenant comfort
- Our investments have been geared towards actions that are within our control and make an immediate impact

## Brisbane Technology Park - self-sufficiency per building

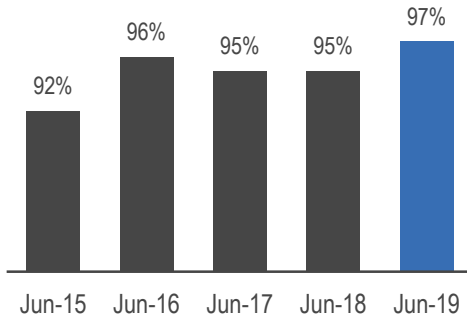


## Brisbane Technology Park – average consumption and production

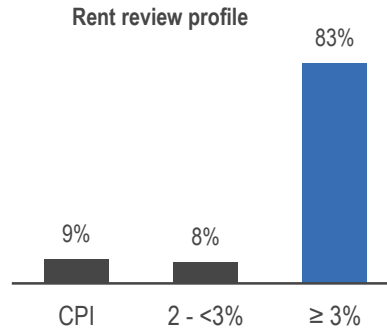


# Actively managing Industria's real estate

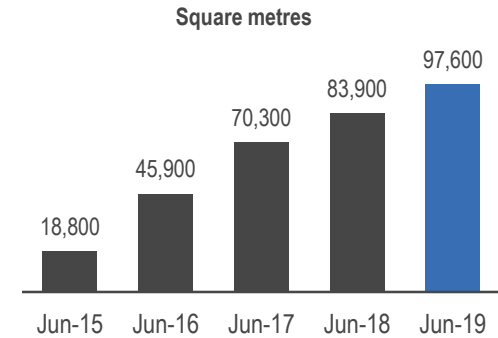
## High occupancy



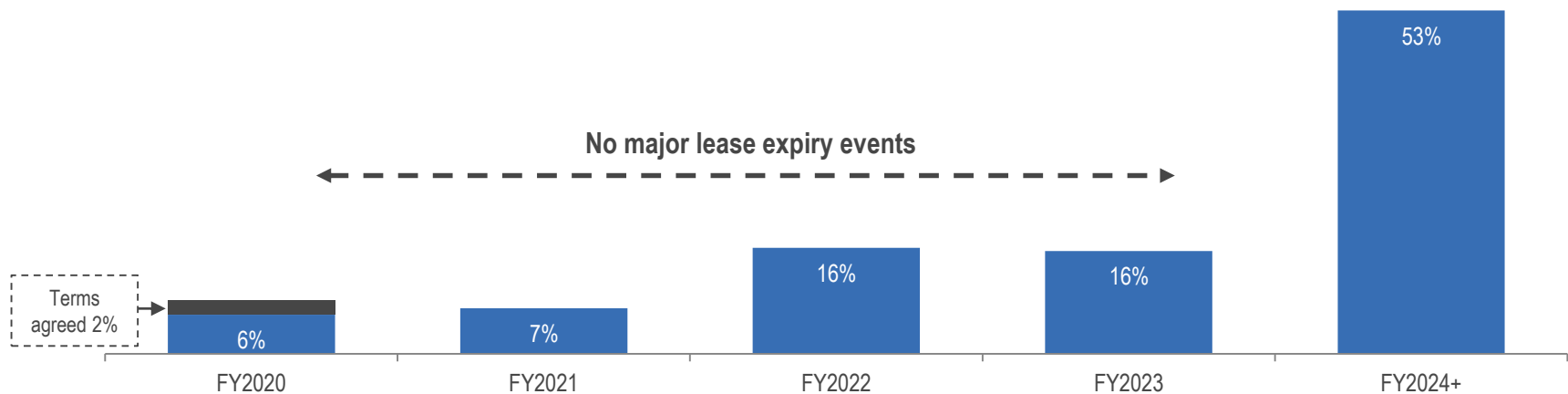
## Generating organic growth



## Cumulative leasing outcomes



## Strong income visibility - expiry profile (by income)



# 04 OUTLOOK

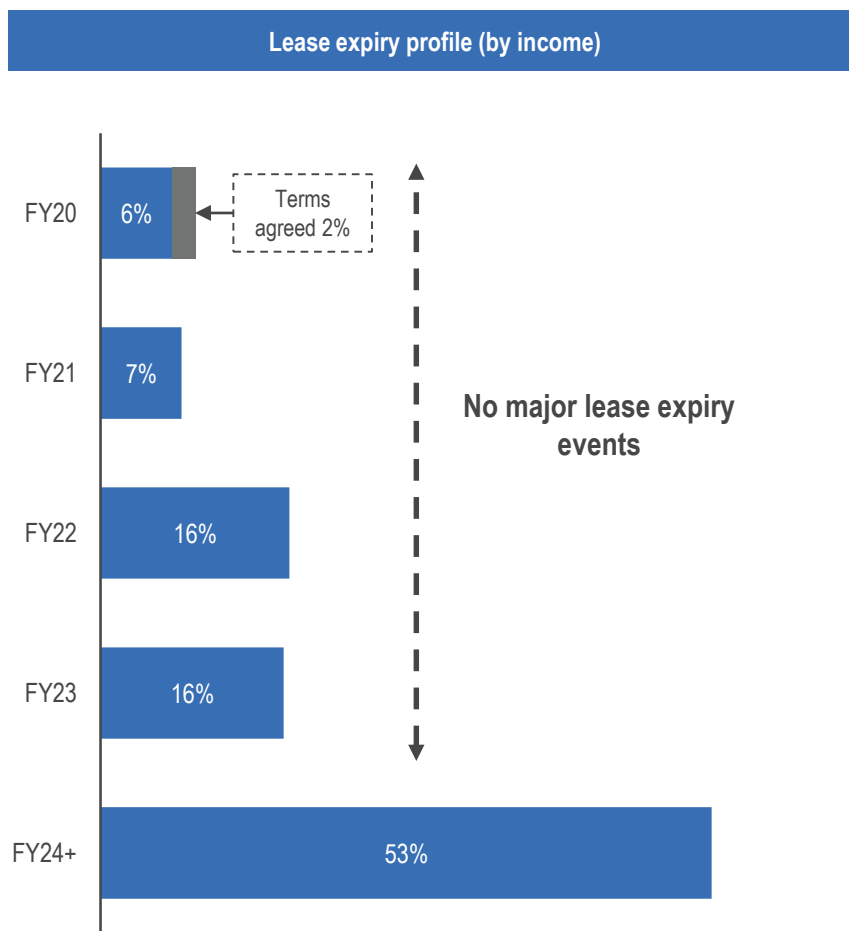




# Outlook

## Sustainable returns underpinned by quality and affordable workspaces

- Industria is well positioned:
  - High quality portfolio with annual fixed growth from rent reviews
  - No potential volatility from active earnings that may rely on development or fund management fees/profits
  - Focused and financially aligned management team that is highly engaged with tenant base to drive long-term consistent earnings growth
  - Demonstrated patience and ability to be disciplined when allocating capital
- Initial FY19 FFO guidance of 2.5 – 3% growth upgraded to 3.5% growth following acquisition of 60 Grindle Road in September 2019
- DPS guidance of 17.5 cps – 3% growth
- Guidance statements subject to current market conditions continuing and no unforeseen events



# 05 RESOLUTIONS



## Ordinary Resolution 1

---

### Industria Company No. 1

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

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	71,242,666	263,139	38,611	767,951
Percentage	99.58%	0.37%	0.05%	0.00%

## Ordinary Resolution 2

---

### Industria Company No. 1

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

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	71,206,939	272,663	66,324	766,441
Percentage	99.53%	0.38%	0.09%	0.00%

## Ordinary Resolution 3

### Industria Company No. 1

*“That Mr Joseph De Rango, being a director who was appointed by the directors of the Company on 2 September 2019 in accordance with clause 4.6 of the Company’s constitution and whose appointment as a director expires at the conclusion of the Annual General Meeting of the Company and, being eligible, offers himself for election, be elected as a director of the Company.”*

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	70,962,280	307,415	266,030	776,642
Percentage	99.20%	0.43%	0.37%	0.00%

## Special Resolution 4.1

---

### Industria Company No. 1

*“That for the purposes of sections 136 and 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in clause 13 of the Company constitution be reinserted for a period of three years on the terms and conditions set out in the Explanatory Notes.”*

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	70,186,331	279,517	1,055,552	790,967
Percentage	98.13%	0.39%	1.48%	0.00%

## Special Resolution 4.2

---

### Industria Trust No. 1

*“That for the purposes of sections 601GC and 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in clause 5.29 of the Industria Trust No. 1 constitution be reinserted for a period of three years on the terms and conditions set out in the Explanatory Notes.”*

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	70,186,331	279,517	1,055,552	790,967
Percentage	98.13%	0.39%	1.48%	0.00%

## Special Resolution 4.3

---

### Industria Trust No. 2

*“That for the purposes of sections 601GC and 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in clause 5.29 of the Industria Trust No. 2 constitution be reinserted for a period of three years on the terms and conditions set out in the Explanatory Notes.”*

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	70,185,992	281,366	1,055,552	789,457
Percentage	98.13%	0.39%	1.48%	0.00%



## Special Resolution 4.4

---

### Industria Trust No. 3

*“That for the purposes of section 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in clause 4.10 of the Industria Trust No. 3 constitution be reinserted for a period of three years on the terms and conditions set out in the Explanatory Notes.”*

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	70,185,992	279,856	1,055,552	790,967
Percentage	98.13%	0.39%	1.48%	0.00%

## Special Resolution 4.5

---

### Industria Trust No. 4

*“That for the purposes of sections 601GC and 648G of the Corporations Act and for all other purposes, the proportional takeover provisions in clause 4.10 of the Industria Trust No. 4 constitution be reinserted for a period of three years on the terms and conditions set out in the Explanatory Notes.”*

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	70,185,992	279,856	1,055,552	790,967
Percentage	98.13%	0.39%	1.48%	0.00%

## Ordinary Resolution 5

---

### Industria Company No.1 and Industria Trusts No. 1 - 4

*“That for all ASX Listing Rule purposes, including Listing Rule 7.4, and all other purposes, approval is given for the issue of 10,989,011 fully paid stapled securities, on the terms and conditions set out in the Explanatory Notes.”*

#### Summary of Proxy instructions

	For	Open	Against	Abstain
Votes	32,371,041	319,276	250,258	66,595
Percentage	98.27%	0.97%	0.76%	0.00%

# Disclaimer

---

This presentation has been prepared by APN Funds Management Limited (ACN 080 647 479, AFSL No. 237500) (the "Responsible Entity") as 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), Industria Trust No. 4 (ARSN 166 163 186) and Industria Company No 1 Limited (ACN 010 497 957) ("Industria Company") collectively the APN Industria REIT ("ADI") stapled group. Information contained in this presentation is current as at 23 October 2019. The information provided in this presentation does not constitute financial product advice and does not purport to contain all relevant information necessary for making an investment decision. It is provided on the basis that the recipient will be responsible for making their own assessment of financial needs and will seek further independent advice about investments as is considered appropriate. This presentation does not constitute an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security, nor does it form the basis of any contract or commitment.

Except as required by law, no representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions, or as to the reasonableness of any assumption, contained in this presentation. By reading this presentation and to the fullest extent permitted by law, the reader releases the Responsible Entity, Industria Company and their respective affiliates, and any of their respective directors, officers, employees, representatives or advisers from any liability including, without limitation, in respect of any direct or indirect or consequential loss, damage, cost, expense, outgoing, interest, loss of profits or loss of any kind ("Losses") arising in relation to any recipient or its representatives or advisers acting on or relying on anything contained in or omitted from this presentation or any other written or oral opinions, whether the Losses arise in connection with any negligence, default or lack of care on the part of Responsible Entity or Industria Company or any other cause.

The forward-looking statements, opinions and estimates provided in this presentation are based on estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by the Responsible Entity and Industria Company, are inherently subject to significant uncertainties and contingencies. Many known and unknown factors could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements. Such factors include, but are not limited to: operating and development risks, economic risks and a number of other risks and also include unanticipated and unusual events, many of which are beyond the Responsible Entity and Industria Company's ability to control or predict. Past performance is not necessarily an indication of future performance. The forward-looking statements only speak as at the date of this presentation and, other than as required by law, the Responsible Entity and Industria Company disclaim any duty to update forward looking statements to reflect new developments. To the fullest extent permitted by law, the Responsible Entity and Industria Company make no representation and give no assurance, guarantee or warranty, express or implied, as to, and take no responsibility and assume no liability for, the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omission, from any information, statement or opinion contained in this presentation.

The Responsible Entity, Industria Company or persons associated with them, may have an interest in the securities mentioned in this presentation, and may earn fees as a result of transactions described in this presentation or transactions in securities in ADI.

# Contact

---

## Alex Abell

Fund Manager – APN Industria REIT

Ph: (03) 8656 1070

✉ [aabell@apngroup.com.au](mailto:aabell@apngroup.com.au)

## ASX Code: ADI

### APN Property Group Limited

Level 30, 101 Collins Street,

Melbourne, Vic 3000

[apngroup.com.au](http://apngroup.com.au)

## Follow us...



@apngroup



APN Property Group Limited



apnpropertygroup



<http://blog.apngroup.com.au>



apnpropertygroup