ASSET ACQUISITION AND EQUITY RAISING

20 NOVEMBER 2019

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APN | Industria REIT

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Important notice and disclaimer

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Contents

01 Executive summary

02 Acquisition

03 Trading update

04 Equity raising

Appendices

01 EXECUTIVE SUMMARY

Executive summary

Acquisition	▪ APN Industria REIT ("Industria") has entered into a heads of agreement to acquire 350 – 356 Cooper Street, Epping, Victoria, for $28.8 million (excluding transaction costs), reflecting an acquisition capitalisation rate of 6.0% (the "Acquisition") ▪ The Acquisition is: – A strategic Commercial Zone 2 site spanning 2.3 hectares, located on a key arterial road (with 6 million vehicle movements p.a.) in one of Melbourne's strongest population growth areas – Relatively new construction with high-spec buildings and 35% site coverage – with potential for future development and value-add – Occupied by a high-performing sales and service centre that includes the leading Ford dealer in Australia, with a 7.6 year WALE[1] and 3% fixed reviews, with a market rent review in ~2.5 years supporting Industria's medium term growth
Equity raising	▪ Industria will undertake a fully underwritten institutional placement to raise $27 million ("Placement") at an issue price of $2.88 per New Security to partially fund the Acquisition ▪ The remaining Acquisition and associated transaction costs will be funded using existing bank debt facilities and cash reserves ▪ Industria will also undertake a non-underwritten security purchase plan ("SPP") to eligible securityholders in Australia and New Zealand to raise up to $5 million[2] at the same issue price as the Placement to repay debt and support Industria's core business activities
Financial impact	▪ Including the impact of the Acquisition and Placement and subject to current market conditions and no unforeseen events, Industria reaffirms FY20 guidance previously provided[3]: – FY20 Funds From Operations ("FFO") of 19.9 cents per security (3.5% growth on FY19) – FY20 Distributions Per Security ("DPS") of 17.5 cents (3% growth on FY19) ▪ Industria's pro forma gearing is expected to be approximately 32% following the Acquisition and Placement[4], towards the bottom end of the 30 – 40% target gearing range and providing capacity for further acquisitions
Trading update	▪ Continue to drive leasing outcomes, with over 3,900 square metres completed at Brisbane Technology Park ("BTP") in FY20; and terms agreed across over 6,000 square metres of industrial space ▪ Pre-committed a childcare facility (under construction) at BTP, and multiple other value-add capex initiatives likely to start in 2H19 - anticipated yield on cost of ~7.5%

1. WALE refers to weighted average lease expiry as at 31 October 2019
2. Industria may (in its absolute discretion) in a situation where total demand exceeds $5 million, decide to increase the amount to be raised under the SPP to reduce or eliminate the need for scale back
3. Further refer to Appendix B: Key risks
4. As at 31 October 2019, excluding any proceeds potentially to be received under the SPP. Proceeds from the SPP will reduce the pro forma gearing (e.g. $5 million will result in pro forma gearing of 31%)

Key post transaction metrics

6.9% FY20 FFO YIELD[1]	6.1% FY20 DPS YIELD[1]	$798m TOTAL ASSETS	32% PRO FORMA GEARING[2]
31 ASSETS	5.8 YEAR WALE[3]	97% OCCUPANCY	$566m MARKET CAP[4]

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

1. Based on the offer price of $2.88 per New Security and FY20 FFO guidance of 19.9 cents per security and DPS guidance of 17.5 cents per security
2. As at 31 October 2019, excluding any proceeds potentially to be received under the SPP
3. As at 31 October 2019, including the Acquisition
4. Based on Industria's market capitalisation on 20 November 2019, plus the $27m Placement

02 ACQUISITION

Acquisition overview

- Prime Commercial Zone 2 site – providing flexibility for multiple future uses including commercial, industrial, bulky goods and retail
- 2.3 hectares across two adjoining sites, occupied by Australia's leading Ford service and sales dealership, and Volkswagen
- Leased to Autopact Pty Ltd, one of Australia's largest dealership groups generating over $1.2 billion in revenue (FY19), for a remaining term of 7.6 years[1]:
  - Market rent review in July 2022 anticipated to increase the annualised yield to 6.5 – 7%
  - Fixed 3% reviews in all other years
- Modern buildings constructed in 2010 and 2017 featuring office, warehouse and showroom facilities. The facilities are geared towards customer service and maintenance – resulting in this site being the highest selling Ford dealership in Australia by a considerable margin
- Acquired in an off-market transaction at an attractive acquisition cap rate

Valuation	$29.1m
Capitalisation rate	6.0%
Initial yield	5.1%
Gross lettable area (sqm)	8,088
Site area (sqm)	23,149
Occupancy	100%
Tenant	Autopact Vic. Pty Ltd
WALE (years)[1]	7.6
Annual rent reviews	3% p.a.[2]
Expected settlement date	Early December 2019

1. As at 31 October 2019
2. Market rent review in July 2022, fixed 3% reviews in all other years

Exposure to major growth precinct north of Melbourne

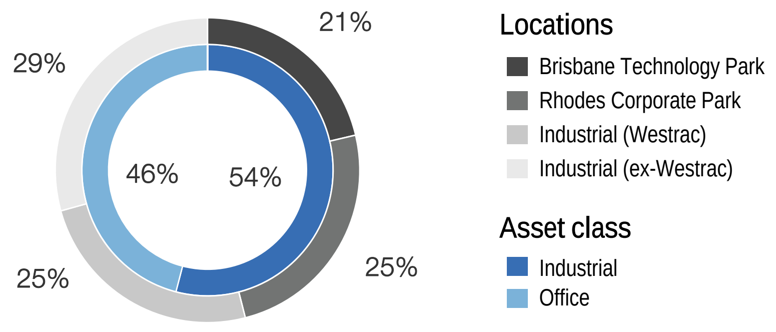
1 Acquisition property (350 – 356 Cooper St, Epping, Victoria)	7 Epping Medical Centre
2 Melbourne Markets and potential expansion land	8 Northern Hospital
3 Biodiversity Industrial Business Park	9 Pacific Epping Shopping Centre
4 Frasers Industrial	10 Costco Wholesale
5 Bunnings warehouse	11 Epping Hub (LFR centre)
6 Mantra hotel	12 Epping train station

- The property is located opposite Melbourne Markets, is ~20km north of the Melbourne CBD, and benefits from ~6 million vehicles per annum passing the site
- Epping is in the rapidly growing population growth corridor to the north of Melbourne that is forecast to grow at ~17,000 persons per annum to 2030
- The precinct includes leading national and international businesses, a major medical precinct, and is in close proximity to Pacific Shopping Centre
- There is a scarcity of large sites in the area, adding to strong tenant demand for sites of this type
- Location allows for transport to Sydney by truck within eight hours

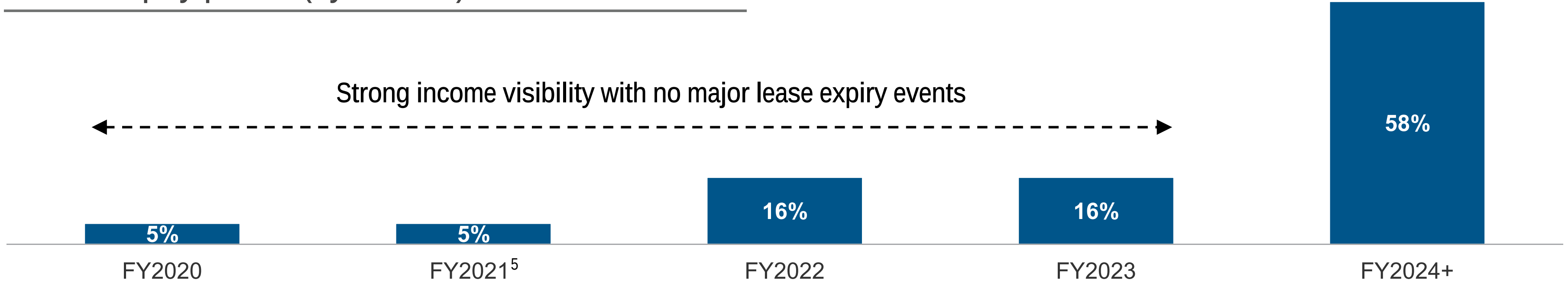
Impact on portfolio metrics

	30 Jun 19	31 Oct 19[3]	Post Acquisition
Number of assets	28	30	31
Portfolio value ($m)	739	769	798
WACR[1]	6.5%	6.5%	6.5%
Occupancy	97%	97%	97%
WALE (years)	6.1	5.7	5.8
NLA (sqm)[2]	250,991	263,047	271,135

Portfolio diversification (post Acquisition)[4]



Lease expiry profile (by income)



1. WACR refers to weighted average capitalisation rate
2. NLA refers to net lettable area
3. Including Business as usual ("BAU") to Oct-19 and impact from acquisitions of 60 Grindle Road, Wacol, QLD and 10 Brandl Street, Eight Mile Plains, QLD
4. By portfolio value
5. Adjusted for terms agreed across over 6,100 square metres of industrial NLA

03 TRADING UPDATE

Trading update

Active management generating outcomes

- Leasing results continue to be delivered:
  - Over 20 deals and over 3,900 square metres completed at BTP
  - Agreement for lease signed for 2,500 square metre childcare facility (under construction) at BTP, further improving amenity within the precinct
  - ~6,100 square metres of leasing deals agreed across industrial assets
- Childcare construction and multiple value-add capex initiatives totalling $9 - $10 million likely to start in 2H19 are expected to generate a yield on cost of ~7.5%
- Anticipate delivering another megawatt of solar in FY20 – increasing our total generation to over 2.8 megawatts

Continued growth trajectory through acquisitions in line with strategy

- Deployment of $28.3 million since June 2019 into two attractive office and industrial opportunities:
  - Properties acquired on a WACR of 7.9%
- Industrial acquisition at 60 Grindle Rd, Wacol, benefits from over 9 years of WALE[2]
- Office asset at BTP provides an opportunity to re-lease at an anticipated yield on cost of 8 – 9%, generating a high yield and adding considerable value
- Gearing post the acquisition of the above assets has risen to ~33%[1] – while still towards the bottom end of Industria's target gearing range of 30 – 40%, the Placement provides future flexibility and balance sheet strength to complete anticipated value-add capex initiatives and support further growth where attractive opportunities arise

1. Pre 350 – 356 Cooper Street, Epping Acquisition
2. As at 31 October 2019

Recent acquisitions overview

60 Grindle Road, Wacol, QLD (Oct 19)

Purchase price	$18.3m
Sector	Industrial
NLA	9,000sqm
Initial yield	8%

- 9,000 square metre warehouse occupied by Vesco Foods, a leading manufacturer of ready-made meals
  - Owns or licences brands including Lean Cuisine and On the Menu with key clients including Woolworths, Coles, IGA, Aldi and a variety of restaurant chains
- Attractive triple net (excluding land tax) lease with 9.4 year WALE[2] and annual reviews of 3.5% or CPI (whichever is higher)
- Well located with access to three arterial roads, enhancing the ability for occupiers to service the South East Queensland and interstate markets
- Established industrial precinct with sixteen other food manufacturers and other major companies including Volvo, Bridgestone, Penske and Komatsu

10 Brandl Street, Eight Mile Plains, QLD (Oct 19)

Purchase price	$10.0m
Sector	Office
NLA	3,060sqm
Initial yield	9.0%[1]

- Two-level 3,060 square metre office building situated at the entrance to BTP on an under-developed piece of land totalling 6,787 square metres (31% site coverage)
- Acquisition leverages management expertise at BTP, with the expectation to achieve a yield on cost of 8 – 9% upon re-leasing
- Over last two financial years, APN has completed 71 leasing deals over 13,600 square metres at BTP
- 350 square metre warehouse on site enhances leasing prospects by appealing to many medical-related users who are already attracted to the location and offering at BTP

1. Income support for 15 months
2. As at acquisition valuation date

04 EQUITY RAISING

Sources and uses of proceeds

Sources of proceeds	$m
Placement proceeds	27.0
Draw on bank debt facilities	1.8
Cash	2.5
Total sources	31.3

Uses of proceeds	$m
Acquisition	28.8
Transaction costs	2.5
Total uses	31.3

- The Acquisition will be partly funded by a $27 million fully underwritten Placement
- The remaining Acquisition and associated transaction costs will be funded by drawing on existing bank debt facilities and cash reserves
  - Separately, a $10 million increase of Industria's debt facilities has been agreed
- Industria will also undertake a non-underwritten SPP which will raise up to $5 million[1]
- Pro forma gearing as at 31 October 2019 is expected to be approximately 32% following the Acquisition and Placement, towards the bottom end of the 30 – 40% target gearing range
  - Proceeds from the SPP will reduce the pro forma gearing (e.g. $5 million will result in pro forma gearing of 31%)

1. Industria may (in its absolute discretion) in a situation where a total demand exceeds $5 million, decide to increase the amount raised under the SPP to reduce or eliminate the need for scale back

Equity raising overview

Structure	▪ Fully underwritten Placement to raise $27 million ▪ Non-underwritten SPP to eligible securityholders in Australia and New Zealand to raise up to $5 million[1] – Eligible securityholders will be invited to apply for up to a maximum of $30,000 of New Securities under the SPP, at the same issue price as the Placement and free of any brokerage or transaction costs[2]
Pricing	▪ Fixed issue price of $2.88 per New Security, representing a: – 3.0% discount to the last close price of $2.97 on 20 November 2019 – 2.9% discount to the 5 day VWAP of $2.97 on 20 November 2019
Ranking	▪ New Securities issued under the Placement and the SPP will rank equally with existing Industria securities and will be fully entitled to the distribution for the quarter ending 31 December 2019, expected to be 4.375 cents per security

1. Industria may (in its absolute discretion) in a situation where a total demand exceeds $5 million, decide to increase the amount raised under the SPP to reduce or eliminate the need for scale back
2. Securityholders are restricted from being issued more than $30,000 worth of securities under an SPP in any consecutive 12-month period. As such, the amount eligible securityholders are able to subscribe for under the SPP will be reduced by any amount received under Industria's previous SPP announced on 13 May 2019 and issued on 18 June 2019

Indicative timetable

Event	Date (2019)
Record date for SPP	7.00 pm, Tuesday, 19 November
Announcement of the Acquisition and Placement	Wednesday, 20 November
Placement bookbuild	Wednesday, 20 November
Settlement of New Securities issued under the Placement	Monday, 25 November
Allotment and normal trading of New Securities issued under the Placement	Tuesday, 26 November
SPP offer opens and booklet is dispatched	Thursday, 28 November
SPP offer closes	5.00 pm, Thursday, 12 December
SPP allotment date	Thursday, 19 December
Dispatch of holding statements and normal trading of New Securities issued under the SPP	Friday, 20 December

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Melbourne time.

The APN Industria REIT opportunity

Exposure to a $798 million portfolio[1] of strongly performing office and industrial assets

Secure and growing income profile underpinned by a 5.8 year WALE[2] and 97% occupancy[1]

Attractive FY20 FFO yield of 6.9%[2] and FY20 distribution yield of 6.1%[2]

Increased market capitalisation expected to enhance trading liquidity

1. Including the Acquisition
1. WALE as at 31 October 2019, including the Acquisition
2. Based on the offer price of $2.88 per New Security and FY20 FFO guidance of 19.9 cents per security and DPS guidance of 17.5 cents per security

APPENDICES

Appendix A

Pro forma balance sheet

Pro forma balance sheet

	30 Jun 19 (Audited)	Acquisitions and BAU[1]	31 Oct 19	Acquisition and Placement[2]	Pro forma as at 31 Oct 19[2]
Cash	2.4	0.8	3.2	(2.5)	0.8
Investment properties	739.4	29.4	768.7	29.1	797.8
Other assets	1.8	(0.1)	1.7		1.7
Total assets	743.6	30.0	773.6	26.6	800.3
Debt	225.0		253.6	1.8	255.4
Unamortised borrowing	(0.7)		(0.7)		(0.7)
Borrowings	224.3	28.0	252.3	1.8	254.1
Derivative liabilities	6.2		6.2		6.2
Other liabilities	23.1		23.1		23.1
Total liabilities	253.6	28.0	281.6	1.8	283.4
Net tangible assets	490.0	2.0	492.0	24.8	516.9
Securities on issue	181.2	0.2	181.4	9.4	190.7
NTA per security	$2.71		$2.71		$2.71
Gearing[3]	30.0%		32.5%		31.8%

1. Include acquisitions of 60 Grindle Road, Wacol, QLD and 10 Brandl Street, Eight Mile Plains, QLD, and June 2019 DRP
2. Does not include any proceeds potentially to be received under the SPP
3. Gearing reflects total borrowings, excluding capitalised establishment fees and net of cash, divided by total tangible assets

Appendix B

Key risks

Key risks

This section discusses some of the risks associated with an investment in Industria. Industria's business is subject to a number of risk factors both specific to its business and of a general nature which may impact its future performance and forecasts. Before subscribing for New Securities, prospective investors should carefully consider and evaluate Industria and its business and whether New Securities are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below.

The risk factors set out below are not exhaustive, and many of them are outside the control of Industria, its directors and senior management. Prospective investors should consider publicly available information on Industria, examine the full content of this presentation and consult their financial, tax and other professional advisers before making an investment decision.

Rental income and investment risk

Returns from an investment in property largely depend on rental income generated from tenants across its portfolio, expenses incurred in managing and maintaining those interests, and changes in market value of such interests. Industria's revenue will largely depend on the tenants adhering to their obligations to pay rent under the leases. A failure of some of Industria's tenants to pay rent on time, or at all, is likely to materially adversely affect Industria's revenue, which may also adversely affect Industria's ability to service its loans and harm overall financial performance. The market value of properties and property related investments is in part correlated to rental income, and rental income may be adversely impacted by a number of factors including:

- overall market conditions in national and local economies in which Industria operates such as growth or contraction in gross domestic product, demographic changes, employment trends and consumer sentiment;
- the financial performance and condition of tenants, including market conditions of the industries in which tenants operate;
- the ability to extend leases or attract new tenants where an existing tenant vacates its lease on expiration or bankruptcy;
- increase in rental arrears and vacancy periods;
- reliance on a tenant which leases a material portion of the portfolio;
- an increase in unrecoverable outgoings;
- the location and quality of properties;
- operating, maintenance and refurbishment expenses, as well as unforeseen capital expenses;
- adverse environmental incidents; and
- supply and demand in the property market.

Industria earns the majority of its revenue from rental income. Any negative impact on rental income has the potential to adversely affect Industria's revenue and have an adverse impact on distributions or the value of securities or both.

Re-leasing, market rent reviews and vacancy risk

The portfolio's leases come up for renewal on a periodic basis, and there is a risk that Industria may not be able to negotiate suitable lease renewals with existing tenants, maintain existing lease terms, or replace outgoing tenants with new tenants. The ability to secure lease renewals or to obtain replacement tenants may be influenced by any leasing incentives granted to prospective tenants and the supply of new properties in the market, which, in turn, may increase the time required to let vacant space. Should Industria be unable to secure a replacement tenant for a period of time or if replacement tenants lease the property on less favourable terms than existing lease terms, this will result in a lower rental return to Industria, which could materially adversely affect the financial performance of Industria and distributions. Additional costs associated with re-leasing the properties could also arise.

In addition, at either lease expiry or upon exercise of an option to extend the term of a lease by a tenant, the rent payable may be subject to prevailing market conditions and market rent reviews, which may result in rents going up or down.

Approximately 5% of Industria's existing leases will expire in FY20. There can be no guarantee that Industria will be successful in the lease renewal processes with each tenant, or that Industria will be able to renew any lease on similar or not less favourable terms. Industria could lose key tenants due to a range of events including as a result of failure to renew a lease, the termination of a lease due to change of control, deterioration in the level of service provided to tenants, weakening of tenant relationships or disputes with tenants, consolidation of a tenant's sites or insolvency of tenants. Any of these factors could materially adversely affect the financial performance of Industria and distributions.

Key risks

Property valuation risk

The value of the properties held by Industria may be impacted by a number of factors, including a number of factors outside the control of Industria, affecting the property market generally, as well as Industria in particular including, but not limited to:

- changes in market rental rates;
- changes in property yields;
- fluctuating occupancy levels;
- tenants defaulting;
- a downturn in local property markets or property markets in general;
- general economic factors such as the level of inflation, changes in interest rates and economic cycles, both within Australia and overseas; and
- pricing or competition policies of any competing properties.

A reduction in the value of properties may cause Industria to breach its financial covenants or impact on Industria's financing arrangements (see Funding risk) and may result in a reduction in the value of securities. External and director valuations represent only the analysis and opinion of such persons at a certain date and they are not a guarantee of present or future values. The value of the assets may impact on the value of an investment in Industria and changes in market valuation of assets may adversely affect Industria's financial position and performance.

Realisation of assets and liquidity

Property assets are, by their nature, illiquid investments. This may make it difficult to alter the balance of income sources for Industria in the short term in response to changes in economic or other conditions. Industria may not be able to realise the assets within a short period of time or may not be able to realise assets at valuation including selling costs, which could materially adversely affect the performance of Industria and distributions.

Funding risk

Changes in Industria’s ability to raise funds (from either debt or equity markets), and the terms on which such funds are or can be raised, could result in an increased cost of funding, limited access to capital, increased refinancing risk for Industria and/or an inability to expand operations or purchase assets in a manner that may benefit Industria and its securityholders. Such changes could arise from numerous factors, including general economic and political conditions, debt and equity capital market conditions and the performance, reputation and financial strength of the REIT and its tenants.

Industria is a geared investment product and relies upon debt funding as an integral part of its capital structure. The extent to which Industria is geared will magnify the effect of changes in property valuations. Changes in interest rates and the availability and cost of finance will affect the operational and financial results of Industria. Industria's ability to refinance its debt facilities and/or interest rate hedges as they fall due will depend upon its financial position and performance and the prevailing market conditions. An inability to refinance the existing debt facilities and/or enter into new debt facilities or interest rate hedges on similar terms and conditions may have an adverse impact on the operational and financial results of Industria.

Interest rate risk

Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact Industria's funding costs adversely, resulting in a decrease in distributable income. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact on both earnings and net assets.

Key risks

Banking covenants

Industria has various covenants in relation to its banking facilities, including interest cover and leverage ratio requirements. Unforeseen factors such as falls in asset values or the inability of Industria to extend current leases could lead to a breach in debt covenants. In such an event, Industria's lenders may require their loans to be repaid immediately or compel Industria to sell assets at below market value. Furthermore, there is a risk that unforeseen capital expenditure may impact upon the cash available to service debt.

Capital expenditure risk

There is a risk that, due to unforeseen circumstances (not covered by insurance), Industria may have to make additional capital expenditure on the properties. Some examples of these circumstances include damage caused by fire, flood or other disaster, changes to laws or council requirements such as environmental, building or safety regulations, or property defects or environmental issues which become apparent in the future. Additionally, unforeseen capital expenditure may be required to maintain the properties in their current condition. If Industria incurs unforeseen capital expenditure, this may affect returns available to securityholders.

Reliance on APN FM, APN Property Group Limited and personnel risk

Industria relies on APN Funds Management Limited ("APN FM" or "Responsible Entity") and its parent company APN Property Group Limited to provide a range of services (e.g. property management, asset management and leasing services). As a result, Industria's performance depends largely on the performance on the APN executive team. Failure of APN and its executives to discharge its responsibilities as agreed may adversely affect the management and financial performance of Industria and therefore returns to securityholders.

The ability of Industria to successfully deliver on its business objectives as set out in this presentation, is in part dependent on APN retaining and attracting quality senior management and other employees. The loss of the services of any senior management or key personnel, or the inability to attract new skilled personnel, could materially affect Industria's business, operational performance or financial results.

Conflicts of interest or duty and related party transactions

In addition to APN FM being the Responsible Entity of Industria, Industria has an existing Co-operation deed and a Property Management Agreement with APN FM. APN FM is the responsible entity of other registered managed investment schemes in addition to Industria.

Accordingly, there is a risk that the management of properties for different funds may lead to conflicts of interest arising for APN FM. These may include conflicts in respect of the acquisition of properties, leasing and the allocation of the manager's resources to each different fund. There is consequently also a risk that if these conflicts are not managed appropriately, Industria and/or securityholders may suffer loss.

However, the Responsible Entity currently has in place existing policies (as obligated under the Corporations Act and Listing Rules (as applicable)) to ensure that it is able to effectively identify and manage conflicts of interest or duty. Furthermore, the Board consists of majority independent Directors and an independent Chairman responsible for the governance of Industria.

Environmental risk

Certain asset classes to which Industria is exposed, in particular industrial assets, typically have a higher rate of environmental contamination than other commercial property asset classes. Industria is not aware of any environmental contamination at any of its properties. There is a risk that a property may be contaminated now or in the future. Government environmental authorities may require Industria to remediate such contamination and Industria may be required to undertake any such remediation at its own cost. Such an event would adversely impact Industria's financial performance.

In addition, environmental laws impose penalties for environmental damage and contamination which may be material.

If a person is exposed to a hazardous substance at a property, they may make a personal injury claim against Industria. Such a claim could be for an amount that is greater than the value of the contaminated property. An environmental issue may also result in interruptions to the operations of a property. Any lost income caused by such an interruption to operations may not be recoverable.

Industria and the operations of property tenants are subject to government environmental legislation. While environmental issues are continually monitored, there is no assurance that Industria's operations or those of a tenant of a property will not be affected by an environmental incident or subject to environmental liabilities, which could impact the reputation, rental income or value of Industria.

Key risks

Tenant concentration

Industria relies on key tenants to generate the majority of its revenue. If a key tenant is affected by financial difficulties that tenant may default on its rental or other contractual obligations which may result in loss of rental income or losses to the value of Industria's assets. This has the potential to adversely impact the operational and financial results of Industria.

In addition, there is a risk that if one or more of the major tenants ceases to be a tenant, Industria may not be able to find a suitable replacement tenant or may not be able to secure lease terms that are as favourable as current terms and incur costs associated with enforcing Industria's claim against those tenants. Should Industria be unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms, this will result in a lower rental return to Industria, which could materially adversely affect its financial performance and distributions.

Acquisition due diligence and reliance on information provided

Industria undertook a thorough due diligence process in respect of the Acquisition, which relied partly on the review of financial and other information provided by the vendors. Industria has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Industria has prepared (and made assumptions in the preparation of) the financial information relating to the Acquisition included in this presentation in reliance on limited financial information.

If any of the data or information provided to and relied upon by Industria in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the Acquisition and Industria may be materially different to the financial position and performance expected by Industria and reflected in this presentation.

Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisitions have been identified.

It is possible that the due diligence did not reveal issues that, subject to warranty and other contractual protection in the purchase agreements with the vendors, may later have an adverse impact on the benefits of the Acquisition forecast to Industria or may result in Industria being or becoming liable for costs or liabilities in the future that Industria cannot recover. Such costs or liabilities could adversely impact the financial position of Industria.

Share market conditions

There are general risks associated with an investment in the share market. As such, the value of New Securities may rise above or fall below the offer price, depending on the financial position and operating performance of Industria and other factors. In addition, the market price of Industria securities will fluctuate due to various factors, many of which are non-specific to Industria, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, investor perceptions and volatility in global markets. Investors should recognise that the price of New Securities may fall as well as rise.

Investor preferences

The demand for property and listed property securities may change as investor preferences for particular sectors and asset classes change. The demand for property as an asset class may change over time and may be influenced by general economic factors such as interest rates, stock market cycles and exchange rates.

Taxation

Future changes in taxation law in Australia and in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions, may impact the future tax liabilities of Industria or may affect taxation treatment of an investment in Industria securities, or the holding or disposal of those securities.

Key risks

Dilution

Securityholders will be diluted by the issue of New Securities under the Placement. Eligible securityholders should note that if they do not participate in the SPP, then their percentage securityholding in Industria will be diluted to a greater extent than would otherwise be the case, and they will not be exposed to future increases or decreases in Industria's security price in respect of the New Securities which would have been issued to them had they participated in the SPP.

In addition, Industria's need to raise additional capital in the future in order to meet its operating or financing requirements, including by way of additional borrowings or increases in the equity of any of the consolidated entity's companies, may change over time. Future equity raisings or equity funded acquisitions may dilute the holdings of particular securityholders to the extent that such securityholders do not subscribe to additional equity, or are otherwise not invited to subscribe in additional equity.

Future acquisitions and divestments

Industria may make future acquisitions of properties or dispose of existing properties. Future acquisitions or disposals may affect forecast distributions, or any tax deferred component of income returns. If Industria needs to sell one or more properties or investments it may realise a capital loss. Integration of new properties or businesses into Industria may be costly and may not generate expected earnings and may occupy a large amount of management's time. There is no guarantee that future potential acquisitions will be available on favourable terms or that they will be successfully integrated.

Competition

Industria faces competition from other property groups active in Australia. Such competition could lead to the following adverse effects:

- loss of tenants to competitors;
- a reduction in rents;
- an inability to secure new tenants resulting from oversupply of space.

Litigation and disputes

Industria may become involved in disputes, some of which may result in litigation (for example, tenancy disputes, occupational health and safety claims or third party claims). While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect Industria's operational and financial performance and reputation.

Capital availability

Current economic conditions can impact on the availability of debt and equity funding that may be required to support the cash flow of a business. Industria's development may be affected by availability of funding which would impact on its ability to establish business operations in the expected time frame and/or at its current levels.

Accounting standards and impairment

Industria prepares its general purpose financial statements in accordance with IFRS and with the Corporations Act. Australian Accounting Standards are not within the control of Industria or its boards and are subject to amendment from time to time, and any such changes may impact on Industria's statement of financial position or statement of financial performance.

In addition, under IFRS, Industria is required to review the carrying value of its assets annually or whenever there is an indication of impairment. If there is any indication of impairment, then the assets recoverable amount is estimated. Changes in key assumptions underlying the recoverable amount of certain assets of Industria (or of the properties post-acquisition) could result in an impairment of such assets, which may have a material adverse effect on Industria's financial performance and position.

Key risks

Other acquisition risks

Other risks associated with the Acquisition include delays to completion or an inability to complete (including due to failure to sign a binding contract for the Acquisition). If this occurs, Industria will need to consider alternative uses for, or ways to return the proceeds of any subscriptions raised from Industria securityholders under the Placement and SPP. Failure to complete the Acquisition and/or any action required to be taken to return capital may have a material adverse effect on Industria's financial performance, financial position and security price. Such circumstances may result in a reduction in earnings to the extent that funds raised under the equity raising are retained in cash.

Underwriting risk

Industria has entered into an underwriting agreement with the underwriter who has agreed to manage and fully underwrite the Placement, subject to certain terms and conditions. If certain customary conditions are not satisfied or certain customary termination events occur, the underwriter may terminate the underwriting agreement.

If the underwriting agreement is terminated, Industria would need to find alternative financing to meet its future funding requirements (including for the proposed Acquisition). Although Industria has capacity under its covenants, there is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of the underwriting agreement could materially adversely affect Industria's business, cash flow, financial condition and results of operations.

Forward-looking statements

There can be no guarantee that the assumptions and contingencies on which the forward-looking statements, opinions and estimates (including guidance on future FFO and distributions) are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, including known and unknown risks, many of which are outside the control of Industria. Actual performance of Industria may materially differ from forecast performance.

Distribution guidance

No assurances can be given in relation to the payment of future distributions. Future determinations as to the payment of distributions by Industria will be at the discretion of Industria and will depend upon the availability of profits, the operating results and financial conditions of Industria, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by Industria. No assurance can be given in relation to the level of tax deferral of future distributions. Tax deferred capacity will depend upon the amount of capital allowances available and other factors.

Insurance risk

Industria enters into material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that it believes to be customary in the industry. However, potential losses of a catastrophic nature such as those arising from earthquakes, terrorism or severe flooding may be uninsurable, or not insurable on reasonable financial terms, may not be insured at full replacement costs or may be subject to large excesses. The nature and cost of insurance has been based upon the best estimate of likely circumstances. However, various factors may influence premiums to a greater extent than those forecast, which may in turn have a negative impact on the net income of Industria.

Key risks

Compliance risk

The Responsible Entity is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If the Responsible Entity breaches the Corporations Act or the terms of its Australian Financial Services Licence, ASIC may take action to suspend or revoke the licence, which in turn may adversely impact the ability of Industria to operate.

Insolvency

In the event of any liquidation or winding up of Industria, the claims of Industria’s creditors, will rank ahead of those of its securityholders. Under such circumstances Industria will first repay or discharge all claims of its creditors. Any surplus assets (if any) will then be distributed to securityholders. All securityholders will rank equally in their claim and will be entitled to an equal share per security.

Change in capital structure

Changes in the capital structure of Industria, for example from the raising of further debt or the issue of further equity to repay or refinance debt facilities or to fund the acquisition of additional properties, may affect the value or returns from an investment in Industria securities.

General economic and political conditions

Factors such as, but not limited to, domestic and international political changes, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes, changes in employment levels, consumer and business spending, employment rates and labour costs may all have an adverse impact on Industria’s revenues, operating costs, profit margins and security price. These factors are beyond the control of Industria and its boards and Industria cannot, to any degree of certainty, predict how they will impact on Industria. The environment in which Industria operates may experience challenging conditions as a result of general uncertainty about future Australian and international economic conditions. A prolonged deterioration in domestic or general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on the financial performance of Industria’s businesses.

Changes in applicable law and regulations

Industria will be subject to the usual business risk that there may be changes in laws, regulations and government policy which may affect its operations and/or financial performance. Such changes may impact rental income or operational expenditure. In addition, Industria's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention on competition grounds.

Industria is also subject to the usual risks to changes in taxation regimes and Australian Accounting Standards. There can be no assurance that such changes will not have a material adverse effect on Industria’s business, operational performance or financial results or returns to securityholders.

Other risks

The above risks should not be taken as a complete list of the risks associated with an investment in Industria. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of Industria securities and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Industria in respect of Industria securities.

Appendix C

Foreign selling restrictions

Foreign selling restrictions

This document does not constitute an offer of new stapled securities ("New Securities") of Industria in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to “professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"). The New Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The issuer is not authorised or recognised by the MAS and the New Securities are not allowed to be offered to the retail public. This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities may not be circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States

The New Securities to be offered and sold in the Offer have not been, and will not be, registered under the U.S. Securities Act of 1933 (“U.S. Securities Act”) or under the securities laws of any state or other jurisdiction of the United States. The New Securities to be offered and sold in the Placement may not be offered or sold to, directly or indirectly, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The New Securities to be offered and sold in the SPP may not be offered or sold, directly or indirectly, to any person in the United States or any person that is acting for the account or benefit of a person in the United States.

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