

## ASX ANNOUNCEMENT

8 April 2020

### Market update and FY20 FFO and DPU guidance withdrawal

APN Funds Management Limited (**APN FM**), as Responsible Entity for APN Industria REIT (**ADI** or the **REIT**), acknowledges the announcement by the National Cabinet of the Mandatory Code of Conduct for SME Commercial Leasing Principles during COVID19 (the **Code of Conduct**), and provides the following update to the market.

The Code of Conduct can be referenced at: [www.pm.gov.au/sites/default/files/files/national-cabinet-mandatory-code-ofconduct-sme-commercial-leasing-principles.pdf](http://www.pm.gov.au/sites/default/files/files/national-cabinet-mandatory-code-ofconduct-sme-commercial-leasing-principles.pdf)

APN continues to remain focused on working with our tenants to deal with the effects of the pandemic, and deliver an equitable outcome for our tenants and investors. APN had already been largely operating within the principles outlined in the Code of Conduct, and had previously taken meaningful provisions to provide tenant assistance for the remainder of the FY20 guidance period.

Many of the principles outlined in the Code of Conduct formed part of our approach with tenants. However, the requirement to *waive* (as opposed to defer) a proportion of rent for tenants eligible for the Federal JobKeeper allowance will likely apply to tenants that would have contributed approximately 10 – 15% of gross income.

Although near-term income will be impacted by the requirements under the Code of Conduct, APN Industria REIT's balance sheet remains strong, with:

- Low gearing of 28.8% (as at 31 December 2019), below the target range of 30% - 40%. Value declines in excess of 45% could be sustained before the gearing covenant would be breached (55%);
- Interest cover at 31 December 2019 was 6.7x; revenue could fall by more than 50% without triggering a breach of the ICR covenant (2.0x);

Furthermore, we have completed the refinancing of the \$36.25 million facility that had a December 2020 maturity. This facility has been extended by 5 years (from April 2020), and the facility limit has increased by \$10 million to \$46.25 million. Undrawn credit lines are now ~\$49 million.

The potential impact of the requirement to waive a proportion of our tenant's rent is not possible to determine at this time. As a consequence, the Board has determined to withdraw FY20 FFO and DPU guidance.

This document has been authorised to be given to the ASX by the Board of APN Funds Management Limited and the Board of Industria Company No. 1 Limited.

**ENDS**

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#### About APN Industria REIT

APN Industria REIT ('Industria') (ASX code: ADI) is a listed Australian real estate investment trust which owns interests in office and industrial properties that provide functional and affordable workspaces for business. Industria's \$824 million portfolio of 32 properties located across the major Australian cities provides sustainable income and capital growth prospects for security holders over the long term. Industria has a target gearing band of 30 – 40%, providing flexibility for future gearing without compromising the low-risk approach to management. Industria is managed by APN Property Group, a specialist real estate investment manager established in 1996, and governed by a majority independent Board.

**www.apngroup.com.au**

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