

30 March 2021

Acquisition of industrial warehouse with 20 year triple-net lease

APN Funds Management Limited as Responsible Entity for APN Industria REIT ('ADI') today announces the acquisition of 45 – 65 O'Briens Road, Corio, Victoria, for \$36.0 million.

The property is comprised of 95,000 square metres of land and 24,375 square metres of warehousing with full drive around access, and minimum clearance heights of 10 metres, increasing to 15 metres. The property is leased to Thornton Engineering, an advanced manufacturer and industry leader in the steel industry. The business was established in 1975 and has over 175 employees, and leverages market-leading automation in one of the most advanced workshops across the southern hemisphere to engineer and fabricate products for major infrastructure, defence, and resource projects.

Thornton Engineering lease the property on a 20 year triple-net lease, with annual rent reviews the higher of 2.75% or CPI, capped at 3.75%. The purchase price reflects a 5.5% capitalisation rate and initial yield, and equates to \$1,477 per square metre of lettable area.

Commenting on the acquisition, Mr Alex Abell, Fund Manager said: "This is the sixth industrial acquisition in financial year 2021, a period whereby we have deployed over \$144 million at an average yield of 6.5%, demonstrating APN's ongoing ability to deploy capital at attractive levels. The clean cash flow generated from this property underpins the long term income profile of ADI, which pays distributions quarterly and is trading on an attractive yield of 5.8%."

Upon completion of the acquisition, which is anticipated for 7 April 2021, total industrial assets increase to 23 valued at \$622 million. The weighted average lease expiry will be 7.9 years, and the weighted average cap rate 6.0%.

This announcement was authorised to be given to the ASX by Joseph De Rango, Chief Financial Officer.

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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 \$953 million portfolio of 37 properties located across the major Australian cities provides sustainable income and capital growth prospects for security holders over the long term. Industria has a target gearing band of 30 – 40%, providing flexibility for future growth without compromising the low-risk approach to management. Industria is managed by APN Property Group, a specialist real estate investment manager established in 1996, and governed by a majority independent Board.

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