

30 June 2021

Industrial acquisitions and capital recycling

APN Funds Management Limited as Responsible Entity for APN Industria REIT ('ADI') today announces:

- The sale of 10 Brandl St, Eight Mile Plains, Queensland, for \$12.55 million – a 24.2% premium to book value;
- The acquisition of 57 – 67 Mark Anthony Drive, Dandenong South, for \$13.485 million; and
- The acquisition of 137 – 143 Fitzgerald Road, Laverton North, Victoria for \$24.1 million.

10 Brandl St, Eight Mile Plains, was acquired as a value add re-leasing opportunity in October 2019 for \$10 million. Income from the property ceased in January 2021, and during the re-leasing campaign APN was approached to sell the asset at a price that exceeded the anticipated return that could have been achieved following a successful lease-up. The sale price of \$12.55 million generates a total annualised return of 14.5%, inclusive of stamp duty and all associated costs of ownership, and a 24.2% premium to book value. ADI continues to own \$170.0 million of assets at Brisbane Technology Park valued at an average cap rate of 7.0%.

The capital released from the sale of 10 Brandl St, as well as additional debt to be drawn, will be deployed into two industrial properties in core locations underpinned by 10-year triple net leases.

57 – 67 Mark Anthony Drive, Dandenong South, has been acquired for \$13.485 million, which reflects a 5.0% cap rate and initial yield, and a capital value of \$1,722 per square metre. The property comprises of 7,830 square metres of warehousing with drive around B-double access, high clearance and multiple cranes. The tenant is UNeek Bending, a steel fabrication business established in 1964 specialising in defence, infrastructure and energy projects.

The \$24.1 million purchase price for 137 – 143 Fitzgerald Road, Laverton North, reflects a 5.1% cap rate and initial yield, and a capital value of \$1,471 per square metre. The 16,335 square metre warehouse is located in a prime location adjacent to Doherty's Road, has B-double drive around access, and the opportunity to add value over time by improving the utilisation of the land. The tenant is Period Timber Mouldings, which was established in 1995, and supplies products to over 320 separate retailers including Bunnings, Mitre 10, and Home Timber & Hardware.

Commenting on the transactions, Fund Manager Alex Abell said: "Recycling 10 Brandl St demonstrates our ability to make sound value judgements when buying and selling, whilst the industrial acquisitions add to our credentials of acquiring well located and functional warehouses at attractive prices. This is consistent with our approach over many years, which has driven the total portfolio value to \$1.08 billion, and we look forward to continuing to drive securityholder value moving into financial year 2022."

As a result of these transactions, gearing will increase by approximately 1.9% and annualised earnings accretion will be approximately 2.5%.

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

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 \$1.08 billion portfolio of 39 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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