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# 1H21 RESULTS PRESENTATION

17 FEBRUARY 2021

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

**APN** | Industria REIT

# Agenda

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**01**

Highlights and Outcomes

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**02**

Investment Proposition

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**03**

Portfolio Performance

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**04**

Outlook

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Appendices

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# 01 HIGHLIGHTS AND OUTCOMES

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# Delivering disciplined and high quality growth



**FFO \$19.8m**  
Up 8.2% on pcg;  
>99% gross rent  
collections



**Balance sheet  
remains strong –  
31.1% gearing;  
capacity to unlock  
further growth**



**~25,100 square  
metres completed,  
\$19.0 million of  
valuation uplifts**



**Being accountable:  
ADI will be carbon  
neutral for FY21**

**Upgraded guidance to  
2 – 3% growth**

**Bottom of target 30 –  
40% gearing band**

**Active management  
being rewarded**

**Active risk  
management**





## 31 December 2020 financials

- Statutory net profit \$31.9m:
  - Valuation gains of \$19.0 m (compared to \$25.5 m in prior period)
  - Net Property Income up 6.7% to \$24 million – like for like growth 1.8%<sup>1</sup>
- FFO \$19.8 million, up \$1.5 million (8.2%) – high quality result underpinned by >99% gross rent collections
- Valuation gains and \$35 million of new equity resulted in gearing being 31.1%:
  - Gearing at lower end of 30 – 40% target band
  - \$20 million in SPP proceeds received in January to partially fund \$29.6 million of acquisitions, scheduled to settle late February/early March 2021
- NTA increased 2.1% to \$2.88:
  - Valuation uplifts equivalent to 9 cents per security, offset by transaction costs (largely stamp duty) equating to 2 cents per security
- Development capex \$2.4 million and maintenance capex ~\$300k

Income Statement	1H21	1H20	Change
Statutory net profit (\$m)	\$31.9	\$39.3	▼ 18.8%
FFO (\$m) <sup>1</sup>	\$19.8	\$18.3	▲ 8.2%
FFO (cents per security) <sup>1</sup>	10.0	10.0	- -
Distribution declared (\$m)	\$17.5	\$16.6	▲ 5.4%
Distributions (cents per security)	8.6	8.8	▼ 2.3%
FFO payout ratio (%)	86.3%	87.8%	▼ 1.5%
Tax deferred component of distribution / non assessable income	40.8%	36.8%	▲ 4.0%

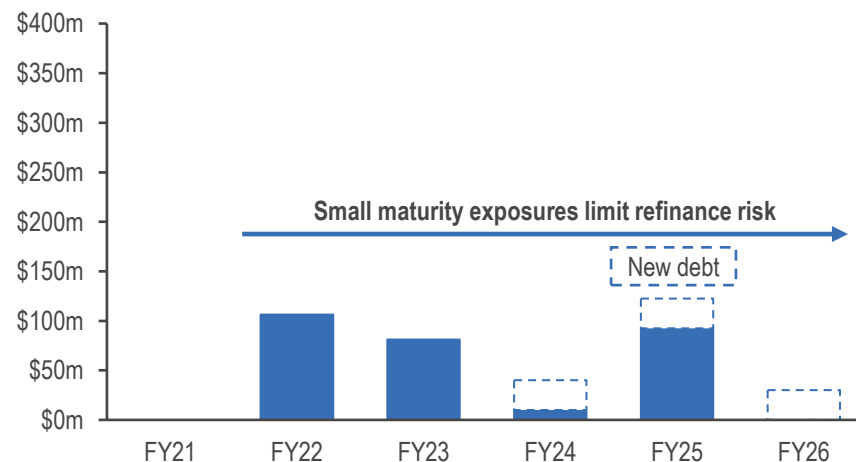
Balance Sheet	Dec 2020	Jun 2020	Change
Gearing	31.1%	28.1%	▲ 3.0%
Net Tangible Assets per security	\$2.88	\$2.82	▲ 2.1%

1. Rental guarantees and the impact of AASB16 (ground lease rent) have been removed to reflect the underlying performance of the portfolio, consistent with 30 June 2020 disclosures

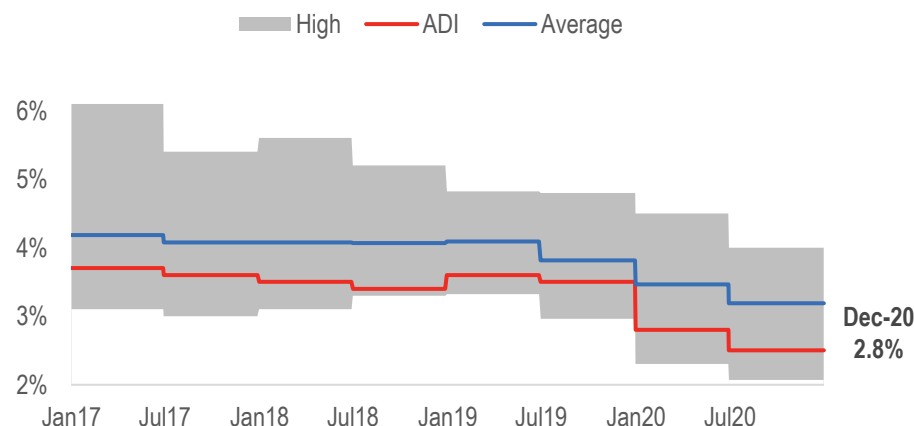
# Strong balance sheet, consistently outperforming peers

- Maintaining a staggered debt maturity profile, reducing concentration risk over any given period:
  - Weighted average debt maturity 2.8 years
  - Three financiers with no more than ~45% exposure to a single bank
- \$90 million of new debt facilities – average maturity of 4 years:
  - \$87 million of undrawn facilities
  - Engaged with multiple financiers regarding \$86m Sept 2021 debt expiry
- Weighted average interest rate 2.8% and 7.0x interest cover:
  - Retained disciplined approach to capital management – capital was not deployed to pay-down hedges
  - 58% of debt hedged at rate of 1.7%
  - Broader banking relationships of APN Property Group continue to be leveraged to achieve optimal outcomes for ADI shareholders

Debt maturity profile – limited refinance risk



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



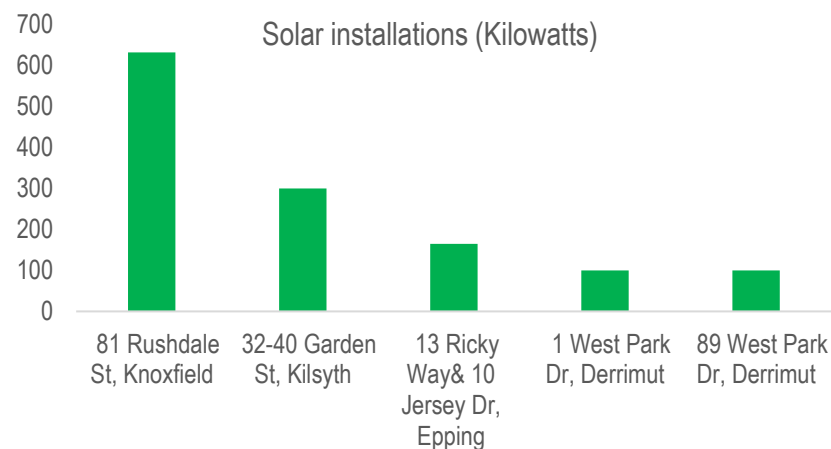
<sup>1</sup>. Source: Company information and IRESS

# Valuation gains driven by active management

- Portfolio was 100% independently re-valued throughout 2020, including 56% at 31 December 2020:
  - 4.1% average revaluation gain, totalling \$19.0 million
  - Weighted average cap rate reduced 21 basis points to 6.16%<sup>1</sup>
- Leasing outcomes generating long term cash flow security and adding value, including:
  - Ricky Way – extended WALE to 8.3 years across 11,200 sqm; added \$2.0 million of value (+12% valuation increase)
  - 81 Rushdale – extended WALE to 5.0 years across 6,100 sqm extension; added \$1.2 million of value (+12% valuation increase)
  - 32 Garden St – extended WALE to 10.0 years across 10,650 sqm; added \$3.7 million of value (+19% valuation increase)
- Addressing sustainability and ESG risks, whilst also improving outcomes for tenants and creating value:
  - Improving asset performance with solar
  - Reducing ongoing costs for tenants

Independent valuation outcomes					
Portfolio	Book Value (\$m)	Reval Gain (\$m)	Reval Gain (%)	Cap Rate (%)	Cap rate mvmt (%)
Industrial	\$215.0	\$15.8	7.9%	6.09%	(0.52%)
BTP	\$177.9	\$3.4	2.0%	7.00%	(0.53%)
Rhodes	\$86.0	(\$0.2)	(0.3%)	5.75%	(0.25%)
<b>Portfolio</b>	<b>\$478.9</b>	<b>\$19.0</b>	<b>4.1%</b>	<b>6.37%</b>	<b>(0.47%)</b>

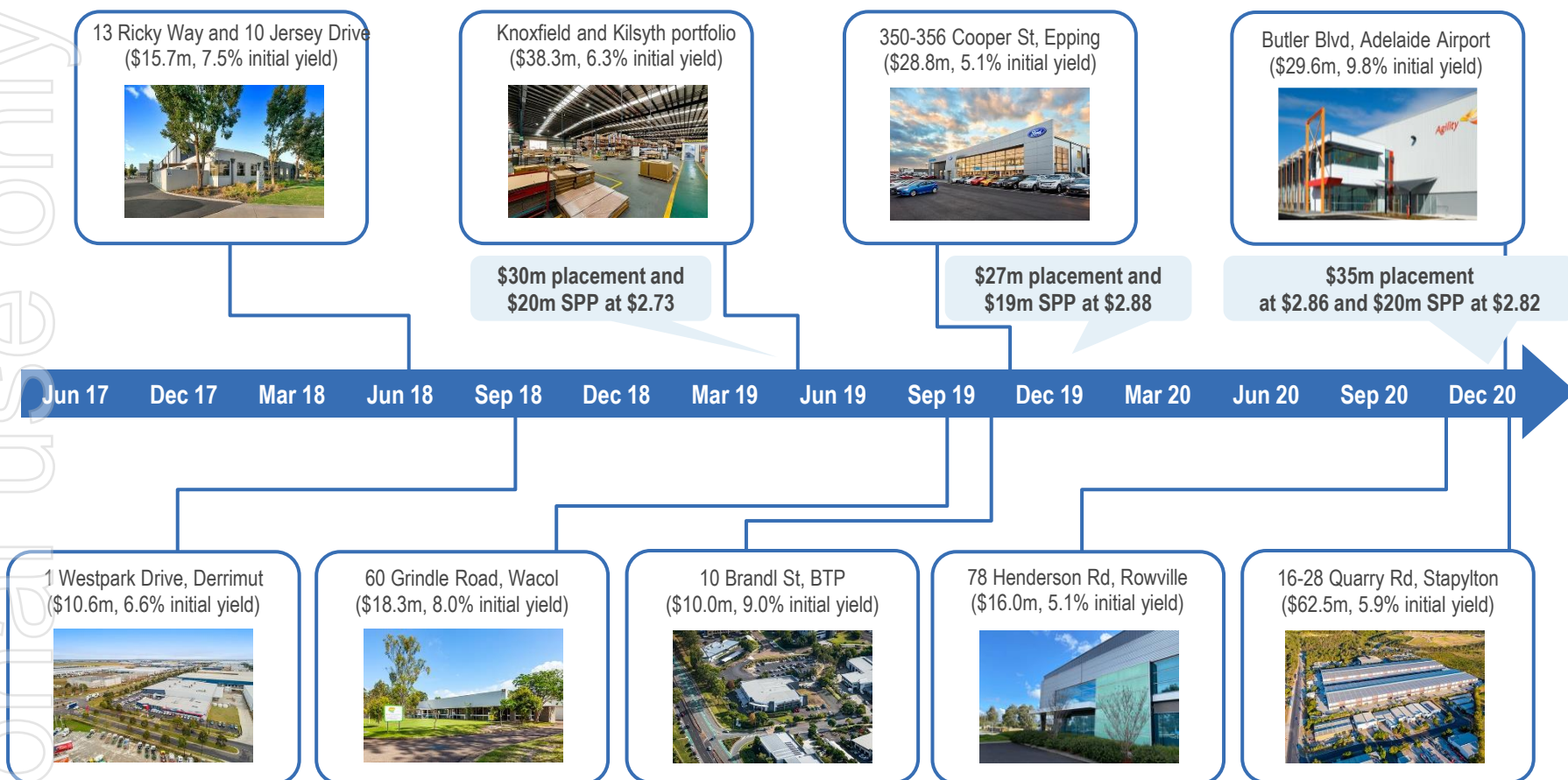
## Reducing carbon emissions, costs, and creating value



<sup>1</sup> Includes the pro-forma inclusion of 5b Butler Boulevard, 18-20 Butler Boulevard and 20-22 Butler Boulevard at Adelaide Airport

# Track record of disciplined growth and delivering securityholder value

Over the last three years - \$230 million of acquisitions | average WALE 4.8 years | average cap rate 6.6%  
TSR<sup>1</sup>: 51% / 13% p.a.

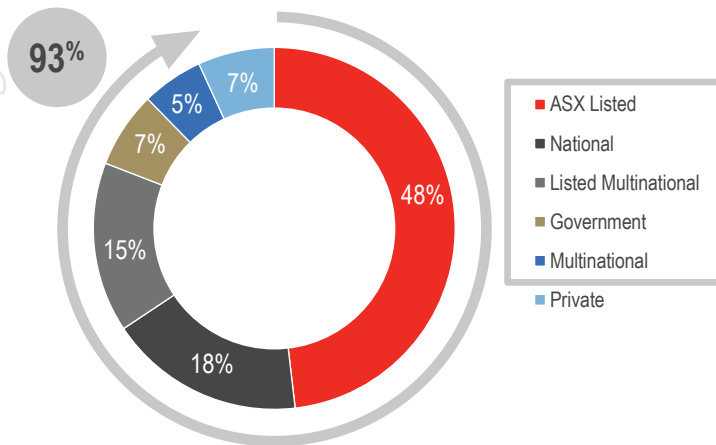


1. For the period from 30 June 2017 to 31 December 2020, excludes June 2017 quarter distribution. Based on security price performance plus distributions paid, not accounting for any reinvestment



# Resilient income profile from high quality tenants

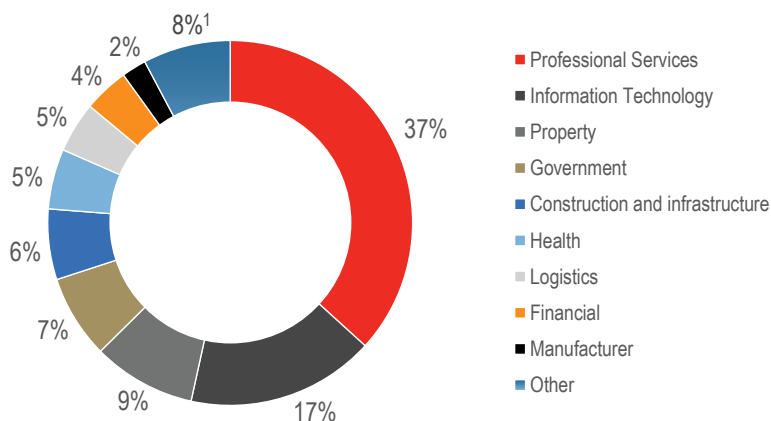
## Tenant composition by income



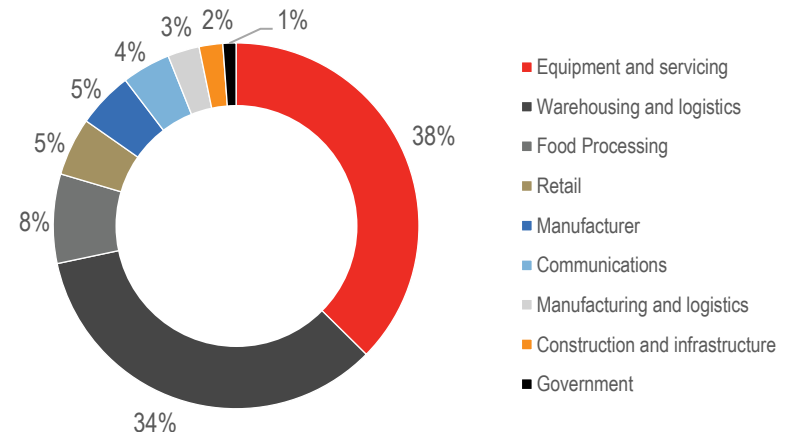
## Tenants across the portfolio



## Tenant composition by industry – office assets



## Tenant composition by industry – industrial assets



<sup>1</sup> Includes 1.2% associated with education, 0.3% with retail based tenants

## 02 INVESTMENT PROPOSITION

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# 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

- Low-risk portfolio benefiting from a growing rent profile – average rent reviews of ~3%, 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

**\$953**

MILLION  
PORTFOLIO

**~\$600m**

MILLION MARKET  
CAPITALISATION

**S&P/ASX 300**

INDEX  
MEMBER

**6.0%**

CASH DISTRIBUTION  
YIELD

**31%**

GEARING

**5.1**

YEAR WALE

**3%**

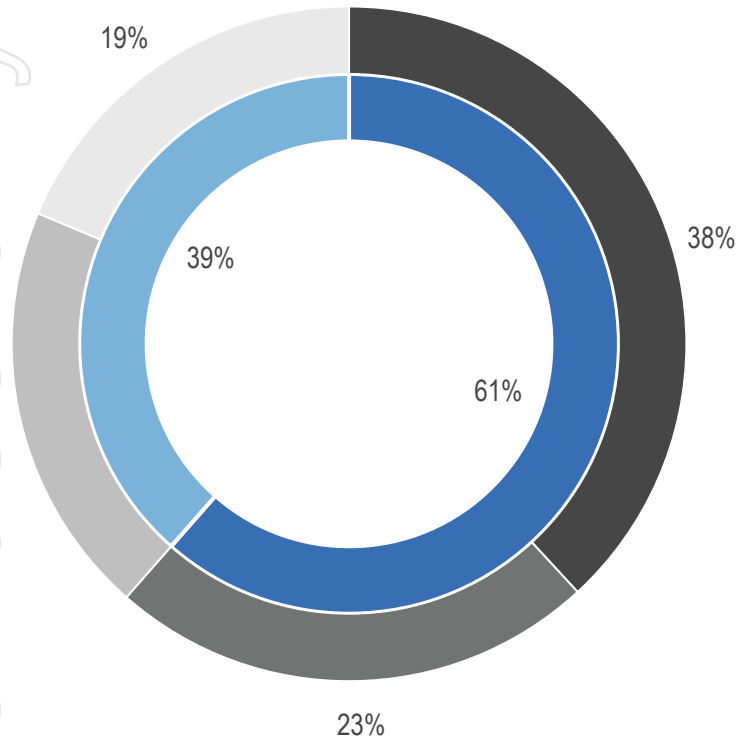
AVG RENT REVIEWS

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

Note: Market capitalisation as at market close on 16 February 2021; yield based on FY21 distribution guidance of 17.3 cents per security



# Diversified portfolio generating consistent and growing income



## Locations

- Industrial (ex-Westrac)
- Industrial (Westrac)
- Rhodes Corporate Park
- Brisbane Technology Park

## Asset types

- Industrial
- Business Parks

## 61% industrial and logistics



### Industrial Melbourne, Adelaide and Brisbane

Key industrial precincts  
~\$363 million valuation  
21 buildings; 4.1 year WALE

## 39% business parks



### Brisbane Technology Park

15 minutes south of CBD  
~\$178 million valuation  
13 buildings; 2.5 year WALE



### Westrac Newcastle

Located adjacent to M1 motorway  
~\$222 million valuation  
13.7 year WALE



### Rhodes Corporate Park

Inner west Sydney,  
~\$189 million valuation  
2 buildings; 1.6 year WALE

# APN Property Group – aligned and experienced manager



## Strong investor alignment

- APN is strongly aligned to delivering investor returns – owning a co-investment stake of ~\$82 million
- Simple and transparent sliding fee structure – no additional transactional or performance fees



## Focused and dedicated management team

- Dedicated Fund Manager and management team
- Leveraging 25 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
- A specialist real estate manager since 1996 – including direct and listed real estate mandates

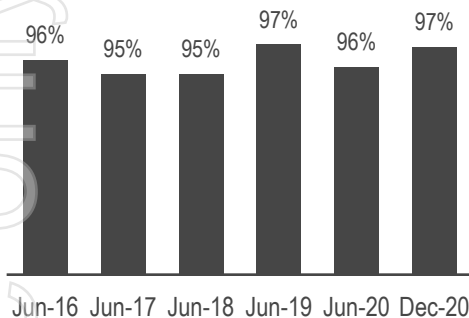
## 03 PORTFOLIO PERFORMANCE

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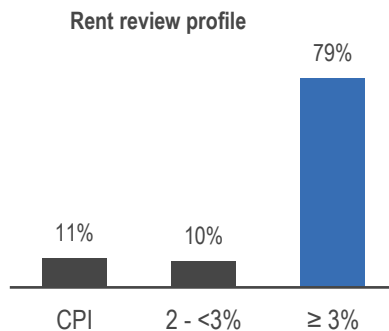


# Actively managing Industria's real estate

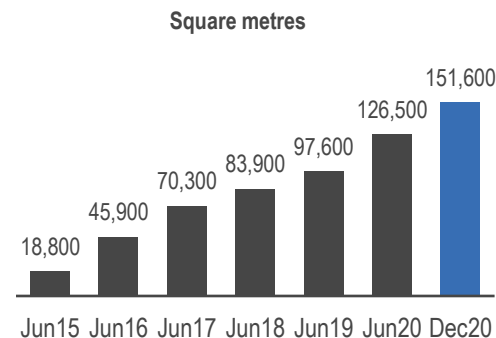
## High occupancy



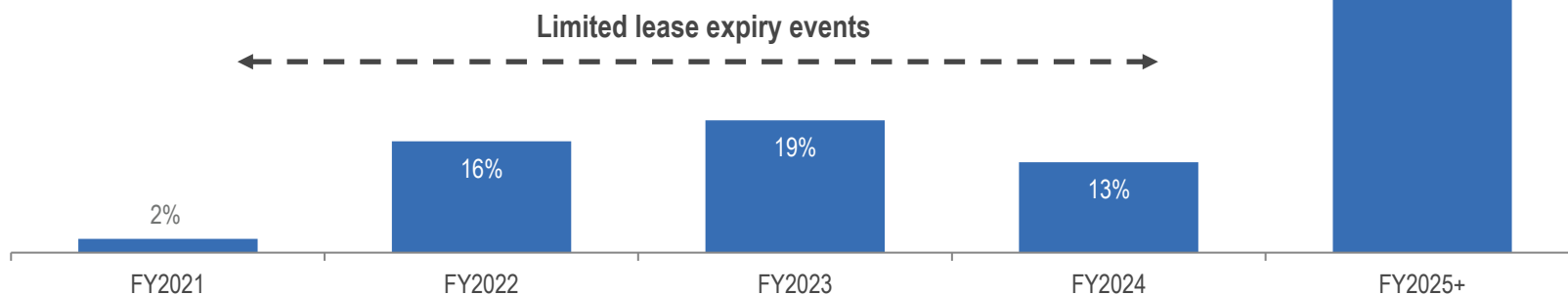
## Generating organic growth



## Cumulative leasing outcomes



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



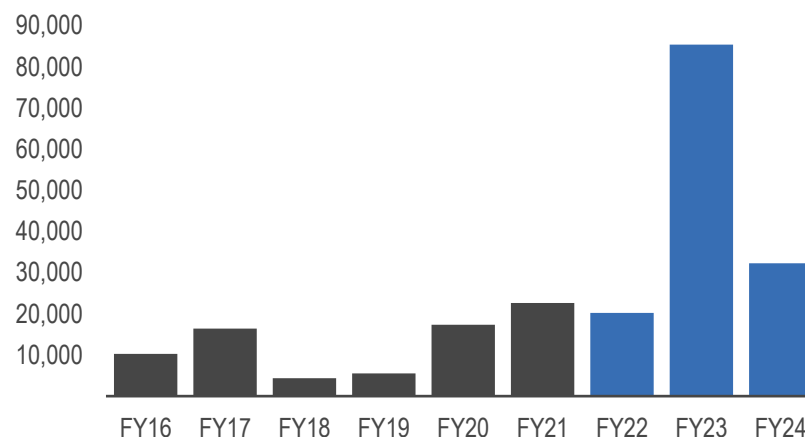


# Industrial assets

- Industrial portfolio 100% leased with 7.3 year WALE
- Average cap rate of 6.0%
- 7.9% valuation growth driven by leasing success and market conditions:
  - Leasing results ahead of prior valuation assumptions
  - Market rents are growing in key industrial precincts
  - Significant weight of money driving down discount and capitalisation rates – expect this to continue over the medium term
- 22,600 square metres of leasing completed in 1H21:
  - Value-add lease extensions completed at rents consistent with passing
  - Occupancy up from 95% to 100%
- Well positioned to capture further value by de-risking expiries in Melbourne and Brisbane:
  - High quality warehouses that will be attractive to a wide variety of users
  - Improving conditions provide opportunity to capture rental reversions

Independent valuation outcomes				
Largest 6 properties	Book Value (\$m)	Reval Gain (\$m)	Cap Rate (%)	Cap rate mvmt (%)
34 Australis Drive	\$32.7	\$0.9	5.50%	(0.75%)
350-356 Cooper Street	\$30.5	\$1.4	5.75%	(0.25%)
60 Grindle Road	\$23.6	\$5.3	7.00%	(0.75%)
32 Garden Street	\$23.0	\$3.7	5.50%	(0.75%)
89 West Park Drive	\$22.0	-	5.50%	(0.50%)
3 & 4 Forbes Close	\$20.2	\$0.8	5.50%	(0.25%)

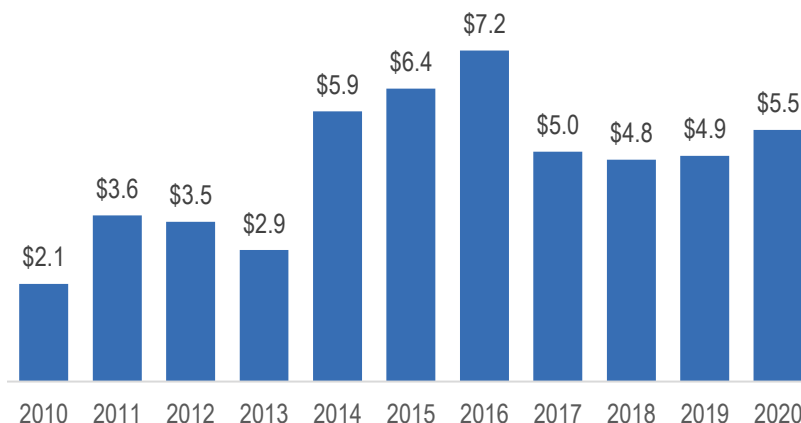
## Leasing completed and forthcoming expiries (by area)



# Investor and occupier demand driving value growth

- \$26 billion of capital seeking industrial investment opportunities<sup>1</sup>, reallocating out of other real estate sub-sectors:
  - Demand represents ~5 years of transactions
  - Pricing being driven by domestic and offshore investors
- US leads indicate that every additional \$1 billion spent online requires 85,000sqm of warehouse space<sup>1</sup>:
  - Online sales growth in 2020 was \$6.9 billion
  - Anticipated demand of 2.7 million sqm by the end of 2022
- In 2020 the Western Melbourne market accounted for 43% of national leasing deals, surpassing 1 million sqm for the second year in a row – and there is a shortage of >20,000 warehouses, with no available stock
- Recent trades in Western Melbourne reflect total return expectations dropping below 6% (ADI average 6.5%)
- 25% of ADI's portfolio is in Melbourne and well placed to benefit from cap rate compression and rental growth

Industrial and logistics investment volumes (\$billion)<sup>1</sup>



Western Melbourne portfolio

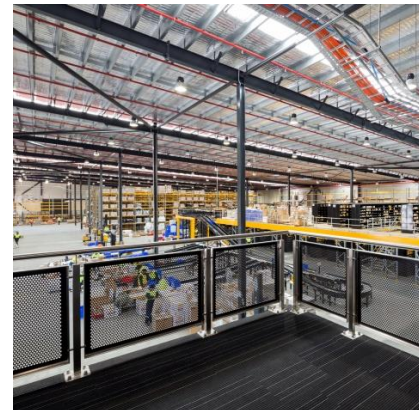
Address	Book Value	Cap Rate	Rate per sqm
34 Australis Drive, Derrimut	\$32.7m	5.50%	\$1,300
89 West Park Drive, Derrimut	\$22.0m	5.50%	\$1,290
1 West Park Drive, Derrimut	\$13.1m	5.50%	\$1,300
Market average <sup>2</sup>		4.25 – 4.75%	\$1,450 - \$1,870
Recent trades		4.1 – 4.5%	>\$1,950

1. Colliers International

2. JLL Research

# Westrac Newcastle – world leading real estate

- Leased to Westrac until 2034, with the higher of CPI or 3% annual rent reviews
- ~\$5.5 million expansion underway – to generate 6.75% yield on cost from August 2021
- Property completed in 2012 – and is regarded as best-in-class by Caterpillar dealers globally:
  - Very high quality facility focused on parts supply, component rebuilds, parts exchange and autonomous mining
  - Major competitive advantage is capability to entirely rebuild machines – potentially saving clients >50% on new products
  - Distributes over 1 million parts annually from 24 hour distribution centre
- Strong underlying business with maintenance revenue providing counter-cyclical cash flow
- The facility is running near or at capacity, driven by record level of mining production and export volumes
- Long term partner of Caterpillar dating back to 1929



Parts and Distribution Warehouse



Component Rebuild Centre

# Brisbane Technology Park

- 18 leases across ~1,750sqm; 86% retention; 16% average incentive
- Development complete of new childcare; 8% yield on cost on \$4.4 million development
- 79% occupancy<sup>1</sup> – impacted by 6% education provider defaulting on lease (disclosed FY20 results); generating ~6% yield at current occupancy, with meaningful scope for upside
- Limited COVID-19 impact: ~\$33k of abatement provided, no concessions provided since September 2020
- Leased ~4,000 square metres to sub-200 square metre users in the past 24 months. Offering to small users to be extended with an additional ~1,300 square metres fitted:
  - Opening April 2021 – based on existing and new deal flow, anticipate fully leased by December
  - Leveraging on-the-ground platform and extending competitive advantage – which is flexibility across ADI's 13 properties
- Held at conservative valuations – average cap rate 7.0%:
  - Market rents have remained steady
  - Discount and cap rates continue to firm – long WALE assets remain in demand

1. Excludes 10 Brandl Street – acquired vacant in October 2019

## Brisbane Technology Park | APN Industria REIT ownership



### Independent valuation outcomes

Properties	Book Value (\$m)	Reval Gain (\$m)	Cap Rate (%)	Cap rate mvmt (%)
10 Brandl Street	\$10.0	(\$0.1)	7.50%	(0.75%)
18 Brandl Street	\$13.7	\$0.3	7.25%	(0.75%)
37 Brandl Street	\$15.8	(\$0.1)	7.00%	(0.50%)
7 Clunies Ross Court	\$55.5	\$5.2	6.50%	(0.75%)
8 Clunies Ross Court	\$22.5	(\$2.4)	7.50%	-
88 Brandl Street	\$16.5	\$1.0	7.25%	(0.50%)
BTP Central	\$44.0	(\$0.5)	7.11%	(0.39%)



# Brisbane Technology Park

- APN's on-site management platform is providing unique opportunities to:
  - Engage with genuine innovators such as Lyro Robotics – who are commercialising world-leading picking and packing technology for deployment in supply chains
  - Build relationships with universities and education providers to provide work-placement opportunities that add value to our tenants businesses and our buildings
  - End of trip mural completed in partnership with Griffith University
- BTP remains an attractive occupancy proposition:
  - CBD rents 55% and fringe rents 40% higher than BTP
  - Highly accessible with an abundance of car parking
  - 15 minutes from CBD; 20 minutes from airport; 8 minute walk from public transport
  - Variety of food and beverage, and amenity including Anytime Fitness gym, end of trip facilities, and childcare
  - >1,100 businesses in the precinct – largely from medical, education, technology and engineering sectors

## Innovation at Brisbane Technology Park



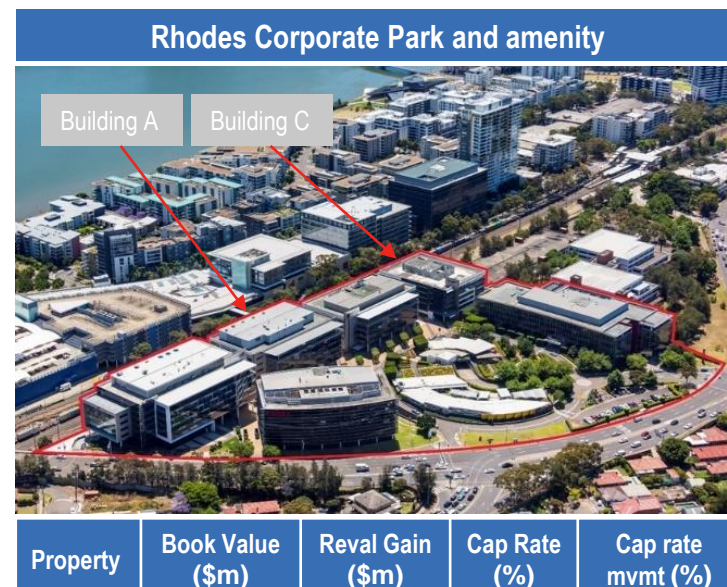
**LYRO** is creating the brain, the eyes, and the hands for the next generation of intelligent robots. It was developed by a research team at the Australian Centre for Robotic Vision (ACRV), won the 2017 Amazon Robotics Challenge, and is now being commercialised at BTP



**STETHEE** is the world's first artificially intelligent enabled stethoscope system, drawing on partnerships with UQ, QUT, MIT and Korea Telecom. The device connects to mobile devices to instantly record heart, lung or other body sounds, capturing data and unlocking patterns of disease

# Rhodes Corporate Park

- Rents achieved in 2020 range from \$450 - \$475psm, delivering growth of 11% on passing
- Focus remains on September 2021 expiry of Link Market Services:
  - 6 floors, 1800 – 2,250sqm floor plates with quality fit-out; central core provides opportunities to split floors efficiently
  - Upgrade of End of Trip underway; existing on-site complimentary gym and 25 metre lap pool
  - Drive by corporates and government to decentralise, in low-density precincts, positive impact on leasing up prospects
- Ongoing demand from small users – where rents are strong, incentives low, and downtime is limited
- Rhodes C revalued – valuer has taken more conservative assumptions regarding leasing



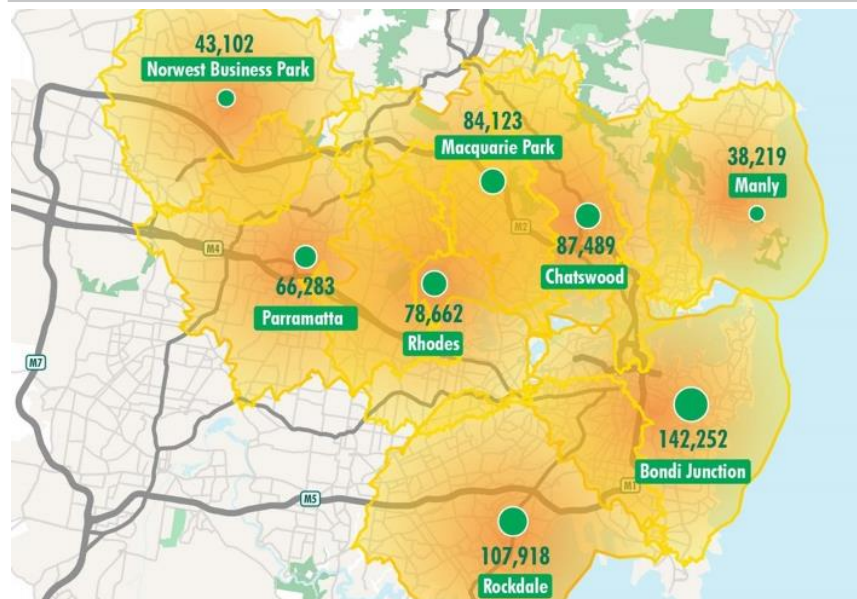
Property	Book Value (\$m)	Reval Gain (\$m)	Cap Rate (%)	Cap rate mvmt (%)
Rhodes C	\$86.0	(\$0.2)	5.75%	(0.25%)
Rhodes A	\$103.1	-	5.875%	-



# Rhodes and surrounding markets

- Rhodes is highly accessible to a deep base of employees:
  - ~30mins to Sydney CBD using existing road and rail infrastructure
  - 78,662 people live within a 20 minute drive – a denser population than Parramatta
- Attractive rent spreads remain to CBD and competing markets:
  - Rhodes - \$450 - \$480psm
  - Macquarie Park - \$420 - \$475psm
  - Parramatta - \$600 - \$600psm
  - Sydney CBD – >\$1,000psm
- 300,000 new jobs forecast in the Rhodes corridor to 2036<sup>1</sup>
- Despite uncertainty regarding office occupancy stemming from the pandemic, investors continue to be attracted to assets located close to population centres with affordable rent profiles – with cap rates consistently below 5.5%:
  - ADI's assets at Rhodes – representing 20% of the portfolio – are carried at 5.75% - 5.875% cap rates

Population within 20 minutes drive of metro office locations<sup>2</sup>



Metro office transactions<sup>3</sup>

Address	Date	Sale price	Cap Rate	Rate per sqm
2 - 4 Drake St, Macquarie Park	Sept 20	\$306.0m	5.3%	\$8,707
45 Kembla St, Wollongong	Sept 20	\$57.4m	5.4%	\$8,820
2 Banfield Rd, Macquarie Park	Aug 20	\$144.3m	5.1%	\$9,900
<b>Rhodes Building A</b>				<b>5.875%</b>
<b>Rhodes Building C</b>				<b>5.75%</b>
				<b>\$7,040</b>
				<b>\$8,160</b>

1. [www.sydneymetro.info/west/project-overview](http://www.sydneymetro.info/west/project-overview)

2. CBRE Research

3. JLL Research



# Asset management delivery



632Kw solar system - 81 Rushdale St, Knoxfield, Victoria



New Childcare Facility- Brisbane Technology Park



**EXPANSION**  
WesTrac expansion



Radio Frequency Systems warehouse, 32 - 40 Garden St, Kilsyth



## 05 OUTLOOK



# Outlook

## Sustainable returns underpinned by quality and affordable workspaces

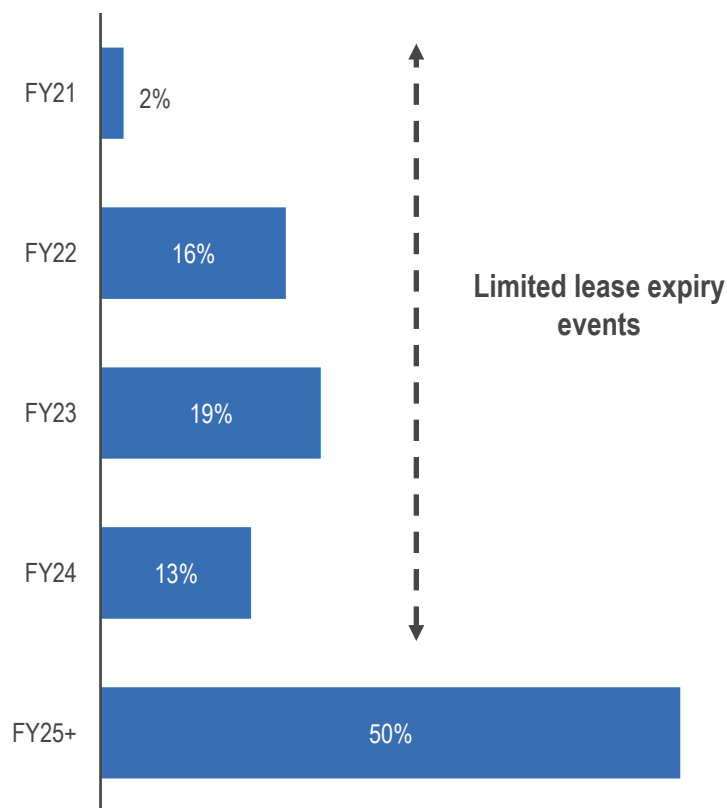
### ■ Industria is well positioned:

- Anticipated to be the first A-REIT to be carbon neutral across both portfolio and operations, in accordance with the Climate Active Standard
- 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 customer base, key attributes to driving long-term consistent earnings growth
- Demonstrated patience and ability to be disciplined when allocating capital

### ■ Reiterating FY21 FFO and distribution per security guidance:

- FFO 19.7 – 19.9 cents (2 – 3% growth on FY20)
- Distribution 17.3 cents, consistent with FY20
- Guidance is subject to a continuation of current market conditions and no unforeseen events occurring

Lease expiry profile (by income)





# APPENDICES

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# Appendix A

## Property portfolio



# Independent Valuations

Independent valuation outcomes				
Property	Book Value (\$m)	Reval Gain (\$m)	Cap Rate (%)	Cap rate mvmt (%)
10 Brandl Street	\$10.0	(\$0.1)	7.50%	(0.75%)
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37 Brandl Street	\$15.8	(\$0.1)	7.00%	(0.50%)
7 Clunies Ross Court	\$55.5	\$5.2	6.50%	(0.75%)
8 Clunies Ross Court	\$22.5	(\$2.4)	7.50%	-
88 Brandl Street	\$16.5	\$1.0	7.25%	(0.50%)
BTP Central Improved	\$44.0	(\$0.5)	7.11%	(0.39%)
<b>BTP</b>	<b>\$177.9</b>	<b>\$3.4</b>	<b>7.00%</b>	<b>(0.53%)</b>
1 West Park Drive	\$13.1	\$1.8	5.50%	(1.00%)
140 Sharps Road	\$13.4	(\$0.3)	7.75%	(0.25%)
147-153 Canterbury Road	\$10.2	\$0.7	6.50%	(0.75%)
3 & 4 Forbes Close	\$20.2	\$0.8	5.50%	(0.25%)
32 Garden Street	\$23.0	\$3.7	5.50%	(0.75%)
34 Australis Drive	\$32.7	\$0.9	5.50%	(0.75%)
350-356 Cooper Street	\$30.5	\$1.4	5.75%	(0.25%)
5 Butler Boulevard	\$15.2	\$0.4	8.06%	(0.19%)
60 Grindle Road	\$23.6	\$5.3	7.00%	(0.75%)
81 Rushdale Street	\$11.1	\$1.2	6.00%	(0.50%)
89 West Park Drive	\$22.0	-	5.50%	(0.50%)
<b>Industrial (ex-Westrac)</b>	<b>\$215.0</b>	<b>\$15.8</b>	<b>6.09%</b>	<b>(0.52%)</b>
Rhodes C	\$86.0	(\$0.2)	5.75%	(0.25%)
<b>Total External Valuations</b>	<b>\$478.9</b>	<b>\$19.0</b>	<b>6.37%</b>	<b>(0.47%)</b>

# APN Industria REIT portfolio as at 31 December 2020

Property	State	Ownership	Sector	Book Value (\$m)	Cap Rate (%)	NLA (sqm)	Occupancy (by area)	WALE (by income)
<b>APN Industria REIT Portfolio</b>								
Industrial Portfolio				585.5	6.03%	288,100	100%	7.3
Office Portfolio				367.0	6.39%	61,157	80%	2.1
<b>Portfolio</b>				<b>952.5</b>	<b>6.16%</b>	<b>349,257</b>	<b>97%</b>	<b>5.1</b>
<b>Industrial Portfolio</b>								
1-3 WesTrac Drive, Newcastle	NSW	100%	Industrial	222.2	5.75%	45,474	100%	13.7
140 Sharps Road, Tullamarine	VIC	100%	Industrial	13.4	7.75%	10,508	100%	1.7
32-40 Garden Street, Kilsyth	VIC	100%	Industrial	23.0	5.50%	10,647	100%	9.5
34 Australis Drive, Derrimut	VIC	100%	Industrial	32.7	5.50%	25,243	100%	1.9
80-96 South Park Drive, Dandenong South	VIC	100%	Industrial	25.9	6.00%	20,245	100%	5.2
1 West Park Drive, Derrimut	VIC	100%	Industrial	13.1	5.50%	10,078	100%	2.2
89 West Park Drive, Derrimut	VIC	100%	Industrial	22.0	5.50%	17,024	100%	1.7
13 Ricky Way & 10 Jersey Drive, Epping	VIC	100%	Industrial	18.5	5.75%	11,211	100%	7.7
350-356 Cooper Street, Epping	VIC	100%	Industrial	30.5	5.75%	8,088	100%	6.6
147-153 Canterbury Road, Kilsyth	VIC	100%	Industrial	10.2	6.50%	11,882	100%	1.0
81 Rushdale Street, Knoxfield	VIC	100%	Industrial	11.1	6.00%	6,106	100%	4.2
3 Forbes Close and 4 Forbes Close, Knoxfield	VIC	100%	Industrial	20.2	5.50%	12,674	100%	5.0
78 Henderson Road, Rowville	VIC	100%	Industrial	16.2	5.75%	10,230	100%	3.0
60 Grindle Road, Wacol	QLD	100%	Industrial	23.6	7.00%	8,971	100%	8.0

# APN Industria REIT portfolio as at 31 December 2020

Property	State	Ownership	Sector	Book Value (\$m)	Cap Rate (%)	NLA (sqm)	Occupancy (by area)	WALE (by income)
<b>Industrial Portfolio (cont)</b>								
16-18 Quarry Road, Stapylton	QLD	100%	Industrial	58.9	5.75%	40,970	100%	3.1
5 Butler Boulevard, Adelaide Airport	SA	100%	Industrial	15.2	8.06%	12,334	100%	3.4
5b Butler Boulevard, Adelaide Airport	SA	100%	Industrial	8.9	8.55%	8,226	100%	4.2
18-20 Butler Boulevard, Adelaide Airport	SA	100%	Industrial	7.6	8.55%	6,991	100%	3.3
20-22 Butler Boulevard, Adelaide Airport	SA	100%	Industrial	12.4	8.55%	11,197	100%	2.3
<b>Office Portfolio</b>								
Building A, 1 Homebush Bay Drive, Rhodes	NSW	100%	Office	103.1	5.88%	14,642	100%	0.9
Building C, 1 Homebush Bay Drive, Rhodes	NSW	100%	Office	86.0	5.75%	10,543	82%	2.7
10 Brandl Street, BTP	QLD	100%	Office	10.0	7.50%	3,080	-	-
18 Brandl Street, BTP	QLD	100%	Office	13.7	7.25%	4,180	80%	1.5
37 Brandl Street, BTP	QLD	100%	Office	15.7	7.00%	3,291	85%	2.1
7 Clunies Ross Court and 17-19 McKechnie Drive, BTP	QLD	100%	Office	55.5	6.50%	8,409	100%	4.3
8 Clunies Ross Court and 9 McKechnie Drive, BTP	QLD	100%	Office	22.5	7.50%	5,704	28%	0.6
88 Brandl Street, BTP	QLD	100%	Office	16.5	7.25%	2,891	94%	1.3
BTP Central, BTP	QLD	100%	Office	44.0	7.11%	8,418	84%	3.4

# Tenancy mix

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Tenant	% portfolio income
WesTrac	21%
Link Market Services	11%
Woolworths Group	3%
AAE Retail	3%
Frasers Property	3%
Mitre 10	3%
Interactive	3%
Vesco	3%
Autopact Victoria	3%
RFS	3%
<b>Top 10 Tenants</b>	<b>56%</b>
Other	44%
<b>Total</b>	<b>100%</b>



# Appendix B

## Financial information

# Consolidated Statement of Financial Position

As at	Dec 2020	Jun 2020
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	4,988	4,928
Trade and other receivables	609	377
Other assets	2,322	733
<b>Total current assets</b>	<b>7,919</b>	<b>6,038</b>
Investment properties	923,648	826,481
Investment properties - Right-of-use assets	20,097	20,159
<b>Total non-current assets</b>	<b>943,745</b>	<b>846,640</b>
<b>Total assets</b>	<b>951,664</b>	<b>852,678</b>
<b>Liabilities</b>		
Trade and other payables	(6,033)	(7,735)
Distributions payable	(9,020)	(8,199)
Derivative financial instruments	(2,496)	(2,671)
Lease liabilities	(115)	(101)
Borrowings	(85,797)	-
<b>Total current liabilities</b>	<b>(103,461)</b>	<b>(18,706)</b>
Payables	(1,030)	(1,003)
Derivative financial instruments	(5,175)	(5,719)
Borrowings	(206,605)	(242,014)
Lease liabilities	(19,082)	(19,144)
Deferred tax liability	(9,707)	(8,150)
<b>Total non-current liabilities</b>	<b>(241,599)</b>	<b>(276,030)</b>
<b>Total liabilities</b>	<b>(345,060)</b>	<b>(294,736)</b>
<b>Net assets</b>	<b>606,604</b>	<b>557,942</b>
Number of Securities (millions)	209,763.0	197,426.0
NTA per Security (\$)	2.88	2.82

1. Borrowings are net of capitalised debt establishment costs of \$978k (Jun-20: \$930k)

# Consolidated Statement of Profit or Loss and other comprehensive income

Financial period ended	Dec 2020	Dec 2019
	\$'000	\$'000
<b>Income</b>		
Net rental income	30,864	29,117
Straight line rental income recognition	904	1,277
<b>Total revenue</b>	<b>31,768</b>	<b>30,394</b>
<b>Expenses</b>		
Property costs	(5,780)	(6,048)
Trust management fees	(2,319)	(2,129)
Other expenses	(503)	(423)
<b>Total expenses</b>	<b>(8,602)</b>	<b>(8,600)</b>
<b>Net operating income (EBIT)</b>	<b>23,166</b>	<b>21,794</b>
Net fair value gain (loss) on investment properties	13,779	21,466
Net fair value gain on investment properties - ROU	(62)	202
Fair value gain (loss) on derivatives	719	175
Net interest expense	(4,162)	(4,143)
<b>Net income before tax</b>	<b>33,440</b>	<b>39,494</b>
Income tax expense	(1,590)	(223)
<b>Net profit after tax</b>	<b>31,850</b>	<b>39,271</b>

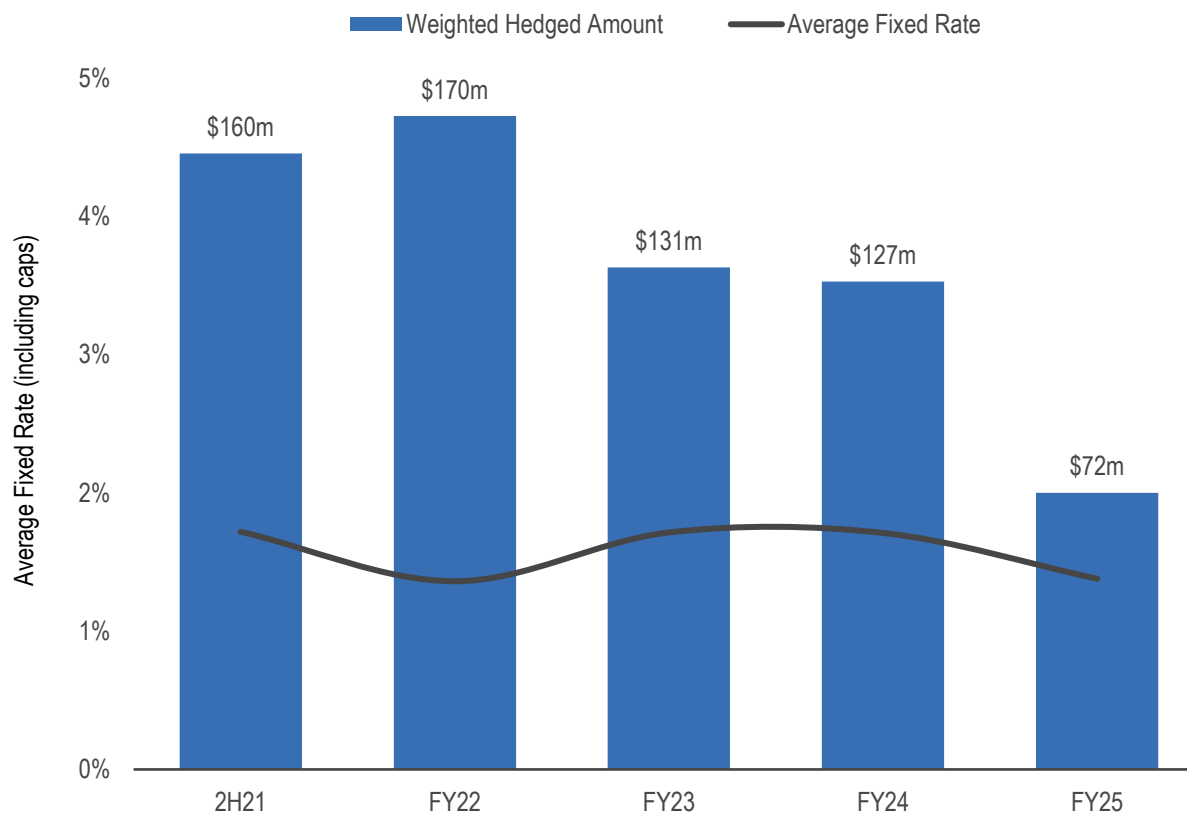
# Reconciliation to FFO

Financial period ended	Dec 2020	Dec 2019
	\$'000	\$'000
<b>Statutory net profit after tax for the period</b>	<b>31,850</b>	<b>39,271</b>
Adjusted for:		
Reversal of straight-line lease revenue recognition	(904)	(1,277)
Reversal of fair value (gain) on investment properties	(13,779)	(21,466)
Reversal of fair value loss / (gain) on investment properties - ROU assets	62	(202)
Reversal of fair value (gain) on derivatives	(719)	(175)
Reversal of movement in lease liabilities	(48)	(34)
Add back amortised leasing costs and rent-free adjustments	2,415	2,161
Add back income tax expense	1,590	223
Other one-off items	(679)	(210)
<b>FFO</b>	<b>19,788</b>	<b>18,291</b>
<b>Distribution declared</b>	<b>17,513</b>	<b>16,563</b>
Weighted securities on issue (millions)	198,590	183,433
Payout ratio (Distribution / FFO)	86.3%	87.8%
Distribution per Security (cents per Security)	8.6	8.8
FFO (cents per Security)	10.0	10.0

- Note: 31 December 2019 FFO has been restated – rental guarantees and borrowing cost amortisation has been excluded, consistent with the Property Council of Australia Best Practice Guidelines Version 2.1 and consistent with 30 June 2020 disclosure
- Value of rental guarantee was \$679k (\$210k pc), consistent with ASX Announcement 15 October 2019 and treatment at 30 June 2020
- Increase in income tax expense attributable to deferred income tax expense arising from valuation gains in Industria Company No.1 Ltd, primarily related to childcare development and leasing
- Post completion of Security Purchase Plan, the anticipated weighted average number of securities on issue for FY21 will be 207,106,350



# Interest rate hedging profile



# Disclaimer

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# Contact

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## Alex Abell

Fund Manager – APN Industria REIT

Ph: (03) 8656 1070

✉ 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)

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