



# FY21 RESULTS PRESENTATION

18 AUGUST 2021

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

ASX Code: ADI

**APN** | Industria REIT  
**dexus**

# Agenda

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# HIGHLIGHTS AND OUTCOMES





# Net zero portfolio delivering record FFO and valuation growth



**\$41.2m**

FFO up 12.0% on pcp;  
99.9% gross rent collected



**\$85m**

Valuation growth (+10%),  
\$182m of acquisitions,  
31.6% gearing



**~42,100**

Square metres of leasing  
completed, active across  
business park and  
industrial sectors



**Accountable**

First A-REIT to be certified  
carbon neutral for FY21



Delivered on  
upgraded guidance



Capacity to grow within  
30 – 40% gearing band



Leveraging portfolio  
positioning & capability



Certified across  
portfolio & operations

## Strong statutory profit and operating result

- Statutory net profit \$119.2 million:
  - Valuation gains of \$85.2 million (pcp \$24.4 million)
  - Net Property Income up 10.9% to \$49.9 million – like for like growth 2.1%<sup>1</sup>
- FFO \$41.2 million, up \$4.4 million (12.0%) – high quality result underpinned by 99.9% gross rent collections:
  - 8.7% like for like growth at Brisbane Technology Park
  - 99.9% gross contracted rent collected, and minimal COVID-19 rent relief (\$33k) – last provided in September 2020
- Gearing 31.6% - the lower end of the 30 – 40% target band, and NTA up 13.5% to \$3.20, driven by:
  - Valuation gains and contracted sale of 10 Brandl St at 22% premium to book value
  - \$55.4 million of new equity
  - Transaction costs (largely stamp duty) equating to ~3 cents per security
  - July 2021 acquisitions (\$37.6m) and sale of 10 Brandl (\$12.55m) result in pro-forma gearing of ~34%
- Development capex \$6.0 million (generating 7.1% yield on cost) and maintenance capex ~\$700k

Income Statement	FY21	FY20	Change	
Statutory net profit (\$m)	\$119.2	\$54.8	▲	117.5%
FFO (\$m) <sup>1</sup>	\$41.2	\$36.8	▲	12.0%
FFO (cents per security) <sup>1</sup>	19.9	19.3	▲	3.1%
Distribution declared (\$m)	\$36.4	\$33.4	▲	9.0%
Distributions (cents per security)	17.3	17.3	▲	0.0%
FFO payout ratio (%)	86.9%	89.3%	▼	2.4%
Tax deferred component of distribution / non assessable income	36.6%	35.9%	▲	0.7%

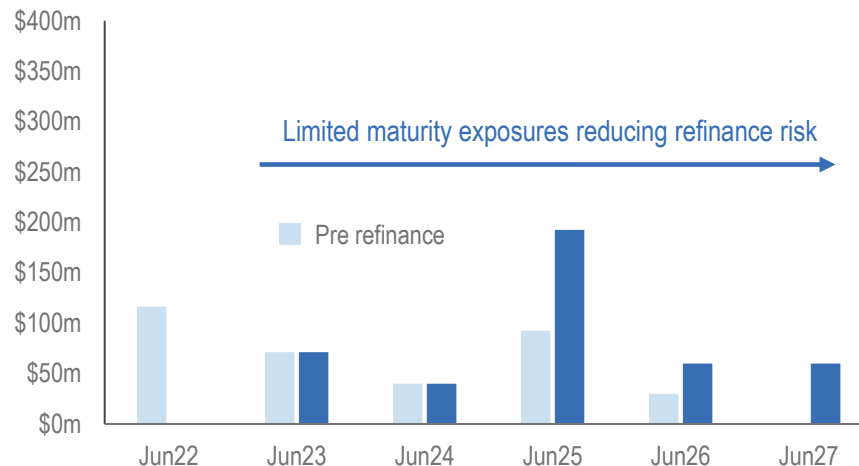
Balance Sheet	Jun 2021	Jun 2020	Change	
Gearing	31.6%	28.1%	▲	3.5%
Net Tangible Assets per security	\$3.20	\$2.82	▲	13.5%

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

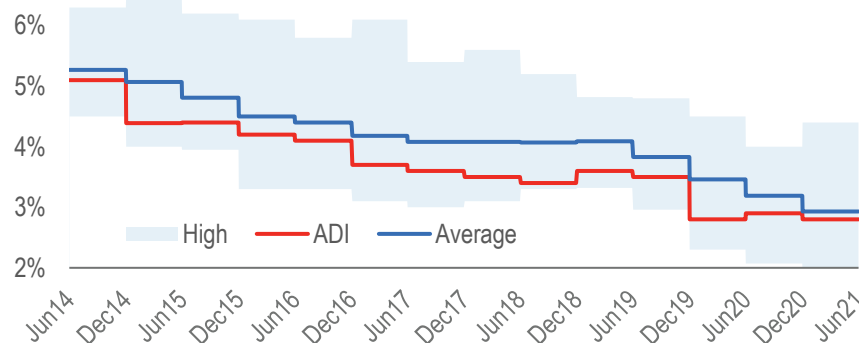
# Active period of capital management

- Negotiated ~\$300 million of new debt facilities with average maturity of 3.9 years, adding \$134 million of new lines of credit
- Maintaining a staggered debt maturity profile, reducing concentration risk over any given period:
  - Weighted average debt maturity 2.9 years
  - Three financiers across banking syndicate, and demand from additional lenders
- Weighted average interest rate 2.65% and 7.2x interest cover
- 77% of debt hedged at average rate of 0.93% for FY22
- Balance sheet continues to provide considerable
  - Value declines in excess of 35% could be sustained before the gearing covenant would be breached (55%)
  - Revenue could fall by more than 70% without triggering a breach of the ICR covenant (2.0x)

Debt maturity profile – limited refinance risk



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



1. Source: Company information and IRESS

# Net zero emissions in FY21

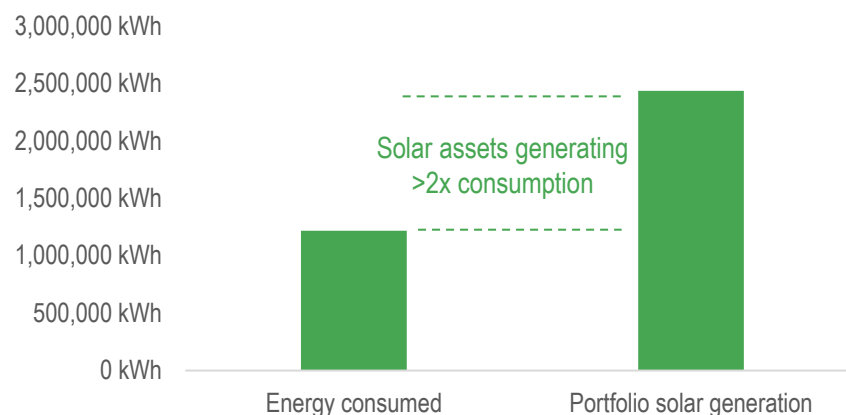
- ADI is the first A-REIT to be certified carbon neutral where our emissions boundary was assessed based on both our property portfolio and associated corporate operations, in accordance with the Climate Active Standard:
  - ADI's activities have no net negative emissions impact on the climate
  - Based off an assessment of 2020 emissions
- Continue to assess existing portfolio and all growth initiatives for ESG risks to preserve and enhance value
- Solar PV production exceeded 2.4m kWh, more than double the organisation's electricity footprint as defined by our carbon neutral certification:
  - 2.5 Megawatts installed across portfolio
  - Seeking to install a further 1.35 Megawatts in FY22
  - 49% self-sufficiency of buildings at Brisbane Technology Park during daylight hours
- Member of Griffith University Net Zero Emissions Advisory Board, providing thought leadership and collaborating on best practice and innovation

## Voluntarily reducing emissions and taking accountability



Climate Active is the Australian Government's carbon neutral certification and is awarded to businesses and organisations that have credibly reached a state of achieving net zero emissions (carbon neutrality). This means that the activities associated with running a business or producing a particular product have no net negative impact on the climate<sup>1</sup>

## Energy consumption and generation<sup>2</sup>



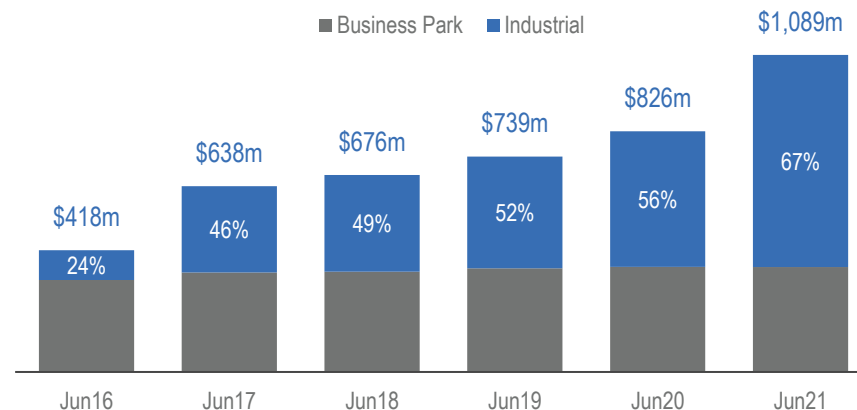
1. <https://www.climateactive.org.au/what-climate-active/how-it-worksupdate>

2. Energy consumed as certified by Climate Active; Portfolio solar generation attributable to ADI's direct investments in rooftop PV solar, and excludes tenant installations

# Creating value through portfolio positioning and asset management

- Increased portfolio weighting to industrial sector from 24% to 67% through actively acquiring assets with the most attractive risk / return profiles
- 18 assets revalued as at 30 June 2021:
  - \$64.0 million (11.7%) increase on book values
  - \$85.2 million of valuation uplifts reported for FY21
- Weighted average industrial cap rate 5.5% – reduction of 52 basis points<sup>1</sup>; weighted average lease expiry 7.6 years
- June 2021 valuation growth driven by a combination of cap rate compression and active asset management outcomes:
  - ~\$15 million attributable to leasing outcomes – rents above valuation benchmarks and higher levels of cash flow security
  - Cap rate compression drove ~\$49 million of uplift

## Repositioning portfolio to industrial & improving return profile



## 30 June 2021 - Independent valuation outcomes

Property	Book Value (\$m)	Reval Gain (\$m)	Cap Rate (%)	Cap rate Mvmt (%)
1-3 Westrac Dr, Tomago	252.0	25.6	5.25	(0.50)
80-96 South Park Dr, Dandenong	35.5	9.6	4.75	(1.25)
16-18 Quarry Rd, Stapylton	65.5	6.5	5.50	(0.25)
13 Ricky & 10 Jersey Dr, Epping	23.0	4.5	4.75	(1.00)
147-153 Canterbury Rd, Kilsyth	13.4	3.2	5.75	(0.75)
Remainder (10 assets)	220.4	14.5	5.46	(0.43)
<b>Total</b>	<b>609.8</b>	<b>64.0</b>	<b>5.32</b>	<b>(0.52)</b>

<sup>1</sup> Like for like portfolio



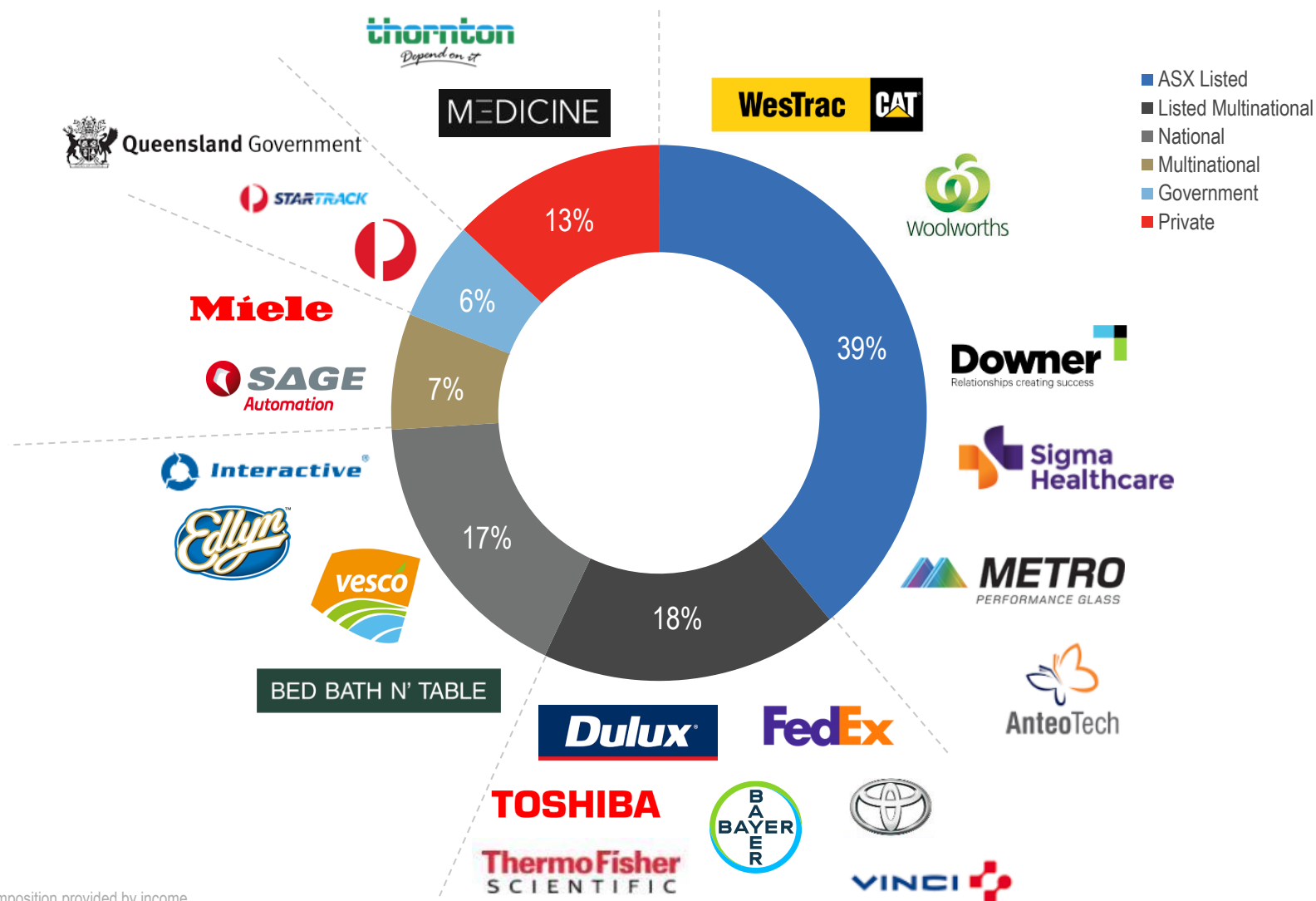
# Track record of disciplined growth and delivering securityholder value



**5 years to 30 June 2021: \$462 million of acquisitions | average WALE 11.25 years | average cap rate 6.6% | TSR<sup>1</sup>: 14.2% p.a.**

1. For the period from 30 June 2016 to 30 June 2021, excludes June 2016 quarter distribution. Based on security price performance plus distributions paid, not accounting for any reinvestment

# Resilient income profile from high quality tenants



# INVESTMENT PROPOSITION

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# The APN Industria REIT opportunity

## The Strategy

To grow through investing in industrial and business park assets

- Providing businesses with attractively priced and well located workspaces
- Proactively approaching innovation to deliver improved tenant satisfaction and retention
- Producing sustainable income returns and prospects for capital growth

## The opportunity

- Low-risk portfolio benefiting from a growing rent profile – average rent reviews of ~3%, no potential volatility from “active earnings”
- Leveraging Dexus’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

**\$1.1bn**

PORTFOLIO

**~\$725m**

MARKET  
CAPITALISATION

**S&P/  
ASX 300**

INDEX MEMBER

**5.2%**

CASH  
DISTRIBUTION YIELD

**31.6%**

GEARING

**5.4**

YEAR  
WALE  
(by income)

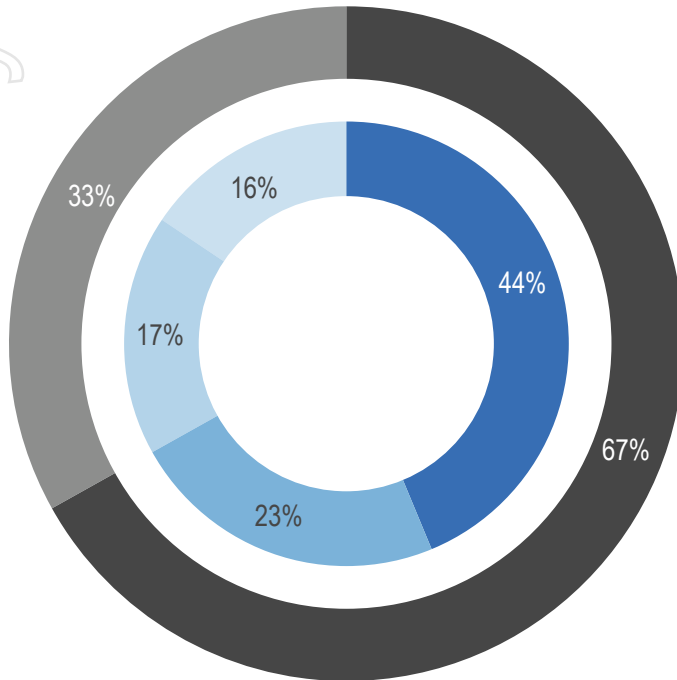
**3%**

AVG RENT  
REVIEWS

**High quality industrial and business park 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 August 2021; yield based on FY22 distribution guidance of 17.3 cents per security

# Diversified portfolio generating consistent and growing income



## Asset types

- Industrial
- Business Parks

## Locations

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

## 67% INDUSTRIAL AND LOGISTICS



### Industrial Melbourne, Adelaide and Brisbane

Key industrial precincts  
~\$476 million valuation  
24 buildings; 5.2 year WALE



### WesTrac Newcastle

Located adjacent to  
M1 motorway  
~\$252 million valuation  
13.2 year WALE

## 33% BUSINESS PARKS



### Brisbane Technology Park

15 minutes south of CBD  
~\$170 million valuation  
12 buildings; 2.5 year WALE



### Rhodes Corporate Park

Inner west Sydney,  
~\$191 million valuation  
2 buildings; 1.3 year WALE



# Dexus acquisition of APN Property Group

- The Dexus acquisition of APN Property Group was implemented on 13 August 2021. As a result, Dexus is now the manager of APN Industria REIT (ADI)
- Dexus maintains a 15.3% stake in ADI, demonstrating continued alignment, and the management team has been retained
- ADI's securityholders will benefit from a like-minded investment philosophy, as well as an integrated real estate management platform:
  - Established expertise in industrial and office investment and development, with an extensive track record of value creation
  - Access to a deeper pool of acquisition opportunities across all markets
- Existing governance arrangements will remain, including the independent Responsible Entity Board
- As a result of the Dexus acquisition:
  - APN Industria REIT will rebrand to Dexus Industria REIT (ticker code DXI), anticipated for October 2021
  - Rebranding simplifies the Fund's market positioning for existing and potential tenants and investors





# Dexus – Leading manager with a focus on real estate fundamentals



## Strong investor alignment

Dexus is strongly aligned to delivering investor returns – owning a co-investment stake in ADI

Dexus provides capital capacity to make significant co-investments as a Top 50 entity on the ASX



## Specialist leading manager of Australian real estate

\$42.5 billion total funds under management

Full-service platform with a track record of delivering out-performance

Vision to be recognised as Australia's leading real estate company



## Leading ESG credentials

Delivering long-term value by focusing on issues that matter to stakeholders

Best practice corporate governance trusted by leading global investors

Recognised global leader in sustainability



## Leveraging platform scale

Broad Australian real estate expertise spanning office, industrial, retail and healthcare sectors

Platform scale providing unparalleled access to leasing and acquisition deal-flow and market intelligence

Unique customer propositions driving tenant attraction and retention translating to investment performance

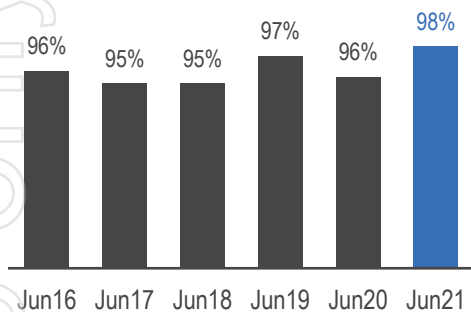


# PORTFOLIO PERFORMANCE AND MARKET DYNAMICS

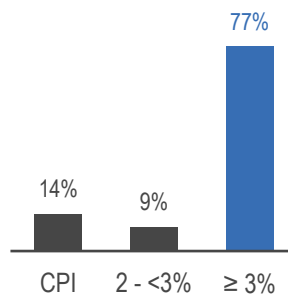
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# Actively managing Industria's real estate

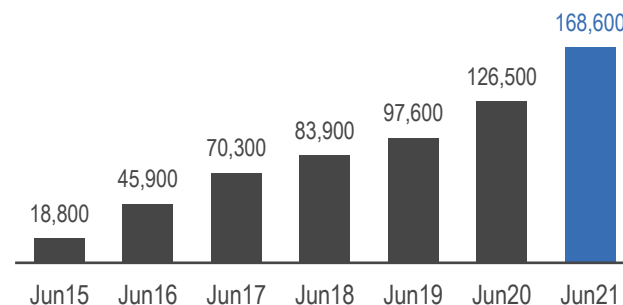
## Consistent high occupancy



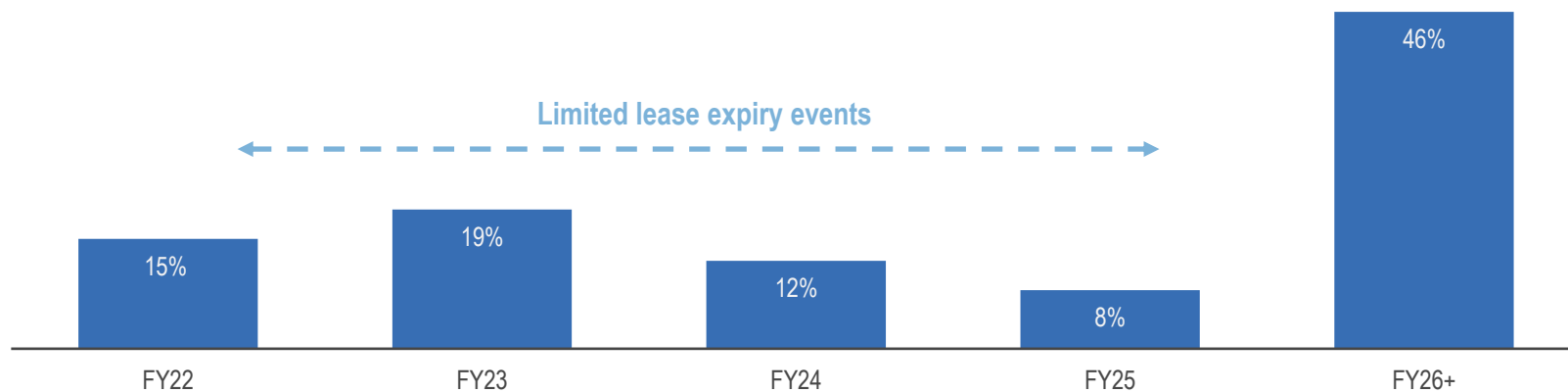
## Generating organic growth



## Cumulative leasing outcomes (sqm)



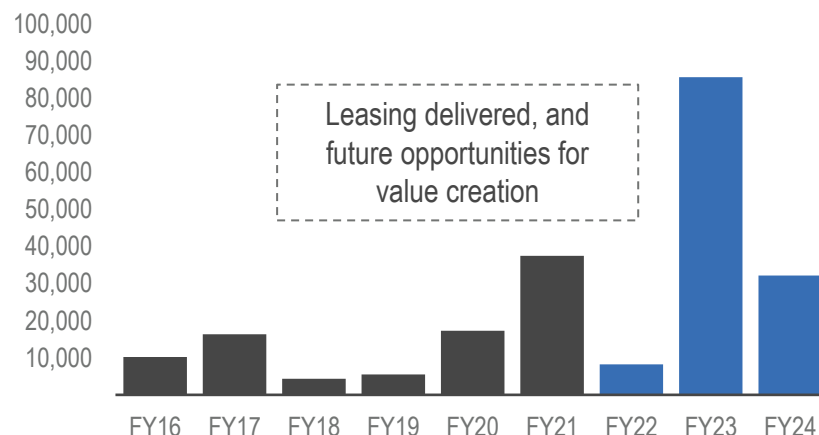
## Strong income visibility – expiry profile (by income)



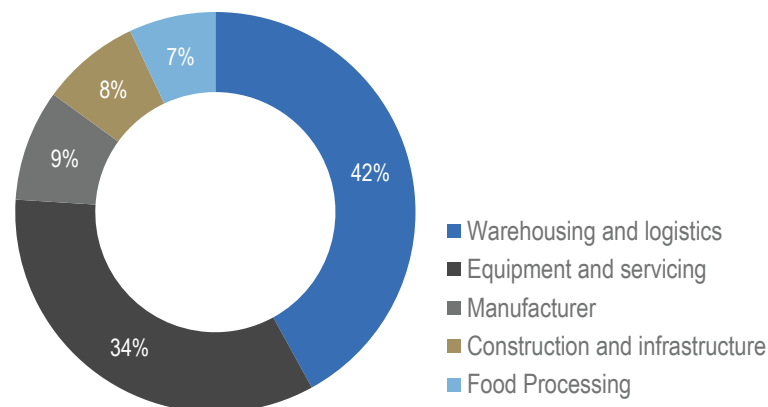
# Asset management continues to add value across industrial portfolio

- \$728 million valuation, 100% leased, 7.6 year WALE
- Average cap rate 5.50%
- Asset management capability and de-risking cash flow through leasing continues to be a key driver of valuation growth:
  - 37,500 square metres leased – all ahead of prior valuation assumptions, ~3% rental spreads
  - Continue to deliver on business plan initiatives from FY20 and FY21 acquisitions, creating additional value
  - Occupancy up from 95% to 100%
- Executing on key leasing opportunities that also reduce FY22 income risks:
  - ~11,900 square metres to B & D Doors at Canterbury Rd, Kilsyth (December 2021 expiry)
  - ~3,000 square metres to Australia Post at Butler Bv, Adelaide Airport (September 2021 expiry).
  - ~8,300 square metres of expiry remaining in this supply constrained market throughout FY22
- FY23 expiries are concentrated in the strong markets of Melbourne's west – providing additional value add opportunities

Leasing completed and forthcoming expiries (by area)

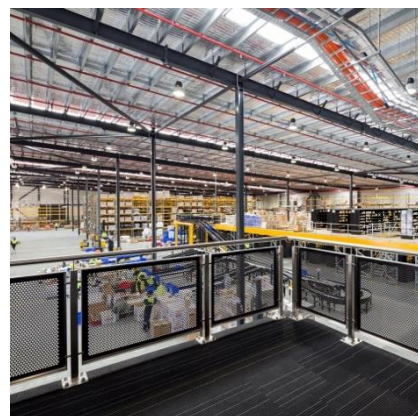


Tenant composition by industry – industrial assets



# Expanding best-in-class real estate – Westrac Newcastle

- Completed \$5.5 million expansion July 2021 – generating 6.75% yield on cost
- Valuation increased \$25.6 million to \$252.0 million, reflecting a 5.25% cap rate
- Leased to Westrac until 2034, with the higher of CPI or 3% annual rent reviews
- 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
- Long term partner of Caterpillar dating back to 1929



Parts and Distribution Warehouse



Component Rebuild Centre



# Industrial take up and rents are strong – especially in markets relevant for ADI

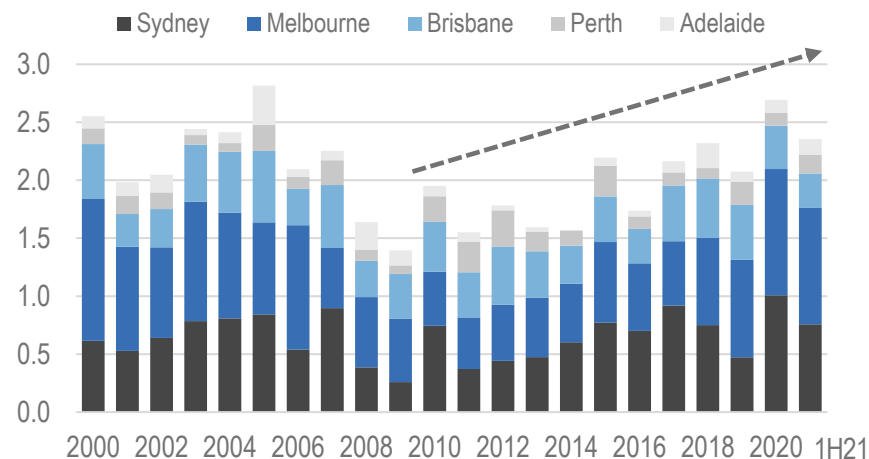
- Take-up increased to record levels over the past two quarters and ecommerce continues to drive total demand
- National take-up rate YTD is 75% higher than the average rate during 2020, and more than double the 5 year average
- Rents are rising in markets ADI has key FY22/23 exposures, driven by:
  - Low vacancy rates
  - Rising input costs – including land values, which are up 25 – 41% in 12 months, and materials such as steel and concrete

Vacancy and land value growth		
Market	Land value growth (% per annum)	Vacancy <sup>1</sup> %
West Melbourne	34%	1.9%
Brisbane M1 Corridor	25%	1.0%
Adelaide North West	41%	2.2%

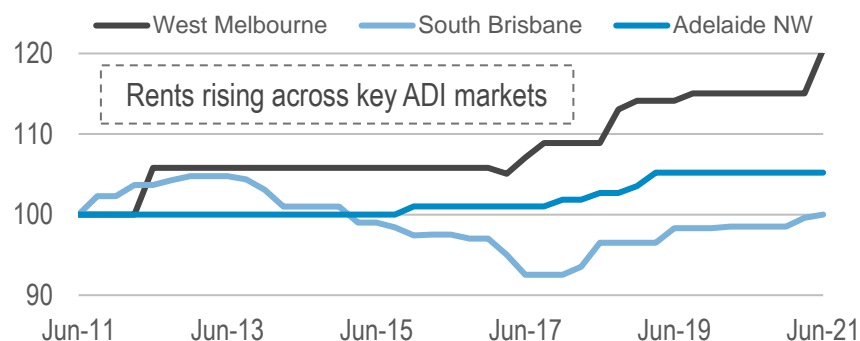
1. Source: CBRE H1 2021 Vacancy Report

2. Source: JLL Research, Land = Wingfield Adelaide, Laverton North Melbourne and Yatala Brisbane

Take-up by city (millions sqm)



Rent growth by city<sup>2</sup>



# Brisbane Technology Park

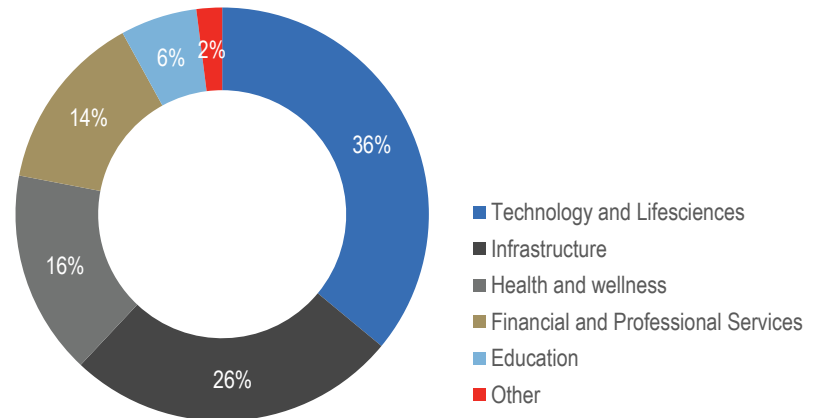
- 47 leases across ~3,300 sqm; ~5% rental spreads; 13% average incentive; 71% retention
- 80% occupancy<sup>1</sup>; generating ~6% yield at current occupancy, with meaningful scope for upside
- Limited COVID-19 impact: ~\$33k of abatement provided, no concessions provided since September 2020
- 8.7% like for like Net Property Income growth, driven by the strategy targeting sub-200 sqm:
  - Higher rents with lower incentives – supporting attractive cash yields
  - New serviced office concept created over ~1,400 square metres – 52% leased within 4 months of opening
  - Leveraging on-the-ground platform and extending competitive advantage – which is flexibility across ADI's 12 properties
- Technology and life sciences contribute 36% of income – both resilient and growing sectors
- Held at conservative valuations – average cap rate 7.0% and average WALE 2.5 years

<sup>1</sup> Excludes 10 Brandl Street – contracted for sale

## Brisbane Technology Park | APN Industria REIT ownership



## Presence of Tech and MedTech occupiers remains high



# Brisbane Technology Park

- Precinct continues to attract technology and life science occupiers – including AnteoTech – manufacturers of COVID-19 Rapid Antigen Diagnostic Testing kits used globally
- APN's on-site management platform is providing unique opportunities to:
  - Grow and diversify the income base – number of tenants has increased from 44 in 2017 to 108 in 2021
  - Build relationships with universities and education providers to unlock research partnerships with occupiers at BTP
  - Griffith University continues to extend its presence at BTP through collaborations with APN
- BTP is the home to >1,100 businesses drawn to:
  - Rents ~50% lower than CBD
  - 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

## Lifesciences at BTP

COOK®



IDEXX  
LABORATORIES

Johnson & Johnson



LYRO



Symbio  
LABORATORIES  
Proudly AUSTRALIAN

# Rhodes Corporate Park

## ■ Building C

FY21 leasing opportunities have been limited to small suites – ~1,300 square metres leased, with ~6% rental spreads to prior passing rents

## ■ Building A

Good progress on de-risking September 2021

13,900 square metre lease expiry:

- Negotiations well progressed for ~5,000 square metres across multiple deals
- 4 floors remaining – ~2,250 square meter floor plates with quality fit-out and central core
- Anticipate leasing outcomes to generate rents ahead of passing
- Drive by corporates and government to decentralise, in low-density precincts

- Each floor of vacancy represents ~\$1.2 million (0.6 cps) of FFO per annum

## Rhodes Corporate Park and amenity



## Occupiers at Rhodes

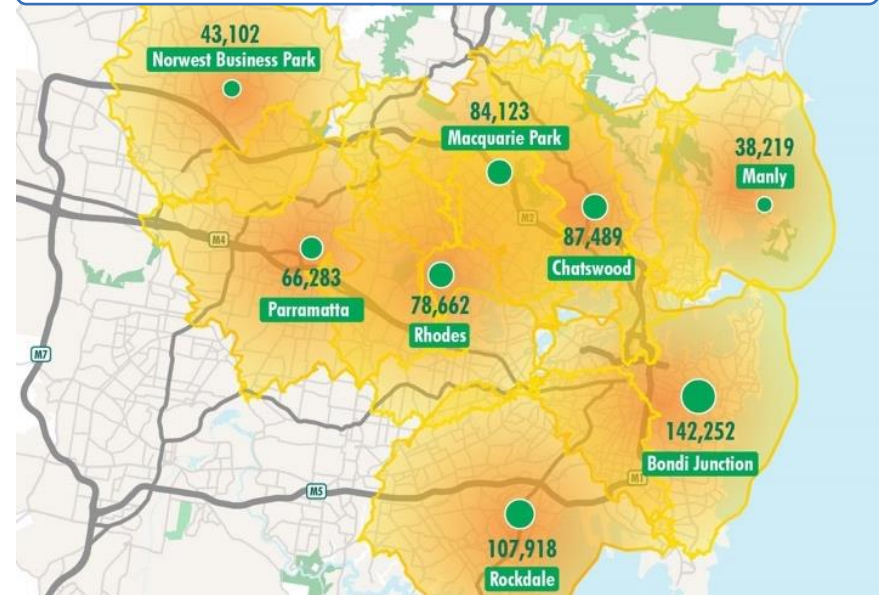




# Rhodes and surrounding markets

- 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 compared to CBD and competing markets<sup>1</sup>:
  - Rhodes: \$450 - \$470psm
  - Macquarie Park: \$430 - \$450psm
  - Parramatta: \$560 - \$600psm
  - Sydney CBD: \$950 - \$1,900 psm
- 300,000 new jobs forecast in the Rhodes corridor to 2036<sup>2</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 17.5% of the portfolio – are carried at 5.75% - 5.875% cap rates

Population within 20 minutes drive of metro office locations<sup>3</sup>



Metro office transactions<sup>4</sup>

Address	Date	Sale price	Cap Rate	Rate per sqm
11 Murray Rose Ave, Sydney Olympic Park	May 21	\$53.5m	5.4%	\$9,412
68 Waterloo Rd, Macquarie Park	Apr 21	\$106.5m	4.9%	\$7,897
37 Epping Rd, Macquarie Park	May 21	\$55.0m	5.45%	\$6,817
<b>Rhodes Building A</b>			<b>5.875%</b>	<b>\$7,100</b>
<b>Rhodes Building C</b>			<b>5.75%</b>	<b>\$8,400</b>

<sup>1</sup>. Colliers International Net Face rents  
<sup>2</sup>. [www.sydneymetro.info/west/project-overview](http://www.sydneymetro.info/west/project-overview)  
<sup>3</sup>. CBRE Research  
<sup>4</sup>. Colliers International Valuations & Advisory

# Asset management delivery





# OUTLOOK

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04

# Outlook

## Sustainable returns underpinned by quality and affordable workspaces

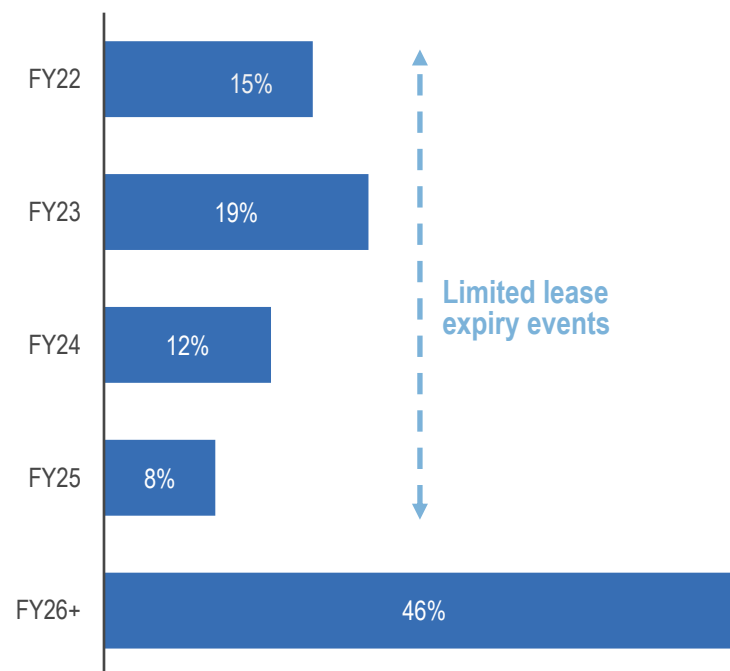
### ■ Industria is well positioned:

- High quality carbon neutral portfolio with ~3% annual fixed growth from contracted rent reviews
- Transition to Dexu with continuing management team provides access to a deep pool of expertise and opportunities to create value and drive growth
- Conservatively positioned balance sheet
- Material valuation upside potential with continuing industrial sector re-rating
- ASX 300 member, potential for inclusion to FTSE EPRA/NAREIT Global Real Estate index

### ■ FY22 FFO and distribution per security guidance:

- FFO 19.3 cents (-3% on FY21)
- Distribution 17.3 cents (consistent with FY21)
- Potential for upside from leasing at Rhodes Corporate Park, with no income assumed beyond 30 September 2021 expiry over 13,900sqm (~5,000sqm under offer)
- Subject to a continuation of current market conditions and no unforeseen circumstances

### Lease expiry profile (by income)





# APPENDICES

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# Appendix A

## Property portfolio

# Independent Valuations

Asset	Book Value (\$m)	Cap Rate (%)	1H Change in Cap Rate (%)	2H Change in Cap Rate (%)	1H2021 Gain / (Loss) (\$m)	2H2021 Gain / (Loss) (\$m)	FY2021 Gain / (Loss) (\$m)
1 West Park Drive	13.8	5.25%	(1.00%)	(0.25%)	1.8	0.7	2.5
1-3 Westrac Drive	252.0	5.25%	n/a	(0.50%)	-	25.6	25.6
13 Ricky Way & 10 Jersey Drive	23.0	4.75%	n/a	(1.00%)	-	4.5	4.5
140 Sharps Road	13.3	7.50%	(0.25%)	(0.25%)	(0.3)	(0.1)	(0.4)
147-153 Canterbury Road	13.4	5.75%	(0.75%)	(0.75%)	0.7	3.2	3.9
16-18 Quarry Road	65.5	5.50%	n/a	(0.25%)	-	6.5	6.5
3 & 4 Forbes Close	21.6	5.25%	(0.25%)	(0.25%)	0.8	1.4	2.2
32 Garden Street	25.0	5.00%	(0.75%)	(0.50%)	3.7	2.0	5.7
34 Australis Drive	35.5	5.00%	(0.75%)	(0.50%)	0.9	2.8	3.7
350-356 Cooper Street	32.5	5.50%	(0.25%)	(0.25%)	1.4	2.0	3.4
5 Butler Boulevard	15.2	8.06%	(0.19%)	n/a	0.4	-	0.4
60 Grindle Road	25.3	6.50%	(0.75%)	(0.50%)	5.3	1.7	7.0
78 Henderson Road	18.0	5.00%	n/a	(0.75%)	-	1.8	1.8
80-96 South Park Drive	35.5	4.75%	n/a	(1.25%)	-	9.6	9.6
81 Rushdale Street	11.4	5.50%	(0.50%)	(0.50%)	1.2	0.3	1.4
89 West Park Drive	24.0	5.00%	(0.50%)	(0.50%)	-	2.0	2.0
<b>Total Industrials</b>	<b>624.9</b>	<b>5.38%</b>	<b>(0.52%)</b>	<b>(0.52%)</b>	<b>15.8</b>	<b>64.0</b>	<b>79.8</b>
10 Brandl Street	12.6	7.50%	(0.75%)	n/a	(0.1)	2.3	2.1
18 Brandl Street	13.7	7.25%	(0.75%)	n/a	0.3	-	0.3
37 Brandl Street	15.8	7.00%	(0.50%)	n/a	(0.1)	-	(0.1)
7 Clunies Ross Court	55.5	6.50%	(0.75%)	n/a	5.2	-	5.2
8 Clunies Ross Court	24.1	7.50%	0.00%	n/a	(2.4)	-	(2.4)
88 Brandl Street	16.6	7.25%	(0.50%)	n/a	1.0	-	1.0
BTP Central Improved	44.1	7.11%	(0.39%)	n/a	(0.5)	-	(0.5)
<b>Total BTP</b>	<b>182.3</b>	<b>7.01%</b>	<b>(0.53%)</b>	<b>n/a</b>	<b>3.4</b>	<b>2.3</b>	<b>5.7</b>
Rhodes C	87.4	5.75%	(0.25%)	n/a	(0.2)	-	(0.2)
<b>Total Rhodes</b>	<b>87.4</b>	<b>5.75%</b>	<b>(0.25%)</b>	<b>n/a</b>	<b>(0.2)</b>	<b>-</b>	<b>(0.2)</b>
<b>Total External Valuations</b>	<b>894.6</b>	<b>5.75%</b>	<b>(0.47%)</b>	<b>(0.52%)</b>	<b>19.0</b>	<b>66.2</b>	<b>85.2</b>

# APN Industria REIT portfolio as at 30 June 2021

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				728.1	5.50	337,914	100%	7.6
Business Park Portfolio				360.5	6.36	58,037	86%	1.9
				<b>1,088.6</b>	<b>5.78</b>	<b>395,951</b>	<b>98%</b>	<b>5.4</b>
<b>Industrial Portfolio</b>								
1-3 WesTrac Drive, Newcastle	NSW	100%	Industrial	252.0	5.25	45,474	100%	13.2
140 Sharps Road, Tullamarine	VIC	100%	Industrial	13.3	7.50	10,508	100%	1.3
32-40 Garden Street, Kilsyth	VIC	100%	Industrial	25.0	5.00	10,647	100%	9.0
34 Australis Drive, Derrimut	VIC	100%	Industrial	35.5	5.00	25,243	100%	1.4
80-96 South Park Drive, Dandenong South	VIC	100%	Industrial	35.5	4.75	20,245	100%	4.6
1 West Park Drive, Derrimut	VIC	100%	Industrial	13.8	5.25	10,078	100%	1.8
89 West Park Drive, Derrimut	VIC	100%	Industrial	24.0	5.00	17,024	100%	1.2
13 Ricky Way & 10 Jersey Drive, Epping	VIC	100%	Industrial	23.0	4.75	11,211	100%	7.2
350-356 Cooper Street, Epping	VIC	100%	Industrial	32.5	5.50	8,088	100%	6.1
147-153 Canterbury Road, Kilsyth	VIC	100%	Industrial	13.4	5.75	11,882	100%	3.5
81 Rushdale Street, Knoxfield	VIC	100%	Industrial	11.4	5.50	6,106	100%	3.8
3 Forbes Close and 4 Forbes Close, Knoxfield	VIC	100%	Industrial	21.6	5.25	12,674	100%	4.5
78 Henderson Road, Rowville	VIC	100%	Industrial	18.0	5.00	10,230	100%	2.4
45-55 O'Briens Road, Corio	VIC	100%	Industrial	36.0	5.50	25,197	100%	19.8



# APN Industria REIT portfolio as at 30 June 2021

Property	State	Ownership	Sector	Book Value (\$m)	Cap Rate (%)	NLA (sqm)	Occupancy (by area)	WALE (by income)
<b>Industrial Portfolio (cont)</b>								
57-67 Mark Anthony Drive, Dandenong	VIC	100%	Industrial	13.5	5.00	7,830	100%	10.0
137-147 Fitzgerald Road, Laverton North	VIC	100%	Industrial	24.1	5.00	16,375	100%	10.0
60 Grindle Road, Wacol	QLD	100%	Industrial	25.3	6.50	8,971	100%	7.5
16-28 Quarry Road, Stapylton	QLD	100%	Industrial	65.5	5.50	41,384	100%	2.6
5 Butler Boulevard, Adelaide Airport	SA	100%	Industrial	15.2	8.06	12,334	100%	2.8
5b Butler Boulevard, Adelaide Airport	SA	100%	Industrial	9.2	8.55	8,224	100%	5.1
18-20 Butler Boulevard, Adelaide Airport	SA	100%	Industrial	7.9	8.55	6,991	100%	2.7
20-22 Butler Boulevard, Adelaide Airport	SA	100%	Industrial	12.5	8.55	11,197	100%	1.8
<b>Industrial Portfolio</b>				<b>728.1</b>	<b>5.50</b>	<b>337,914</b>	<b>100%</b>	<b>7.6</b>

# APN Industria REIT portfolio as at 30 June 2021

Property	State	Ownership	Sector	Book Value (\$m)	Cap Rate (%)	NLA (sqm)	Occupancy (by area)	WALE (by income)
<b>Business Park Portfolio</b>								
Building A, 1 Homebush Bay Drive, Rhodes	NSW	100%	Business Park	103.4	5.88	14,642	100%	0.4
Building C, 1 Homebush Bay Drive, Rhodes	NSW	100%	Business Park	87.4	5.75	10,406	87%	2.5
18 Brandl Street, BTP	QLD	100%	Business Park	13.7	7.25	4,180	85%	1.2
37 Brandl Street, BTP	QLD	100%	Business Park	15.8	7.00	3,291	85%	1.8
7 Clunies Ross Court and 17-19 McKechnie Drive, BTP	QLD	100%	Business Park	55.5	6.50	8,421	99%	3.9
8 Clunies Ross Court and 9 McKechnie Drive, BTP	QLD	100%	Business Park	24.1	7.50	5,788	40%	0.7
88 Brandl Street, BTP	QLD	100%	Business Park	16.6	7.25	2,891	82%	1.2
BTP Central, BTP	QLD	100%	Business Park	44.1	7.11	8,418	84%	3.3
<b>Business Park Portfolio</b>				<b>360.5</b>	<b>6.36</b>	<b>58,037</b>	<b>86%</b>	<b>1.9</b>

# Tenancy mix

Tenant	% portfolio income
WesTrac	19%
Link Market Services	10%
Woolworths Group	3%
AAE Retail	3%
Thornton Engineering Australia	3%
Frasers Property	3%
Mitre 10	3%
Interactive	3%
Vesco	2%
Autopact Victoria	2%
<b>Top 10 Tenants</b>	<b>51%</b>
Other	49%
<b>Total</b>	<b>100%</b>



# Appendix B

## Financial information

# Consolidated Statement of Financial Position

As at	2021	2020
	\$'000	\$'000
<b>Assets</b>		
Cash and cash equivalents	7,053	4,928
Trade and other receivables	764	377
Investment property held for sale	12,550	-
Other assets	2,799	733
<b>Total current assets</b>	<b>23,166</b>	<b>6,038</b>
Investment properties	1,051,008	826,481
Investment properties - right-of-use ("ROU") assets	39,380	20,159
Other assets	5	-
<b>Total non-current assets</b>	<b>1,090,393</b>	<b>846,640</b>
<b>Total assets</b>	<b>1,113,559</b>	<b>852,678</b>
<b>Liabilities</b>		
Trade and other payables	(11,211)	(7,735)
Distributions payable	(9,440)	(8,199)
Derivative financial instruments	(2,087)	(2,671)
Lease liabilities	(280)	(101)
Borrowings	(105,921)	-
<b>Total current liabilities</b>	<b>(128,939)</b>	<b>(18,706)</b>
Payables	(978)	(1,003)
Derivative financial instruments	(2,865)	(5,719)
Borrowings	(237,082)	(242,014)
Lease liabilities	(38,175)	(19,144)
Deferred tax liability	(10099)	(8,150)
<b>Total non-current liabilities</b>	<b>(289,199)</b>	<b>(276,030)</b>
<b>Total liabilities</b>	<b>(418,138)</b>	<b>(294,736)</b>
<b>Net assets</b>	<b>695,421</b>	<b>557,942</b>
Number of Securities (millions)	217,001.0	197,526.0
NTA per Security (\$)	3.20	2.82

1. Borrowings are net of capitalised debt establishment costs of \$934k (Jun-20: \$930k)

# Consolidated Statement of Profit or Loss and other comprehensive income

Financial period ended	2021	2020
	\$'000	\$'000
<b>Income</b>		
Net rental income	64,514	59,554
Straight line rental income recognition	2,880	2,323
<b>Total revenue</b>	<b>67,394</b>	<b>61,877</b>
<b>Expenses</b>		
Property costs	(13,021)	(12,921)
Trust management fees	(4,897)	(4,387)
Other expenses	(1,163)	(890)
<b>Total expenses</b>	<b>(19,081)</b>	<b>(18,198)</b>
<b>Net operating income (EBIT)</b>	<b>48,313</b>	<b>43,679</b>
Net fair value gain (loss) on investment properties	78,340	20,650
Net fair value gain on investment properties - ROU	(123)	709
Fair value gain (loss) on derivatives	3,438	(2,184)
Net interest expense	(8,786)	(7,994)
<b>Net income before tax</b>	<b>121,182</b>	<b>54,860</b>
Income tax expense	(1,985)	(24)
<b>Net profit after tax</b>	<b>119,197</b>	<b>54,836</b>

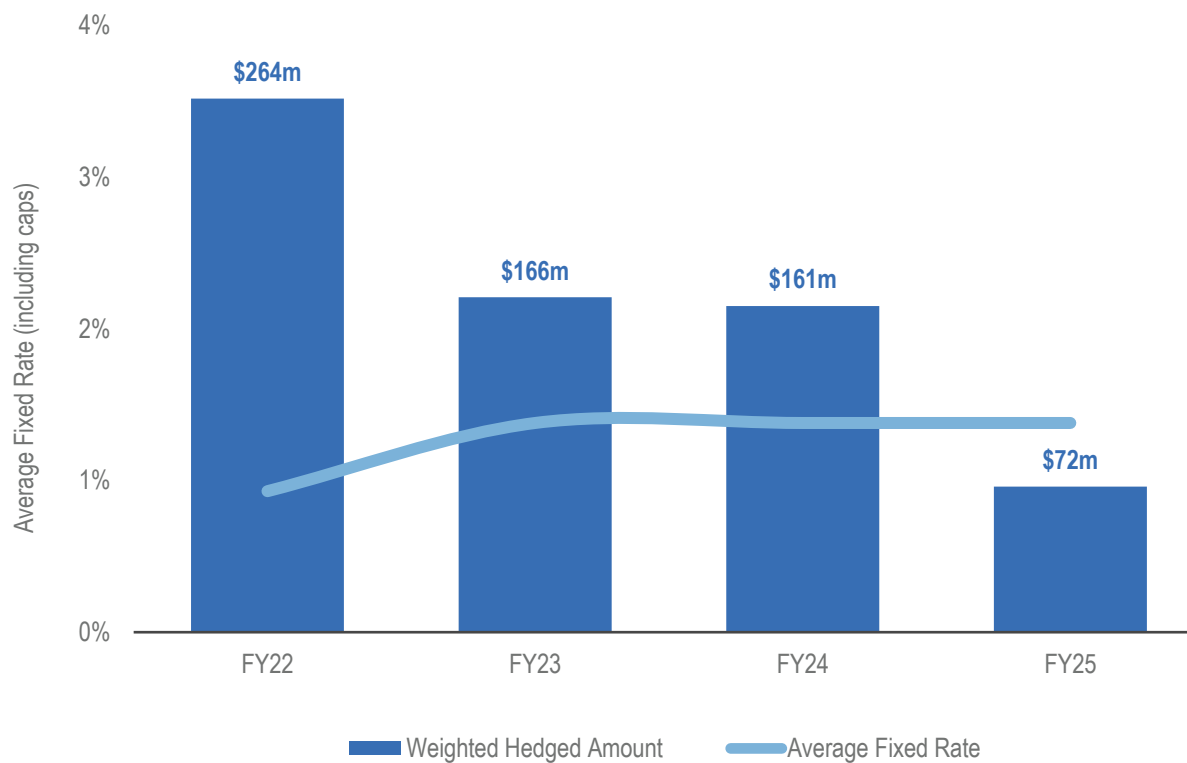


# Reconciliation to FFO

Financial period ended	2021	2020
	\$'000	\$'000
<b>Statutory net profit after tax for the period</b>	119,197	54,836
Adjusted for:		
Reversal of straight-line lease revenue recognition	(2,880)	(2,323)
Reversal of fair value (gain) on investment properties	(78,340)	(20,650)
Reversal of fair value loss / (gain) on investment properties - ROU assets	123	(709)
Reversal of fair value (gain) on derivatives	(3,438)	2,184
Reversal of movement in lease liabilities	(135)	(205)
Add back amortised leasing costs and rent-free adjustments	5,392	4,648
Add back income tax expense	1,985	24
Other one-off items	(679)	(960)
<b>FFO</b>	<b>41,225</b>	<b>36,845</b>
<b>Distribution declared</b>	<b>36,386</b>	<b>33,408</b>
Weighted securities on issue (millions)	207,127	190,465
Payout ratio (Distribution / FFO)	86.9%	89.3%
Distribution per Security (cents per Security)	17.3	17.3
FFO (cents per Security)	19.9	19.3

- Value of one-off rental guarantee was \$679k (\$960k pcg)
- 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

## Interest rate hedging profile



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