

ASX ANNOUNCEMENT

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23 September 2021

Strategic growth through transformational acquisitions

Agreements have been entered into to enable APN Industria REIT ("Industria") to acquire interests in a portfolio of 51 industrial properties and development opportunities for approximately \$368 million¹ (the "Acquisitions"), delivering transformational growth for Industria securityholders.

Transaction highlights

- Acquisition of a prime industrial portfolio including a strategic, long-term interest in investment properties and development land at Jandakot Airport, Perth (WA), as well as a newly constructed property at Truganina (VIC), fully leased to Australia Post, and an interest in a development at Kemps Creek (NSW), a key growth corridor in close proximity to the Western Sydney Airport
- Equity raising of approximately \$350 million via an institutional placement and an entitlement offer at \$3.45 per security representing a 4.7% discount to the distribution-adjusted theoretical ex-rights price ("TERP") and a 6.7% discount to the distribution-adjusted last close²
- Increases alignment and leverages Dexu's capabilities across origination, development, leasing and asset management
- Significant increase in scale with Industria's portfolio value increasing by 55% to \$1.7 billion³ with an increased weighting to industrial assets, comprising 79%⁴ of Industria's pro forma portfolio
- Continuing focus on ESG by integrating environmental sustainability into business and strategic planning
- Post transaction FY22 FFO per security guidance of between 18.1 cents and 18.5 cents, and FY22 Distributions per security guidance of 17.3 cents⁵, represent yields at the offer price of 5.2% to 5.4% and 5.0% respectively

Transaction overview

The Acquisitions include:

- 33.3% interest in Jandakot Airport, Perth (WA) ("Jandakot"), a high quality industrial portfolio comprising 49 properties across approximately 360,000 sqm⁶, approximately 80 hectares of developable land, and a general aviation operating business largely utilised for essential services and training;
- 100% interest in 2 Maker Place, Truganina (VIC) ("Truganina"), a 30,364 sqm logistics facility fully leased to Australia Post, with adjoining developable land; and
- 50% interest in Lot 2, 884-928 Mamre Road, Kemps Creek (NSW) ("Kemps Creek"), a 42,515 sqm fund-through development project to be delivered in May 2023, located in a key growth corridor in western Sydney, within close proximity to the new Western Sydney Airport.

Dexu will have a co-investment in Jandakot and will also acquire the remaining interest in Kemps Creek, with the details provided in Dexu's announcement released to the ASX today.

The Acquisitions provide a combination of modern, high quality assets with a blended initial yield of 5.0% and weighted average lease expiry ("WALE") of 7.2 years, alongside development and expansion land in

¹ Includes equity interest in Jandakot joint venture (excluding borrowings at joint venture level) and excludes transaction costs

² Adjusted for the announced distribution for the quarter ending 30 September 2021 of 4.325 cents per security

³ Pro forma post Acquisitions, plus proportionate share of committed development expenditure

⁴ By value

⁵ Subject to a continuation of current market conditions and no unforeseen events occurring and assuming settlement of Jandakot on 1 December 2021

⁶ Unadjusted for proportional ownership

highly attractive and sought-after industrial precincts across key locations in Sydney, Melbourne and Perth. Industria's \$95 million share of the committed development capex across approximately 80 hectares of developable land⁷ is expected to deliver attractive returns, underpinning future income growth.

The Acquisitions and associated transaction costs will be partially funded with a fully underwritten equity raising of \$350 million (the "Equity Raising") at a fixed issue price of \$3.45 per security ("Issue Price"), comprising:

- an institutional placement to raise approximately \$100 million ("Placement"); and
- a 1-for-3 non-renounceable entitlement offer ("Entitlement Offer") to raise approximately \$250 million

The balance of the Acquisitions and associated transaction costs will be funded through existing and new bank debt facilities.

Dexus, as the fund manager and largest security holder of Industria, remains strongly aligned and intends to take up its full entitlement under the Entitlement Offer as well as providing a commitment to sub-underwrite up to approximately \$39 million of the Entitlement Offer.

APN Industria REIT Fund Manager, Alex Abell said: "This transaction represents a compelling opportunity for Industria to achieve transformational growth and deploy capital into assets with significant value creation opportunities. The Acquisitions capitalise on the strong momentum in the industrial sub-sector, with growing ecommerce take-up in Australia set to drive approximately 2.4 million square metres of industrial space take-up between now and 2025.

"Following our entry onto the Dexus platform, we've benefitted from having access to unique growth opportunities as demonstrated by this transaction. The acquisitions also introduce a significant development pipeline that has the potential to deliver future value upside through further leveraging Dexus's fully integrated platform."

Asset details

Jandakot Airport, Perth, WA

Jandakot is the major General Aviation Airport in Western Australia encompassing 620 hectares and is located approximately 20km south of the Perth CBD and 25km south west of Perth airport. The location appeals to both first mile and last mile industrial customers due to its proximity to Fremantle Port, major road networks and nearby amenity.

The purchase price of approximately \$298 million⁸ is split between an established industrial precinct across 358,348 square metres representing approximately \$223 million of value at a 6.9% passing yield⁹, and a development component representing \$75 million of value. The stabilised portfolio is 100% occupied¹⁰ with a weighted average lease expiry of 7.6 years¹⁰.

The operational component comprises approximately 16% of total value and generates revenue from long-term airport property leases, essential infrastructure services provided to tenants and aeronautical services. General aviation operations are largely for helicopters and small planes used for essential services or education and includes tenants such as the Royal Flying Doctor Service, WA Police Air Wing and RAC Rescue Helicopter.

Industria is acquiring a 33.3% interest in the asset, alongside a co-investment by Dexus.

The settlement of the operational component is subject to regulatory approvals, a pre-closing restructure and other customary conditions with settlement expected to occur in December 2021

2 Maker Place, Truganina, VIC

The asset comprises 30,364 square metres across a single property constructed in 2020 and is 100% leased to Australia Post. There is an additional 16,740 square metres of vacant land available for a further approximately 11,500 square metres of warehouse space which can adjoin the existing facility to form a single-tenanted structure or split into a multi-tenanted structure.

Truganina is one of Australia's most highly sought-after industrial hubs. The asset is situated within the Wyndham Industrial Estate, with good connectivity to Melbourne CBD, Port of Melbourne, and Melbourne International Airport.

⁷ Development pipeline and developable land relate to 100% of the development pipeline by area, i.e. Jandakot at 100%

⁸ Represents equity interest in the joint venture

⁹ Levered yield, including borrowings at joint venture level

¹⁰ Excluding the airport infrastructure and operations

The asset is being acquired on a 4.1% passing yield and benefits from a 4.3 year WALE, with a 5 year extension option and fixed 3% rent reviews.

Lot 2, 884-928 Mamre Road, Kemps Creek, NSW

The opportunity is a fund-through development project that will deliver an approximately 42,500 square metre logistics facility which has the flexibility to be split into single or multiple tenancies, depending on tenant demand and requirements. The project is located in an emerging strategic industrial precinct, underpinned by extensive public infrastructure upgrades, and provides new development product in the near term to meet significant latent demand from customers in Western Sydney.

The asset will be delivered under a fund-through structure with a 4.25% coupon¹¹, and is expected to be delivered by May 2023. The opportunity will benefit from Dexus's established customer relationships, with dialogue ongoing amongst a number of potential occupiers. Dexus will jointly acquire and fund 50% of the asset.

Portfolio impact

	30 Jun 2021	Proforma post Acquisitions
Number of assets	39	90 ¹²
Portfolio value (\$m)	1,089	1,687 ¹³
Weighted average capitalisation rate	5.78%	5.48%
Occupancy	98%	99%
WALE (years)	5.4	5.6
Lettable area (sqm) ¹⁴	395,951	827,178
Development asset composition ¹⁵	n/a	6%

Financial impact

Including the impact of the Acquisitions and Equity Raising and subject to current market conditions continuing and no unforeseen events, Industria provides the following guidance¹⁶:

- FY22 FFO of between 18.1 cents and 18.5 cents per security
- FY22 Distributions of 17.3 cents per security

Industria's pro forma balance sheet gearing is expected to be approximately 29.1%¹⁷ following the Acquisitions and Equity Raising, compared to its 30% – 40% target gearing range, providing capacity for committed development capex and further growth opportunities.

Equity Raising

The Equity Raising is expected to raise up to approximately \$350 million and will be conducted via:

- An underwritten institutional placement of approximately \$100 million; and
- An accelerated non-renounceable entitlement offer of up to \$250 million at a ratio of 1-for-3, comprising:
 - An underwritten accelerated institutional component ("Institutional Entitlement Offer"); and
 - An underwritten retail component ("Retail Entitlement Offer")

New securities will be issued at an Issue Price of \$3.45, which represents a:

¹¹ Industria will receive a 4.25% coupon during the development period

¹² Jandakot has exposure to 49 individual properties within the wider asset

¹³ Pro forma post Acquisitions, plus proportionate share of committed development expenditure

¹⁴ Area unadjusted for proportionate share

¹⁵ As a percentage of portfolio value

¹⁶ Assuming settlement of Jandakot on 1 December 2021

¹⁷ Look-through gearing of 35.4% including Industria's proportionate share of JV-level debt and assets

- 4.7% discount to the distribution-adjusted TERP¹⁸ of \$3.62 on 22 September 2021;
- 6.7% discount to the distribution-adjusted last close price¹⁸ of \$3.70 on 22 September 2021;
- 5.2% – 5.4% FY22 FFO yield¹⁹; and
- 5.0% FY22 distribution yield²⁰.

The Equity Raising will result in the issue of up to 101 million new securities ("New Securities") representing approximately 46.7% of Industria's securities on issue. New Securities issued under the Equity Raising will not be entitled to the distribution for the quarter ending 30 September 2021 announced at 4.325 cents per security. New Securities will rank equally with existing Industria securities from the date of issue.

Dexus is supportive of the Equity Raising and intends to take up its full entitlement under the Entitlement Offer and has also provided a commitment to sub-underwrite up to approximately \$39 million of the Entitlement Offer.

The Entitlement Offer tranche of the Equity Raising is non-renounceable and rights are not transferrable and will not be traded on the ASX or other exchange.

Eligible securityholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive value in respect of those entitlements not taken up.

The Equity Raising is fully underwritten by Citigroup Global Markets Australia Pty Limited and Macquarie Capital (Australia) Limited.

Placement

All securities offered under the Placement will be issued at the same price as New Securities under the Entitlement Offer (\$3.45 per security). New Securities issued under the Placement do not have rights to participate in the Entitlement Offer.

Institutional Entitlement Offer

Eligible institutional securityholders will be invited to participate in the Institutional Entitlement Offer.

Under the Institutional Entitlement Offer, eligible institutional securityholders can choose to take up all, part or none of their Entitlement. Entitlements not taken up under the Institutional Entitlement Offer will be offered to eligible institutional investors at the Offer Price.

Retail Entitlement Offer

Eligible retail securityholders with a registered address in Australia or New Zealand on Record Date of 7.00pm (Sydney time), 27 September 2021, have the opportunity to invest in New Securities at the Offer Price, on the terms and conditions outlined in the Retail Offer Booklet to be sent to eligible retail securityholders on or around 30 September 2021.

Please note that securityholders with a registered address outside Australia or New Zealand on the Record Date are ineligible to participate in the Retail Entitlement Offer. Further details as to eligibility will be set out in the Retail Offer Booklet.

Under the Retail Entitlement Offer, eligible retail securityholders who take up their entitlement in full can also apply for additional securities in excess of their entitlement up to a maximum of 35% of their entitlement under an oversubscription facility

Retail Investor Enquiries

Further information regarding the Retail Entitlement Offer is available via the APN Industria Securityholder Information Line on 1800 131 904 (within Australia) or +61 1800 131 904 (outside Australia at any time from 8.30am to 5.00pm (Melbourne time) Monday to Friday during the offer period.

Equity Raising indicative timetable

¹⁸ Adjusted for the announced distribution for the quarter ending 30 September 2021 of 4.325 cents per security

¹⁹ Based on FY22 FFO guidance post transaction of 18.1 to 18.5 cents per security

²⁰ Based on FY22 DPS guidance post transaction of 17.3 cents per security

Event	Date
Announcement of the Acquisitions and Equity Raising	Thursday, 23 September 2021
Placement and Institutional Entitlement Offer conducted	Thursday, 23 September 2021
Announcement of the results of the Placement and Institutional Entitlement Offer	Friday, 24 September 2021
Trading halt lifted and trading resumes on an “ex-entitlement” basis	Friday, 24 September 2021
Record date for Entitlement Offer	Monday, 27 September 2021
Retail Entitlement Offer opens and booklet is dispatched	Thursday, 30 September 2021
Early retail acceptance due date (“Early Retail Acceptance Due Date”)	Tuesday, 5 October 2021
Settlement of New Securities issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Wednesday, 6 October 2021
Allotment and ASX quotation of New Securities issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Thursday, 7 October 2021
ASX quotation of New Securities issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer for applications received by the Early Retail Acceptance Due Date	Thursday, 7 October 2021
Final Retail Entitlement Offer closes	Friday, 15 October 2021
Settlement of remaining New Securities issued under the Retail Entitlement Offer	Wednesday, 20 October 2021
ASX quotation of remaining New Securities issued under the Retail Entitlement Offer	Friday, 22 October 2021

All dates and times are indicative only and subject to change. Subject to the requirements of the *Corporations Act 2001 (Cth)*, ASX Listing Rules and any other applicable laws, Industria reserves the right to amend this timetable at any time. Unless otherwise specified, all times and dates refer to Melbourne time.

Additional information

Additional information about the Acquisitions and the Equity Raising, including certain key risks, are contained in the investor presentation released to the ASX today.

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

Important Notice and Disclaimer

This announcement has been prepared for release in Australia. This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any Industria securities in the United States, or in any jurisdiction in which such an offer would be illegal. The new securities to be offered and sold in the Equity Raising have not been, and will not be, registered under the U.S. Securities Act of 1933 (“U.S. Securities Act”) or under the securities laws of any state or other jurisdiction of the United States. The New Securities to be offered and sold in the Equity Raising may not be offered or sold, directly or indirectly, to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

This announcement includes certain forward-looking statements. Forward-looking statements can generally be identified by the use of words such as “expect”, “anticipate”, “likely”, “intend”, “should”, “could”, “may”, “predict”, “plan”, “propose”, “will”, “believe”, “forecast”, “estimate”, “target”, “outlook”, “guidance” or similar expressions or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, the completion and the effect of the Acquisitions, the timetable and outcome of the Offer and the use of the proceeds thereof. Indications of, and guidance on, future earnings, financial position, distributions and performance are also forward-looking statements.

Any such forward-looking statements involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies and other factors, including the risks described in the investor presentation under “Key risks”. Such risks may be outside the control of and/or may be unknown to APN Industria REIT. Any forward-looking statements included in this presentation, including projections, guidance on future revenues, earnings and estimates, the conduct and outcome of the Offer, the use of proceeds of the Offer and the future performance of APN Industria REIT, are provided as a general guide only. Forward-looking statements are based on assumptions and contingencies which are subject to change without notice. APN Industria REIT does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this presentation will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based.

Investors should consider the forward-looking statements contained in this announcement in light of those disclosures and not place reliance on such statements. Any forward-looking statements in this announcement are not guarantees or predictions of future performance, and are based on information available to APN Industria REIT as at the date of this announcement. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, APN Industria REIT disclaims any obligation or undertaking to provide any updates or revisions to any forward-looking statements in this announcement.

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Neither the Joint Lead Managers nor any other Limited Party makes any recommendation as to whether any potential investor should participate in the Equity Raising. Further, neither the Joint Lead Managers nor any other Limited Party accepts any fiduciary obligations to or relationship with any investor or potential investor in connection with the Equity Raising or otherwise, and by accessing this announcement each recipient expressly disclaims any such fiduciary relationship and agrees that it is responsible for making its own independent judgements with respect to the Equity Raising and any other transaction or other matter arising in connection with this announcement.

The Joint Lead Managers and other Limited Parties may have interests in the securities of Industria. Further, they may act as market maker or buy or sell those securities or associated derivatives as principal or agent. Such persons may receive fees or other benefits for engaging in these activities.

Determination of eligibility of investors for the purposes of the Equity Raising is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Industria and/or the Joint Lead Managers. To the maximum extent permitted by law, Industria, the Joint Lead Managers and the Limited Parties each disclaim any duty or liability (including for negligence) in respect of the exercise of that discretion or otherwise. The Joint Lead Managers may rely on information provided by or on behalf of institutional investors in connection with managing, conducting or underwriting the Equity Raising without having independently verified that information and the Joint Lead Managers do not assume responsibility for the accuracy or completeness of the information.

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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 \$1.1 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 governed by a majority Independent Board, and managed by Dexus (ASX:DXS), one of Australia's leading fully integrated real estate groups, with over 35 years of expertise in property investment, funds management, asset management and development.

www.apngroup.com.au

About Dexus

Dexus (ASX: DXS) is one of Australia's leading fully integrated real estate groups, managing a high-quality Australian property portfolio valued at \$42.5 billion. We believe that the strength and quality of our relationships will always be central to our success and are deeply committed to working with our customers to provide spaces that engage and inspire. We invest only in Australia, and directly own \$17.5 billion of office, industrial and healthcare properties, and investments. We manage a further \$25.0 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$14.6 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. Sustainability is integrated across our business, and our sustainability approach is the lens we use to manage emerging ESG risks and opportunities for all our stakeholders. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange and is supported by more than 30,000 investors from 23 countries. With over 35 years of expertise in property investment, funds management, asset management and development, we have a proven track record in capital and risk management and delivering superior risk-adjusted returns for investors.

www.dexus.com