

# Strategic growth through transformational acquisitions

23 September 2021

APN Industria REIT

# Acknowledgement of Country

As an owner, manager and developer of real estate across Australia, Industria and Dexus acknowledge the Traditional Custodians of the lands on which we operate.

We recognise their ongoing connection to land, waters and community, and pay our respects to First Nations Elders past, present and emerging.

Artist: Deborah Taylor, a Bundjalung and Gumbaynggirr woman

Artwork: Down in the Valley

Artwork photographer: Sharon Hickey

Artwork description: This is a representation of the Clarence River and surrounding mountain ranges. The circle imagery represents layers of people, rocks, minerals, animals, plants, trees and the living areas down in the valley.



# Important notice and disclaimer

## Important notice and disclaimer

**IMPORTANT:** You are advised to read the following carefully before making any use of the information contained in this presentation. This presentation has been prepared by APN Funds Management Limited (ACN 080 674 479) ("Responsible Entity") as responsible entity of each of Industria Trust No. 1 (ARSN 125 862 875), Industria Trust No. 2 (ARSN 125 862 491), Industria Trust No. 3 (ARSN 166 150 938) and Industria Trust No. 4 (ARSN 166 163 186) ("Trusts") and Industria Company No. 1 Limited (ACN 010 794 957) ("Company") (together, "APN Industria REIT") in relation to an institutional placement ("Placement") and an accelerated non-renounceable entitlement offer ("Entitlement Offer") of new stapled securities, each comprising one unit in each of the Trusts and one share in the Company (together, "New Securities"). The Placement will be made to institutional investors. The Entitlement Offer will be made to eligible institutional securityholders of APN Industria REIT ("Institutional Entitlement Offer") and to eligible retail securityholders of APN Industria REIT ("Retail Entitlement Offer"). The Placement and the Entitlement Offer are collectively referred to in this presentation as the "Equity Raising". The proceeds from the Equity Raising will be used to partially fund the acquisition of a portfolio of properties as outlined in this presentation (the "Acquisitions").

## Summary information

This presentation contains summary information about APN Industria REIT and its activities which is current as at the date of this presentation. The information in this presentation is of a general nature and does not purport to be complete nor does it contain all the information that an investor should consider when making an investment decision, nor does it contain all the information which would be required in a prospectus, product disclosure statement or other disclosure document prepared in accordance with the requirements of the Corporations Act 2001 (Cth) ("Corporations Act"). No representation or warranty, express or implied, is provided in relation to the accuracy or completeness of the information. Statements in this presentation are made only as of the date of this presentation unless otherwise stated and the information in this presentation remains subject to change without notice. APN Industria REIT is not responsible for updating, nor undertakes to update, this presentation. This presentation should be read in conjunction with APN Industria REIT's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange ("ASX"), which are available at [www.asx.com.au](http://www.asx.com.au).

## Not financial or product advice

This presentation is not financial product or investment advice or a recommendation to acquire New Securities, nor is it legal, accounting or tax advice. This presentation has been prepared without taking into account the objectives, financial situation or needs of any person. Any references to, or explanations of, legislation, regulatory issues or any other legal commentary (if any) are indicative only, do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. You are solely responsible for forming your own opinions and conclusions on such matters and the market and for making your own independent assessment of the information in this presentation. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs, and should seek legal and taxation advice appropriate to their personal circumstances. APN Industria REIT is not licensed to provide financial product advice in respect of an investment in stapled securities. Cooling off rights do not apply to the acquisition of New Securities.

## Financial data

All dollar values are in Australian dollars ("\$" or "A\$") unless stated otherwise. Investors should note that this presentation contains certain pro forma historical financial information, including a pro forma balance sheet as at 30 June 2021. The pro forma historical financial information provided in this presentation is for illustrative purposes only and is not represented as being indicative of APN Industria REIT's views on its, nor anyone else's, future financial position and/or performance. The pro forma historical financial information has been prepared by APN Industria REIT in accordance with the measurement and recognition principles, but not the disclosure requirements prescribed in the Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board. In preparing the pro forma financial information, certain adjustments were made to APN Industria REIT's reviewed balance sheet as at 30 June 2021 that APN Industria REIT considered appropriate to reflect the June 2021

DRP, post 30 June 2021 acquisitions and disposals, and the application of the proceeds of the Equity Raising to fund the Acquisitions, as if the Equity Raising and application of proceeds had occurred on 30 June 2021.

The pro forma historical financial information does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission (SEC). Investors should also be aware that financial data in this presentation include "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934. Such non-IFRS measures include FFO, FFO yield, DPS, DPS yield, pro-forma gearing and look-through gearing and are not recognised under Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRS). APN Industria REIT believes non-IFRS financial information/non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of APN Industria REIT. The non-IFRS financial information does not have a standardised meaning prescribed by AAS or IFRS and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures and ratios derived therefrom included in this presentation.

## Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figure set out in this presentation.

## Past performance

Past performance and any pro-forma information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of APN Industria REIT's views on its future financial performance or condition. Investors should note that past performance of APN Industria REIT, including the historical trading price of its stapled securities, cannot be relied upon as an indicator of (and provides no guidance as to) future APN Industria REIT performance, including the future trading price of APN Industria REIT's stapled securities. The historical information included in this presentation is, or is based on, information that has previously been released to the market.

## Trademarks and trade names

This presentation may contain trademarks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this presentation belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with any of APN Industria REIT or the Parties.

# Important notice and disclaimer

## Forward-looking statements

The presentation 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 Equity Raising 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 this presentation under “Key risks”. Such risks may be outside the control of and/or may be unknown to APN Industria REIT and Dexus. Any forward-looking statements included in this presentation, including projections, guidance on future revenues, earnings and estimates, the conduct and outcome of the Equity Raising, the use of proceeds of the Equity Raising and the future performance of APN Industria REIT and Dexus, are provided as a general guide only. Forward-looking statements are based on assumptions and contingencies which are subject to change without notice. Neither APN Industria REIT nor Dexus do 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 presentation in light of those disclosures and not place reliance on such statements. Any forward-looking statements in this presentation are not guarantees or predictions of future performance, and are based on information available to APN Industria REIT and Dexus as at the date of this presentation. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, APN Industria REIT and Dexus disclaim any obligations or undertakings to provide any updates or revisions to any forward-looking statements in this presentation.

## Investment risk

An investment in APN Industria REIT stapled securities is subject to investment and other known and unknown risks, some of which are beyond the control of APN Industria REIT and Dexus. Neither APN Industria REIT nor Dexus do not guarantee any particular rate of return or the performance of APN Industria REIT, nor does do they guarantee the repayment of capital from APN Industria REIT or any particular tax treatment. In considering an investment in APN Industria REIT, investors should have regard to (amongst other things) the “Key risks” section in this presentation when making their investment decision.

## Not an offer

This presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian law or any other law. This presentation has not been, nor will it be, lodged with the Australian Securities & Investments Commission (“ASIC”).

The presentation is not and should not be considered an offer, invitation, solicitation or recommendation in relation to the subscription, purchase or sale of New Securities or any other financial product in any jurisdiction and neither this presentation nor anything in it shall form any part of any contract for the acquisition of APN Industria REIT stapled securities. The distribution of this presentation (including an electronic copy) in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any noncompliance with these restrictions may contravene applicable securities laws. For more information, refer to the “Foreign selling restrictions” section of this presentation.

This presentation may not be distributed or released in the United States. This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. 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 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 to, directly or indirectly, 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.

By accepting this presentation you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

## Disclaimer

Neither the Underwriters to the Equity Raising, nor any of its or APN Industria REIT’s or Dexus’s respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, agents and associates (“Parties”), have authorised, permitted or caused the issue, submission, dispatch or provision of this presentation and, except to the extent referred to in this presentation, none of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them. For the avoidance of doubt, the Parties have not made or purported to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them. To the maximum extent permitted by law, APN Industria REIT, Dexus, the Underwriters and their respective advisers and affiliates, related bodies corporate, directors, officers, partners, employees, agents and associates exclude and disclaim all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the Equity Raising and the information in this presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. To the maximum extent permitted by law, APN Industria REIT, Dexus, the Underwriters and their respective advisers and affiliates, related bodies corporate, directors, officers, partners, employees, agents and associates make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this presentation.

The Parties make no recommendations as to whether you or your related parties should participate in the Equity Raising, nor do they make any representations or warranties to you concerning the Equity Raising, and you represent, warrant and agree that you have not relied on any statements made by a Party in relation to the Equity Raising and you further expressly disclaim that you are in a fiduciary relationship with any of them. Recipients agree, to the maximum extent permitted by law, that they will not seek to sue or hold the Parties liable in any respect in connection with this presentation or the Equity Raising. Statements in this presentation are made only as at the date of this presentation. The information in this presentation remains subject to change without notice. APN Industria REIT reserves the right to withdraw the Equity Raising or vary the timetable for the Equity Raising without notice. The Parties do not accept any fiduciary obligations to or relationship with any investor or potential investor in connection with the Equity Raising or otherwise. Determination of eligibility of investors for the purposes of the Equity Raising is determined by reference to a number of matters, including legal requirements and the discretion of APN Industria REIT and the Underwriters. APN Industria REIT, Dexus and the Underwriters disclaim any and all liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

## Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this presentation you acknowledge and agree to the terms set out in this “Important notice and disclaimer”.

# Acquisitions and Equity Raising summary

## 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 \$368.2 million<sup>1</sup> at an average yield of 5.0%<sup>2</sup> (the “Acquisitions”). The Acquisitions comprise:
  - 33.3% interest in Jandakot Airport, Perth (WA) (“Jandakot”), an industrial precinct comprising 49 properties, approximately 80 hectares of developable land, and airport infrastructure operations (alongside a co-investment by Dexus)
  - 100% interest in 2 Maker Place, Truganina (VIC) (“Truganina”), a 30,364 sqm logistics facility fully leased to Australia Post
  - 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 (remaining 50% will be owned by Dexus)

## Equity Raising

- The Acquisitions will be partially funded with a fully underwritten equity raising of approximately \$350 million (the “Equity Raising”) at an 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
- Dexus, as the fund manager and largest securityholder of Industria, remains strongly aligned and intends to take up its full entitlement under the Entitlement Offer, and has also provided a commitment to sub-underwrite approximately \$39 million of the Entitlement Offer

## Financial impact

- Including the impact of the Acquisitions and Equity Raising and subject to current market conditions and no unforeseen events, Industria provides the following guidance:
  - FY22 FFO of 18.1 – 18.5 cps (reflecting an FY22 FFO yield of 5.2% – 5.4% on Issue Price)<sup>3</sup>
  - FY22 Distributions of 17.3 cps (reflecting an FY22 DPS yield of 5.0% on Issue Price)
- Industria’s pro forma gearing is expected to be approximately 29.1%<sup>4</sup> following the Acquisitions and Equity Raising, compared to Industria’s 30% – 40% target gearing range, providing capacity for committed development expenditure and further growth opportunities

1. Excluding transaction costs

2. Includes Jandakot at a levered yield including JV-level debt, and coupon income relating to the development assets. Jandakot and Kemps Creek at proportionate share

3. Assuming settlement of Jandakot on 1 December 2021

4. Look-through gearing of 35.4% including Industria’s proportionate share of JV-level debt and assets

# Strategic growth through transformational Acquisitions

## Building Australia's premier industrial property portfolio

### Strategic Acquisitions accelerating growth



- Portfolio acquisition of 51 industrial properties generating a 5.0%<sup>1</sup> passing yield in strategic locations across Sydney, Melbourne and Perth
- Creating growth opportunities by acquiring a 33.3% interest in approximately 80 hectares of development land with future development of approximately \$400 million<sup>2</sup>
- Upscaled Industria's portfolio by 55% to \$1.7 billion<sup>3</sup> with an increased weighting towards strategically located industrial assets, comprising 79% of Industria's portfolio following the Acquisitions

### Increased alignment and leveraging Dexus's platform capabilities



- Leverages Dexus's capabilities across origination, development, leasing and asset management
- Activates new investment opportunities through an aligned and experienced development manager and partner
- Increases alignment through joint ownership of Jandakot Airport and Kemps Creek assets and support of the Equity Raising, with Dexus waiving 50% of base management fees relating to the Acquisitions for the remainder of FY22

### Compelling value proposition



- Track record of generating total return outperformance: 12.5% p.a.<sup>4</sup> since listing in 2013 (vs the S&P/ASX 300 A-REIT index at 10.7%<sup>4</sup> p.a)
- Industria portfolio weighted average cap rate 5.48%; 5.6 year weighted average lease expiry ("WALE"); 99% occupancy
- Generating attractive FFO and DPS yields of 5.2% to 5.4% and 5.0% respectively, with upside potential via development pipeline
- Gearing post Acquisitions and Equity Raising of 29.1% (look-through: 35.4%<sup>5</sup>), providing capacity for future growth opportunities

### Industrial sector tailwinds



- Continuing strength in occupier demand for industrial space across key Australian markets underpins rental growth and low vacancy
- Accelerated structural tailwinds including a shift to ecommerce with approximately 13% penetration rate in Australia expected to increase to 20% by 2025<sup>6</sup>, and anticipated to result in an additional 2.4 million square metres of additional demand
- Firming capitalisation rate environment with core investment yields of 3.75% to 4.00%

### Continued focus on ESG



- ESG at the forefront on Industria's business plan and asset strategy, driving significant value creation
- One of the first A-REITs to be certified Carbon Neutral by Climate Active across its corporate activities and existing properties under its operational control
- Solar PV production exceeding 2.4m kWh, more than double Industria's electricity footprint as defined by Industria's carbon neutral certification

1. Includes Jandakot at a levered yield including JV-level debt, and coupon income relating to the development assets. Jandakot and Kemps Creek at proportionate share. See page 14 for further detail  
 2. Total development pipeline relating to 100% of the asset value, i.e. not at proportionate share  
 3. Acquisition portfolio value of \$503 million (Jandakot and Kemps Creek at proportionate share of asset value) plus proportionate share of committed development expenditure of \$95 million

4. Compound annual return from 3 December 2013 to 22 September 2021, assumes distributions are not reinvested  
 5. Look-through gearing includes Industria's proportionate share of JV-level debt and assets  
 6. Source: Australia's ecommerce Trend and Trajectory, CBRE June 2021

# Strategically located assets with significant development upside

## Acquisitions – key metrics

<b>\$598m</b>	<b>431k sqm</b>	<b>51</b>	<b>100%</b>
<b>Acquisition portfolio value<sup>1</sup></b>	<b>GLA<sup>2</sup></b>	<b>Properties</b>	<b>Occupancy<sup>3</sup></b>
<b>~80ha</b>	<b>\$95m</b>	<b>7.2 years</b>	<b>5.0%</b>
<b>Developable land<sup>4</sup></b>	<b>Development capex<sup>5</sup></b>	<b>WALE<sup>3</sup></b>	<b>Blended income yield<sup>6</sup></b>



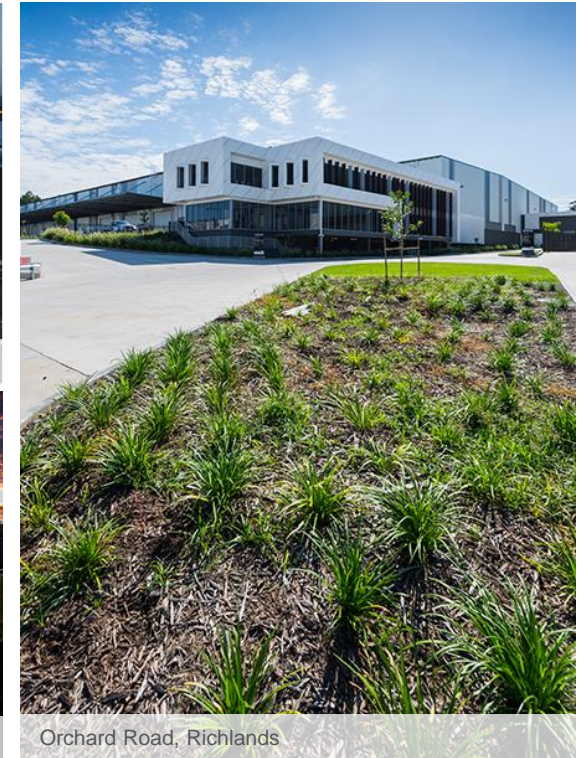
Jandakot Airport

1. Acquisition portfolio value of \$503 million (Jandakot and Kemps Creek at proportionate share of asset value) plus proportionate share of committed development expenditure of \$95 million
2. As complete GLA, unadjusted for proportional ownership
3. Occupancy and WALE weighted by income. Excludes airport operations for Jandakot
4. Developable land including approximately 80 ha at Jandakot Airport; 17,000 sqm at Truganina; and 66,000 sqm at Kemps Creek
5. Includes 2 projects under constructions across 17,400 sqm and a further 3 projects under Heads of Agreement across 42,000 sqm at Jandakot, and a 42,500 sqm fund-through opportunity at Kemps Creek
6. Includes Jandakot at a levered yield including JV-level debt, and coupon income relating to the development assets. Jandakot and Kemps Creek at proportionate share. See page 14 for further detail

# Leveraging Dexus's capabilities to enhance growth

Activating new investment opportunities through an aligned and experienced manager

- 1 Member of the wider Dexus group, benefiting from superior acquisition and development capabilities
- 2 Scale benefits with total Dexus industrial AUM of \$11.3 billion<sup>1</sup> across Dexus group (balance sheet and funds management)
- 3 Strong industrial development track record with \$450 million industrial developments completed in FY21, and \$2.3 billion<sup>2</sup> group industrial pipeline
- 4 Deeply experienced senior management team with careers spanning on average more than 20 years
- 5 Aligned objectives and investment partnerships via Dexus balance sheet co-investments



1. Reflects Dexus group industrial portfolio post completion of near-term developments and recent acquisitions  
 2. Pro forma Dexus group industrial pipeline including the combined acquisitions announced today



# Positioning for growth with a larger industrial portfolio

Attractive future earnings growth profile with compelling current valuation metrics

## ...backed by an attractive income profile and growth upside

**1** Attractive FY22 FFO and DPS yields of 5.2% to 5.4% and 5.0% respectively, at Issue Price<sup>1</sup>

**2** Organic growth with more than half of contracted rent subject to fixed lease escalations in excess of 3%, with the remainder attracting at least CPI escalations

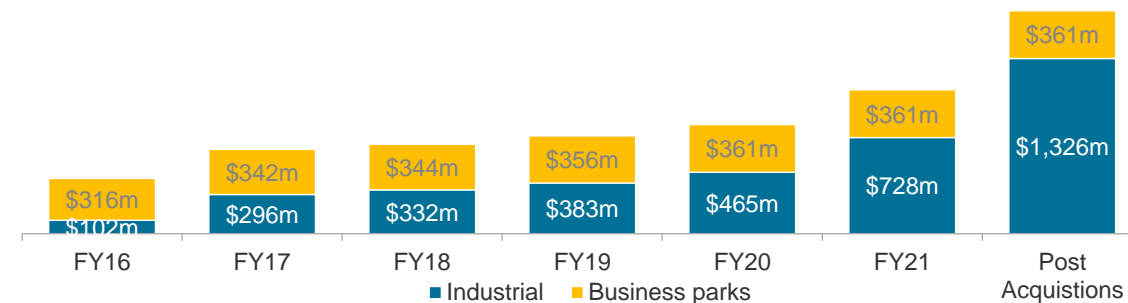
**3** Development exposure of approximately 6% of Industria's assets, with a target of 10%, expected to drive value creation

**4** Balance sheet capacity with pro forma gearing of 29.1%<sup>2</sup>, compared to Industria's 30% to 40% target gearing range, providing capacity for future growth opportunities

1. Assuming settlement of Jandakot on 1 December 2021
2. Balance sheet gearing post Acquisitions and Equity Raising. Look-through gearing of 35.4% including Industria's proportionate share of JV-level debt and assets
3. Pro forma post Acquisitions of \$503 million (Jandakot and Kemps Creek at proportionate share of asset value), plus proportionate share of committed development expenditure of \$95 million
4. Development pipeline and developable land relate to 100% of the development pipeline by area, i.e. Jandakot at 100%
5. Indicative forecast

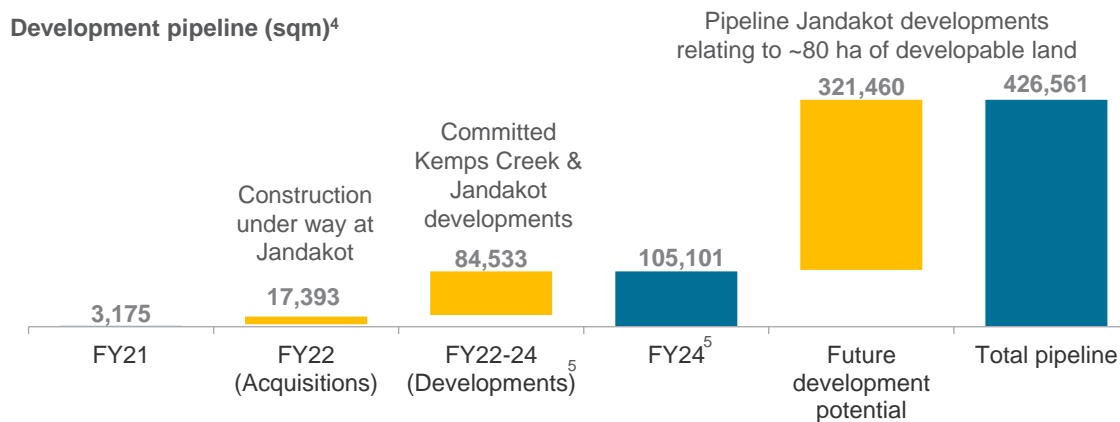
## Track record of growing Industria's industrial exposure<sup>3</sup>

Portfolio value



## Portfolio growth strengthened with development pipeline

Development pipeline (sqm)<sup>4</sup>



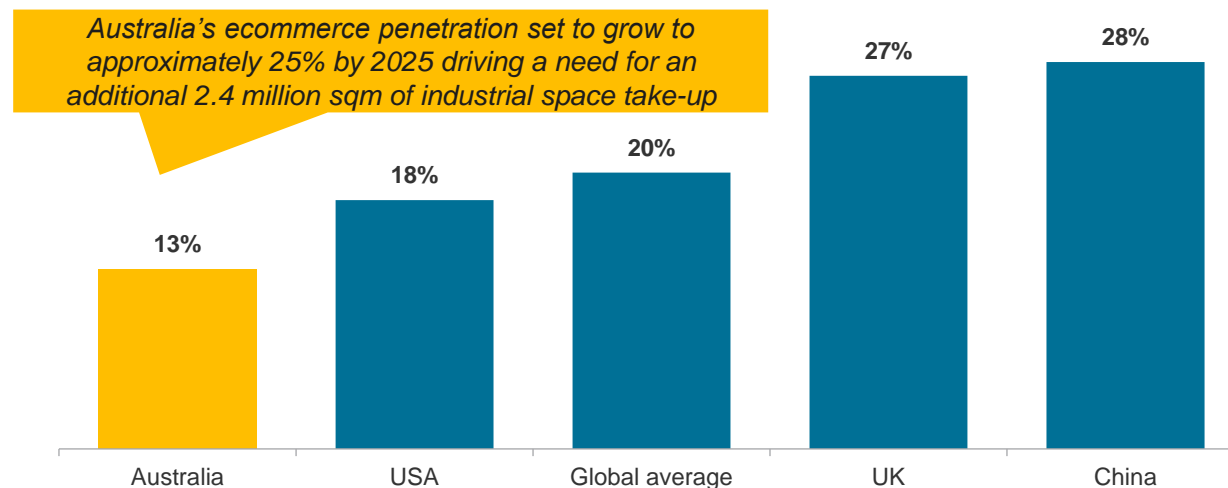
# Capitalising on growing industrial real estate momentum

## Industrial-led portfolio to benefit from accelerated structural tailwinds

### Market drivers

- Value of the ecommerce sector globally has **grown by around 140%** in the period between 2015 to 2020 (or USD 1.4 trillion)
  - In Australia, each additional \$1 billion in online sales equates to **approximately 70,000 sqm of new space** requirements
- Ecommerce operators **requiring 2 to 3x more space for sorting** vs traditional occupiers
- Transition to omni-channel retail will drive further take up of industrial space and will benefit landlords able to provide ‘ship to shop’ solutions

### Selected ecommerce penetration (2020)



Source: Australia's ecommerce Trend and Trajectory, CBRE June 2021

Source: The Future of Logistics Demand, The New Normal, Colliers Research July 2021

### Industria customers



# Industry leading ESG credentials

## Certified Carbon Neutral across portfolio and operations<sup>1</sup>

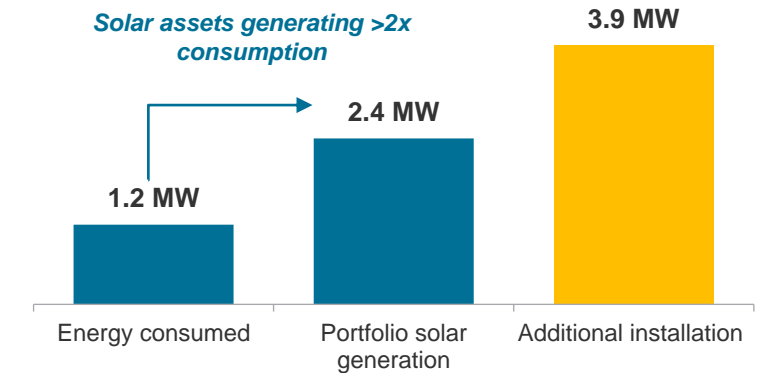
### Certified carbon neutral for FY21

- ✓ One of the first A-REITs to be certified carbon neutral in accordance with the Climate Active standard<sup>1</sup>
- ✓ 2020 assessment covers both corporate activities and property portfolio emissions

### Aligned with Dexus's ESG approach

- › **Environment**
  - ✓ Environmental sustainability integrated into business and strategic planning
  - ✓ Industria aligned with Dexus's net zero emissions target by 30 June 2022<sup>1</sup>
- › **Social**
  - ✓ Dexus's community partnerships with Planet Ark and Black Dog Institute maximise social impact
  - ✓ Working with suppliers on identifying, assessing and addressing modern slavery risk
  - ✓ Dexus is an Employer of Choice for Gender Equality<sup>2</sup>, and is recognised as a Bronze employer on the Australian Workplace Equality Index
- › **Governance**
  - ✓ The responsible entity of Industria has an Independent Chair and majority independent Board
  - ✓ Comprehensive policies in place across all ESG aspects

### Energy consumption and generation<sup>3</sup>



### Generating clean energy and reducing emissions

- ✓ Investments in onsite solar have saved approximately 2.4m kWh of carbon emissions from being released into the atmosphere
  - › 2.5 MW installed capacity across the portfolio, generating more than double the energy consumed
  - › Additional solar installations planned, taking capacity to 3.9 MW

### Dexus's Sustainability Approach and recognition

**1st** Globally in Real Estate  
 MEMBER OF  
**Dow Jones Sustainability Indices**  
 In Collaboration with RobecoSAM

**A list**  
 CDP CLIMATE  
**A LIST 2020**  
 2020



1. Industria achieved carbon neutral certification for both its corporate activities and existing properties under its operational control  
 2. Workplace Gender Equality Agency  
 3. Energy consumed as certified by Climate Active; Portfolio solar generation attributable to Industria's direct investments in rooftop PV solar, and excludes tenant installations

# Industria value proposition

## Resilient stabilised portfolio with significant opportunity for growth

### Attractive risk-return profile



#### Resilient portfolio characteristics and income quality<sup>1</sup>

- ✓ 79% portfolio weighting towards industrial sector
- ✓ Fixed and CPI rental escalations with over 50% of contracted rent attracting escalations in excess of 3.0%, with remainder at CPI and up to 3.0%
- ✓ Attractive WALE of 5.6 years providing security of income, whilst also providing opportunities to capture reversion
- ✓ Conservative WACR of 5.48% vs peers and recent transactions



#### Continued momentum post FY21 results

- ✓ Rhodes momentum building with approximately 2,100 sqm lease to Booktopia starting March 2022
- ✓ Terms agreed for 25,000 sqm of renewals across remainder of portfolio, ahead of valuation assumptions
- ✓ Industria included in FTSE EPRA/NAREIT index as of mid-September 2021
- ✓ Corporate rebranding aligning with Dexus underway, increasing domestic and global investor awareness



#### Significant opportunity for growth

- ✓ Significant landbank of approximately 80 hectares<sup>2</sup> with short and long term development opportunities to drive NTA growth
- ✓ De-risked development pipeline at Jandakot Airport, with approximately 42,000 sqm under offer, and simplified planning regime in accordance with the approved masterplan
- ✓ Benefitting from shift to omni-channel fulfillment
- ✓ Ability to leverage Dexus's capabilities to access new investment opportunities and enhance growth

1. Portfolio metrics are post Acquisitions

2. Based on 100% of the development pipeline by area, i.e. Jandakot at 100%

3

# Acquisitions



# Overview of Acquisitions

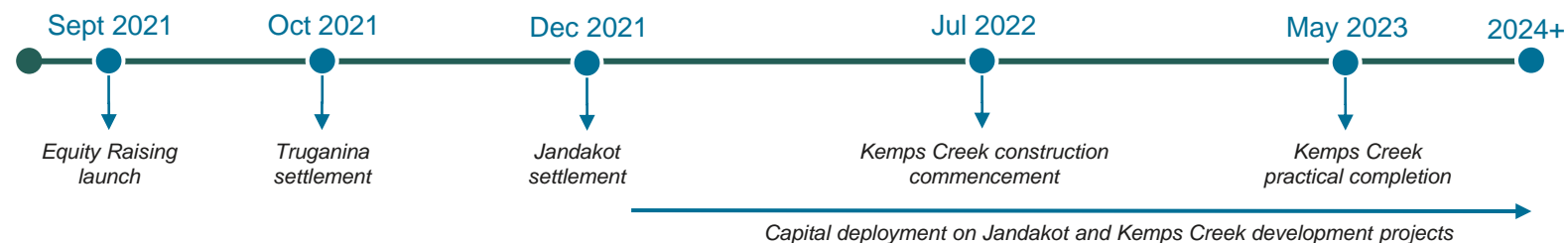
## Transformational acquisition of a \$368m industrial portfolio

Asset	Industria interest	Purchase price (\$m) <sup>1</sup>	Passing yield / coupon	GLA (sqm) <sup>2</sup>	WALE (years)	Occupancy	FY22 to FY24+ committed dev't. capex (\$m)
Jandakot Airport, Perth, WA	33.3%	223.3 <sup>3</sup>	6.9% <sup>4</sup>	358,348	7.6 <sup>5</sup>	100% <sup>5</sup>	-
2 Maker Place, Truganina, VIC	100%	61.0	4.1%	30,364	4.3	100%	-
<b>Total investment assets</b>		<b>284.3</b>	<b>6.3%</b>	<b>388,712</b>	<b>7.2</b>	<b>100%</b>	-
Jandakot Airport, Perth WA – development	33.3%	75.0 <sup>3</sup>	-	-	-	-	29.5
2 Maker Place, Truganina, VIC – development	100%	8.0	4.50%	-	-	-	-
Mamre Road, Kemp's Creek, NSW	50%	0.8 <sup>6</sup>	4.25%	42,515	-	-	65.7
<b>Total development assets</b>		<b>83.8</b>	<b>n/a</b>	<b>42,515</b>	<b>n/a</b>	<b>n/a</b>	<b>95.1</b>
<b>Total / weighted average</b>		<b>368.2</b>	<b>5.0%<sup>7</sup></b>	<b>431,227</b>	<b>7.2</b>	<b>100%</b>	<b>95.1<sup>8</sup></b>

1. Industria's proportional interest (purchase price excluding transaction costs)
2. Area unadjusted for proportionate share
3. Represents equity interest in the joint venture
4. Levered yield, including borrowings at joint venture level
5. Excludes airport infrastructure and operations
6. Comprises initial deposit (settlement amount and further development spend included as part of committed development capex)
7. Includes Jandakot at levered yield including JV-level debt and coupon income relating to development assets. Jandakot and Kemp's Creek at proportionate share
8. Committed development pipeline includes 3 projects totalling approximately 42,000 sqm at Jandakot under Heads of Agreement with 3 occupiers

Note: Any minor differences due to rounding

### Acquisitions timeline (indicative)

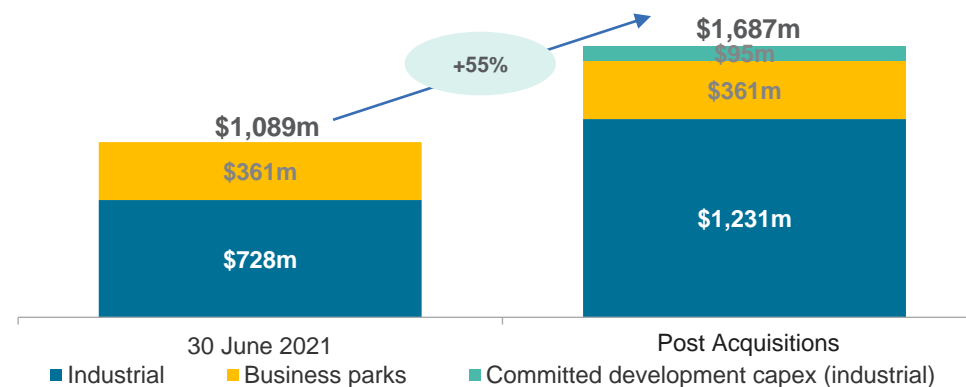


# Pro forma Industria portfolio

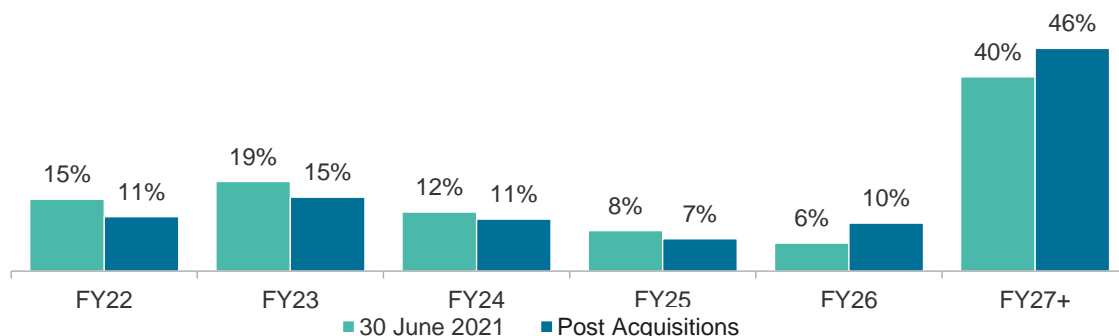
Leading industrial A-REIT with exposure to growing industrial and logistics markets

Portfolio summary	30 June 21	Post Acquisitions
Number of properties	39	90 <sup>1</sup>
Portfolio value	\$1,089m	\$1,687m <sup>2</sup>
Weighted average cap rate	5.78%	5.48%
Occupancy <sup>3</sup>	98%	99%
WALE <sup>3</sup>	5.4 years	5.6 years
Lettable area <sup>4</sup>	395,951sqm	827,178sqm
Development asset exposure <sup>5</sup>	n/a	6%

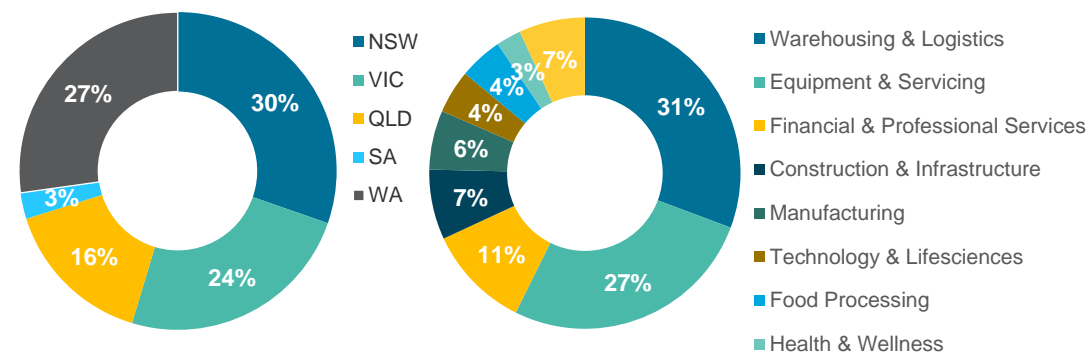
## Portfolio growth – 79% industrial exposure post Acquisitions



## Lease expiry profile (by income)



## Portfolio diversification (by value, post Acquisitions)



1. Jandakot Airport has exposure to 49 individual properties within the wider asset  
 2. Pro forma post Acquisitions of \$503 million (Jandakot and Kemps Creek at proportionate share of asset value), plus committed development expenditure of \$95 million

3. Occupancy weighted by area, WALE weighted by income, and excluding development assets  
 4. Area unadjusted for proportionate share  
 5. As a percentage of portfolio value

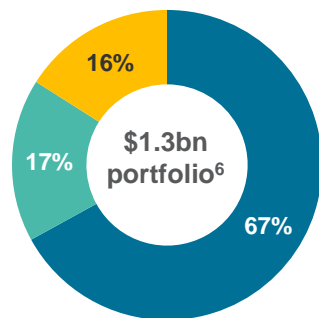
# Jandakot Airport, Perth, WA

## Strategic portfolio of 49 logistics properties with significant development upside

- Established industrial precinct with 49 logistics properties across 358,348 sqm of GLA, approximately 80 hectares of developable land, and Perth’s general aviation airport
- Modern and fully leased facilities with an average age of <6 years and 33% site coverage
- Interest in approximately 80 hectares of development land provides ability to capture strong market momentum and create value over the next 5 – 7 years
  - Heads of agreements agreed with 3 new occupiers across >42,000 sqm of GLA – to be delivered by FY23
- General aviation operation is largely for helicopters and small planes used for essential services – tenants include Royal Flying Doctor Service, WA Police Air Wing, RAC Rescue Helicopter
  - Operational activity and revenue has been resilient through economic cycles
- Settlement is subject to regulatory approvals, a pre-closing restructure and other customary conditions with settlement expected to occur in December 2021

Key metrics <sup>1</sup>	
Purchase price (33.3% interest) <sup>2</sup>	\$298.3m
Expected completion date	December 2021
Passing yield <sup>3</sup>	6.9%
Capitalisation rate <sup>4</sup>	4.7%
Gross lettable area <sup>5</sup>	358,348 sqm
Occupancy	100%
WALE	7.6 years
Tenants	Kmart, Baker Hughes, State Gov’t, Reece, General Electric

### Value attribution



- Stabilised precinct
- Development land
- Airport and infrastructure operations

### Sample properties



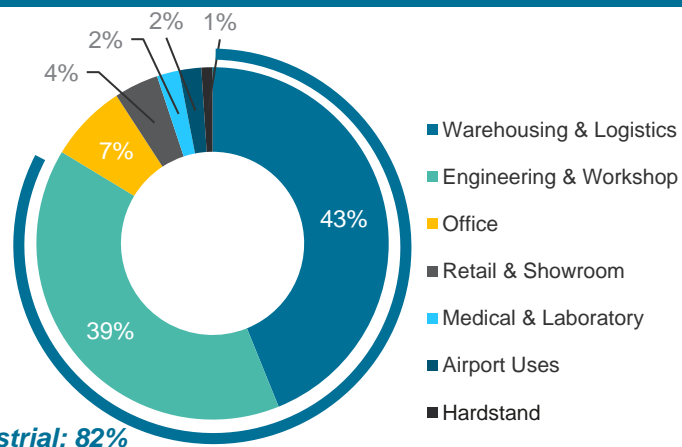
- Metrics relate to the established precinct, unless otherwise indicated
- Represents equity interest in the joint venture, alongside a co-investment by Dexus. Includes development land and airport infrastructure operations, and excluding acquisition costs
- Levered yield including JV-level debt (asset yield of 5.2%)
- Leasehold capitalisation rate
- Area unadjusted for proportionate share
- Asset value on 100% ownership basis



# Jandakot Airport, Perth, WA

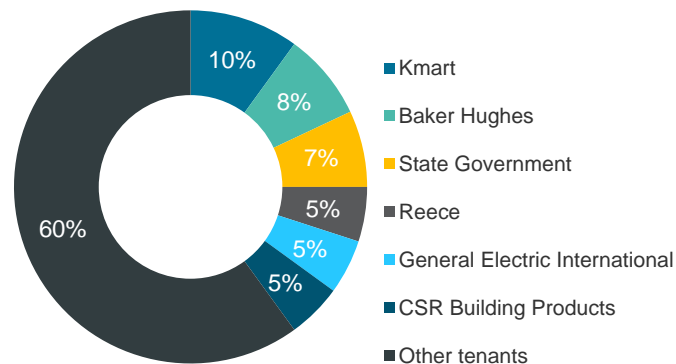
Security of income via long WALE and strong tenant covenant backing

## Diverse range of facilities



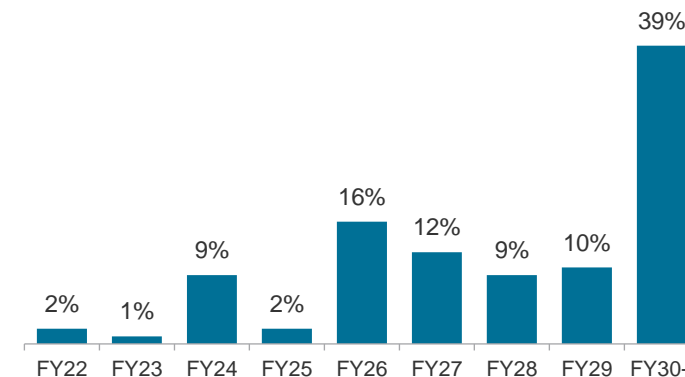
Modern buildings accommodating mixed business uses with average building age of less than 6 years

## Diverse customer base



49 properties leased to a range of tenants benefiting from strong covenant backing, with no single tenant comprising >10% of income

## Long dated lease expiry profile<sup>1</sup>



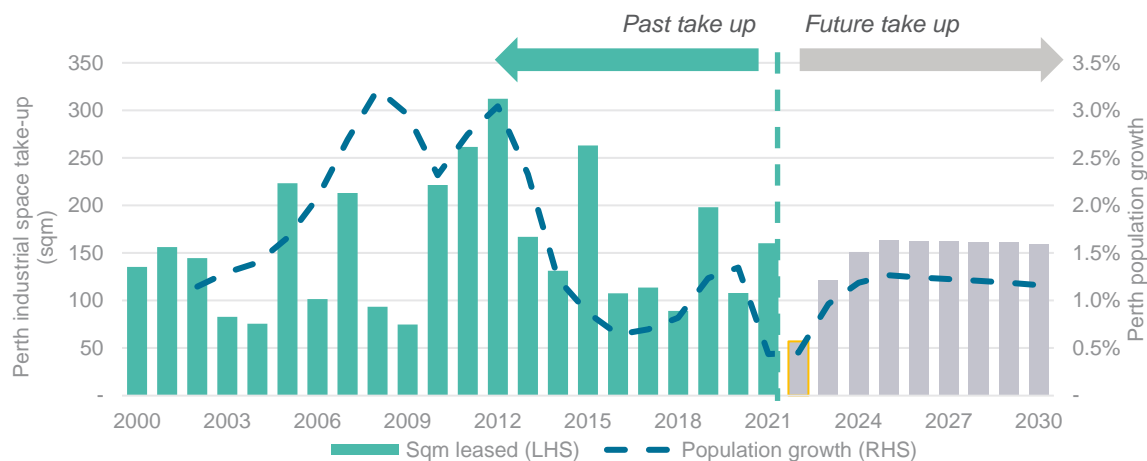
Full occupancy and a 7.6 year WALE with 86% of income expiring FY26+

1. Weighted by income, and excluding airport infrastructure and operations

# Jandakot Airport, Perth, WA

Long term opportunity with significant development upside

Population growth driving demand for quality industrial real estate driving stabilisation in rents



- ✓ Low vacancies (0.3% for prime industrial assets >4,000 sqm) have driven rents higher and are expected to continue to grow from 2021
- ✓ Rents are coming off a low base – and are 21% lower than 2013 levels
- ✓ Population growth is expected to drive industrial demand with approximately 150,000 sqm per year of industrial space required from 2024 onwards

...Industria set to benefit via interest in approximately 80ha of strategically located developable land



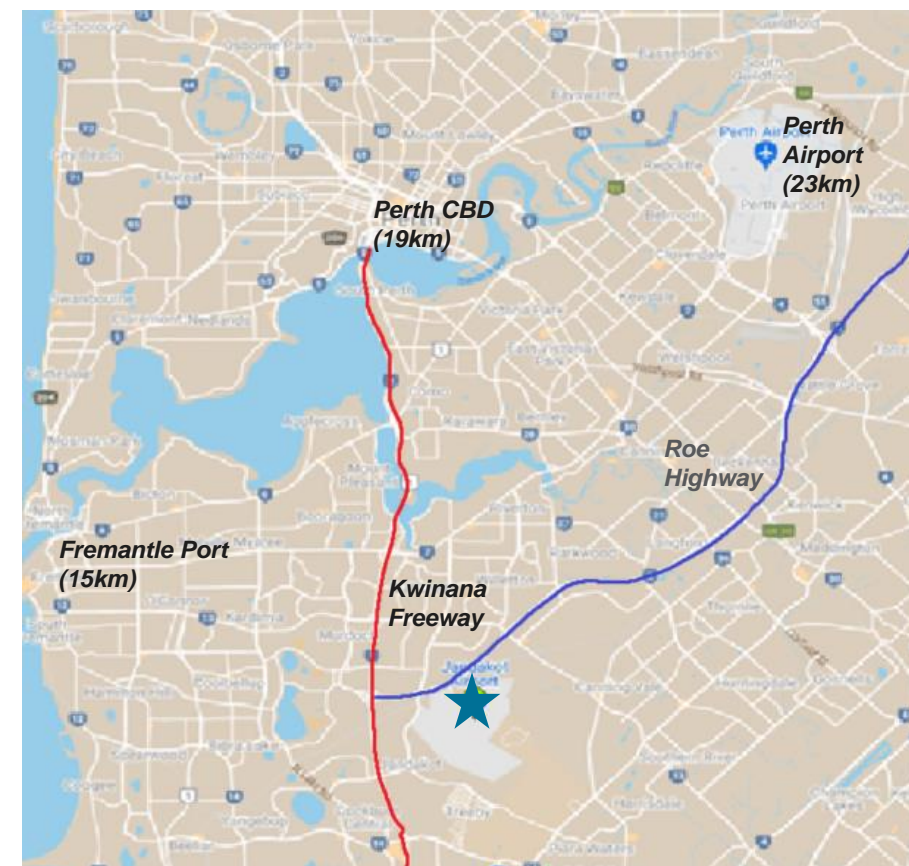
- ✓ Development land is benched and serviced reducing risk – master plan across Jandakot Airport precinct limits planning risk
- ✓ Ability to deliver product in approximately 12 months post leasing – allowing Industria to react quickly to absorb excess demand
- ✓ Identified tenants and under offer across approximately 42,000 sqm of GLA

Source: JLL Research & Deloitte, Dexus Research

# Jandakot Airport, Perth, WA

## Strategically located with convenient access to key regional infrastructure

- Outstanding location – adjacent to arterial roads with good access to public transport**
  - Excellent access to Roe Highway and Kwinana Freeway, as well as public transport for the workforce – with the new Southern Rail Link train station of Murdoch and Cockburn Central
  - Onsite amenity improves tenant satisfaction and attraction
- Appeals to a broad variety of users providing diversified demand**
  - Convenient location in Perth for multiple supermarket networks (large number of stores in close proximity)
  - Benefits from clustering effects, where tenants within related supply chain networks are located nearby
  - Accessibility to a high number of Perth households within 60 mins – reducing risks for operators targeting same-day delivery
  - Manufacturing and resources users – existing base of synergistic ecosystems in the precinct with expansion of the resources sector underway underpinned by global commodities demand
- Development land to take advantage of strategic location and latent tenant demand**



~80ha

Developable  
land<sup>1</sup>

\$277/sqm

Indicative land  
value<sup>1</sup>

\$0.2bn

Indicative land  
pricing<sup>1</sup>

\$1.0bn

Indicative value  
at completion<sup>1</sup>

1. At 100% ownership (Industria share = 33.3%)

# 2 Maker Place, Truganina, VIC

## Well positioned modern asset with high quality tenant and stable income

- Constructed in 2020 and 100% leased to Australia Post with WALE of 4.3 years
- Adjoining land area of 16,740 sqm which can accommodate an additional 11,537 sqm of warehousing:
  - Capacity to provide the existing tenant additional area to be occupied under one roof, or to be converted to a multi-tenanted asset
  - Industria benefits from a 4.5% coupon on expansion land<sup>2</sup>
- **Melbourne arterial road connectivity and around-the-clock operations**
  - Located 21km west of Melbourne, 19km west of Port Melbourne, and 25km south of Melbourne International Airport
  - Benefits from 24 hour permitted operation linked to super B-double compliant roads
- **Wyndham Estate offers exceptional linkages to established amenities, including:**
  - Located adjacent to future Truganina Train Station, and a future bus route will follow Permas Way from Truganina
  - Proximity to future activity centre and all future associated cafes, restaurants, banks, chemists and supermarkets

### Key metrics

Purchase price (100% interest) <sup>1</sup>	\$69.0m
Expected completion date	October 2021
Industria interest	100%
Passing yield	4.07%
Capitalisation rate	4.13%
Gross lettable area	30,364 sqm
Occupancy	100%
WALE	4.3 years
Tenants	Australia Post
Annual rent reviews	3.0% p.a.



Australia Post, Truganina

1. Excluding acquisition costs  
 2. For a period of five years from settlement

# Mamre Road, Kemps Creek, NSW

## Compelling development opportunity in close proximity to the new Western Sydney Airport

- Fund-through development project that will be jointly acquired with Dexus to deliver an approximately 42,515 sqm logistics facility<sup>1</sup>
  - Can be split into a single or multi tenancy form to accommodate a variety of tenants
  - Development risk mitigated with a fund-through structure attracting a 4.25% coupon
  - To be delivered with vacant possession in May 2023, ahead of anticipated supply elsewhere in this emerging precinct
- Leveraging Dexus's deep customer relationships, with discussions underway with multiple potential occupiers
- Strong leasing demand within the submarket, as evidenced by vacancy levels below 1%
- The surrounding area benefits from extensive public infrastructure upgrades
  - Three access points and substantial 350m frontage to Mamre Road, which is expected to appeal to corporate tenants
  - Widespread infrastructure works including Western Sydney Airport and delivery of the M12 motorway

### Key metrics

Purchase price of land (50% interest) <sup>2</sup>	\$0.8m
Industria interest	50%
Committed development capex	\$65.7m
Total cost	\$66.5m
Coupon / yield	4.25%
Target completion	May 2023



Proposed scheme at Kemps Creek

1. Subject to council approval  
 2. Remaining 50% acquired by Dexus

# Equity Raising

schenck process



# Equity Raising summary

## Offer size and structure

- Equity raising of approximately \$350 million comprising:
  - Underwritten institutional placement to raise approximately \$100 million (“Placement”); and
  - Underwritten 1-for-3 non-renounceable entitlement offer to raise approximately \$250 million (“Entitlement offer”)
- Approximately 101 million new ordinary securities (“New Securities”) to be issued (representing 46.7% of Industria’s existing securities on issue)
- Record date for the entitlement offer is Monday, 27 September 2021 at 7.00pm (AEDT)

## Offer price

- Securities issued under the Equity Raising will be issued at a fixed issue price of \$3.45 per security, representing a:
  - 4.7% discount to the distribution-adjusted TERP<sup>1,2</sup> of \$3.62 on 22 September 2021
  - 6.7% discount to the distribution-adjusted last close price<sup>1</sup> of \$3.70 on 22 September 2021

## Securityholder participation

- Industria’s largest securityholder, Dexus (16.0%<sup>3</sup>) is supportive of the acquisition and Equity Raising and has committed to take up its full entitlement under the Entitlement Offer
- Eligible retail securityholders will be able to apply for additional New Securities in excess of their entitlement via an oversubscription facility limited to 35% of their entitlement

## Ranking

- Securities issued under the Equity Raising will rank pari passu with existing Industria securities from the date of allotment
- New securities will not be entitled to the distribution for the quarter ending 30 September 2021

## Underwriting

- The Equity Raising is fully underwritten by Citigroup Global Markets Australia Pty Limited and Macquarie Capital (Australia) Limited
- In addition, Dexus has provided to a commitment to sub-underwrite approximately \$39 million of the Entitlement Offer<sup>4</sup>

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

2. Theoretical Ex-Rights Price

3. Excludes an additional 1.3% managed by Dexus’ Real Estate Securities business on behalf of third parties

4. In the event that the full Dexus sub-underwrite is taken up, Dexus’s ownership of Industria will be 19.5%

# Sources and uses of proceeds

Sources of proceeds	\$m
Placement proceeds	100.3
Entitlement Offer proceeds	249.7
Debt facilities	52.9
<b>Total sources</b>	<b>402.9</b>

Uses of proceeds	\$m
Acquisitions	368.2
Transaction costs (Acquisitions and Equity Raising)	34.7
<b>Total uses</b>	<b>402.9</b>

- The Acquisitions will be partially funded by a \$350 million Equity Raising comprising \$100 million Placement and \$250 million Entitlement Offer
- The remaining acquisition and associated transaction costs will be funded by drawing on bank debt facilities
  - Existing debt facilities have approximately \$80 million of headroom<sup>1</sup>, reducing to approximately \$62 million post Acquisitions<sup>2</sup>
  - Obtained credit support to increase debt facilities by an initial \$70 million to fund near-term commitments
- Pro forma gearing is expected to be approximately 29.1% following the Acquisitions and the Equity Raising (look-through gearing of 35.4%), compared to Industria's 30% – 40% target gearing range
  - Pro forma gearing following the deployment of committed development capex of \$95 million is expected to be 33.2% (look-through gearing of 38.8%)
- Pro forma NAV and NTA are expected to be approximately \$3.17 and \$3.06 per security respectively following the Acquisitions and the Equity Raising

1. Based on 30 June 2021 balance sheet and facility increase of \$70 million in July 2021

2. Post pro-forma adjustments to 30 June 2021 balance sheet



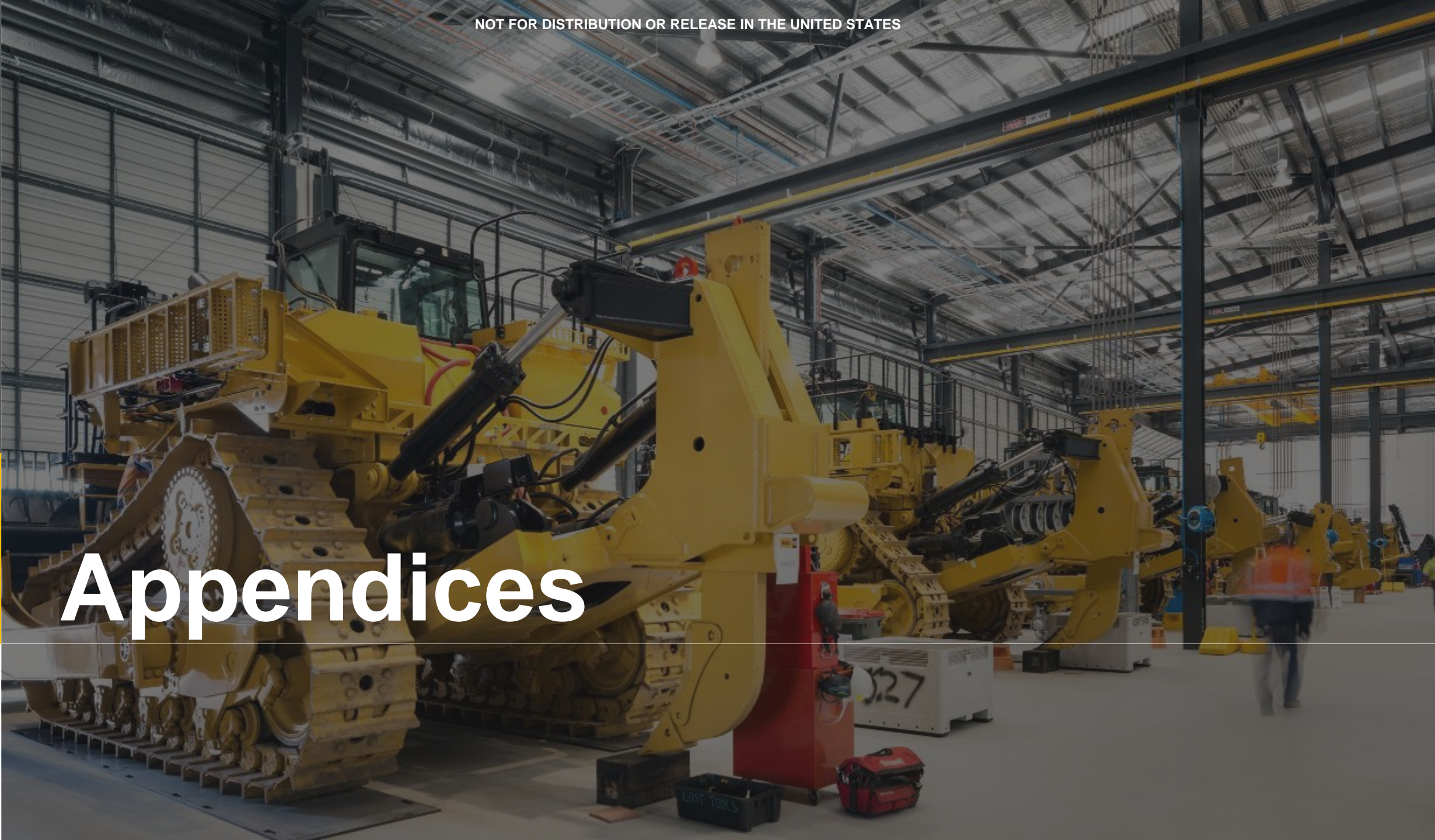
# Indicative timetable

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
Despatch of holding statements for 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
Announcement of the results of the Retail Entitlement Offer	Tuesday, 19 October 2021
Settlement of remaining New Securities issued under the Retail Entitlement Offer	Wednesday, 20 October 2021
Allotment of remaining New Securities issued under the Retail Entitlement Offer	Thursday, 21 October 2021
ASX quotation of remaining New Securities issued under the Retail Entitlement Offer	Friday, 22 October 2021
Despatch holding statements for remaining New Securities issued under the Retail Entitlement Offer	Friday, 22 October 2021

# Q&A



# Appendices



# Pro forma balance sheet

\$m	30 Jun 21 (Audited)	Pro forma adjustments <sup>1</sup>	30 Jun 21 pro forma	Acquisitions and Equity Raising	Pro forma post Acquisitions and Equity Raising <sup>1</sup>
Cash	7.1	-	7.1	-	7.1
Properties held for sale	12.6	(12.6)	-	-	-
Investment properties	1,051.0	37.6	1,088.6	69.0 <sup>2</sup>	1,157.6
Investment in JVs	-	-	-	299.2 <sup>3</sup>	299.2
Other assets	42.9	(2.3)	40.6	-	40.6
<b>Total assets</b>	<b>1,113.6</b>	<b>22.7</b>	<b>1,136.3</b>	<b>368.2</b>	<b>1,504.5</b>
Borrowings	343.0	34.6	377.6	52.9	430.5
Other liabilities	75.1	(10.0)	65.1	-	65.1
<b>Total liabilities</b>	<b>418.1</b>	<b>24.5</b>	<b>442.7</b>	<b>52.9</b>	<b>495.6</b>
<b>Net assets</b>	<b>695.4</b>	<b>(1.8)</b>	<b>693.6</b>	<b>315.3</b>	<b>1,008.9</b>
Securities on issue (million)	217.0	0.2	217.2	101.4	318.6
<b>NAV per security</b>	<b>\$3.20</b>	<b>-</b>	<b>\$3.19</b>	<b>-</b>	<b>\$3.17</b>
<b>NTA per security</b>	<b>\$3.20</b>	<b>-</b>	<b>\$3.19</b>	<b>-</b>	<b>\$3.06<sup>4</sup></b>
<b>Balance sheet gearing</b>	<b>31.6%</b>	<b>-</b>	<b>34.1%</b>	<b>-</b>	<b>29.1%</b>
<b>Look-through gearing</b>	<b>31.6%</b>	<b>-</b>	<b>34.1%</b>	<b>-</b>	<b>35.4%</b>

1. Sale of 10 Brandl Street, Eight Mile Planes, QLD; acquisition of 57 – 67 Mark Anthony Drive, Dandenong South, VIC; acquisition of 137 – 143 Fitzgerald Road, Laverton North, VIC; and payment of June 21 distribution, adjusted for DRP
2. Truganina
3. Equity accounted share of Jandakot Airport and Kemps Creek
4. Adjusted for Industria's share of intangible assets in Jandakot Airport joint venture

# Additional information

## ASX waiver of listing rule 10.1

As set out in the presentation, Dexus will have a co-investment in Jandakot with Industria. The acquisition structure for the Jandakot acquisition involves Dexus acquiring an interest in Jandakot, restructuring certain leases and assets in order for the holding structure to be in a form appropriate for holding by property funds and then Dexus transferring a 33.3% interest in Jandakot to Industria. The acquisition by Industria from Dexus, being the acquisition of a substantial asset from a related party, would ordinarily require Industria securityholder approval under ASX listing rule 10.1. However, Industria sought, and the ASX granted, a waiver of the requirement for securityholder approval on the basis that the acquisition of assets by Industria from its related party was at a price per percentage point of interest in Jandakot which is the same as the price per percentage point of interest in Jandakot at which Dexus is making its acquisition. The consideration was negotiated by Dexus at arms-length with the third party and the terms of Industria's investment is agreed at the same time as Dexus agreed to acquire interests in Jandakot and as part of Dexus' negotiation with the vendor. Dexus itself invests for a significant interest in Jandakot at the same price as is paid by Industria. Therefore the structure of the acquisition is regarded as commercially equivalent to the Group acquiring the assets directly from the vendor.

# Key risks

This section discusses some of the risks associated with an investment in Industria. Industria's business is subject to a number of risk factors both specific to its business and of a general nature which may impact its future performance and forecasts. Before subscribing for New Securities, prospective investors should carefully consider and evaluate Industria and its business and whether New Securities are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below.

The risk factors set out below are not exhaustive, and many of them are outside the control of Industria, its directors and senior management. Prospective investors should consider publicly available information on Industria, examine the full content of this presentation and consult their financial, tax and other professional advisers before making an investment decision.

## Key risks associated with the Acquisitions

### Acquisition due diligence and reliance on information provided

Industria undertook thorough due diligence processes in respect of the Acquisitions, which relied partly on the review of financial and other information provided by the vendors. Industria has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Industria has prepared (and made assumptions in the preparation of) the financial information relating to the Acquisitions included in this presentation in reliance on limited financial information.

If any of the data or information provided to and relied upon by Industria in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of the Acquisitions and Industria may be materially different to the financial position and performance expected by Industria and reflected in this presentation.

Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the Acquisitions have been identified.

It is possible that the due diligence did not reveal issues that, subject to warranty and other contractual protection in the purchase agreements with the vendors, may later have an adverse impact on the benefits of the Acquisition forecast to Industria or may result in Industria being or becoming liable for costs or liabilities in the future that Industria cannot recover. Such costs or liabilities could adversely impact the financial position of Industria.

### Acquisition completion risks

Completion of each of the Acquisitions is conditional on various matters, and if any of the conditions in any of the Acquisitions are not satisfied or waived, or any of the completion deliverables are not delivered, completion of the Acquisitions may be delayed or may not occur on the current terms or at all. If completion does not occur, Industria will need to consider alternative uses for, or ways to return the proceeds of any subscriptions raised from Industria securityholders under the Equity Raising. If completion is delayed, Industria may incur additional costs and it may take longer than anticipated for Industria to realise the benefits of the Acquisitions. Failure to complete, or delay in completing, one or more of the Acquisitions and/or any action required to be taken to return capital may have a material adverse effect on Industria's financial performance, financial position and security price. Such circumstances may result in a reduction in earnings to the extent that funds raised under the Equity Raising are retained in cash.

Specifically, completion of the Jandakot acquisition is conditional on a pre-closing restructure and other customary closing conditions. Unless the parties agree otherwise, the Jandakot acquisition agreement may be terminated if by the final date for satisfaction of the conditions precedent to the Jandakot acquisition are not met.

Industria is seeking \$70 million of new debt facilities to partially fund the Acquisitions. While Industria has sourced indicative credit appetite from existing syndicate members, the facilities are not yet fully executed. There is a risk that such debt facilities are not finalised by the expected settlement date, Industria would need to secure alternative sources of funding, which may result in Industria incurring additional costs and/or restrictions being imposed on the manner in which Industria conducts its business and deals with its assets (for example, by way of restrictive covenants binding upon Industria). There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Failure to source alternative funding could result in Industria being unable to perform its obligations to complete the Acquisitions, materially adversely affect Industria's business, cash flow, financial condition, results of operations and reputation.

# Key risks

## Acquisition funding and underwriting risk

In respect of the Equity Raising, Industria has entered into an underwriting agreement with the Underwriters who have agreed to jointly manage and fully underwrite the Equity Raising, subject to certain terms and conditions. If certain customary conditions are not satisfied or certain customary termination events occur, an Underwriter may terminate the underwriting agreement.

A summary of the events which may trigger termination of the underwriting agreement include (but are not limited to) the following:

- a statement contained in the materials relating to the Equity Raising is or becomes misleading or deceptive (including by omission) or likely to mislead or deceive, in either case, in any material respect, or the materials relating to the Equity Raising omit any information they are required to contain (having regard to sections 708AA, 708A, 1012DAA and 1012DA of the Corporations Act and any other applicable requirements of the Corporations Act); in the reasonable opinion of the Underwriters, an obligation arises on Industria to give ASX a notice in accordance with the Corporations Act;
- an obligation arises on Industria to give ASX a notice in accordance with sections 708AA(10), 708AA(12), 1012DAA(10) or 1012DAA(12) (as included in the Corporations Act by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84), 709A(9) or 1012DA(9) of the Corporations Act;
- Industria amends any of the materials relating to the Equity Raising without the prior written consent of the Underwriters;
- any government agency commences, or gives notice of an intention to commence, any investigation, proceedings or hearing in relation to the Equity Raising or the materials relating to the Equity Raising or prosecutes or commences proceedings against, or gives notice of an intention to prosecute or commence proceedings against, the Issuer, including under Part 9.5 of the Corporations Act and Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth);
- any of the following occur:
  - the unit sale agreement between Industria and Dexus on or prior the date of the underwriting agreement in respect of Jandakot is:
    - terminated (or becomes capable of being terminated by a party), rescinded or repudiated or rendered void, illegal or otherwise unenforceable; or
    - breached in a material respect;
    - amended in a manner which has a material adverse effect;
 in each case, without the prior written consent of the Underwriters (whose consent must not be unreasonably withheld or delayed); or
  - Industria makes a public statement or notifies the Underwriters that it cannot or does not intend to proceed with the acquisition of Jandakot in accordance with the unit sale agreement between Industria and Dexus;
- ASX announces that the Issuer will be removed from the official list or that the Securities will be:
  - removed from official quotation; or
  - suspended from quotation by ASX for two or more than two trading days on or from the date after the first closing date for any reason other than a trading halt in connection with the Equity Raising;
- approval (subject only to customary conditions) is refused or not granted to the official quotation of all the Securities proposed to be offered under the Equity Raising on ASX, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
- any event specified in the timetable which is scheduled to occur:
  - on or prior to the first allotment date, is delayed for one or more business day without the prior written approval of the Underwriters; or
  - after the first allotment date, is delayed for two or more business day without the prior written approval of the Underwriters (whose consent shall not be unreasonably withheld or delayed);
- Industria withdraws the Placement and/or the Entitlement Offer, or indicates in writing to the Underwriters that it does not intend to, or is unable to proceed with, the Placement and/or the Entitlement Offer;
- Industria is prevented from allotting and issuing the Securities proposed to be offered under the Equity Raising within the times required by the timetable (as amended or varied pursuant to the underwriting agreement), the ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency;
- any certificate which is required to be furnished by Industria under the underwriting agreement is not furnished when required;
- a statement in any certificate is false, misleading, deceptive, untrue or incorrect;

# Key risks

## Acquisition funding and underwriting risk (cont'd)

- a representation, warranty or undertaking or obligation contained in the underwriting agreement on the part of Industria is breached or is or becomes misleading or deceptive or not true or correct;
- Industria fails to perform or observe any of its obligations under this agreement;
- the Due Diligence Committee Report or any information supplied (including any information supplied prior to the date of this agreement) by or on behalf of Industria to the Underwriters for the purposes of the due diligence investigations, the materials relating to the Equity Raising or the Equity Raising, is or becomes false, misleading or deceptive or is likely to mislead or deceive (including by omission);
- Industria or any one of its subsidiaries or sub trusts which represents 5% or more of the consolidated assets or earnings of Industria and its related bodies corporate (the "Group") (each a "Material Subsidiary") becomes insolvent or there is an act or omission which may result in Industria or a Material Subsidiary becoming insolvent;
- any adverse change, or an event that is likely to result in an adverse change, occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Industria and the Group (insofar as the position in relation to an entity in the Group affects the overall position of Industria) from those respectively disclosed in any materials relating to the Equity Raising, or Industria's most recent audited consolidated financial statements or any other subsequent disclosure made to ASX prior to the date of the underwriting agreement;
- either
  - Industria contravenes any provision of the Corporations Act, the constituent documents of Industria comprising the constitutions of the Responsible Entity and the Company and the trust deeds of each Trust, any of the ASX Listing Rules or any other applicable law; or
  - any of the materials relating to the Equity Raising or any aspect of the Equity Raising does not comply with the Corporations Act or the ASX Listing Rules, ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84, the ASX Waivers or any other applicable law;
- Industria, any of its directors or officers is charged in relation to any fraudulent conduct or activity whether or not in connection with the Equity Raising;
- any of the following occur:
  - a director or the Chief Executive Officer or Chief Financial Officer is charged with an indictable offence;
  - any government agency charges or commences any court proceedings or public action against Industria or any of its directors in their capacity as a director of Industria, or announces that it intends to take action, or commences or gives notice of an intention to commence a hearing or investigation into Industria; or
  - any director is disqualified from managing a corporation under Part 2D.6 of the Corporations Act;
- resignation or termination Tim Slattery (in his role as Chief Executive Officer) or Alex Abell, (in his role as Fund Manager) occurs;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any State or Territory of Australia a new law or regulation, or the Reserve Bank of Australia, or any Commonwealth or State authority (including ASIC), adopts or announces a proposal to adopt a new policy (other than a law, regulation, or policy which has been announced prior to the date of this agreement);
- market disruption
  - trading of all securities quoted on ASX, London Stock Exchange, Hong Kong Stock Exchange or New York Stock Exchange is suspended or limited in a material respect for one day (or a substantial part of one day) on which that exchange is open for trading;
  - a general moratorium on commercial banking activities in Australia, Hong Kong, Singapore, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Hong Kong, Singapore, the United States or the United Kingdom or the international financial markets or any change in national or international political, financial or economic conditions; or
  - hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, United Kingdom, Hong Kong (excluding a recurrence of the recent hostilities, but including any escalation of those recent hostilities, through any military deployment by the People's Republic of China or otherwise), or the People's Republic of China, or a major terrorist act is perpetrated on any of those countries or any diplomatic establishment of any of those countries; or
- the Responsible Entity is replaced, or it is proposed to replace the Responsible Entity, as the responsible entity of the Trust.



# Key risks

The ability of an Underwriter to terminate the underwriting agreement in respect of the events set out above, in some cases, is limited to circumstances where that Underwriter has unless they have reasonable grounds to believe and do believe that the event:

- a) has had, or is reasonably expected to have, a material adverse effect on the success, outcome or marketing of the Equity Raising (or any aspect of it) or on the ability of the Underwriters to settle the Equity Raising (or any aspect of it);
- b) could give rise to a liability of the Underwriters or their affiliates under, or give rise to, or result in, a contravention by the Underwriters or their affiliates or the Underwriter or their affiliates being involved in a contravention of, any applicable law; or
- c) has had, or may reasonably be expected to have, a materially adverse effect on the willingness of institutional investors to bid for or pay for, the Securities proposed to be offered under the Equity Raising.

Industria also gives certain representations, warranties and undertakings to the Underwriters and an indemnity to the Underwriters and their respective representatives subject to certain carve outs.

## Acquisition development risks

There is a risk that future developments of the Jandakot and Kemps Creek properties could be delayed and/or cost more than expected (including as a result of an increase in raw building materials). This could result in an adverse impact on Industria's financial performance. The risks faced by Industria in relation to each project will depend on the terms of the transaction. In addition, there is a risk that a contractor engaged on any given project is unable to complete the specified works on time or could default on other obligations under its contract. Completion of construction works may be delayed for a number of reasons, including industrial disputes, inclement weather, permitted variations to the works, changes to legislative requirements, delays in authority inspections or approvals (including Council approvals) or a contractor experiencing financial difficulties.

## Acquisition environmental risks

Jandakot Airport is subject to environmental regulations and lease obligations that may impose significant costs or liabilities to remedy or abate any pollutants located on or in, or emanating from, Jandakot Airport, as well as related costs of investigation and any damages. This includes Per- and polyfluoroalkyl substances (PFAS) contamination which is known to be present in the soil and groundwater on this site, predominantly resulting from the historical use of firefighting foams during training exercises. Jandakot Airport may incur substantial expenses if it is required to extensively remediate known environmental contamination or other environmental damage to rectify its facilities to comply with applicable environmental laws. Contamination could also impact the time, cost and feasibility of future property development on the site.

Industria and Dexus will seek to mitigate these risks (to the extent possible) through a range of measures which may include investigation, monitoring and management of contamination. While there are environmental warranties in the acquisition agreement, disclosed or known contamination matters are excluded from the warranty protection.

However, as there remains uncertainty with respect to the impacts these risks may not be able to be fully mitigated and may have a material future adverse impact on Industria's financial position and performance. There can be no assurance that Industria and the other owners of Jandakot Airport will not be held responsible for such costs and other potential liabilities associated with the contamination.

## Co-investment risk

As a result of the Acquisitions, Industria will hold an interest in Jandakot Airport (33.3%) in the joint venture entities owning such properties. Dexus owned or managed entities will have a co-investment in such entities owning Jandakot Airport. The joint venture agreements governing such entities will be on market and arms length terms. Even though Industria may be able to influence decisions made by these joint venture entities and in some cases its consent may be required before certain actions are taken, Industria will not be able to control the decision-making by such joint ventures. While Dexus is a substantial shareholder in Industria and its interests will often be aligned with the interests of Industria, this may not always be the case. Dexus may have economic or business interests or objectives in connection with its investment in Jandakot Airport that are different to those of Industria and which may influence the manner in which it exercises its rights in the joint ventures which may not always be aligned with Industria's views and interests. These risks are mitigated by the joint venture agreements being on market and arms-length terms.

For the avoidance of doubt, the pre-emptive rights in the joint venture agreements will have customary exceptions for changes of control of Industria while it is a listed entity.

## Additional risks in respect of Jandakot Airport

### Operational risk

The facilities at Jandakot Airport, including the terminals and airfield, require significant expenditures for ongoing maintenance to ensure their safety and efficiency. Failure to carry out this maintenance in a timely and cost effective manner may cause Jandakot Airport's assets to not perform efficiently and lead to periods in which Jandakot Airport's assets are unavailable, creating additional costs or lost revenues, which may have a material adverse impact on Industria's financial position and performance.

# Key risks

Jandakot Airport may also be required to incur greater capital expenditures than expected. Inability to recover (or delayed recovery of) these additional costs from Jandakot Airport's customers may have a material adverse impact on Industria's financial position and performance.

In addition, the operation of Jandakot Airport depends on the cooperation of a large number of third parties, including government agencies and business partners, to provide Jandakot Airport with essential functions (including air traffic control, fuelling operations, and utilities provision). These service providers may experience operational disruptions and may fail to adequately perform the services they are required to provide, or to appropriately respond to accidents or incidents at Jandakot Airport. Such disruptions could have a material adverse effect on Industria's financial position and performance.

## Key risks associated with Industria's business, the Offer and investing in securities

### Impact of COVID-19

Given COVID-19 and other recent Australian and global macroeconomic events, Australia is experiencing economic volatility, which may in turn materially affect the operating and financial performance and prospects of many businesses including Industria. Events relating to COVID-19 have resulted in significant market falls and volatility, including in the prices of securities trading on the ASX (including the price of Industria securities) and on other foreign securities exchanges. While Australia has managed the effects of COVID-19 relatively well to date, there is continuing general uncertainty as to the prospect of further waves of COVID-19 in Australia, the further impact of COVID-19 both in Australia and throughout the world, including in relation to the government response, work stoppages, lockdowns, quarantines, travel restrictions and unemployment. The effect such factors may have on Industria, its tenants, the Australian economy and share markets is also uncertain. Given the high degree of uncertainty surrounding the extent and duration of the COVID-19 pandemic, it is not currently possible to assess the full impact of COVID-19 on Industria's business in the future.

### Rental income and investment risk

Returns from an investment in property largely depend on rental income generated from tenants across its portfolio, expenses incurred in managing and maintaining those interests, and changes in market value of such interests. Industria's revenue will largely depend on the tenants adhering to their obligations to pay rent under the leases. A failure of some of Industria's tenants to pay rent on time, or at all, is likely to materially adversely affect Industria's revenue, which may also adversely affect Industria's ability to service its loans and harm overall financial performance. The market value of properties and property related investments is in part correlated to rental income, and rental income may be adversely impacted by a number of factors including:

- overall market conditions in national and local economies in which Industria operates such as growth or contraction in gross domestic product, demographic changes, employment trends and consumer sentiment;
- reduced business activity and lower business confidence, and government lock-downs and market interventions, as a potential consequence of the COVID-19 pandemic;
- the financial performance and condition of tenants, including market conditions of the industries in which tenants operate;
- the ability to extend leases or attract new tenants where an existing tenant vacates its lease on expiration or bankruptcy;
- increase in rental arrears and vacancy periods;
- reliance on a tenant which leases a material portion of the portfolio;
- an increase in unrecoverable outgoings;
- the location and quality of properties;
- operating, maintenance and refurbishment expenses, as well as unforeseen capital expenses;
- adverse environmental incidents; and
- supply and demand in the property market.

Industria earns the majority of its revenue from rental income. Any negative impact on rental income has the potential to adversely affect Industria's revenue and have an adverse impact on distributions or the value of securities or both.

# Key risks

## Re-leasing, market rent reviews and vacancy risk

The portfolio's leases come up for renewal on a periodic basis, and there is a risk that Industria may not be able to negotiate suitable lease renewals with existing tenants, maintain existing lease terms, or replace outgoing tenants with new tenants. The ability to secure lease renewals or to obtain replacement tenants may be influenced by any leasing incentives granted to prospective tenants and the supply of new properties in the market, which, in turn, may increase the time required to let vacant space. Should Industria be unable to secure a replacement tenant for a period of time or if replacement tenants lease the property on less favourable terms than existing lease terms, this will result in a lower rental return to Industria, which could materially adversely affect the financial performance of Industria and distributions. Additional costs associated with re-leasing the properties could also arise.

In addition, at either lease expiry or upon exercise of an option to extend the term of a lease by a tenant, the rent payable may be subject to prevailing market conditions and market rent reviews, which may result in rents going up or down.

Approximately 11% of Industria's leases post Acquisition will expire in FY22. There can be no guarantee that Industria will be successful in the lease renewal processes with each tenant, or that Industria will be able to renew any lease on similar or not less favourable terms. Industria could lose key tenants due to a range of events including as a result of failure to renew a lease, the termination of a lease due to change of control, deterioration in the level of service provided to tenants, weakening of tenant relationships or disputes with tenants, consolidation of a tenant's sites or insolvency of tenants.

Any of these factors could materially adversely affect the financial performance of Industria and distributions.

## Property valuation risk

The value of the properties held by Industria may be impacted by a number of factors, including a number of factors outside the control of Industria, affecting the property market generally, as well as Industria in particular including, These factors may be exacerbated by the impact of COVID-19 and include, but not limited to:

- changes in market rental rates;
- changes in property yields;
- fluctuating occupancy levels;
- tenants defaulting;
- a downturn in local property markets or property markets in general;
- general economic factors such as the level of inflation, changes in interest rates and economic cycles, both within Australia and overseas; and
- pricing or competition policies of any competing properties.

A reduction in the value of properties may cause Industria to breach its financial covenants or impact on Industria's financing arrangements (see Funding risk) and may result in a reduction in the value of securities. External and director valuations represent only the analysis and opinion of such persons at a certain date and they are not a guarantee of present or future values. The value of the assets may impact on the value of an investment in Industria and changes in market valuation of assets may adversely affect Industria's financial position and performance.

## Realisation of assets and liquidity

Property assets are, by their nature, illiquid investments. This may make it difficult to alter the balance of income sources for Industria in the short term in response to changes in economic or other conditions. Industria may not be able to realise the assets within a short period of time or may not be able to realise assets at valuation including selling costs, which could materially adversely affect the performance of Industria and distributions.

# Key risks

## Funding risk

Changes in Industria's ability to raise funds (from either debt or equity markets), and the terms on which such funds are or can be raised, could result in an increased cost of funding, limited access to capital, increased refinancing risk for Industria and/or an inability to expand operations or purchase assets in a manner that may benefit Industria and its securityholders. Such changes could arise from numerous factors, including general economic and political conditions, debt and equity capital market conditions and the performance, reputation and financial strength of the REIT and its tenants.

Industria is a geared investment product and relies upon debt funding as an integral part of its capital structure. The extent to which Industria is geared will magnify the effect of changes in property valuations. Changes in interest rates and the availability and cost of finance will affect the operational and financial results of Industria. Industria's ability to refinance its debt facilities and/or interest rate hedges as they fall due will depend upon its financial position and performance and the prevailing market conditions. An inability to refinance the existing debt facilities and/or enter into new debt facilities or interest rate hedges on similar terms and conditions may have an adverse impact on the operational and financial results of Industria.

## Interest rate risk

Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact Industria's funding costs adversely, resulting in a decrease in distributable income. Where interest rates are hedged by way of financial instruments, the value of those instruments can vary substantially which can impact on both earnings and net assets.

## Banking covenants

Industria has various covenants in relation to its banking facilities, including interest cover and leverage ratio requirements. Unforeseen factors such as falls in asset values or the inability of Industria to extend current leases could lead to a breach in debt covenants. In such an event, Industria's lenders may require their loans to be repaid immediately or compel Industria to sell assets at below market value. Furthermore, there is a risk that unforeseen capital expenditure may impact upon the cash available to service debt.

## Capital expenditure risk

There is a risk that, due to unforeseen circumstances (not covered by insurance), Industria may have to make additional capital expenditure on the properties. Some examples of these circumstances include damage caused by fire, flood or other disaster, changes to laws or council requirements such as environmental, building or safety regulations, or property defects or environmental issues which become apparent in the future. Additionally, unforeseen capital expenditure may be required to maintain the properties in their current condition. If Industria incurs unforeseen capital expenditure, this may affect returns available to securityholders.

## Reliance on APN FM, Dexus and personnel risk

While APN Funds Management Limited ("APN FM" or "Responsibility Entity") continues to be a subsidiary of APN Property Group, APN Property Group has now been acquired by a subsidiary of Dexus (ASX: DXS) ("Dexus"). Industria relies on APN FM and Dexus to provide a range of services (e.g. property management, asset management and leasing services). As a result, Industria's performance depends largely on the performance on the Dexus executive team. Failure of Dexus and its executives to discharge its responsibilities as agreed may adversely affect the management and financial performance of Industria and therefore returns to securityholders.

The ability of Industria to successfully deliver on its business objectives as set out in this presentation, is in part dependent on Dexus retaining and attracting quality senior management and other employees. The loss of the services of any senior management or key personnel, or the inability to attract new skilled personnel, could materially affect Industria's business, operational performance or financial results.

# Key risks

## Conflicts of interest or duty and related party transactions

In addition to APN FM being the Responsible Entity of Industria, Industria has an existing Co-operation deed and a Property Management Agreement with APN FM. APN FM is the responsible entity of other registered managed investment schemes in addition to Industria.

Accordingly, there is a risk that the management of properties for different funds may lead to conflicts of interest arising for APN FM and for its parent entity, Dexus. These may include conflicts in respect of the acquisition of properties, leasing and the allocation of the manager's resources to each different fund. There is consequently also a risk that if these conflicts are not managed appropriately, Industria and/or securityholders may suffer loss.

However, the Responsible Entity currently has in place existing policies (as obligated under the Corporations Act and Listing Rules (as applicable)) to ensure that it is able to effectively identify and manage conflicts of interest or duty. Furthermore, the Board consists of majority independent Directors and an independent Chairman responsible for the governance of Industria.

For completeness, Industria has received a waiver from the ASX in respect of any related party issues that arise under Listing Rule 10.1 in respect of the Jandakot acquisition.

## Substantial holding by Dexus

As noted above, while APN FM continues to be a subsidiary of APN Property Group, APN Property Group has now been acquired by Dexus. Dexus corporate entities (including APN Property Group entities) have substantial holdings in Industria. This represents a strategically significant investment for Dexus. In addition, funds managed by APN Property Group and Dexus subsidiaries may also hold securities in Industria. If Dexus entities (including APN Property Group entities) were to sell down some or all of its respective holdings in Industria, the price of the REIT's stapled securities may decline as a result given the relative size of their holdings.

In addition, due to these security holdings, Dexus entities (including APN Property Group) may have influence over the outcome of matters submitted to a vote of securityholders. The interests of Dexus entities (including APN Property Group) may differ from the interests of Industria and the interests of other securityholders who purchase securities under the Equity Raising.

## Environmental risk

Certain asset classes to which Industria is exposed, in particular industrial assets, typically have a higher rate of environmental contamination than other commercial property asset classes. Other than the risks listed above in respect of the Acquisitions, Industria is not aware of any environmental contamination at any of its properties. There is a risk that a property may be contaminated now or in the future. Government environmental authorities may require Industria to remediate such contamination and Industria may be required to undertake any such remediation at its own cost. Such an event would adversely impact Industria's financial performance.

In addition, environmental laws impose penalties for environmental damage and contamination which may be material.

If a person is exposed to a hazardous substance at a property, they may make a personal injury claim against Industria. Such a claim could be for an amount that is greater than the value of the contaminated property. An environmental issue may also result in interruptions to the operations of a property. Any lost income caused by such an interruption to operations may not be recoverable.

Industria and the operations of property tenants are subject to government environmental legislation. While environmental issues are continually monitored, there is no assurance that Industria's operations or those of a tenant of a property will not be affected by an environmental incident or subject to environmental liabilities, which could impact the reputation, rental income or value of Industria.

## Tenant concentration

Industria relies on key tenants to generate the majority of its revenue. If a key tenant is affected by financial difficulties that tenant may default on its rental or other contractual obligations which may result in loss of rental income or losses to the value of Industria's assets. This has the potential to adversely impact the operational and financial results of Industria.

In addition, there is a risk that if one or more of the major tenants ceases to be a tenant, Industria may not be able to find a suitable replacement tenant or may not be able to secure lease terms that are as favourable as current terms and incur costs associated with enforcing Industria's claim against those tenants. Should Industria be unable to secure a replacement tenant for a major tenant for a period of time or if replacement tenants lease the property on less favourable terms, this will result in a lower rental return to Industria, which could materially adversely affect its financial performance and distributions.

# Key risks

## Share market conditions

There are general risks associated with an investment in the share market. As such, the value of New Securities may rise above or fall below the offer price, depending on the financial position and operating performance of Industria and other factors. In addition, the market price of Industria securities will fluctuate due to various factors, many of which are non-specific to Industria, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, investor perceptions and volatility in global markets. Investors should recognise that the price of New Securities may fall as well as rise.

## Investor preferences

The demand for property and listed property securities may change as investor preferences for particular sectors and asset classes change. The demand for property as an asset class may change over time and may be influenced by general economic factors such as interest rates, stock market cycles and exchange rates.

## Taxation

Future changes in taxation law in Australia and in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions, may impact the future tax liabilities of Industria or may affect taxation treatment of an investment in Industria securities, or the holding or disposal of those securities.

## Dilution

Securityholders will be diluted by the issue of New Securities under the Placement. As the Entitlement Offer is non-renounceable, entitlement rights under the Entitlement Offer cannot be traded on ASX or otherwise transferred. Eligible securityholders should note that if they do not participate in the Entitlement Offer, then their percentage securityholding in Industria will be diluted to a greater extent than would otherwise be the case, and they will not be exposed to future increases or decreases in Industria's security price in respect of the New Securities which would have been issued to them had they participated in the Entitlement Offer.

In addition, Industria's need to raise additional capital in the future in order to meet its operating or financing requirements, including by way of additional borrowings or increases in the equity of any of the consolidated entity's companies, may change over time. Future equity raisings or equity funded acquisitions may dilute the holdings of particular securityholders to the extent that such securityholders do not subscribe to additional equity, or are otherwise not invited to subscribe in additional equity.

## Future acquisitions and divestments

Industria may make future acquisitions of properties or dispose of existing properties. Future acquisitions or disposals may affect forecast distributions, or any tax deferred component of income returns. If Industria needs to sell one or more properties or investments it may realise a capital loss. Integration of new properties or businesses into Industria may be costly and may not generate expected earnings and may occupy a large amount of management's time. There is no guarantee that future potential acquisitions will be available on favourable terms or that they will be successfully integrated.

## Competition

Industria faces competition from other property groups active in Australia. Such competition could lead to the following adverse effects:

- loss of tenants to competitors;
- a reduction in rents;
- an inability to secure new tenants resulting from oversupply of space.

# Key risks

## Litigation and disputes

Industria may become involved in disputes, some of which may result in litigation (for example, tenancy disputes, occupational health and safety claims or third party claims). While the extent of any disputes and litigation cannot be ascertained at this time, any dispute or litigation may be costly and may adversely affect Industria's operational and financial performance and reputation.

## Capital availability

Current economic conditions can impact on the availability of debt and equity funding that may be required to support the cash flow of a business. Industria's development may be affected by availability of funding which would impact on its ability to establish business operations in the expected time frame and/or at its current levels.

## Accounting standards and impairment

Industria prepares its general purpose financial statements in accordance with IFRS and with the Corporations Act. Australian Accounting Standards are not within the control of Industria or its boards and are subject to amendment from time to time, and any such changes may impact on Industria's statement of financial position or statement of financial performance.

In addition, under IFRS, Industria is required to review the carrying value of its assets annually or whenever there is an indication of impairment. If there is any indication of impairment, then the assets recoverable amount is estimated. Changes in key assumptions underlying the recoverable amount of certain assets of Industria (or of the properties post-acquisition) could result in an impairment of such assets, which may have a material adverse effect on Industria's financial performance and position.

## Forward-looking statements

There can be no guarantee that the assumptions and contingencies on which the forward-looking statements, opinions and estimates (including guidance on future FFO and distributions) are based will ultimately prove to be valid or accurate. The forward-looking statements, opinions and estimates depend on various factors, including known and unknown risks, many of which are outside the control of Industria. Actual performance of Industria may materially differ from forecast performance.

## Distribution guidance

No assurances can be given in relation to the payment of future distributions. Future determinations as to the payment of distributions by Industria will be at the discretion of Industria and will depend upon the availability of profits, the operating results and financial conditions of Industria, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by Industria. No assurance can be given in relation to the level of tax deferral of future distributions. Tax deferred capacity will depend upon the amount of capital allowances available and other factors.

## Insurance risk

Industria enters into material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that it believes to be customary in the industry. However, potential losses of a catastrophic nature such as those arising from earthquakes, terrorism or severe flooding may be uninsurable, or not insurable on reasonable financial terms, may not be insured at full replacement costs or may be subject to large excesses. The nature and cost of insurance has been based upon the best estimate of likely circumstances. However, various factors may influence premiums to a greater extent than those forecast, which may in turn have a negative impact on the net income of Industria.

## Compliance risk

The Responsible Entity is subject to strict regulatory and compliance arrangements under the Corporations Act and ASIC policy. If the Responsible Entity breaches the Corporations Act or the terms of its Australian Financial Services Licence, ASIC may take action to suspend or revoke the licence, which in turn may adversely impact the ability of Industria to operate.

# Key risks

## **Insolvency**

In the event of any liquidation or winding up of Industria, the claims of Industria's creditors, will rank ahead of those of its securityholders. Under such circumstances Industria will first repay or discharge all claims of its creditors. Any surplus assets (if any) will then be distributed to securityholders. All securityholders will rank equally in their claim and will be entitled to an equal share per security.

## **Change in capital structure**

Changes in the capital structure of Industria, for example from the raising of further debt or the issue of further equity to repay or refinance debt facilities or to fund the acquisition of additional properties, may affect the value or returns from an investment in Industria securities.

## **General economic and political conditions**

Factors such as, but not limited to, domestic and international political changes, interest rates, exchange rates, inflation levels, commodity prices, industrial disruption, environmental impacts, international competition, taxation changes, changes in employment levels, consumer and business spending, employment rates and labour costs may all have an adverse impact on Industria's revenues, operating costs, profit margins and security price. These factors are beyond the control of Industria and its boards and Industria cannot, to any degree of certainty, predict how they will impact on Industria. The environment in which Industria operates may experience challenging conditions as a result of general uncertainty about future Australian and international economic conditions. A prolonged deterioration in domestic or general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on the financial performance of Industria's businesses.

## **Changes in applicable law and regulations**

Industria will be subject to the usual business risk that there may be changes in laws, regulations and government policy which may affect its operations and/or financial performance. Such changes may impact rental income or operational expenditure. In addition, Industria's ability to take advantage of future acquisition opportunities in Australia may be limited by regulatory intervention on competition grounds.

Industria is also subject to the usual risks to changes in taxation regimes and Australian Accounting Standards. There can be no assurance that such changes will not have a material adverse effect on Industria's business, operational performance or financial results or returns to securityholders.

## **Cyber security and data governance**

Industria's operations depend on the reliability and availability of its IT infrastructure networks. Industria's IT systems may be vulnerable to a variety of interruptions due to events that may be beyond its control, including, but not limited to, natural disasters, terrorist attacks, telecommunication failures, computer viruses, phishing attacks, hackers and other security issues.

Any disruptions in an IT network which Industria use or unexpected system or computer network interruptions could disrupt Industria's operations and consequentially its financial performance, financial position and security price.

## **Organisational culture**

Failure to maintain a respectful, open, and inclusive culture which reflects APN Property Group and Dexus' purpose, values and diversity of thought may result in inappropriate conduct leading to reputational or financial loss. Decreased business performance, poor employer branding leading to inability to attract talent, regrettable employee turnover an associated increase to costs and reduced investor sentiment may have a material adverse effect on Industria's financial performance, financial position and security price.



# Key risks

## Climate change

Industria's failure to mitigate the impact of physical and transitional climate change impacts and associated legislative requirements could result in a portfolio that is not adequately resilient to these impacts and in turn result in reputational harm to Industria. Industria could face increased costs associated with energy and water efficiency and other costs associated with upgrading existing buildings to comply with new building codes or contractual obligations or litigation (if reporting requirements are not met).

In addition, failure to mitigate the impacts could result in lower rents and lower occupancy due to individual buildings being less competitive in their markets, causing lower relative valuations. Industria would also be adversely impacted by a loss of market share if building designs do not address investor or community expectations or match competitor products on sustainability issues.

Industria (through APN Property Group and Dexus) has built in a process to conduct annual assessments of asset exposure to the physical impact of climate change, however, prolonged adverse weather conditions may result in increased operating and capital expenditure, delays in construction and marketing and possibly deferral of revenue and profit recognition, which will adversely affect the financial condition and results of operation of Industria.

## Other risks

The above risks should not be taken as a complete list of the risks associated with an investment in Industria. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of Industria securities and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Industria in respect of Industria securities.

# Foreign selling restrictions

This document does not constitute an offer of new stapled securities ("New Securities") of Industria in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Securities are not being offered to the public within New Zealand other than to existing securityholders of Industria with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. Industria is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the New Securities are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Securities may not be circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an institutional investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Securities being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## United States

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 to, directly or indirectly, 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.

# Contact

## Responsible Entity

APN Funds Management Limited

## Registered Office

Level 30, 101 Collins Street,  
Melbourne, VIC 3000

+61 3 8656 1000

## Website

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



**Alex Abell**

Fund Manager

 (03) 8656 1070

 [alex.abell@dexus.com](mailto:alex.abell@dexus.com)

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

dexus