

1 September 2016

Acquisition of WesTrac Newcastle and \$85 million fully underwritten equity raising

Industria REIT (**Industria** or the **Fund**) is pleased to announce the acquisition of 1–3 WesTrac Drive, Tomago (the **Property**) for \$158.6 million (the **Transaction**).

The Property is 100% leased to WesTrac, a wholly owned subsidiary of Seven Group Holdings (ASX: SVW), on a triple-net lease for 18 years, and generates a high initial yield of 7.25% growing at the greater of 3% or CPI per annum. Settlement is anticipated to occur in late September 2016.

The Transaction will be funded using debt of \$85.4 million and a fully underwritten equity raising comprising a \$19.8 million placement and a \$65.2 million non-renounceable entitlement offer of 1 new stapled security for every 4 existing stapled securities at an issue price of \$2.12 (the **Offer**). FY17 guidance has been upgraded, with Funds From Operations (**FFO**) per stapled security increasing ~2% to 17.9 - 18.1 cents and distributions per stapled security (**DPS**) increasing ~2% to 16.0 cents, representing a yield of 7.5% on the offer price.

Industria Fund Manager, Alex Abell said: "We're excited to have secured a property of this quality that generates a strong and growing cash yield over 18 years. The property complements Industria's existing portfolio and increases the weighted average lease expiry from 5 years to almost 8 years. The new and refinanced debt facilities supporting the acquisition extend Industria's debt maturity to a weighted expiry of 4 years. Industria retains a sound balance sheet position with gearing of 35%. At the offer price, investors will have the benefit of a tax advantaged, 7.5% distribution yield."

Property details

The Property is a best-in-class and purpose-built distribution, training and maintenance facility for WesTrac, Australia's largest authorised dealer of Caterpillar equipment. Completed in 2012, the property encompasses 12 interconnected facilities and ancillary buildings totalling 45,500 square metres, in addition to extensive hardstand areas. The site spans 42.9 hectares, which includes 17.5 hectares of future expansion land for WesTrac.

The Property is used by WesTrac to service an extensive area across NSW and the ACT. Underlying industries serviced include a significant component of infrastructure and general construction, highway truck servicing as well as coal and base metals mining.

Key Property metrics are as follows:

Purchase price	\$158.6 million
Initial yield	7.25%
Year 1 Net Income	\$11.5 million
Annual rent reviews	Greater of 3% and CPI
Lease	Triple-net, 18 years
Building area	45,500 sqm
Hardstand and awning area	109,000 sqm
Expansion land	175,400 sqm
Occupancy	100%
Building age	4 years

WesTrac overview

WesTrac is a top five global dealer of the world's leading equipment manufacturing company, NYSE listed Caterpillar (US\$48 billion market capitalisation¹). WesTrac has a long and successful history with Caterpillar, and holds exclusive authorised licences for Caterpillar in NSW, ACT, WA, and North East China. WesTrac has a workforce of approximately 3,000 and is a wholly owned subsidiary of ASX listed Seven Group Holdings (\$2.2 billion market capitalisation¹).

WesTrac represented more than 50% of the earnings of Seven Group Holdings in FY16, generating an underlying EBIT of \$165m from trading revenues of \$2.1bn. In addition to the 18 year triple-net lease, WesTrac has made a significant commitment to the facility including fit-out contributions exceeding \$35 million².

Equity raising

The acquisition of the Property will be partly funded via an \$85.0 million fully underwritten equity raising at \$2.12 per new stapled security (**Offer Price**).

The Offer Price implies a 7.5% FY17 distribution yield and 8.4% - 8.5% FY17 FFO yield. The discount to the five day volume weighted average price up to and including 31 August 2016 is 2.9%.

The equity raising comprises:

- a \$19.8 million placement (**Placement**); and
- a \$65.2 million fully underwritten non-renounceable accelerated entitlement offer (**Entitlement Offer**) of 1 new stapled security for every 4 existing stapled securities.

The manager, APN Property Group Limited (**APN Property Group**), which holds approximately 13.9% of Industria's stapled securities³, has agreed to subscribe for its full pro-rata entitlement under the Entitlement Offer and to sub-underwrite up to \$6 million of the Entitlement Offer.

The Entitlement Offer is non-renounceable and rights will not be traded on the ASX or otherwise transferable. Eligible securityholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements not taken up.

New stapled securities issued under the Placement and institutional and early retail entitlement offer will commence trading on Monday, 12 September 2016 as ordinary Industria securities and remaining new stapled securities to be issued under the entitlement offer will commence trading on Tuesday, 27 September 2016 as ordinary Industria securities. All new stapled securities will rank equally in all respects including future distributions.

Macquarie Capital (Australia) Limited (**Macquarie**) is lead manager and underwriter for the Offer.

Guidance

On a per stapled security basis, the acquisition and the Offer is ~2% accretive to FY17 FFO and DPS, and the Board has upgraded the guidance announced on 22 August 2016:

- FFO guidance range increased by ~2% to 17.9 - 18.1 cents per stapled security - equating to a 8.4% - 8.5% yield on the Offer Price
- DPS guidance increased to 16.0 cents per stapled security - equating to a 7.5% yield on the Offer Price
- Subject to current market conditions continuing and no unforeseen events

¹ Market capitalisation as at 31 August 2016

² Source: Seven Group Holdings 2016 Annual Report

³ Separate to APN Property Group's holding, APN Funds Management Limited (**APN FM**) also holds 5% of Industria stapled securities on behalf of various funds

Timetable

Event	Date
Transaction and Offer announcement	Thursday, 1 September 2016
Placement and institutional entitlement offer	Thursday, 1 September 2016
Trading resumes on an ex-entitlement basis	Friday, 2 September 2016
Record date for determining entitlements for the Offer	Monday, 5 September 2016
Retail entitlement offer opens	Tuesday, 6 September 2016
Early retail acceptance due date	Thursday, 8 September 2016
Placement and institutional and early retail entitlement offer settlement	Friday, 9 September 2016
Allotment and normal trading of securities issued under the Placement and institutional and early retail entitlement offer	Monday, 12 September 2016
Retail entitlement offer closes	Monday, 19 September 2016
Settlement of retail entitlement offer	Friday, 23 September 2016
Allotment of retail entitlement offer	Monday, 26 September 2016
Commence trading of retail entitlement offer securities	Tuesday, 27 September 2016
Despatch of holding statements	Tuesday, 27 September 2016

These dates are indicative and subject to change. All dates and times refer to Melbourne, Australia time.

Securityholder enquiries

Eligible securityholders will be sent further details in relation to the Entitlement Offer via a retail offer booklet expected to be lodged with the ASX by Tuesday, 6 September 2016 and distributed to securityholders.

Further information in relation to the Entitlement Offer and the matters set out above, including important notices and key risks, are set out in the Property Acquisition and Equity Raise Presentation lodged with ASX on Thursday, 1 September 2016.

The outcome of the Institutional Offer is expected to be announced to the market before commencement of normal trading on Friday, 2 September 2016. Pending this announcement, Industria securities have been placed in a trading halt. Trading in Industria securities is expected to resume on Friday, 2 September 2016.

Eligible retail securityholders who have any questions regarding the retail entitlement offer should contact the Offer Information Line on 1300 222 378 (within Australia) or on +61 1300 222 378 (outside Australia) from 8.30am to 5.30pm AEST Monday to Friday during the retail entitlement offer period.

In considering the information contained in this announcement, please also refer to the Important Information section below.

ENDS

For further information, please contact:

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About Industria REIT

Industria (ASX code: IDR) is a listed Australian real estate investment trust which owns interests in office and industrial properties that provide functional and affordable workspaces for business. Industria's \$545 million portfolio of 16 properties located across the major Australian cities provides sustainable income and capital growth prospects for security holders over the long term. Industria has a target gearing band of 30 – 40%, providing flexibility for future growth without compromising the low-risk approach to capital management. Industria is managed by APN Property Group, a specialist real estate investment manager established in 1996, and governed by a majority independent Board.

Industriareit.com.au

Important Information

Determination of eligibility of investors for the purposes of the Institutional Entitlement Offer and Retail Entitlement Offer is determined by reference to a number of matters, including legal requirements and the discretion of APN FM, Industria and Macquarie Capital. APN FM, Industria and Macquarie Capital disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law. Retail securityholders may choose to take up part or all of their pro rata entitlements and, to the extent other securityholders do not take up their full entitlement, will be able to apply for additional stapled securities representing up to an additional \$50,000 per securityholder (subject to scale-back).

Forward-looking statements

This announcement contains a number of forward-looking statements including indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of APN FM in its capacity as responsible entity of Industria that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements and neither APN FM, nor any of its directors, employees, servants, advisers or agents assume any obligation to update such information. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This announcement contains such statements that are subject to risk factors associated with the industries in which Industria operates.

Disclaimer

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