



FY2014 RESULTS PRESENTATION

25 August 2014



iINDUSTRIAREIT

An APN Property Group fund



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FY2014 RESULTS HIGHLIGHTS





FY2014 Results Highlights

- 1 IPO earnings forecasts delivered**
 - FY2014 Distributable Earnings 9.98 cents per Security (IPO forecast 9.94 cents per Security)
 - First Distribution of 9.54 cents per Security to be paid August 2014 (IPO forecast 9.54 cents per Security)
 - Statutory profit of \$27.5 million (IPO forecast \$9.6 million)

- 2 Property portfolio increased in value by 9.4%**
 - Property portfolio increased \$34.7 million to \$404 million
 - NTA increased from \$1.94 at IPO to \$2.00 as at 30 June 2014
 - Weighted average cap rate of 8.29%

- 3 Conservative capital structure**
 - 33.4% Gearing within 30% – 40% target range

- 4 Over 5,300 sqm of leasing transactions completed since IPO**
 - New Queensland Health building completed on time and budget

- 5 Acquisition of remaining interest in 88 Brandl St**
 - 100% occupied
 - All assets now 100% owned
 - Prudent approach to acquisition opportunities – focus remains on intensive asset management



FY2014 Results Highlights (continued)

6

Portfolio remains well positioned to deliver stable cash income returns and potential growth

- Occupancy of 93%
- WALE of 5.0 years by Net Lettable Area
- 99% of leases have contracted rental growth
- Average portfolio age of 7.0 years

7

Included in S&P/ASX300 index

8

Earnings and Distribution guidance confirmed for FY15

- Subject to market conditions, FY15 earnings and distribution guidance is 17.08 and 16.72 cents per Security respectively
- Based on IPO price and current NTA of \$2.00 per Security, this represents a forecast cash distribution yield of 8.4%

FINANCIAL RESULTS





Income and distributions

IPO FY2014 earnings forecasts delivered

\$000s (unless otherwise stated)	IPO Forecast	Actual	Change	Comment
	FY14 (7 months)	FY14 (7 months)		
Statutory net profit	9,645	27,521	▲	Significantly driven by revaluation uplift
Distributable Earnings	12,420	12,472	▲	Higher than forecast rental income
Distributions	11,925	11,925	-	
Securities on issue (millions)	125	125	-	
Earnings per Security (cents) ¹	10.44	10.69	▲	Higher than forecast rental income
Distributable Earnings per Security (cents)	9.94	9.98	▲	Higher than forecast rental income
Distribution per Security (cents)	9.54	9.54	-	
Payout ratio (Distribution / Distributable Earnings)	96.0%	95.6%	▼	Distribution unchanged from IPO forecast
Tax deferred component of Distribution	48.0%	60.2%	▲	

1. Calculated as net income after tax (before transaction costs and fair value adjustments) / number of securities



Balance sheet

Increase in NTA with conservative capital structure maintained

\$000s (unless otherwise stated)	Actual		Change	Comment
	At IPO	FY14		
Investment properties	378,300	403,971	▲	Capital expenditure, acquisition of 88 Brandl St, property revaluations
Total assets	386,088	410,219	▲	
Total liabilities	143,500	160,095	▲	Additional debt (acquisition of 88 Brandl St)
Net assets	242,588	250,124	▲	Portfolio revaluation gains
Securities on issue (millions)	125	125	-	
Net Tangible Assets per Security	\$1.94	\$2.00	▲	Portfolio revaluation gains
Gearing ¹	33.8%	33.4%	▼	

1. Industria's debt less cash, divided by the value of the Portfolio

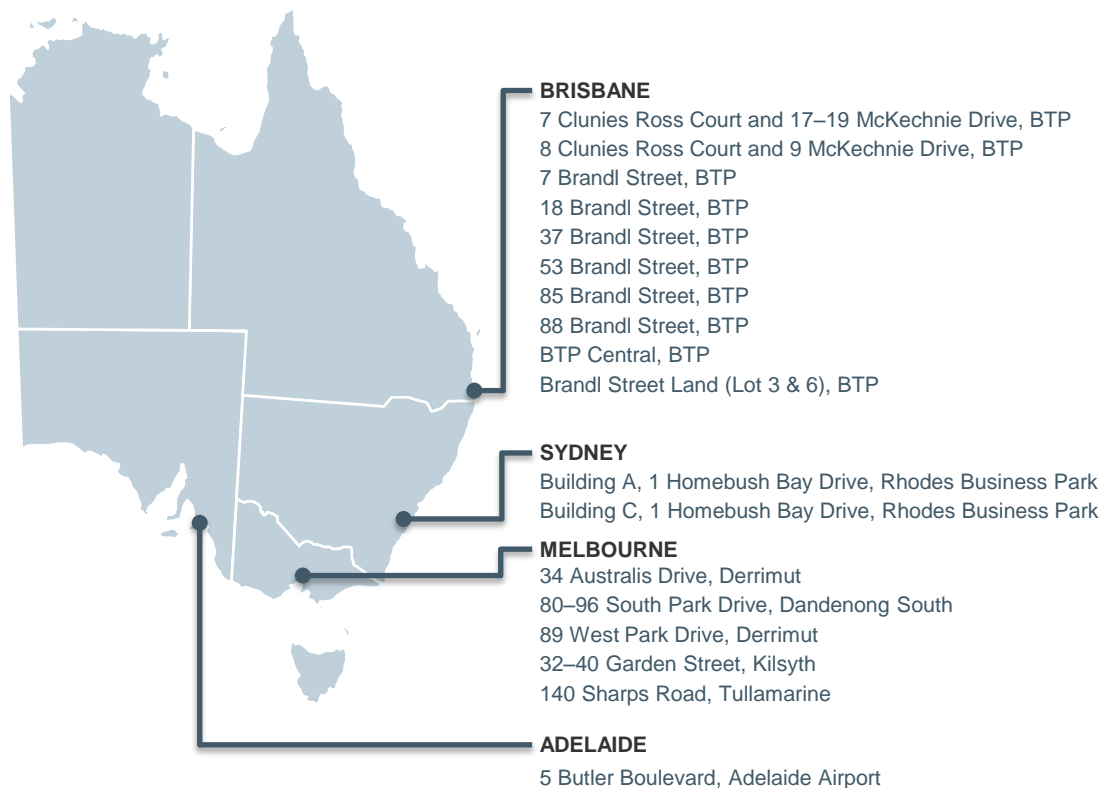
PORTFOLIO PERFORMANCE



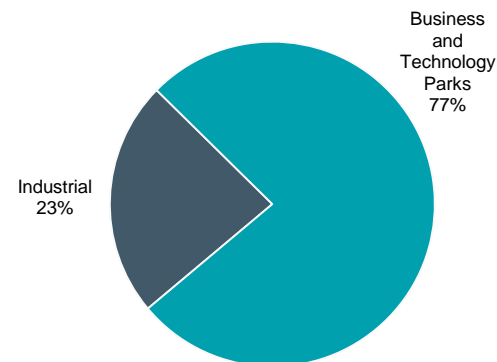


Portfolio overview

18 quality industrial, technology park and business park assets located primarily in Australian capital city locations



Sector diversification (by value)



Key portfolio metrics	At IPO	FY14
Investment properties	18	18
Portfolio value (\$ million)	378	404
Weighted average cap rate	8.44%	8.29%
Occupancy	97%	93%
WALE (years by area)	5.8	5.0
Average asset age (years)	6.3	7.0



Property portfolio revaluation summary

Solid revaluation results contribute to portfolio increasing 9.4% in value since IPO

Property	State	Sector	Valuation	Cap Rate
34 Australis Drive, Derrimut	VIC	Industrial	\$21.6m	7.75%
80-96 South Park Drive, Dandenong South	VIC	Industrial	\$18.2m	8.50%
89 West Park Drive, Derrimut	VIC	Industrial	\$15.8m	7.75%
32-40 Garden Street, Kilsyth	VIC	Industrial	\$13.8m	8.75%
5 Butler Boulevard, Adelaide Airport	SA	Industrial	\$12.8m	10.00%
140 Sharps Rd, Tullamarine	VIC	Industrial	\$12.7m	9.00%
7 Clunies Ross Court and 17-19 McKechnie Drive, BTP	QLD	Tech Park	\$34.0m	9.00%
BTP Central, BTP	QLD	Tech Park	\$37.5m	8.74%
8 Clunies Ross Court and 9 McKechnie Drive, BTP	QLD	Tech Park	\$24.6m	8.85%
7 Brandl Street, BTP	QLD	Tech Park	\$22.4m	8.50%
37 Brandl Street, BTP	QLD	Tech Park	\$13.5m	8.75%
18 Brandl Street, BTP	QLD	Tech Park	\$11.5m	9.15%
53 Brandl Street, BTP	QLD	Tech Park	\$9.2m	9.25%
88 Brandl Street, BTP	QLD	Tech Park	\$14.0m	8.88%
85 Brandl Street, BTP	QLD	Tech Park	\$5.0m	9.25%
Building A, 1 Homebush Bay Drive, RBP	NSW	Bus Park	\$81.0m	7.50%
Building C, 1 Homebush Bay Drive, RBP	NSW	Bus Park	\$51.8m	8.00%
Land (Lot 3 & 6 Brandl Street)	QLD	Tech Park	\$2.0m	N/A
Land (45 and 45B BTP Central)	QLD	Tech Park	\$2.6m	N/A
Total or Weighted Average			\$404.0m	8.29%

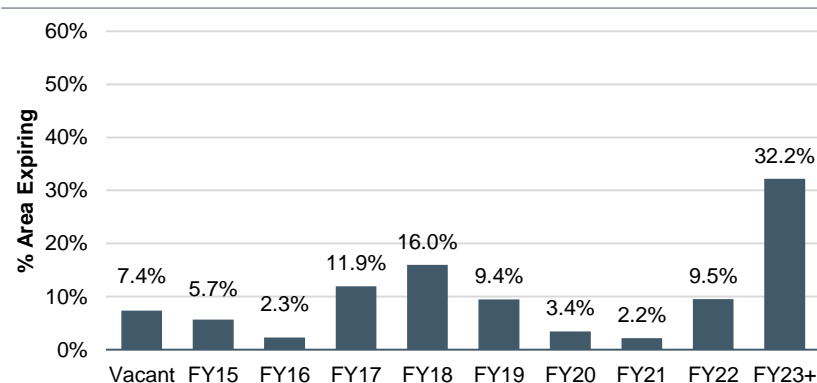


Leasing summary

Good progress being made despite some challenging market conditions, expiry profile remains modest

- Over 5,300 sqm of leasing transactions completed over the period
- Advanced discussions with over 6,000 sqm of FY15 expiries
- Modest expiry profile:
 - Over FY15/16
 - Longer term with maximum annual expiry of 16% (total area) to FY23

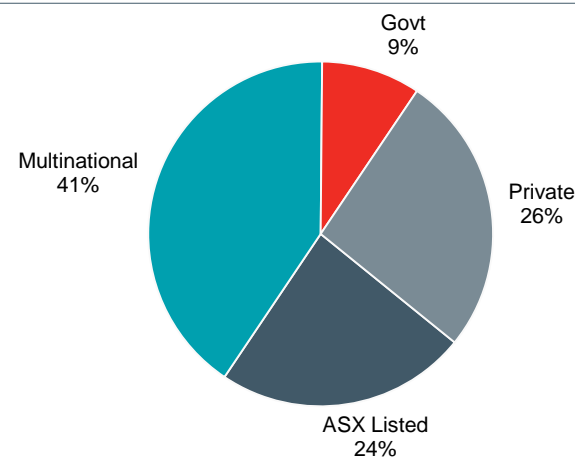
Lease expiry (by area)



Key Leasing Transactions

Property	Tenant	NLA	Term
8 Clunies Ross Crt, BTP	Medical Packaging Systems Australia	884 sqm	5 years
8 Clunies Ross Crt, BTP	BGC Contracting	743 sqm	3 years
Rhodes Building C	Diebold	650 sqm	5 years
51A McKechnie Dr, BTP	Queensland Health	2,838 sqm	6 years

Tenant Diversification (by income)



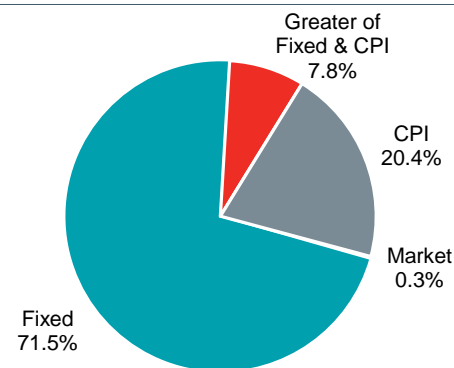


Portfolio diversity summary

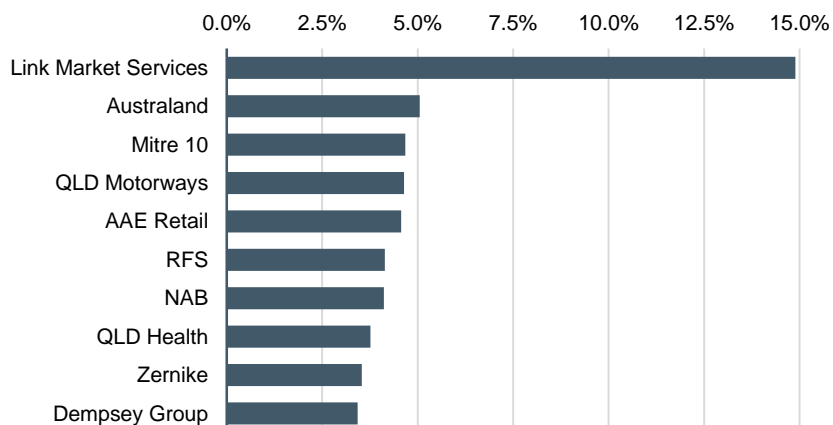
Industria's portfolio is well diversified by both sector and geography with contracted growth across 99% of existing leases

- Well diversified income profile
 - By sector
 - By geography
 - By tenant
- No tenant represents more than 15% of Industria's total rental income
- Contracted growth – >99% of leases with fixed or CPI-linked increases
- Organic growth from BTP development pipeline

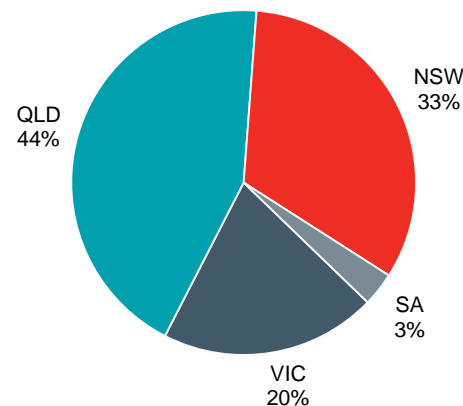
Rental Review Profile



Tenant diversification (top 10 tenants by income)



Geographic diversification (by value)





88 Brandl Street, BTP – Acquisition (remaining 50%)

Attractive acquisition terms secured, consistent with strategy

- Purchased the remaining 50% of 88 Brandl Street
- Only property in Industria's portfolio not previously 100% owned
- Consistent with strategy to purchase modern well located assets with excellent amenity



Key metrics

Purchase price (100%)	\$13,300,000
Independent valuation (100%)	\$14,000,000
Capitalisation rate	8.88%
WALE (by income)	3.7 years
Occupancy	100%
Net lettable area	3,283 sqm
Major tenants	Zernike, ASCT
Date of purchase	1 May 2014



Queensland Health building successfully completed

Completed 100% on time and budget, future growth opportunities from land within BTP

- 51A McKechnie Drive and multi level car park which form part of BTP Central completed as at 30 June, on time and budget
- Queensland Health occupy 100% of the asset for six years with fixed 3.5% rent reviews
- Built to 4.5 star NABERS
- Industria's existing land within BTP presents a further growth opportunity

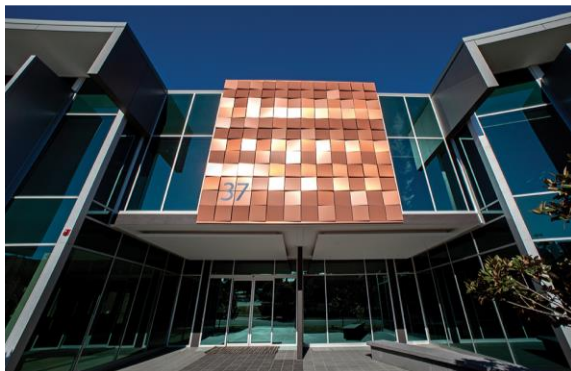


Key Metrics

Net Lettable Area	2,838 sqm
WALE	6.0 years
Occupancy	100%
Major Tenant	Queensland Health



Industria REIT portfolio examples



CAPITAL MANAGEMENT





Capital Management

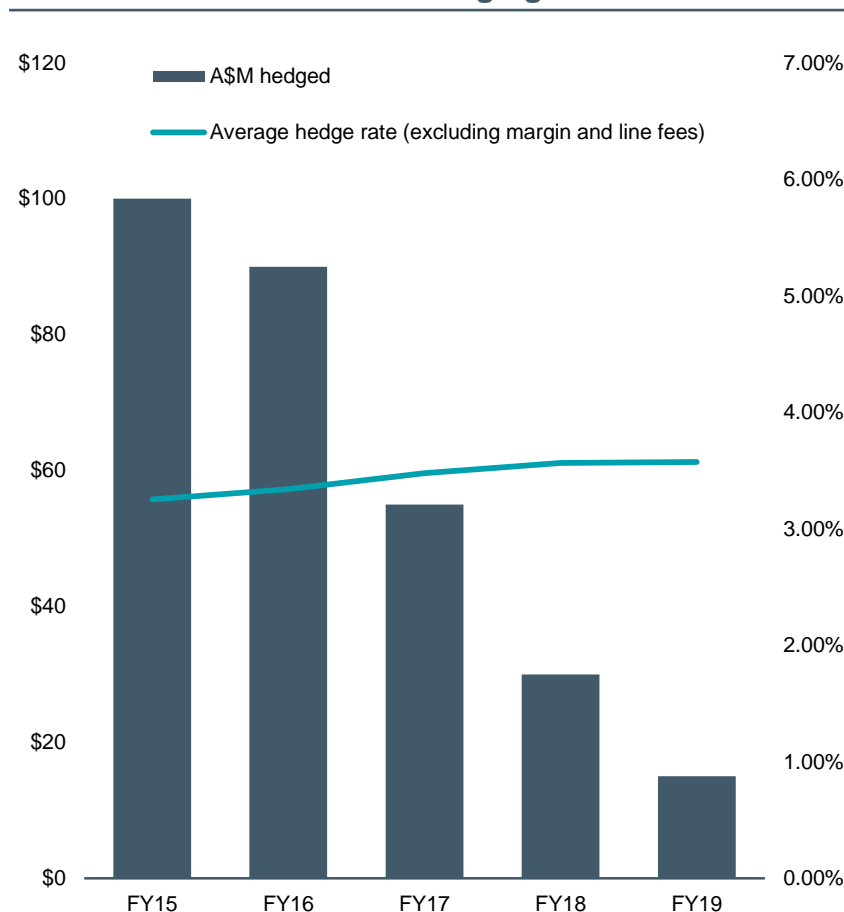
Conservative capital structure

- Gearing¹ of 33.4%
- Target gearing range of 30% to 40%
- Multiple lenders and staggered debt expiry profile
- Hedging profile consistent with stated policy
- Weighted average all-in cost of debt of 5.1%
- Weighted average duration of debt 3.4 years
- Staggered debt maturity profile (equal 3 and 5 year original terms)

Debt terms

Banks	ANZ and NAB
Facility limit	\$155 million
Drawn	\$137.5 million
Average interest rate	4.3% p.a. (Inc. margin and hedging)
Hedging policy	Range of 50% and 100% of drawn debt

Interest Rate Hedging Profile



1. Industria's debt less cash, divided by the value of the Portfolio



Debt covenants summary

Significant headroom maintained on all covenants

Covenant	Limit	Actual 30 June 2014	Headroom
Loan to valuation ratio (Total debt / Portfolio value)	55.0%	34.0%	21%
Gearing ratio (Total liabilities / Total tangible assets)	55.0%	39.0%	16%
Interest cover ratio	2.0 times	4.5 times	2.5 times
WALE (by income)	2.5 years	4.3 years	1.8 years

INDUSTRIA REIT OVERVIEW





Industria REIT Overview

Overview

- Modern, well-located, high quality portfolio of Australian workspace assets – industrial, technology park and business park properties providing a stable cash income return
- 18 assets valued at \$404 million in Melbourne, Sydney, Brisbane and Adelaide
- Income focussed REIT with simple capital structure

Earnings

- Attractive cash Distribution yield backed by a secure rental income stream and structured growth
- FY14 tax deferred component of 60%
- Contracted growth – >99% of leases with fixed and / or CPI-linked increases

Portfolio

- Weighted average lease expiry (by area) of 5.0 years and 93% occupancy
- Average age of portfolio 7.0 years – attractive ongoing maintenance capex profile
- No tenant represents more than 15% of portfolio income
- Benign near term lease expiry profile
- Well diversified by sector and geography

Capital Structure

- Conservative capital structure
- 33.4% gearing (30% - 40% target range)
- Multiple lenders and staggered debt expiries, weighted average debt expiry of 3.4 years



Clear investment strategy

Property for **industry**

Industria is the base for industry, diligence, activity



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Property for **income**

Industria remains loyal to APN's 'property for income' philosophy

Objective

Stable cash returns and the potential for income and capital growth by investing in workspace focussed real estate

Strategy

- Industrial, technology park and business park properties that provide tenants with cost effective, practical accommodation
- Diversified by geography, sector and tenant (by number and by industry)
- Modern assets in recognised locations with excellent amenity
- Best practice management
- Acquisition, divestment and investment opportunities via APN's relationships and expertise
- Appropriate capital structure and capital management

OUTLOOK





Outlook

Industria remains focussed on its objective of delivering stable cash returns with the potential for income and capital growth

- **A quality portfolio of workspace assets underpins Industria REIT**
 - Focus on industrial, technology park and business park assets that provide tenants with modern, cost effective and practical spaces to meet their business needs

- **Leases to a diversified tenant base providing a secure and growing income stream**
 - Rental income underpinned by high occupancy and long leases to reputable tenants
 - Majority of income growth derived from fixed and / or CPI-linked rental increase
 - Continue to focus on asset management initiatives and leasing objectives whilst pursuing acquisition and divestment opportunities

- **Attractive forecast FY15 Distribution**
 - Subject to market conditions, FY15 earnings and distribution guidance is 17.08 and 16.72 cents per Security respectively in line with PDS and Prospectus forecasts
 - Based on IPO price and current NTA of \$2.00 per Security, this represents a forecast cash distribution yield of 8.4%

APPENDICES



APPENDIX A

Detailed Property Portfolio





Portfolio details

Property	State	Ownership	Sector	Age	Valuation	Cap Rate	% of Fund by value	NLA (sqm)	Occupancy (by area)	WALE (by area)	NOI \$m
140 Sharps Road	VIC	100%	Industrial	6.7 yrs	12,700,000	9.00%	3.1%	10,508	100%	8.3 yrs	0.86
34 Australis Drive	VIC	100%	Industrial	6.6 yrs	21,650,000	7.75%	5.4%	25,243	100%	8.4 yrs	1.04
32 Garden Street	VIC	100%	Industrial	6.7 yrs	13,800,000	8.75%	3.4%	10,647	100%	3.5 yrs	0.89
89 West Park Drive	VIC	100%	Industrial	6.9 yrs	15,750,000	7.75%	3.9%	17,024	100%	8.2 yrs	0.77
80-96 South Park Drive	VIC	100%	Industrial	7.6 yrs	18,200,000	8.50%	4.5%	20,245	100%	3.5 yrs	0.96
5 Butler Boulevard	SA	100%	Industrial	7.2 yrs	12,800,000	10.00%	3.2%	12,257	100%	2.4 yrs	0.81
Rhodes C, 1 Homebush Bay Drive	NSW	100%	Business Park	13.0 yrs	51,750,000	8.00%	12.8%	10,580	65%	2.7 yrs	2.08
Rhodes A, 1 Homebush Bay Drive	NSW	100%	Business Park	6.8 yrs	81,000,000	7.50%	20.1%	14,644	100%	6.7 yrs	3.66
18 Brandl Street	QLD	100%	Tech Park	10.5 yrs	11,500,000	9.15%	2.8%	4,174	53%	1.2 yrs	1.00
37 Brandl Street	QLD	100%	Tech Park	2.1 yrs	13,500,000	8.75%	3.3%	3,323	100%	3.3 yrs	0.67
53 Brandl Street	QLD	100%	Tech Park	7.5 yrs	9,200,000	9.25%	2.3%	2,966	35%	1.2 yrs	0.49
BTP Central	QLD	100%	Tech Park	1.7 yrs	37,500,000	8.74%	9.3%	7,794	95%	4.2 yrs	0.89
7 Brandl Street	QLD	100%	Tech Park	7.8 yrs	22,400,000	8.50%	5.5%	5,264	100%	6.3 yrs	1.14
7 Clunies Ross Court	QLD	100%	Tech Park	6.6 yrs	34,000,000	9.00%	8.5%	8,937	72%	1.4 yrs	1.77
8 Clunies Ross Court	QLD	100%	Tech Park	5.5 yrs	24,600,000	8.85%	6.1%	5,722	100%	2.6 yrs	1.32
85 Brandl Street	QLD	100%	Tech Park	9.3 yrs	5,000,000	9.25%	1.2%	1,627	0%	-	(0.03)
88 Brandl Street	QLD	100%	Tech Park	3.2 yrs	14,000,000	8.88%	3.5%	3,283	100%	3.4 yrs	0.11
Land (45 & 45B BTP Central)	QLD	100%	Other	-	2,635,650	-	0.7%	-	-	-	-
Land (Lot 3 Brandl Street)	QLD	100%	Other	-	995,000	-	0.2%	-	-	-	-
Land (Lot 6 Brandl Street)	QLD	100%	Other	-	990,000	-	0.2%	-	-	-	-
Total				7.0 yrs	403,970,650	8.29%	100.0%	164,238	93%	5.0 yrs	18.43
Share of equity accounted profit											0.18
Total investment property income including equity accounted profit											18.61

APPENDIX B

Financial Information





Financial Position

30 June 2014

\$'000s

Assets

Cash and cash equivalents 2,570

Trade and other receivables 2,959

Other current assets 631

Total current assets 6,160

Investment properties 403,971

Other non-current assets 88

Total non-current assets 404,059

Total assets 410,219

Liabilities

Trade payables and other provisions (20,405)

Total current liabilities (20,405)

Trade and other payables (866)

Deferred tax liability (2,381)

Long-term borrowings (136,443)

Total non-current liabilities (139,690)

Total liabilities (160,095)

Net assets 250,124

Equity

Contributed equity 224,619

Retained earnings 25,505

Total Equity 250,124

Number of Stapled Securities (millions) 125

NTA per Stapled Security (\$) 2.00



Profit & Loss reconciliation – for the period 5 Dec 13 – 30 Jun 14 to full year statutory accounts

	Actual FY14	Actual FY14 (5 months) 1/7/13– 5/12/13	Actual FY14 (7 months) 5/12/13 – 30/6/14
	\$'000	\$'000	\$'000
Income			
Rental income	33,325	9,424	23,901
Share of profit of joint venture	176	-	176
Other income	1,700	-	1,700
Total revenue from continuing operations	35,201	9,424	25,777
Expenses			
Property costs	(9,104)	(3,635)	(5,469)
Trust management fees	(1,266)	-	(1,266)
Recurring trust costs	(339)	14	(353)
IPO transaction and establishment costs	(4,882)	-	(4,882)
Total expenses	(15,591)	(3,621)	(11,970)
Net operating income	19,610	5,803	13,807
Interest income	50	8	42
Interest expense	(5,080)	(1,846)	(3,234)
Net income before tax	14,580	3,965	10,615
Income tax – current	(83)	-	(83)
Income tax – deferred	(350)	-	(350)
Net profit (before other items)	14,147	3,965	10,182
Other items			
Net gain in fair value adjustments on investment properties	18,066	(713)	18,779
Goodwill impairment	(131)	-	(131)
FV loss on derivatives	(1,309)	-	(1,309)
Net profit after tax	30,773	3,252	27,521



Profit & Loss

	Forecast	Actual	Variance
	FY14 (7 months) ¹	FY14 (7 months)	
	\$'000	\$'000	\$'000
Income			
Net rental income ²	17,460	18,433	973
Share of equity accounted profit ³	403	176	(227)
Expenses			
Fund management fee	(1,228)	(1,266)	(38)
Recurring fund costs	(322)	(354)	(32)
Net operating income (EBIT)	16,313	16,989	676
Interest expense (net)	(3,194)	(3,192)	2
IPO transaction and establishment costs (net of APN contribution)	(3,400)	(3,182)	218
Net income before tax	9,719	10,615	896
Income tax expense ⁴	(74)	(83)	(9)
Income tax - deferred ⁴	-	(350)	(350)
Net income after tax (after transaction costs)	9,645	10,182	537
Net income after tax (before transaction costs)	13,045	13,364	319
Other items:			
Net gain in fair value adjustments on investment properties	-	18,779	18,779
Goodwill impairment	-	(131)	(131)
Fair value loss on derivatives	-	(1,309)	(1,309)
IPO transaction and establishment costs (net of APN contribution)	(3,400)	(3,182)	218
Net profit attributable to security holders of Industria REIT	9,645	27,521	17,876

Notes

1. Whilst the Completion Date was 5 December 2013 the Financial Information has been prepared for the 7 months from 1 December 2013 to 30 June 2014
2. Net rental income includes rental income and other income after straight lining adjustments, net of outgoing recoveries and costs
3. Share of equity accounted profit relating to the 50% interest in the JV Property, until 1 May 2014 on acquisition of remaining 50% share
4. Tax expense is based on 30% of seven months taxable income for Industria Co No 1 Ltd and its subsidiaries which are taxed as companies. Deferred tax provisions will not be payable until realisation of the assets



Distribution reconciliation

	Forecast FY14 (7 Months)	Actual FY14
	\$'000	\$'000
Net profit before tax, transaction costs and other items	13,119	13,797
Tax paid and tax deferred	(74)	(433)
Net profit after tax, before transaction costs and other items	13,045	13,364
Straight lining of rent income	(726)	(1,402)
Other non cash items	101	160
Deferred tax	-	350
Distributable Earnings	12,420	12,472
Distribution	11,925	11,925
Securities on issue (millions)	125	125
Earnings per Security (cents) ¹	10.44	10.69
Distributable Earnings per Security (cents)	9.94	9.98
Distribution per Security (cents)	9.54	9.54
Payout ratio (Distribution / Distributable Earnings)	96.0%	95.6%
Tax deferred component of Distribution	48.0%	60.2%

1. Calculated as net income after tax (before transaction costs and other items) / number of securities



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