



INDUSTRIAREIT
An APN Property Group fund

Industria Trust No. 1 ARSN 125 862 875
Industria Trust No. 2 ARSN 125 862 491
Industria Trust No. 3 ARSN 166 150 938
Industria Trust No. 4 ARSN 166 163 186
Industria Company No. 1 Pty Ltd ACN 010 794 957

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ASX ANNOUNCEMENT (ASX code: IDR)

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Industria REIT (ASX Code: IDR) reports First Half 2015 Distribution per Security of 8.36 cents and increase in NTA to \$2.01 per Security

APN Funds Management Limited, the Responsible Entity of Industria REIT ('IDR' or the 'Fund') is pleased to announce the Fund's financial result for the period ended 31 December 2014.

Key highlights:

- Delivered distribution of 8.36 cents for the period ending 31 December 2014
- Successfully completed leasing transactions for over 16,400 m²
- Disposal of 53 Brandl Street, Brisbane Technology Park for \$10.25 million, 11.4% premium to book value
- 31 December 2014 net tangible assets per security of \$2.01, up from \$2.00 per security at 30 June 2014
- Weighted average cap rate of 8.19%, firming 10bps from 8.29%
- Maintained strong balance sheet with gearing of 33.1%

Financial Results

The net profit attributable to unitholders for the six month period ending 31 December 2014 was \$11.2 million. The net rental income before straight lining adjustments was \$0.5 million lower than the IPO forecast principally due to lower occupancy with longer than forecast void periods impacting several assets within the Brisbane Technology Park, Eight Mile Plains, Queensland and Rhodes C Homebush Bay, Rhodes, NSW. As referenced at the Annual General Meeting in November 2014, the leasing market conditions, particularly in the Brisbane suburban office market are weaker than at the time of Industria's IPO in October 2013.

After adjusting the net profit attributable to unitholders for the fair value movements, straight lining of rent and other non-cash items the distributable earnings from the underlying operating income for the six months to 31 December was \$10.2 million.

Valuations and Net Tangible Assets

The portfolio asset values increased by \$2.8 million or 0.7% to \$398.4 million over the six month period. Independent external valuations were carried out on 35% of the portfolio by value at 31 December 2014, resulting in a valuation uplift of 2.7% on these assets, primarily due to yield compression.

The sale of 53 Brandl Street completed on 1 December 2014 for \$10.25 million, \$1 million higher than carrying value. The sale proceeds were used to reduce debt, whilst further asset recycling opportunities are being actively pursued.

Net tangible assets ('NTA') total \$250.9 million, equating to \$2.01 per security as at 31 December 2014. The portfolio valuation uplifts have been largely eroded by negative movements in the mark to market of the interest rate derivatives during the reporting period. Excluding the impact of derivatives the NTA is \$2.03.

The portfolio weighted average capitalisation rate firmed to 8.19% at 31 December 2014 from 8.29% at 30 June 2014.

Portfolio Performance

Throughout the six month period over 16,400 sqm was successfully renewed or leased, in what continues to be a subdued leasing environment. Occupancy was maintained at ~93% whilst the portfolio WALE increased to 5.1 years. Forward lease expiry profile has been greatly reduced with RFS re-signing at 32 Garden Street, Kilsyth.

Key leasing transactions

- 10,647 sqm industrial tenancy to RFS at 32 Garden Street, Kilsyth
- 2,858 sqm industrial tenancy to Tyco Australia at Unit F, 5 Butler Boulevard, Adelaide Airport
- 1,641 sqm office tenancy to BTP Services at 7 Clunies Ross Court, Brisbane Technology Park
- 530 sqm short term office tenancy to Queensland Motorways at 18 Brandl Street, Brisbane Technology Park
- 385 sqm office tenancy to Nexon at 6 Electronics Street, Brisbane Technology Park
- 420 sqm office tenancy to ABC Consulting at Rhodes Building C

Post Balance Date Achievements

Capital Management

Industria REITs gearing was 33.1% as at 31 December 2014, well within the target gearing range of 30% to 40%. Interest rate hedging of 75% is consistent with the stated policy. Post balance date Industria REITs underlying debt facilities were renegotiated resulting in an extension of the terms of the existing debt facilities by 12 months such that the new maturity dates are 5 December 2017 (3 year term facility) and 5 December 2019 (5 year term facility). In conjunction with the discussions for a term extension, Management also successfully pursued a pricing reduction with both NAB and ANZ to ensure that Industria REIT's cost of funding remains competitive.

Leasing

Interactive Pty Limited have made a significant commitment to the Brisbane Technology Park by expanding into an additional 2,000 square metres commencing in July 2015 and will now occupy over 4,100 square metres at 17-19 McKechnie Drive. Interactive have entered into a lease term of 13 years over the 4,100 square metres at 17-19 McKechnie Drive.

Founded in 1988, Interactive was formed to provide third-party hardware maintenance for IBM mid-range and mainframe computer equipment. Interactive are a multi-service IT provider and have grown to become Australia's largest privately owned IT company.

FY15 Outlook and Guidance

The portfolio is well positioned for growth underpinned by an attractive distribution yield supported by quality tenants and a conservative capital structure. Current operational conditions remain relatively weak with a challenging suburban office leasing market, particularly in Brisbane. This has been driven by the slowdown in the resource sector and fiscal constraints at the State level. Recent actions by the Reserve Bank of Australia and the weakening Australia Dollar should assist with the recovery and improve Brisbane's competitive position.

As referenced at the Annual General Meeting in November 2014, financial year 2015 Distribution per Security guidance would be provided with the half year results. Subject to current market conditions and forecast assumptions, Distributions per Security are expected to be within a range of 16.20 to 16.72 cents for the full year FY15 which equates to 97% - 100% of IPO forecasts.

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About Industria REIT

Industria REIT (ASX code: IDR) managed by APN Funds Management Limited, is a listed Australian real estate investment trust (AREIT) which owns a workspace focussed portfolio of 17 established, high quality industrial, technology park and business park assets located across Sydney, Melbourne, Brisbane and Adelaide. Industria's portfolio provides tenants with modern, cost effective and practical spaces to meet their business needs.

industriareit.com.au

About APN Property Group

APN Property Group Limited (ASX code: APD) is a specialist real estate investment manager.

Since 1996, APN has been actively investing in, developing and managing real estate and real estate securities on behalf of institutional and retail investors.

APN's focus is on delivering superior investment performance and outstanding service. Performance is underpinned by a highly disciplined investment approach and a deep understanding of commercial real estate.

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