



**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

**Responsible Entity**  
**APN Funds Management Limited**  
ABN 60 080 674 479 AFSL No 237500

Level 30, 101 Collins Street  
Melbourne Victoria 3000 Australia

**T** +61 (0) 3 8656 1000  
**F** +61 (0) 3 8656 1010

**W** [industriareit.com.au](http://industriareit.com.au)  
**E** [investor@industriareit.com.au](mailto:investor@industriareit.com.au)

ASX ANNOUNCEMENT (ASX code: IDR)

18 June 2015

The Manager  
Company Announcements Office  
ASX Limited  
Level 4, Exchange Centre  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

## **Distribution for period ending 30 June 2015, Market Update and FY16 Guidance**

### **Distribution – 30 June 2015**

APN Funds Management Limited, the responsible entity of Industria REIT (IDR) today announced the distribution for the period to 30 June 2015 is 7.84 cents per Security.

With the distribution for the six month period to 31 December 2014 IDR's distributions for the full 2015 financial year are 16.20 cents per Security, within the guidance range provided in February 2015.

Accrual Period	1 January 2015 to 30 June 2015
Distribution amount	7.84 cents per Security
Ex-distribution date	26 June 2015
Record date	30 June 2015
Payment date	28 August 2015

The conduit foreign income component of this distribution is Nil.

### **Market update**

Transactional activity remains strong across most commercial property markets in which Industria operates, with a relatively large number of buyers currently seeking to deploy significant amounts of capital, financed with attractive debt terms.

Industria REIT's industrial assets in Victoria and South Australia have continued to perform strongly, with minimal vacancy and a long average lease term of 5.8 years.

However, the current low growth economic environment in Australia continues to present a number of challenging leasing markets across Australia. Reflecting the relatively weak economic environment, over the past two years short term interest rates have fallen significantly and the Australian dollar has declined markedly versus the US dollar.

The issues Queensland has faced since the decline in the resources sector are well documented. In particular, Brisbane CBD and suburban leasing markets have suffered in terms of subdued tenant demand and consequential elevated incentives. While Queensland now has a government with more growth orientated policies, it is difficult to determine the extent or the timeframe over which these policy changes may improve the operating environment. However we regard these initiatives as positive changes for this market.

### **Leasing progress**

Good progress has been made with over 16,800 square metres of leasing transactions (new leases and renewals) executed this financial year to date.

In addition, there are a number of leasing negotiations underway at various stages across the portfolio totaling more than 6,500 square metres. As part of this, heads of agreement have been signed for new leases on over 5,300 square metres. Further announcements will be made as and when these transactions are completed.

Fund Manager, Mr. Laurence Parisi commented, "We have made some very good progress in a soft leasing market. We continue to work closely with our tenants and leasing agents to ensure that the optimal level of market exposure is achieved as well as capitalising on the competitive edge the Brisbane Technology Park assets provide."

### **Portfolio management**

Several asset recycling initiatives continue to be explored, with the objective of reducing the portfolio's exposure to the suburban office market in Brisbane and diversifying the portfolio sector mix by increasing the overall exposure to industrial assets. In part this will be dependent on leasing success. These initiatives, including any decision to buy or sell a particular property, will be pursued with the objective of maximising value for Industria REIT's investors.

### **Portfolio valuation**

A portion of Industria's portfolio is being revalued as at 30 June 2015 in accordance with IDR's valuation policy. Based on currently available information the value of the portfolio is not expected to change materially at 30 June 2015.

### **Distribution guidance for year ending 30 June 2016**

Distributions for the period ending 30 June 2016 are expected to be within a range of 15.00 – 15.80 cents per Security. Following feedback from investors we will move to Funds From Operations (FFO) for determining distributable profit for the FY16 year. This will allow investors and analysts to benchmark IDR's performance on a more widely used basis amongst AREITS. Distributions will be based on a payout ratio of between 95% and 100% of FFO. The payout ratio will be set with consideration to ongoing maintenance capital expenditure requirements as part of ongoing capital management.

In determining the distribution range, the Directors have given consideration to current operational conditions that remain relatively weak, particularly in Brisbane. At present there are no signs of improvement in either tenant demand or leasing terms in the Brisbane market and as such IDR is not forecasting this situation to change during FY16.

## Summary

Industria REIT remains underpinned by a quality, modern portfolio leased to quality tenants and remains financed with a conservative capital structure.

IDR's Gearing is expected to be approximately 33.5% at 30 June 2015, with a weighted average debt expiry of over 3.4 years. The portfolio is diversified across 17 high quality Eastern seaboard capital city properties which provide an occupancy level in excess of 93%. Industria REIT's weighted average lease expiry is expected to be approximately 5.0 years as at 30 June 2015.

Mr. Parisi commented, "The Industria team remain focused on capitalising on leasing and portfolio management opportunities. In particular, we are seeking to ensure we maximise the portfolio's weighted average lease expiry and cash distributions in the current economic environment."

### **For further information, please contact:**

Fund Manager  
Laurence Parisi  
lparisi@industriareit.com.au  
+61 3 8656 1000

---

### **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 interests in 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.

**apngroup.com.au**