

22 February 2016

## First Half 2016 Distribution per Security of 7.50 cents and increase in NTA to \$2.11 per Security

APN Funds Management Limited, the Responsible Entity of Industria REIT ('IDR' or the 'Fund') is pleased to announce the Fund's financial results for the half year ended 31 December 2015.

### Key highlights

- Delivered distribution of 7.50 cents for the period
- Net profit of \$19.9 million up 77% over prior corresponding period
- FFO per Security of 8.53 cents
- Successfully completed leasing transactions for over 22,300 sqm, increasing occupancy to 94.9%
- NTA per Security of \$2.11, up from \$2.02 at 30 June 2015
- Weighted average cap rate of 7.77%
- Maintained strong balance sheet with Gearing of 33.1%

### Financial Results

The net profit attributable to Securityholders for the six month period ending 31 December 2015 was \$19.9 million (31 December 2014 \$11.2 million), with the increase from the previous corresponding period primarily driven by fair value gains on investment properties.

After adjusting the net profit attributable to Securityholders for fair value movements, straight lining of rent, amortisation of leasing incentives, rent free periods and other non-cash items the distributable earnings from Funds From Operations (FFO) for the six months to 31 December 2015 was \$10.5 million.

### Valuations and Net Tangible Assets

The portfolio asset values increased by \$18.2 million or 4.6% to \$418.1 million over the six month period. Independent external valuations were carried out on 60% of the portfolio by value at 31 December 2015, resulting in a valuation uplift of 8.1% on these assets, primarily due to yield compression driven by investor demand.

Net tangible assets total \$259.6 million, equating to \$2.11 per Security as at 31 December 2015 (30 June 2015 \$2.02).

The portfolio weighted average capitalisation rate firmed to 7.77% at 31 December 2015 from 8.13% at 30 June 2015.

### Portfolio Performance

Throughout the six month period over 22,300 sqm was successfully renewed or leased, in what continues to be a subdued leasing environment. Occupancy increased to 94.5% as at 31 December 2015 and 94.9% post balance date (30 June 2015: 92%) whilst the portfolio WALE increased to 5.3 years (30 June 2015: 4.8 years). The forward lease expiry profile has been significantly improved with Hollier Dicksons signing a seven year lease at 80-96 South Park Drive, South Park.

## Leasing

### Key leasing transactions

- 10,241 sqm industrial tenancy to Hollier Dicksons at 80-90 South Park Drive, South Park
- 3,720 sqm office tenancy to Frasers Property Australia at Rhodes Building C
- 2,094 sqm short term office tenancy to Johnson and Johnson at 9 McKechnie Drive, Brisbane Technology Park
- 1,641 sqm office tenancy to BTP Services at 7 Clunies Ross Court, Brisbane Technology Park
- 1,525 sqm office tenancy to Toshiba at 7 Clunies Ross Court, Brisbane Technology Park
- 859 sqm office tenancy to Zimmer at 85 Brandl Street, Brisbane Technology Park
- 685 sqm office tenancy to Saleslink at 88 Brandl Street, Brisbane Technology Park
- 520 sqm short term office tenancy to BTPIQ at 18 Brandl Street, Brisbane Technology Park
- 481 sqm short term office tenancy to U&D Mining at 37 Brandl Street, Brisbane Technology Park
- 359 sqm short term office tenancy to MeT at 26 High Tech Court, Brisbane Technology Park
- 220 sqm office tenancy to Dredging International at 8 Clunies Ross Court, Brisbane Technology Park

### Leasing transactions completed post 31 December 2015

- 1,933 sqm office tenancy to Fujitsu at 7 Brandl Street, Brisbane Technology Park
- 493 sqm office tenancy to Auscript at 7 Clunies Ross Court, Brisbane Technology Park

## Capital Management

Industria REIT's gearing was 33.1% as at 31 December 2015 (June 2015: 33.4%), well within the target gearing range of 30% to 40%. Interest rate hedging of 71% of Industria's total current debt balance is consistent with the stated policy.

In December 2015 Industria REIT's underlying debt facilities were increased to \$165m with \$140.5m of debt drawn as at 31 December 2015. In addition, the maturity dates of the debt facilities were extended by 12 months such that new maturity dates are 5 December 2018 (3 year term facility) and 5 December 2020 (5 year term facility).

## Objectives

IDR's objective is to provide investors with access to a well leased workspace focussed commercial property portfolio and relatively high cash income distribution yield. IDR is focussed on active management and its leasing program to maximise the portfolio's WALE, occupancy and income level.

IDR intends to continue to pursue opportunities to recycle capital through optimising its property portfolio, having regard to occupancy levels and enhancing portfolio value over the short and longer term.

## FY16 Outlook and Guidance

Industria REIT's portfolio is 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.

IDR reaffirms distribution guidance within a range of 15.2 to 15.6 cents per Security for the full year FY16.

The low end of the guidance range assumes:

- no further leasing activity other than the transactions already announced;
- current market conditions continue; and
- no unforeseen events occur, including tenant defaults.

**ENDS**

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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](http://industriareit.com.au)

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**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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