



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 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

ASX ANNOUNCEMENT (ASX code: IDR)

20 October 2016

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

Dear Sir/Madam

Industria REIT Market update: Constitution amendments (ASX Code: IDR)

The accompanying notice which will contemporaneously be placed on the IDR website relates to proposed procedural amendments to the constitutions of the trust entities comprising the IDR stapled group. As the notice describes, these amendments enable the IDR trusts to opt-in and apply the new Attribution Managed Investment Trust (or 'AMIT') regime. The proposed amendments are being made by the Responsible Entity in compliance with ASIC Corporations (Attribution Managed Investment Trusts) Instrument 2016/489. *No other changes are proposed to be made to any of the IDR constitutions.*

Please contact John Freemantle on 8656 1000 with any queries.

A handwritten signature in black ink, appearing to be "John Freemantle", written in a cursive style.

John Freemantle
Company Secretary

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.

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IMPORTANT NOTICE PURSUANT TO SECTION 601GCA OF THE CORPORATIONS ACT

IMPLEMENTATION OF NEW TAX SYSTEM FOR MANAGED INVESTMENT TRUSTS FOR SECURITYHOLDERS IN INDUSTRIA REIT

A new tax regime applying to Managed Investment Schemes was enacted on 5 May 2016 under the *Tax Laws Amendment (New Tax System for Managed Investment Trusts) Act 2016*.

APN Funds Management Limited (ACN 080 674 479) as the responsible entity (**Responsible Entity**) for each of the trusts in the Industria stapled group (each, a **Fund**) proposes to amend the Fund's constitution to allow the Fund to opt-in and apply the new taxation regime.

The new tax regime introduces the concept of an 'Attribution Managed Investment Trust' (**AMIT**). The Responsible Entity believes the new AMIT regime will produce more equitable and fair tax outcomes for the Fund's securityholders for the following reasons:

- Under the AMIT regime, the Responsible Entity will have the ability to attribute the Fund's taxable income to securityholders on a 'fair and reasonable' basis having regard to the securityholder's rights under the constitution including, specifically, their rights to the income of one particular class of units to the exclusion of others. So, under this approach, the Fund can attribute the net taxable income that is relevant and applicable to each different class of units to the unit holder who holds an interest in that class of units. This means that the taxable income relevant to a class is attributed to the unitholders in that particular class, without being impacted by any other classes. In the Fund's case, such an election would mean that:
 - income from a particular class in which a securityholder has an interest, that relates to a specific underlying property, can be attributed to the securityholder who has an interest in the particular class; and
 - losses from a particular class in which a securityholder has an interest, which relates to a specific underlying property, can be quarantined in that class and applied against future income derived in the particular class (as opposed to being applied against the Fund's income on a whole of fund basis, which may lead to the tax effect of those losses benefiting securityholders with interests in other classes).
- The Responsible Entity believes that this should result in a fairer tax outcome for all the securityholders, and gives a better reflection of the economic performance of each underlying property investment and the relative risk taken on by each individual securityholder.
- The AMIT regime provides confirmation in legislation of the approach which the Responsible Entity can adopt to deal with under-or-over distributions of income from an earlier income year. Presently, this is based on an administrative practice of the Australian Taxation Office which is not likely to continue. This change will provide additional certainty to the Responsible Entity and to securityholders.

The Responsible Entity intends to make amendments to the Fund's constitution to facilitate the Fund's entry into the AMIT regime unless it receives requests to call and arrange to hold a meeting of the Fund's

securityholders to consider and vote on a special resolution to modify the constitution from members with at least 5% of the votes that may be cast on the resolution by 5:00pm (Melbourne time) on 27 October 2016.

The request to call a meeting must be made in writing and may be sent to the following email address apnpg@apngroup.com.au

If 5% or more of the total number of securityholders request a meeting within 7 days of the date of this notice, a securityholders' meeting will be held to pass a resolution to approve the amendments.

If no meeting is requested as per the above paragraph by 5:00pm (Melbourne time) on 27 October 2016, the Responsible Entity is permitted to make amendments to the constitution without the need for securityholders approval.

ENDS

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