APPENDIX 4D

Industria Trust No. 1 (ARSN 125 862 875)
Half-Year Report
Half-year ended 31 December 2015

Results for announcement to the market

	Industria Trust No. 1 and its controlled entities	
	$'000	
Revenues from ordinary activities	down 1.8% to 19,331	
Profit from ordinary activities after tax attributable to members	up 77.4% to 19,873	
Net profit for the period attributable to members	Up 77.4% to 19,873	
Funds from operations (FFO)[1]	down 1.4% to 10,490	
Net tangible assets per Security	**31 Dec 2015** $2.11	**30 June 2015** $2.02

[1] Funds from Operations (FFO) for the financial half-year has been calculated as follows:

	Industria Trust No. 1 and its controlled entities	
	1H2016 $'000	**1H2015 $'000**
Net profit attributable to Securityholders	19,873	11,201
Adjusted for:		
- Straight line lease revenue recognition	(395)	(659)
- Net (gain)/loss on change in fair value of:		
Investment properties	(9,483)	(2,803)
Derivatives	74	1,799
- Deferred tax provision	(672)	442
- Amortised borrowing costs	140	172
- Amortised leasing costs and rent free adjustments	953	484
Funds from Operations	**10,490**	**10,636**

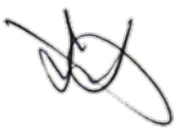
Distributions	**Amount per Security (cents)**	**$'000**
Interim – 31 December 2015	7.50	9,226
Previous corresponding period	8.36	10,450
Record date for determining entitlements to the distribution	31 December 2015	
Details of any distribution reinvestment plan in operation	N/a	
Last date for receipt of an election notice for participation in any distribution reinvestment plan	N/a	

Note: Franked amount per unit is not applicable

Other information	**1H2016**	**1H2015**
Distribution declared $'000	9,226	10,450
DPS	7.50 cents per security	8.36 cents per security
FFO payout ratio	88.0%	98.3%

For further details, please refer to the following documents:

- Half-year Results Announcement (attached)
- Directors' Report and Financial Statements (attached)
- Investor presentation (separate ASX release)



John Freemantle
Company Secretary

22 February 2016

'Industria REIT' being

Industria Trust No. 1 and its Controlled Entities

ARSN 125 862 875

Financial Report for the Half-Year

Ended 31 December 2015

Contents

Directors' Report

The Directors of APN Funds Management Limited ('APN FM'), the Responsible Entity of Industria Trust No. 1 ('Trust'), present their report on the consolidated entity ('Group'), being Industria Trust No. 1 and its controlled entities, for the half-year ended 31 December 2015.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Information about the Directors

The following persons were Directors of the Responsible Entity during the period and up to the date of this report:

Directors of APN Funds Management Limited

Geoff Brunsdon
Howard Brenchley
Jennifer Horrigan
Michael Johnstone
Michael Groth (Alternate Director)

Review of operations

The results of the operations of the Group are disclosed in the condensed consolidated statement of profit or loss and other comprehensive income of these financial statements. The Group's total comprehensive income was $19,873,000 for the half-year ended 31 December 2015 (31 December 2014: $11,201,000).

Industria REIT's results for the half-year ended 31 December 2015 are summarised below:

	1H16 $'000	**1H15 $'000**
Net rental income	14,138	14,921
Other income	41	-
Operating expenses	(1,432)	(1,530)
Net profit before interest, tax and other items	**12,747**	**13,391**
Net gain in fair value adjustments on investment properties	9,483	2,803
Gain on sale of investment property	-	565
Fair value loss on derivatives	(74)	(1,799)
Net interest expense	(2,955)	(3,317)
Net profit before tax	**19,201**	**11,643**
Income tax – deferred	672	(442)
Comprehensive income	**19,873**	**11,201**

Directors' Report (continued)

Review of operations (Continued)

The Responsible Entity uses the Group's 'Funds From Operations' (FFO) as an additional performance indicator. FFO does not take into account certain items recognised in the consolidated statement of profit or loss and other comprehensive income including unrealised gains or losses on the revaluation of the Group's investment properties and derivatives.

Distributable FFO for the half year ended 31 December 2015 have been calculated as follows:

	1H16 $'000	1H15 $'000
Comprehensive income	19,873	11,201
Adjusted for:		
Add back amortised borrowing costs	140	172
Add back amortised leasing costs and rent free adjustments	953	484
Reverse straight lining of rent	(395)	(659)
Add back fair value loss on derivatives	74	1,799
Reverse fair value gain on investment properties	(9,483)	(2,803)
(Deduct) / Add back deferred tax (credit) / charge	(672)	442
FFO Distributable Earnings	10,490	10,636
Distribution	9,226	10,450
Securities on issue (millions)	123.0	125.0
Payout ratio (Distribution / FFO Distributable Earnings)	88.0%	98.3%
Distribution per security (cents per security)	7.50	8.36
FFO Distributable Earnings (cents per security)	8.53	8.51
Statutory earnings per security (cents per security)	16.13	8.96

The comprehensive income for the six month period ending 31 December 2015 was $19.9m, compared to $11.2m in the previous corresponding period, with the increase driven by fair value gains on investment properties.

FFO distributable earnings rose marginally from 8.51 cents per security in 1H15 to 8.53 cents per security in 1H16.

Directors' Report (continued)

Net tangible assets and asset valuations

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.

The balance of the portfolio was reviewed internally by the Directors at 31 December 2015. The internal valuations have been adopted using Argus modelling software incorporating the same market rent, incentives and CPI assumptions used by external valuers. There have been no material changes to the leasing profiles of the assets internally valued at 31 December 2015 compared to the positions and leasing assumptions made as at 30 June 2015, therefore the internal valuations for the balance of the portfolio have been maintained at the 30 June 2015 levels.

Net tangible assets ("NTA") total $259.6 million, equating to $2.11 per security as at 31 December 2015.

Leasing

Throughout the six month period over 22,300 sqm was successfully leased in what continues to be a subdued leasing environment:

<u>Key leasing transactions</u>

- 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

The portfolio WALE by area at 31 December 2015 was 5.3 years and occupancy stood at 94.5%.

Development

There were no development projects under construction during the reporting period. Industria REIT will not take on material development risk.

Acquisitions

There were no acquisitions during the reporting period.

Directors' Report (continued)

Market Update and Outlook

General economic conditions remain soft across Australia with some concerns regarding the short and medium term outlook. Underlying growth remains positive although household and business sectors remain cautious, and whilst the economy has some bright spots such as housing and infrastructure this is counterbalanced by low levels of investment in sectors such as mining and energy.

Brisbane Suburban Office Market

As with the wider commercial office market, the Brisbane suburban office leasing market remains subdued, although vacancy rates decreased to 12.8% across the Brisbane Fringe.

Average prime and secondary gross effective rents both fell marginally in 2015, largely due to increased incentives. Rents are expected to remain under pressure, with incentives at 28% - 35%. Demand is expected to remain in line with recent years with larger tenants being offered strong deals to upgrade to Fringe or CBD market.

Prime investment yields have tightened at the upper end by 25 basis points to 7.5%. The pursuit of Brisbane Fringe assets from both offshore and local investors is expected to continue, and with a lack of available product in core CBD precincts, investors are willing to move up the risk curve and invest in fringe assets despite the challenging leasing market.

Supply is expected to be higher during 2016 due to current construction underway. Larger projects remain subject to pre-commitment to commence with only smaller buildings expected to be constructed speculatively.

Sydney Suburban Office Market

Following a period of subdued tenant demand, leasing conditions in North Sydney are showing modest signs of recovery with positive net absorption in 2015.

With the CBD rental cycle entering the early stages of an upturn on the back of improving demand, it is expected the quantum of suburban tenants moving inwards will start to reduce in 2016. However, leasing conditions in the secondary market have been more challenging.

Current development activity remains relatively weak with the market expected to see a 12-18 month absence of supply.

The significant depth of capital seeking property investment opportunities resulted in a material uplift in commercial office sales volumes over the past year, in excess of $1.46 billion.

Melbourne Industrial Market

Melbourne's industrial vacancy has been growing since October 2012. Backfill space due to tenants relocating to newly constructed accommodation, purpose built (D&C's) and speculatively developed facilities, continues to drive up Melbourne's industrial vacancy.

Total vacancy is now at its highest level since January 2010. Although over the last quarter of 2015 the rate of growth in vacancy continued to ease, this may reflect that the peak for total vacancy may be in the foreseeable future.

The impetus for rental growth remains subdued with rents either remaining relatively stable or increasing only marginally over the last six months.

Robust competition amongst developers and other landlords, especially through higher incentives, has slowed the momentum in rental growth despite a gradual recovery in demand. Lower cap rates, which promote development, may also see rental growth remain lower than would otherwise have been the case.

Investment demand is expected to remain robust given continued low interest rates. This could translate into continued yield compression for prime and (better quality) secondary assets yields with investment yields potentially tightening by 25-50 basis points across Melbourne's various sub regions over the next year.

Directors' Report (continued)

On Market Securities Buy-Back

On 27 March 2015, Industria REIT announced the approval of an on market buy-back of up to 6,250,000 stapled securities equating to approximately 5% of the total number of securities in issue. The buy-back was approved to take place during the 12 month period from 13 May 2015 to 12 May 2016. The buy-back commenced on 19 June 2015.

During the period from 1 July 2015 to 31 December 2015, Industria REIT acquired 469,208 securities at an average price of $1.8613 per security.

Auditor's Independence Declaration

A copy of the external auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 8.

Matters subsequent to the end of the financial period

On 5 February 2016, the Group disposed of 29 Brandl St, QLD for a purchase consideration of $1,168,000.

No other matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Rounding off of amounts

The Trust is an entity of the kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission relating to the rounding of amounts in the financial report and Directors' report. In accordance with that Class Order, amounts in the Directors' report and half-year financial report have been rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

Geoff Brunsdon
Director

Dated at Melbourne, 22 February 2016

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

The Board of Directors
APN Funds Management Limited
Level 30, 101 Collins Street
Melbourne, VIC 3000

22 February 2016

Dear Board Members

INDEPENDENCE DECLARATION – INDUSTRIA REIT

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of APN Funds Management Limited, the Responsible Entity, regarding the half year financial report for Industria REIT.

As lead audit partner for the review of the financial statements of Industria REIT for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

Peter A Caldwell
Partner
Chartered Accountants

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2015

	Notes	Half-year ended 31 Dec 2015 $'000	Half-year ended 31 Dec 2014 $'000
Revenue			
Rental income		19,331	19,694
Total revenue from continuing operations		**19,331**	**19,694**
Other income			
Gain on sale of investment property		-	565
Interest income		17	27
Net gain in fair value adjustments on investment properties	3	9,483	2,803
Other income		41	-
		9,541	**3,395**
Total income		**28,872**	**23,089**
Expenses			
Property costs		(5,193)	(4,773)
Trust management fees	7	(1,153)	(1,163)
Interest expense		(2,972)	(3,344)
Fair value loss on derivatives		(74)	(1,799)
Trust costs			
Recurring trust costs		(279)	(367)
Total expenses		**(9,671)**	**(11,446)**
Net profit before tax		**19,201**	11,643
Income tax expense – current		**-**	-
Income tax credit / (expense) – deferred		672	(442)
Net profit after tax		**19,873**	**11,201**
Attributable to:			
Equity holders of Industria Trust No. 1		15,368	7,280
Equity holders of non-controlling interests		4,505	3,921
		19,873	11,201
Other comprehensive income		-	-
Total comprehensive income for the financial period		**19,873**	**11,201**
Total comprehensive income is attributable to:			
Equity holders of Industria Trust No. 1		15,368	7,280
Equity holders of non-controlling interests		4,505	3,921
		19,873	**11,201**
Earnings per security			
Basic and diluted (cents per security)	8	**16.13**	**8.96**

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Condensed consolidated statement of financial position
As at 31 December 2015

	Notes	31 Dec 2015 $'000	30 June 2015 $'000
Current assets			
Cash and cash equivalents		2,134	1,873
Trade and other receivables		3,578	3,992
Other assets		675	519
Total current assets		**6,387**	**6,384**
Non-current assets			
Investment properties	3	418,081	399,883
Other assets		465	89
Total non-current assets		**418,546**	**399,972**
Total assets		**424,933**	**406,356**
Current liabilities			
Payables		(11,393)	(6,215)
Provisions		-	(385)
Derivative financial instruments	6	(1,134)	(1,216)
Distributions payable	2	(9,226)	(9,681)
Total current liabilities		**(21,753)**	**(17,497)**
Non-current liabilities			
Payables		(383)	(180)
Derivative financial instruments	6	(2,025)	(1,869)
Borrowings	4	(139,530)	(134,669)
Deferred tax liability		(1,631)	(2,303)
Total non-current liabilities		**(143,569)**	**(139,021)**
Total liabilities		**(165,322)**	**(156,518)**
Net assets		**259,611**	**249,838**
Equity			
Equity holders of Industria Trust No. 1:			
Contributed equity	5	165,096	165,674
Accumulated profit / (losses)		7,984	(384)
		173,080	165,290
Equity holders of non-controlling interests		86,531	84,548
Total equity		**259,611**	**249,838**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2015

	Contributed equity $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2014	**167,659**	**(2,785)**	**164,874**	**85,250**	**250,124**
Net profit for the period	-	7,280	7,280	3,921	11,201
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	7,280	7,280	3,921	11,201
Transactions with securityholders in their capacity as owners					
Distributions paid or provided (note 2)	-	(6,000)	(6,000)	(4,450)	(10,450)
Balance at 31 December 2014	**167,659**	**(1,505)**	**166,154**	**84,721**	**250,875**
Balance as at 1 July 2015	**165,674**	**(384)**	**165,290**	**84,548**	**249,838**
Net profit for the period	-	15,368	15,368	4,505	19,873
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	15,368	15,368	4,505	19,873
Transactions with securityholders in their capacity as owners					
Buy-back of contributed equity (note 5)	(578)	-	(578)	(296)	(874)
Distributions paid or provided (note 2)	-	(7,000)	(7,000)	(2,226)	(9,226)
Balance at 31 December 2015	**165,096**	**7,984**	**173,080**	**86,531**	**259,611**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed consolidated statement of cash flows

For the half-year ended 31 December 2015

	Notes	Half-year ended 31 Dec 2015 $'000	Half-year ended 31 Dec 2014 $'000
Cash flows from operating activities			
Receipts from customers		18,801	18,648
Payments to suppliers		(6,301)	(9,483)
Interest received		17	27
Other cash receipts		41	-
Finance costs paid		(3,139)	(4,074)
Net cash inflow from operating activities		**9,419**	**5,118**
Cash flows from investing activities			
Payments for investment properties		(3,553)	(1,263)
Proceeds from sale of investment property		-	10,250
Net cash (outflow) / inflow from investing activities		**(3,553)**	**8,987**
Cash flows from financing activities			
Net proceeds from / (repayment) of borrowings	4	4,950	(3,205)
Payment for buy-back of equity	5	(874)	-
Distributions paid		(9,681)	(11,925)
Net cash outflow from financing activities		**(5,605)**	**(15,130)**
Net increase / (decrease) in cash and cash equivalents		**261**	(1,025)
Cash and cash equivalents at the beginning of the period		**1,873**	2,570
Cash and cash equivalents at the end of the period		**2,134**	**1,545**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Consolidated Financial Statements

1. Summary of significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of investment properties and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Trust is an entity of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2015 annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Amendments to AASBs and the new Interpretation that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the Group's disclosures or the amounts recognized in its half-year financial statements.

Notes to the Condensed Consolidated Financial Statements (continued)

1. Summary of significant accounting policies (continued)

At the date of authorisation of the financial statements, the Standards and interpretations listed below were in issue but not yet effective. Initial application of the following Standards is not expected to have any material impact on the financial report of the Group:

Standard	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
▪ AASB 9 'Financial Instruments'	1 January 2018	31 December 2018
• AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2018	31 December 2018
▪ AASB 2014-1 'Amendments to Australian Accounting Standards [Part E – Financial Instruments]'	1 January 2018	31 December 2018
▪ AASB 2014-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)'	1 January 2018	31 December 2018
▪ AASB 15 'Revenue from Contracts with Customers'	1 January 2018	31 December 2018
▪ AASB 2014-3 'Amendments to Australian Accounting Standards - Accounting for Acquisition of Interests in Joint Operations	1 January 2016	31 December 2016
▪ AASB 2014-4 'Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
▪ AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15'	1 January 2018	31 December 2018
▪ AASB 2015-1 'Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
▪ AASB 2015-2 'Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101'	1 January 2016	31 December 2016
▪ AASB 2015-5 'Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception'	1 January 2016	31 December 2016

Notes to the Condensed Consolidated Financial Statements (continued)

2. Distributions

Distributions recognised in the financial period by the Group are detailed below.

Distributions 31 Dec 2015 **Half-year ended:**	**Cents per security**	**Total amounts $'000**
December 2015	7.50	9,226
Total	**7.50**	**9,226**

Distributions 31 Dec 2014 **Half-year ended:**	**Cents per security**	**Total amounts $'000**
December 2014	8.36	10,450
Total	**8.36**	**10,450**

3. Investment properties

Investment properties represent the industrial, technology and business park properties held by the group for rental income.

	31 Dec 2015 $'000	**30 June 2015 $'000**
Industrial and office properties (b)	414,400	396,400
Land held for future development (c)	3,681	3,483
Total	**418,081**	**399,883**

(a) Reconciliation of carrying amount

The following is a reconciliation of the carrying amounts of investment properties at the beginning and end of the financial period:

	31 Dec 2015 $'000	**31 Dec 2014 $'000**
Carrying amount at beginning of the period	399,883	403,971
Additions at cost: industrial and office properties	899	1,263
Disposal of investment property	-	(9,200)
Movement in deferred lease incentives	7,738	(402)
Net gain from fair value adjustments [1]	9,483	2,803
Interest capitalised	78	-
Carrying amount at end of the period	**418,081**	398,435

[1] The net gain from fair value adjustments is wholly unrealised and has been recognised as "net gain in fair value adjustments on investment properties" in the condensed consolidated statement of profit or loss and other comprehensive income.

Notes to the Condensed Consolidated Financial Statements (continued)

3. Investment properties (continued)

(b) Industrial and office properties

	Ownership interest	Fair value 31 Dec 2015 $'000	Fair value 30 June 2015 $'000	Latest independent valuation date	Valuer
34 Australis Drive, VIC	100%	24,000	21,650	31 Dec 2015	Urbis
80-96 South Park Drive, VIC	100%	20,000	18,650	31 Dec 2015	Urbis
89 West Park Drive, VIC	100%	17,400	15,750	31 Dec 2015	Urbis
32-40 Garden Street, VIC	100%	14,800	14,800	31 Dec 2015	Urbis
5 Butler Blvd, SA	100%	12,800	12,800	30 Jun 2015	Savills
140 Sharps Road, VIC	100%	13,500	13,100	31 Dec 2015	Urbis
7 Clunies Ross and 17-19 McKechnie Drive, QLD	100%	37,200	37,200	30 Jun 2015	LMW
6 Electronics Street, QLD	100%	7,400	7,400	31 Dec 2014	LMW
12 Electronics Street, QLD	100%	11,600	11,600	31 Dec 2014	LMW
24-26 Hi-tech Court, QLD	100%	2,450	2,450	31 Dec 2014	LMW
8 Clunies Ross and 9 McKechnie Drive, QLD	100%	23,500	23,500	30 Jun 2015	LMW
7 Brandl St, QLD	100%	22,200	22,200	30 Jun 2015	LMW
37 Brandl St, QLD	100%	13,650	13,650	30 Jun 2015	LMW
18 Brandl St, QLD	100%	11,800	11,800	30 Jun 2015	LMW
88 Brandl St, QLD	100%	14,000	14,000	31 Mar 2014	Colliers
85 Brandl St, QLD	100%	5,100	5,000	31 Dec 2015	LMW
Building A, 1 Homebush Bay Drive, NSW	100%	90,000	81,000	31 Dec 2015	Knight Frank
Building C, 1 Homebush Bay Drive, NSW	100%	54,750	51,600	31 Dec 2015	Knight Frank
51A McKechnie Drive, QLD	100%	16,200	16,200	31 Dec 2014	LMW
BTP Central Car Park, QLD	100%	2,050	2,050	31 Dec 2014	LMW
Total consolidated entity		**414,400**	**396,400**		

Note: the fair values of assets which have not been independently valued at 31 December 2015 have been determined based on Directors' valuations.

(c) Land held for future development

	Ownership interest	Fair value 31 Dec 2015 $'000	Fair value 30 June 2015 $'000	Latest independent valuation date	Valuer
Brandl Street Land (Lot 3)	100%	1,163	1,021	30 Sept 2013	Colliers
45 and 45B McKechnie Drive, QLD	100%	2,518	2,462	31 Dec 2014	LMW
Total		**3,681**	**3,483**		

Note: The fair values of assets which have not been independently valued at 31 December 2015 have been determined based on Directors' valuations.

Notes to the Condensed Consolidated Financial Statements (continued)

4. Borrowings

	31 Dec 2015 $'000	30 June 2015 $'000
Non-current		
Bank loans – secured	139,530	134,669
	139,530	**134,669**
Financing arrangements		
The Group has access to the following lines of credit:		
Loan facility limit	165,000	155,000
Facilities drawn at balance date	140,510	135,560
Facilities not drawn at balance date	**24,490**	**19,440**

At 31 December 2015 the Group had available liquidity of $24,490,000 (30 June 2015: $19,440,000).

Summary of borrowing arrangements

The Group has a revolving credit facility with an external finance company with remaining maturity periods not exceeding 5 years. The weighted average effective interest rate on the loans is 3.59% (2014: 3.72%). During the financial half-year ended 31 December 2015 the Group extended the debt facilities by 12 months such that the new maturity dates are 5 December 2018 and 5 December 2020. The facility limit was increased from $155m to $165m.

The Group has a number of interest rate swap contracts exchanging variable rate interest for fixed rate interest. The movement in the fair value of the interest rate swaps has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income in the current period as hedge accounting has not been applied.

During the current period, the group drew down a further $4,950,000 (2014: repayment of $3,205,000).

The debt facility imposes certain financial covenants with respect to the secured investment properties. These covenants include maintenance of the following financial ratios at the reporting date:

- The loan to valuation ratio will not exceed 55% at all times
- The gearing ratio will not exceed 55%
- The ratio of net rental income to interest costs under the facility will not fall below 2.0 times
- The portfolio weighted average lease length to expiry will be greater than 2.5 years.

Included in the carrying value of borrowings are capitalised borrowing costs of $980,000 (30 June 2015: $891,000).

Notes to the Condensed Consolidated Financial Statements (continued)

5. Contributed equity

Issued capital as at 31 December 2015 amounted to $220,819,000 (123,019,191 securities). During the current financial period, the Trust undertook a share buy-back programme and bought back 469,208 securities from the market for $874,000 as part of the entity's capital management initiative.

Reconciliation of securities in issue – 2015	**Securities issued/bought back**	**Cumulative securities**	**31 Dec 2015 $'000**
Securities at the beginning of the reporting period		123,488,399	
Buy-back of contributed equity	(469,208)	123,019,191	(874)
Securities at the end of the reporting period		**123,019,191**	

Reconciliation of securities in issue – 2014	**Securities issued/bought back**	**Cumulative securities**	**31 Dec 2014 $'000**
Securities at the beginning and end of the reporting period		**125,000,001**	

6. Financial instruments

The Group uses the following fair value measurement hierarchy:

Level 1: fair value is calculated using quoted prices in active markets;
Level 2: fair value is calculated using inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: fair value is calculated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date, without any deduction for transaction costs.

The amount payable to a lessee was calculated by reference to the contractual obligation.

Financial instruments that trade in markets that are not considered active but values are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. The fair values of the interest rate swap derivatives held by the Fund have been determined using dealer quotations.

The following tables present the Group's financial instruments that were measured and recognised at fair value at each reporting date:

	Fair value measurement as at 31 December 2015			
Consolidated	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities at FVTPL				
Interest rate swaps	-	(3,159)	-	(3,159)
Total	**-**	**(3,159)**	**-**	**(3,159)**

	Fair value measurement as at 30 June 2015			
Consolidated	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial liabilities at FVTPL				
Interest rate swaps	-	(3,085)	-	(3,085)
Total	**-**	**(3,085)**	**-**	**(3,085)**

Notes to the Condensed Consolidated Financial Statements (continued)

6. Financial instruments (continued)

There were no transfers between levels during the half-years.

The interest rate swaps have been valued using the discounted cash flow approach. Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

Fair values of financial assets and liabilities not measured at fair value (e.g. receivables and payables at amortised cost) approximate carrying value.

7. Related parties

(a) Key Management Personnel

Directors

The Group does not employ personnel in its own right. However, it is required to have a Responsible Entity to manage the activities of the Trust and its controlled entities. As the Group does not employ personnel in its own right, there are no staff costs included in the condensed consolidated statement of profit or loss and other comprehensive income.

No fees have been paid to the Directors of APN Funds Management Limited in their capacity as Directors of the Responsible Entity of the Group.

(b) The Responsible Entity

The Responsible Entity of Industria Trust No. 1 is APN Funds Management Limited (‘APN FM’).

APN FM is entitled to a Base Management Fee of 0.55% per annum of the gross asset value of the Group (reducing to 0.50% p.a. of gross asset value in excess of $750m and 0.45% p.a. of gross asset value in excess of $1,500m). During the half-year $1,153,000 (2014: $1,163,000) has been incurred in management fees payable to APN FM.

At the reporting date, $589,000 (2014: $552,000) remains payable to the Responsible entity relating to the above management fees.

8. Earnings per security

	31 Dec 2015	31 Dec 2014
Profit attributable to securityholders ($’000)	19,873	11,201
Weighted average number of securities outstanding (thousands)	123,182	125,000
Basic and diluted earnings per security (cents)	**16.13**	**8.96**

9. Contingent liabilities and contingent assets

APN FM provides property management and leasing services to the Group. These services can be carried out by APN FM or sub-contracted to one or more third parties. In the event that APN FM provides property management or leasing services without engaging third parties, APN FM is entitled to charge a fee of up to 3% of annual gross income plus a leasing fee at current market rates.

As at 31 December 2015 APN FM has provided leasing services in relation to several executed leases, consequently APN FM is entitled to charge leasing fees of $517,000 (2014: Nil) based on current market rates. While APN FM is Responsible Entity of the Group, these fees will not be charged. However, this does not preclude APN FM charging the Group leasing fees in the future.

The Group has no contingent assets as at 31 December 2015 (2014: Nil).

Notes to the Condensed Consolidated Financial Statements (Continued)

10. Commitments

The Group has no commitments as at 31 December 2015 (2014: Nil).

11. Events occurring after the reporting period

On 5 February 2016, the Group disposed of 29 Brandl St, QLD for a purchase consideration of $1,168,000.

There have been no other significant events or transactions that have arisen since 31 December 2015 which, in the opinion of the Directors, would affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group.

12. Segment information

The Group derives all income from investment in properties, which are located in Australia. The Group is deemed to have only one operating segment, and that is consistent with the reporting reviewed by the chief operating decision makers.

13. Additional information

APN Funds Management Limited, a public company incorporated and operating in Australia, is the Responsible Entity of Industria REIT.

Principal registered office
Level 30
101 Collins Street
MELBOURNE VIC 3000
Tel: (03) 8656 1000

Principal place of business
Level 30
101 Collins Street
MELBOURNE VIC 3000
Tel: (03) 8656 1000

Directors' Declaration

For the half-year ended 31 December 2015

The Directors of APN Funds Management Limited, the Responsible Entity of Industria Trust No. 1, declare that:

(a) In the Director's opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

(b) In the Director's opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the Directors of the Responsible Entity, APN Funds Management Limited.

Geoff Brunsdon
Director
Melbourne, 22 February 2016

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
PO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

Independent Auditor's Review Report to the Unitholders of Industria REIT

We have reviewed the accompanying half-year financial report of Industria REIT, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit and loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration for the consolidated entity comprising the trust and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 9 to 21.

Directors' Responsibility for the Half-Year Financial Report

The Directors of the trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Industria REIT's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Industria REIT, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Industria REIT, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Industria REIT is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

DELOITTE TOUCHE TOHMATSU

Peter A Caldwell
Partner
Chartered Accountants
Melbourne, 22 February 2016