

360 Capital Industrial Fund offer

Fife Capital Funds Limited (“**Fife Funds**”), the responsible entity of the Australian Industrial REIT (“**ANI**” or the “**Fund**”) notes the announcement and letter dispatched to ANI unitholders by 360 Capital Investment Management Limited (“**360 Capital**”) as responsible entity of 360 Capital Industrial Fund (“**TIX**”) on 21 July 2015 in regard to the unsolicited off-market takeover offer to acquire all ANI units (“**Offer**”).

In order to ensure that ANI unit holders are fully informed, Fife Funds provides the information below to address the matters raised by 360 Capital.

1. Status of Independent Expert Report

The Independent Board Committee (“**IBC**”) notes 360 Capital’s assertion that there has been a material change of circumstances that requires an updated Independent Expert’s Report (“**IER**”).

The IBC has complied with ASIC Policy concerning updated independent expert reports and liaised with the Independent Expert, KPMG Corporate Finance, in that regard.

The IBC, in consultation with its advisers, has considered the issues raised by 360 Capital, noting that there has been no change to the structure or terms of the Offer, and concluded that there has been no material change in circumstances that requires an updated IER.

2. Uncertainty of the Conditional Cash Payment

The Conditional Cash Payment of \$0.10 per ANI unit is payable only if TIX receives more than 50% acceptances or if a member of the 360 Capital Group is appointed as the responsible entity of ANI before the Offer closes.

The IBC notes 360 Capital’s claims that the IBC would not agree to remove the conditions of the Conditional Cash Payment. The IBC notes that these conditions were imposed by 360 Capital when it first made the Offer to ANI unitholders and such conditions are not within the control of the IBC. Furthermore, it was 360 Capital’s decision to declare the Offer “best and final” on 24 March 2015 with the conditions remaining in force. The IBC understands that removal or waiver of the conditions would breach the “truth in takeovers” obligations of 360 Capital, and ANI unitholders should be aware that 360 Capital has subsequently issued an announcement confirming that the conditions to the Conditional Cash Payment cannot be removed.

The IBC has and will continue to act in the best interests of all ANI unitholders. TIX has extended the Offer five times since the meeting of ANI unitholders held on 25 May 2015 which firmly rejected 360 Capital’s proposal to remove Fife Funds as the responsible entity of ANI and appoint 360 Capital ANI Management Limited as the new responsible entity of ANI. Despite repeated extensions of the Offer, there has been minimal change in TIX’s interest in ANI during these extension periods.

3. Leasing update

As announced today, ANI has entered into a new long term lease over part of the Fund’s property at 324-332 Frankston-Dandenong Road, Dandenong South, Melbourne, in line with the heads of agreement announced to the market on 28 May 2015.

The new lease with Complete Supply Co, a Melbourne-based supplier of fire protection equipment, is for an initial term of 10 years over 6,654 square metres. The commencing rent under the new lease is consistent with the heads of agreement and in line with market rates.

As announced on 23 April 2015, Fife Funds has also entered into a non-binding heads of agreement in relation to the Fund's property at 2 Keon Parade, Keon Park, Melbourne. As the proposed leasing arrangements involve expansion of the existing facility, the process to conclude negotiations and finalise documentation with the prospective tenant has extended over a longer timeframe. Fife Funds is progressing the finalisation of the proposed agreement for lease and lease and will provide a further update to unitholders in due course.

Mr Allan Fife, the Managing Director of Fife Funds, said: "The execution of the lease at the Dandenong South property demonstrates ANI's active approach to asset management and progress in addressing near-term lease expiries ahead of time to support stable distributions to unitholders."

The IBC continues to recommend that ANI unitholders REJECT the Offer.

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About the Australian Industrial REIT (ASX: ANI)

ANI is an Australian real estate investment trust that offers investors exposure to a quality portfolio of industrial properties. ANI owns 16 properties which are independently valued at approximately \$320.5 million located across Sydney, Melbourne and Perth. The Fund's earnings are underpinned by the portfolio's long average lease term, with leases to a range of quality tenants.