

360 Capital Industrial Fund



8 October 2015

Clarifying Statement

360 Capital Investment Management Limited (360 Capital) as responsible entity for the 360 Capital Industrial Fund (Bidder) refers to the off-market takeover bid (TIX Offer) which it has made for all the units in Australian Industrial REIT (ANI).

In a letter to ANI Unitholders dated 30 September 2015, TIX stated "ANI's June distribution was partially funded by debt reflecting cash flow issues".

The statement was made on the basis of ANI's practice of paying its distributions by drawing down on debt rather than using available cash flow. ANI explains this practice in its 2015 financial statements as follows:

"The consolidated Financial Statements are prepared on a going concern basis. The Directors note that the Fund is in a net current asset deficiency position primarily due to the provision for the June 2015 distribution. The Fund has minimal cash and cash equivalents as it is the policy of the Responsible Entity to use surplus cash to repay debt. The Fund has the ability to drawdown funds to pay the distribution on 28 August 2015, having available headroom in the Fund's debt facility of \$16.0 million."

The statement in the TIX letter needs to be considered in the context of the numerous previous statements made by TIX, including in the Fourth Supplementary Bidder's Statement, in relation to its opinion on the financial, earnings and distribution profile of ANI, which clearly shows that TIX believes that on an ongoing basis, ANI is earnings and distribution positive.

More information on the TIX Offer can be found on the ASX's website at www.asx.com.au using the Fund's ASX code "TIX", on the Fund's website www.360capital.com.au, or by calling the TIX Offer Information Line on 1800 247 697 (callers in Australia) or +61 2 8024 1189 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

Tony Pitt
Managing Director
360 Capital Group
+61 2 8405 8865

Ben James
Chief Investment Officer
360 Capital Group
+61 2 8405 8871

About 360 Capital Industrial Fund (ASX code TIX)

360 Capital Industrial Fund is an ASX-listed Fund focused on passive rent collecting from warehouse and logistics properties in Australia in the \$10.0 million plus range. The Fund has strong, defensive, income-focused investment fundamentals via a diversified \$544 million portfolio of 22 quality assets, a weighted average lease expiry of 5.3 years, occupancy of 99.7% and a forecast FY16 distribution of 21.5cpu. The Fund is externally managed by 360 Capital Group, a leading ASX-listed real estate investor and fund manager that operates under a transparent fee structure and is the largest unitholder in the Fund to ensure ongoing alignment of interests with Unitholders.

About 360 Capital Group (ASX code TGP)

360 Capital Group is an ASX-listed, property investment and funds management group concentrating on strategic investment and active investment management of property assets. The company actively invests in direct property assets, property securities and various corporate real estate acquisitions within Australian real estate markets on a private equity basis. 360 Capital Group's 18 full time staff have significant property, funds and investment management experience. 360 Capital Group manages nine investment vehicles holding assets valued at over \$1.2 billion on behalf of over 10,500 investors and has over \$193 million worth of co-investments across the 360 Capital Group.