



4 May 2015

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Australian Industrial REIT – Explanatory Statement in response to the Notice of Meeting

Please find attached the Explanatory Statement prepared by Fife Capital Funds Limited as responsible entity of Australian Industrial REIT in response to the Notice of Meeting issued by 360 Capital Investment Management Limited (ACN 133 363 185) that will be dispatched to Australian Industrial REIT (ASX: ANI) unitholders on 5 May 2015.

Yours faithfully

A handwritten signature in black ink, appearing to read 'K. Barnes'.

Keir Barnes
Company Secretary

4 May 2015

Dear ANI Unitholder,

YOUR VOTE IS IMPORTANT TO THE CONTROL OF ANI – VOTE AGAINST THE RESOLUTIONS TO REPLACE THE RESPONSIBLE ENTITY

360 Capital Group (ASX: TGP) is orchestrating a strategy to gain control of Australian Industrial REIT (“**ANI**”).

The first limb of this strategy involves an unsolicited off-market predominantly-scrip takeover offer made by 360 Capital Investment Management Limited (“**360 Capital RE**”) as responsible entity of 360 Capital Industrial Fund (ASX: TIX) (“**TIX**”) to acquire all your ANI Units (“**Offer**”). The Independent Board Committee (“**IBC**”) of Fife Capital Funds Limited (“**Fife Funds**”) in its capacity as responsible entity of ANI recommends that Unitholders reject the Offer, and the Independent Expert has concluded that the Offer is neither fair nor reasonable. A detailed discussion of the Offer is contained in the Second Supplementary Target’s Statement dated 31 March 2015.

Having failed to gain traction under the Offer¹, 360 Capital Group has now embarked on the second limb of its control strategy, seeking to gain control of ANI by replacing the responsible entity, without acquiring a majority interest in ANI or paying a compelling or certain control premium to ANI Unitholders. 360 Capital Group is pursuing this initiative through resolutions (“**RE Replacement Resolutions**”) put by 360 Capital RE to replace the responsible entity of ANI with a member of the 360 Capital Group, 360 Capital ANI Management Limited (“**360 CAML**”). The RE Replacement Resolutions are to be considered at a meeting of ANI unitholders at 9.30am (Sydney time) on 25 May 2015 (the “**Meeting**”).

Your Independent Directors recommend you VOTE AGAINST the RE Replacement Resolutions

The IBC has completed its review of the Notice of Meeting and the RE Replacement Resolutions, in conjunction with its advisers.

The Independent Directors of Fife Funds, together with Non-executive Director John Hudson, recommend that ANI Unitholders **VOTE AGAINST the RE Replacement Resolutions**. Each of the Directors of Fife Funds intends to **VOTE AGAINST the RE Replacement Resolutions** in respect of their ANI Units.

FIFE FUNDS HAS A PROVEN TRACK RECORD AND CLEAR STRATEGY – A VOTE FOR 360 CAML IS A VOTE FOR UNCERTAINTY

The reasons the IBC recommends you VOTE AGAINST the RE Replacement Resolutions include the following:

- **360 Capital Group’s governance and conflict arrangements are unsatisfactory:**
 - **Response to the Offer:** if the RE Replacement Resolutions are passed and 360 CAML is appointed as the responsible entity of ANI, one member of the 360 Capital Group (i.e. 360 CAML, the new responsible entity of ANI) will be responsible for representing ANI Unitholders in relation to the takeover offer for ANI Units made by another member of the 360 Capital Group (i.e. 360 Capital RE, the responsible entity of TIX). This fundamental conflict of interest is not in ANI Unitholders’ best interests.
 - **Conflict management strategy:** 360 CAML has acknowledged that if ANI and TIX remain listed they may compete for new investment opportunities, tenants and potential investors. 360 CAML’s proposed management protocols would involve ANI and TIX negotiating separately for the same opportunities, potentially leading to competition between related parties.
 - **Unitholder representation:** if TIX ultimately acquires 100% of ANI, ANI Unitholders would not have any independent director representation, as the board of 360 Capital Group comprises the same directors as the board of 360 Capital RE (the responsible entity of TIX).

1. As at the date of this Explanatory Statement, TIX has disclosed valid acceptances under the Offer of only 3.16%. ANI Unitholders who have accepted the Offer may have a right to withdraw their acceptance. Institutional unitholders holding only 7.41% of ANI Units have placed those Units in the Institutional Acceptance Facility and may withdraw those Units prior to 360 Capital RE declaring the Offer unconditional.

- **360 CAML offers an uncertain strategy and inferior management proposition**

- **Uncertain strategy:** 360 CAML has proposed a strategic review of ANI which may result in operational changes to ANI's portfolio or repositioning of the portfolio. If 360 CAML is appointed as responsible entity of ANI, the future strategy of ANI would be uncertain for ANI Unitholders.
- **360 CAML has no stated track record:** 360 CAML has no stated track record and the performance and effectiveness of the 360 CAML board in representing the interests of ANI Unitholders is uncertain. Moreover, 360 Capital Group has not identified the proposed dedicated fund manager for ANI that will support the 360 CAML board.
- **Property and portfolio management approach:** subject to its strategic review, 360 CAML is likely to pursue 360 Capital Group's approach to outsource property management and may sell assets to manage lease expiries. By contrast, Fife Funds is committed to maximising unitholder value through maintaining close tenant relationships in order to re-lease assets.
- **Development capability:** Unlike Fife Capital Group which has delivered or extended seven properties in ANI's portfolio, 360 CAML has no stated access to an internal development capability that can add value to existing assets and provide access to future investment opportunities.
- **Pipeline:** Fife Capital Group has under consideration a pipeline of built-to-suit projects with an estimated value on completion of \$150 million. If the RE Replacement Resolutions are approved, ANI may lose access to the Fife Capital Group pipeline. 360 CAML has not outlined a growth strategy for ANI in the Notice of Meeting, and the pipeline arrangement between 360 Capital RE and Walker Corporation is for the benefit of TIX, not ANI.

Fife Funds is focused on sustainable long-term value creation and earnings growth for ANI Unitholders. 360 Capital Group has sought to demonstrate a track record of performance by reference to TIX's total return performance between October 2013 and March 2015. As disclosed in the Target's Statement, TIX's stand-alone operating earnings per unit growth between FY12 and FY16 (guidance) is 0.6% per annum, while over this same period TIX's payout ratio increased from 74% to 95%. The IBC believes growth in distributions without commensurate growth in earnings raises questions around the sustainability of future distribution growth and performance.

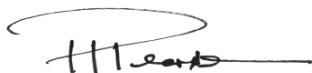
It is important that you exercise your rights as an ANI Unitholder to ensure that the outcome of the Meeting reflects the wishes of the majority of ANI Unitholders, and not just those that vote at the Meeting.

To VOTE AGAINST the RE Replacement Resolutions, please complete the proxy form accompanying this Explanatory Statement and return it to the address provided on the proxy form so it can be received by 9.30am (Sydney time) on 23 May 2015. DO NOT complete the proxy form attached to the Notice of Meeting issued by 360 Capital RE.

The Explanatory Statement sets out the IBC's response to the RE Replacement Resolutions, including details of the IBC's recommendation as well as the IBC's response to a number of misleading statements contained in the Notice of Meeting. You should also carefully consider the implications of the Meeting for the Offer as outlined in the Explanatory Statement.

The Responsible Entity will keep you informed if there are any material developments with respect to the Meeting. Announcements relating to the Offer, the RE Replacement Resolutions and ANI can be found on the ASX website (www.asx.com.au ASX code: ANI).

Yours sincerely,



Rod Pearce OAM

Independent Chairman

Fife Capital Funds Limited

as responsible entity of the Australian Industrial REIT

AUSTRALIAN INDUSTRIAL REIT

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES
YOUR IMMEDIATE ATTENTION**

IF YOU ARE IN ANY DOUBT ABOUT HOW TO DEAL WITH THIS
DOCUMENT, YOU SHOULD CONSULT YOUR FINANCIAL, TAX
OR OTHER PROFESSIONAL ADVISER IMMEDIATELY

Explanatory Statement in response to Notice of Meeting

to be held at 9.30am (Sydney time) on Monday, 25 May 2015.

This Explanatory Statement has been issued by **Fife Capital Funds Limited** (ACN 130 077 735) as responsible entity of **Australian Industrial REIT** (ARSN 165 651 301) in response to a Notice of Meeting issued by **360 Capital Investment Management Limited** (ACN 133 363 185).

VOTE AGAINST THE RE REPLACEMENT RESOLUTIONS

Your Independent Directors unanimously recommend that you **VOTE AGAINST** the RE Replacement Resolutions by completing and submitting the enclosed Proxy Form to be received by 9.30am (Sydney time) on Saturday, 23 May 2015.

ANI Unitholder Information Line

ANI has established a Unitholder Information Line which ANI Unitholders should call if they have any queries in relation to the Meeting. The telephone number for the Unitholder Information Line is:

- 1300 730 659 (Toll Free for calls within Australia); or
- +61 1300 730 659 (for callers outside Australia),

which is available Monday to Friday between 8.30am and 5.30pm (Sydney time).

FINANCIAL ADVISERS



LEGAL ADVISER

KING & WOOD
MALLESONS

Important notices

Nature of this document

This document is an Explanatory Statement issued by Fife Capital Funds Limited as responsible entity of Australian Industrial REIT ("**ANI**") in response to a proposed Meeting of ANI Unitholders to be held at 9.30 am (Sydney time) on 25 May 2015, pursuant to the Notice of Meeting issued by 360 Capital RE.

You should read this Explanatory Statement in its entirety.

Date

This Explanatory Statement is dated 4 May 2015.

Defined terms

A number of defined terms are used in this Explanatory Statement. These terms are explained in the glossary in Section 4. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in the Explanatory Statement have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Explanatory Statement does not take into account the individual investment objectives, financial or tax situation or particular needs of each ANI Unitholder. Your Independent Directors encourage you to seek independent financial, taxation or other professional advice as necessary before making a decision whether to vote against or in favour of the RE Replacement Resolutions.

Disclaimer regarding forward looking statements

This Explanatory Statement contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which ANI operates as well as general economic conditions and conditions in the financial markets. Actual events

or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. None of ANI, Fife Funds and any of its officers or employees, or any person named in this Explanatory Statement with their consent or any person involved in the preparation of this Explanatory Statement makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement.

The forward looking statements in this Explanatory Statement reflect views held only as at the date of this Explanatory Statement.

Disclaimer as to information

The information on the Bidder, TIX, 360 Capital RE, 360 CAML and 360 Capital Group contained in this Explanatory Statement has been prepared by ANI using publicly available information. The information in this Explanatory Statement concerning the Bidder, TIX, 360 Capital RE, 360 CAML and 360 Capital Group has not been independently verified by ANI. Accordingly, ANI does not, subject to the Corporations Act and general law, make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Unitholder information line

If you have any queries in relation to this Explanatory Statement or the Meeting, please contact the Unitholder Information Line on 1300 730 659 (Toll Free for calls within Australia) or +61 1300 730 659 (callers outside Australia), which is available Monday to Friday between 8.30am and 5.30pm (Sydney time).

Further information relating to the Meeting of ANI Unitholders can be obtained from ANI's website at <http://www.aireit.com.au>.

Key details

Date proxy form must be received by Fife Capital Funds Limited	9:30am (Sydney time) on Saturday, 23 May 2015
Meeting Date	9:30am (Sydney time) on Monday, 25 May 2015
Meeting Location	AGL Theatre, Museum of Sydney Cnr Phillip and Bridge Streets, Sydney NSW 2000

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If the RE Replacement Resolutions are approved, Fife Capital Funds Limited (“Fife Funds”) will be replaced as responsible entity of ANI by 360 Capital ANI Management Limited (“360 CAML”)

IT IS IMPORTANT THAT YOU COMPLETE AND RETURN THE ENCLOSED PROXY FORM

The change of responsible entity will be successful where only 50% of those ANI Units actually voted at the meeting approve the resolutions.

As a result, 360 Capital Group may be successful in changing the responsible entity even where ANI Unitholders holding a majority of ANI Units have not supported that change.

It is important that you vote against the RE Replacement Resolutions if you intend to reject the Offer.

VOTE AGAINST THE RE REPLACEMENT RESOLUTIONS IN ORDER TO RETAIN THE PROVEN AND STABLE FIFE FUNDS BOARD, FIFE CAPITAL GROUP MANAGEMENT TEAM AND STRATEGY

- The Fife Funds board has overseen the growth in ANI from a market capitalisation of \$129 million at IPO to over \$225 million¹
- Acquisitions sourced through Fife Capital Group have seen the number of properties owned by ANI double since its IPO
- With Fife Funds as responsible entity, ANI’s portfolio has been 100% leased since IPO
- Fife Capital Group has a track record of addressing lease expiry risk via re-leasing
- Fife Capital Group provides ANI with access to a significant pipeline of potential acquisition opportunities, including built-to-suit developments

A VOTE FOR 360 CAML IS A VOTE FOR UNCERTAINTY

- The proposed 360 CAML board has no stated track record. How will they perform? Who will be the fund manager?
- If 360 CAML is appointed as responsible entity of ANI, ANI and TIX may be managed in conflict with each other. What impact will this have on your investment in ANI?
- 360 CAML has no clear stated strategy for ANI. Will it be able to grow ANI’s net tangible assets and distributable earnings per unit as Fife Funds has done? Or will it increase ANI’s gearing to a similar level to TIX?
- 360 CAML has stated that its reduced management fee will be reviewed quarterly. It is not clear what 360 CAML intends by this review. What benefit will you receive?
- Will Fife Fund’s progress in re-leasing ANI’s properties be lost if 360 CAML is appointed as responsible entity of ANI? Will 360 CAML sell these properties at below book value?

1. Based on the close price of \$2.37 per ANI Unit on 1 May 2015.

Fife Funds Proposition

If the RE Replacement Resolutions are not approved, Fife Funds will remain as responsible entity of ANI

- ✓ **Strong commitment to corporate governance with majority independent Board**
- ✓ **Robust arrangements to manage potential conflicts**
- ✓ **Access to Fife Capital Group's fully integrated asset management, property management and development management platform**
- ✓ **Active approach to asset management; Fife Capital Group has a track record of addressing lease expiry risk via re-leasing**
- ✓ **Access to significant pipeline of potential acquisition opportunities sourced by Fife Capital Group**
- ✓ **Prudent approach to capital management; solid outlook for distributable earnings and distribution growth for ANI Unitholders based on FY15 and FY16 guidance**

OUTLOOK FOR ANI UNITHOLDERS

- **Maintain current strategy to maximise ANI Unitholders returns**
- **Maintain momentum in re-leasing assets with near term lease expiry**
- **Take advantage of opportunities to acquire additional properties sourced through the Fife Capital Group pipeline**

360 CAML Proposition

If the RE Replacement Resolutions are approved, 360 CAML will become the responsible entity of ANI

- X** Majority independent Board, however conflict management protocols are unlikely to operate in favour of ANI in every case where there are conflicts between ANI and TIX
- X** Risk of ANI competing for new (if any) opportunities with 360 Capital Group related party funds
- X** 360 CAML has no stated track record; dedicated ANI fund manager has yet to be identified and will not be communicated to ANI Unitholders until 360 CAML is appointed as responsible entity of ANI
- X** Propose to outsource property management; 360 CAML not directly responsible for day to day dealings with ANI tenants
- X** Expect to terminate Co-operation Deed and access to Fife Capital Group pipeline
- ?** Reduction in ANI management fees, however this will only apply in circumstances where TIX acquires less than 100% of ANI and will be reviewed on a quarterly basis. It is not clear what 360 CAML intends by this review providing uncertainty as to the level and duration of the fee reduction

OUTLOOK FOR ANI UNITHOLDERS

- Strategic review with uncertain outcome
- Potential sale of assets to address lease expiries that may have negative impacts on ANI Unitholders if 360 CAML adopts similar strategies to TIX
- Likely loss of access to Fife Capital Group pipeline and no stated alternative for ANI growth opportunities

How does the Meeting relate to the Offer?

360 Capital Group has been seeking to orchestrate a strategy to gain control of ANI. The first limb of this strategy has involved the Offer. Having failed to gain traction under the Offer, 360 Capital Group has now embarked on the second limb of its control strategy by seeking to gain control by replacing the responsible entity without paying a control premium to ANI Unitholders or owning a majority interest in ANI Units.

Independent Directors recommend you REJECT the Offer

The Independent Directors, together with Non-Executive Director John Hudson, have recommended that ANI Unitholders **REJECT the Offer** for the following reasons:

- the Offer delivers unsatisfactory financial outcomes for ANI Unitholders;
- the Offer fails to provide a compelling or certain premium for ANI Unitholders;
- a change in management to 360 Capital Group changes the risk profile for ANI Unitholders;
- 360 Capital Group has unsatisfactory governance arrangements; and
- the Independent Expert, KPMG Corporate Finance, has concluded the **Offer is neither fair nor reasonable**.

A detailed discussion of the Offer and the reasons why the Independent Directors and Non-Executive Director John Hudson, recommend that ANI Unitholders **REJECT the Offer** is set out in the Second Supplementary Target's Statement dated 31 March 2015.

To REJECT the Offer simply do nothing and take no action in relation to any documents sent to you by TIX.

IT IS IMPORTANT THAT YOU EXERCISE YOUR RIGHT TO VOTE AGAINST THE RE REPLACEMENT RESOLUTIONS.

If you reject the Offer and remain an ANI Unitholder and the RE Replacement Resolutions are passed, 360 CAML, a 360 Capital Group entity, will replace Fife Funds as the responsible entity of ANI. If this occurs, you and other remaining ANI Unitholders would be faced with the following issues:

- 360 CAML, as responsible entity of ANI, would be responsible for negotiating with 360 Capital RE, as responsible entity of TIX, in relation to any future takeover or acquisition proposal for ANI;
- conflicts of interest could arise in 360 Capital Group's ownership of the responsible entities of both TIX and ANI. For example, conflicts of interest could arise in the allocation of investment opportunities, tenants and potential investors where they are suitable for both ANI and TIX; and
- TIX may become a major strategic holder of ANI and the trading of ANI Units may become less liquid, potentially impacting ANI's ability to remain in the S&P/ASX 300 Index.

THERE IS NO GUARANTEE ANI UNITHOLDERS WHO HAVE ALREADY ACCEPTED THE TIX OFFER WILL RECEIVE THE CONDITIONAL CASH PAYMENT OF 10 CENTS PER UNIT FROM 360 CAPITAL GROUP. IF YOU HAVE ALREADY ACCEPTED THE OFFER, YOU MAY STILL BE ABLE TO WITHDRAW YOUR ACCEPTANCE.

For any Unitholder that has accepted the Offer, the timing of the Offer and the proposed RE Replacement Resolutions could result in a situation under which you do not receive the conditional cash payment of 10 cents per ANI Unit payable on a change of responsible entity.

In the Notice of Meeting TIX has reserved the right to declare the Offer unconditional at any time. If it were to do so before the Meeting and the RE Replacement Resolutions were defeated, the conditional cash payment of 10 cents per ANI Unit may not be paid, however your ANI Units will have been acquired and voted at the meeting by 360 Capital RE, as responsible entity for TIX.

On 7 April 2015 TIX varied its Offer in a way that postponed the original closing date by more than 1 month. As a result, each ANI Unitholder who has accepted the Offer has the right to withdraw their acceptance within 1 month beginning on the day after the day on which the notice issued by TIX varying the offer dated 7 April 2015 was received in accordance with section 650E of the Corporations Act. For example, if you received the notice on 8 April 2015 you can withdraw your acceptance by giving notice to TIX up to and including 8 May 2015.

Unitholders who have placed their units in the Institutional Acceptance Facility may withdraw their ANI Units from the facility at any time prior to TIX issuing a confirmation notice that the Offer is or will be declared unconditional.

Any ANI Unitholder who has accepted the Offer or placed their ANI Units in the Institutional Acceptance Facility in anticipation of receiving the conditional cash payment of 10 cents per ANI unit should seek to withdraw their acceptance until the results of the RE Replacement Resolutions are known. Your right to withdraw will be lost if the Offer is declared unconditional.

What should I do?

Why am I receiving this document?

360 Capital Group has convened a Meeting of Unitholders to be held at 9:30am (Sydney time) on 25 May 2015.

The purpose of the Meeting is to consider resolutions to remove Fife Funds as responsible entity of ANI and to replace it with 360 CAML.

The RE Replacement Resolutions are one component of 360 Capital Group's strategy to gain control of ANI.

You should read this Explanatory Statement carefully and in its entirety before deciding how to vote on the RE Replacement Resolutions.

If you are in doubt as to what you should do, you should consult your legal, investment or other professional adviser.

If you have any questions you should call the official ANI Unitholder information line on:

- 1300 730 659 (Toll Free for calls within Australia); or
- +61 1300 730 659 (for callers outside Australia),

which is available Monday to Friday between 8.30am and 5.30pm (Sydney time).

The Unitholder Information line will endeavor to provide answers to your questions.

What should I do with the enclosed Proxy Form?

If you wish to vote in person, you must attend the Meeting at 9:30am (Sydney time) on 25 May 2015. The Meeting will be held in the AGL Theatre at the Museum of Sydney, located on the corner of Phillip and Bridge Streets in Sydney, New South Wales. If you cannot attend the Meeting in person but wish to vote on the RE Replacement Resolutions, you may do so by completing and submitting the enclosed proxy form.

If you wish to follow the recommendation of the Directors of Fife Funds and vote against the RE Replacement Resolutions, you should complete the enclosed proxy form in the manner specified on page 6 and return it to Fife Funds via one of the following methods:

- by reply paid post: post the completed proxy form in the enclosed reply paid envelope; or
- by fax: fax the completed proxy form to Fife Funds at its registered office at +61 2 9251 2877; or
- in person: hand deliver the completed proxy form to Fife Funds at its registered office at Level 12, 89 York Street Sydney NSW 2000; or
- by post: posting the completed proxy form to Fife Funds at Fife Capital Funds Limited as responsible entity of Australian Industrial REIT, Level 12, 89 York Street, Sydney NSW 2000.

Duly completed proxy forms must be received by Fife Funds by no later than **9:30am (Sydney time) on 23 May 2015** to be valid.

If you have already submitted a proxy form in relation to the Meeting but wish to change the way you voted, please complete and return the enclosed proxy form. If you need a new proxy form, please contact the Unitholder Information Line to arrange for a new proxy form to be sent to you.

Voting instructions to **VOTE AGAINST** the RE Replacement Resolutions

AUSTRALIAN INDUSTRIAL REIT

ARSN 165 651 301
Fife Capital Funds Limited
ABN 18 130 077 735 AFSL 438693
As responsible entity of Australian Industrial REIT

LODGE YOUR VOTE

By mail: use the reply paid envelope enclosed
or mail to:
Fife Capital Funds Limited
as responsible entity of
Australian Industrial REIT
Level 12, 89 York Street
Sydney NSW 2000
Australia

By fax: +61 2 9251 2877

All enquiries to: Telephone: +61 1800 236 994 (free call within Australia)


X99999999999

UNITHOLDER VOTING FORM

I/We being a unitholder(s) of Australian Industrial REIT (the Fund) and entitled to attend and vote hereby appoint:

Step 1

Mark this box with an "X"

STEP 1 APPOINT A PROXY

☒ Rod Pearse, the Independent Chairman of the Responsible Entity of the Fund (mark with an 'X') **OR**

PLEASE NOTE: Leave this box blank if you wish to appoint Rod Pearse as your proxy. Do not insert your own name.

or failing the individual or body corporate named, or if no individual or body corporate is named, Rod Pearse, the Independent Chairman of the Responsible Entity of the Fund, or if Rod Pearse is not in attendance at the meeting, Peter Dransfield, an Independent Director of the Responsible Entity of the Fund, as my/our proxy to act generally at the General Meeting of the Australian Industrial REIT to be held at 9:30am on Monday, 25 May 2015 at AGL Theatre, Museum of Sydney, Cnr Phillip and Bridge Streets, Sydney NSW 2000 (the Meeting) on my/our behalf (including, without limitation, to vote as the proxy sees fit on any procedural resolution or motion including the appointment of the Chairman of the Meeting and to call a poll) and to vote in accordance with the following directions (or if no directions have been given, I/we will be deemed to direct my/our proxy to vote against each of Resolution 1 and Resolution 2) for me/us on my/our behalf at the Meeting and at any adjournment or postponement of the Meeting.

Proxies will only be valid and accepted by the Responsible Entity if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf.

Step 2

Mark the "Against" box with an "X"

STEP 2 VOTING DIRECTIONS

ORDINARY RESOLUTIONS

Resolution 1
Ordinary Resolution to remove Fife Capital Funds Limited as the responsible entity of ANI

For	Against	Abstain
☐	☒	☐

The Independent Directors recommend you vote against this resolution by marking this box with an "X"

Resolution 2
Ordinary Resolution to appoint 360 Capital ANI Management Limited as the new responsible entity of ANI

For	Against	Abstain
☐	☒	☐

The Independent Directors recommend you vote against this resolution by marking this box with an "X"

Step 3

Mark the "Against" box with an "X"

STEP 3 SIGNATURE OF UNITHOLDERS - THIS MUST BE COMPLETED

Unitholder 1 (Individual) Sole Director and Sole Company Secretary	Joint Unitholder 2 (Individual) Director/Company Secretary (Delete one)	Joint Unitholder 3 (Individual) Director
Contact Name	Contact Daytime Telephone	Date of Execution

This form should be signed by the Unitholder. If a joint holding, either Unitholder may sign. If signed by the Unitholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Step 4

Sign here

STEP 3 SIGNATURE OF UNITHOLDERS - THIS MUST BE COMPLETED

Step 5

Complete your full contact details

STEP 3 SIGNATURE OF UNITHOLDERS - THIS MUST BE COMPLETED

Step 6

Write the date here

STEP 3 SIGNATURE OF UNITHOLDERS - THIS MUST BE COMPLETED

ANI PRX502F



1. Reasons to **VOTE AGAINST** the RE Replacement Resolution

1.1 Background

The proposal to replace Fife Funds as responsible entity of ANI was announced by TIX on 7 April 2015, and details of the RE Replacement Resolutions in the Notice of Meeting were issued by 360 Capital RE on 27 April 2015.

You would also be aware of the unsolicited off-market takeover offer from 360 Capital Industrial Fund ("**TIX**"), announced on 19 December 2014, and updated on 24 March 2014 ("**Offer**")

The Independent Board Committee has recommended that you reject the Offer. The Independent Expert, KPMG Corporate Finance, has concluded that both the Offer and updated Offer are neither fair nor reasonable.

It is possible that the Offer will close with TIX and 360 Capital Group only being minority unitholders in ANI but the RE Replacement Resolutions, if passed, would result in 360 CAML replacing Fife Funds as the responsible entity of ANI. **IT IS THEREFORE IMPORTANT THAT YOU EXERCISE YOUR RIGHT TO VOTE ON THE RESOLUTIONS IRRESPECTIVE OF YOUR DECISION CONCERNING THE OFFER.**

1.2 Summary of reasons to vote against the RE Replacement Resolutions

The IBC recommends that ANI Unitholders **VOTE AGAINST** the RE Replacement Resolutions as it believes:

- 360 Capital Group's governance and conflict arrangements are unsatisfactory
- The future strategy of ANI under 360 CAML management is uncertain
- 360 CAML has no stated track record
- Fife Capital Group has a superior property and portfolio management strategy to 360 Capital Group
- Fife Capital Group's development capability can add value to existing assets and provides access to future investment opportunities which 360 Capital Group is unable to deliver
- Fife Capital Group has an attractive pipeline of future acquisition opportunities that may not be available to ANI if 360 CAML becomes the responsible entity of ANI

1.3 360 Capital Group's governance and conflict issues

- If the RE Replacement Resolutions are passed and 360 CAML is appointed as the responsible entity of ANI, one member of the 360 Capital Group (i.e. 360 CAML, the new responsible entity of ANI) will be responsible for representing ANI Unitholders in relation to the takeover offer for ANI Units made by another member of the 360 Capital Group (i.e. 360 Capital RE, the responsible entity of TIX). The impartiality of any advice provided by the new 360 Capital Group responsible entity to ANI Unitholders on the related party bid would be questionable.
- If 360 CAML becomes the responsible entity of ANI, conflict issues between TIX and ANI may arise in respect of future industrial property acquisition opportunities, tenants and potential investors. The operation of 360 Capital Group's stated conflict management protocols and the process followed by 360 CAML's proposed independent board of directors are unlikely to operate in favour of ANI in every case where both TIX and ANI are competing for the same assets, leasing opportunities or investors. By contrast, Fife Funds will always act in the best interests of ANI investors and never favour the interests of TIX investors.
- If TIX ultimately acquires 100% of ANI, investors would not have any independent director representation, as the board of 360 Capital Group comprises the same directors as the board of 360 Capital RE (the responsible entity of TIX).

1.4 The future strategy of ANI under 360 CAML management is uncertain

- If the RE Replacement Resolutions are approved and 360 CAML is appointed as the responsible entity of ANI, 360 CAML intends to undertake a strategic review of ANI. The outcomes of this strategic review may include operational changes to ANI's portfolio or repositioning the portfolio.
- If 360 CAML is appointed as responsible entity, the future strategy of ANI would be uncertain for ANI Unitholders.
- If 360 CAML implements similar strategies to those employed by 360 Capital RE, ANI Unitholders may be exposed to a manager who addresses lease expiry risk by selling assets with near-term lease expiry at a discount to last external valuation, and/or outsources property management to third parties.

1.5 360 CAML has no stated track record

- 360 CAML has no stated track record and the performance and effectiveness of the 360 CAML board in representing the interests of ANI Unitholders is uncertain. To perform its function, 360 CAML may rely on the resources of 360 Capital Group, which gives rise to the potential conflict of interests issues that are set out in Section 1.3.
- 360 Capital Group has indicated that the 360 CAML board will be supported by a dedicated fund manager whose sole responsibility will be to look after the interests of ANI. The Notice of Meeting indicates that the details (including the identity, credentials and experience) of the fund manager will not be communicated to ANI Unitholders until and unless 360 CAML becomes responsible entity of ANI. As a result, ANI Unitholders have no certainty that the dedicated fund manager selected by 360 Capital Group and/or 360 CAML would be suitable for the role.

1.6 Property and portfolio management approach

- Fife Capital Group manages all aspects of ANI's properties, allowing it to be in full control of relationships and day-to-day dealings with all ANI tenants. In comparison 360 Capital Group outsources property management functions to third parties.
- 360 Capital RE has previously stated its intention to manage short-term lease expiries in the ANI portfolio via asset sales of some properties. This may have negative impacts on ANI should 360 CAML seek to implement the strategy outlined by 360 Capital RE. In contrast, Fife Funds is committed to fostering close working relationships with tenants to facilitate the re-leasing of assets. Fife Capital Group has a track record of successfully executing this strategy.
- As an example, an S&P/ASX 100 listed company has recently entered into an indicative, non-binding heads of agreement for a 15 year lease at 2 Keon Parade, Keon Park in Melbourne. This is one of the properties that 360 Capital RE previously indicated it would seek to sell in order to address potential re-leasing risk.
- If Fife Funds is replaced as responsible entity of ANI with 360 CAML, ANI will lose the benefit of the existing management team's tenant relationships and familiarity with ANI's assets. This could have an adverse impact on leasing negotiations with existing or prospective tenants on near term lease expiries.

1.7 Fife Capital Group's development capability

- The ability to expand and further develop existing properties is important to minimise the risk of obsolescence and enhance the value of ANI's existing assets. Coupled with an integrated leasing capability, the development expertise of Fife Capital Group can be instrumental in securing new tenants when leases expire.
- Fife Capital Group has delivered or extended seven properties in ANI's existing portfolio. In addition, the recent announcement by Fife Funds of the heads of agreement from an S&P/ASX 100 listed company to lease 2 Keon Parade, Keon Park in Melbourne for 15 years mentioned above has been obtained on the basis that the existing building is significantly upgraded and expanded. Such development works are expected to increase the appeal of the asset and its value to ANI.
- If the RE Replacement Resolutions are approved, ANI may lose access to Fife Capital Group's development expertise in relation to the existing portfolio as well as new acquisition opportunities (see below). The development arrangements with Fife Capital Group do not in any way prevent ANI from acquiring newly developed properties from any external party.
- 360 Capital RE has previously stated it has a pipeline arrangement with Walker Corporation for developed industrial property for the benefit of TIX, not ANI. The IBC considers that the existing Fife Capital Group pipeline arrangements are superior to those proposed by 360 Capital Group.

1.8 Fife Capital Group's acquisition pipeline

- ANI has a right to acquire suitable properties that meet its investment policy from Fife Capital Group's pipeline including built-to-suit industrial property. Fife Capital Group has under consideration a pipeline of built-to-suit projects with an estimated value on completion of approximately \$150 million. If 360 CAML becomes the responsible entity of ANI, access to the Fife Capital Group pipeline may be lost.
- Over the last six months, Fife Capital Group has identified attractive off-market acquisition opportunities from external parties which satisfy ANI's strict investment criteria. These potential additional properties would increase the size of ANI's portfolio and enhance the security of income and diversification of ANI's existing high quality industrial portfolio.
- However, Fife Funds has not sought to acquire any additional properties since December 2014 to avoid breaching a defeating condition of the Offer which was first announced on 19 December 2014. Fife Funds would propose to proceed with acquisition opportunities if the RE Replacement Resolutions are defeated.
- Fife Funds would propose to fund the acquisition of additional properties through extensions of its debt facilities and appropriate equity raisings, as required, to maintain ANI's target gearing level of between 25% and 40%.

2. Misleading statements made in the Notice of Meeting

360 Capital RE has made numerous statements in the Notice of Meeting that are misleading or incorrect and require correction. The most concerning of these statements have been addressed below, although this table is not intended to be an exhaustive list of inaccuracies in the Notice of Meeting.

2.1 360 Capital RE's misleading or incorrect statements

360 Capital RE claim	IBC response
TIX Offer	
360 Capital RE believes the board of Fife Funds is no longer acting in ANI Unitholders' best interests in regard to the Offer and the management of ANI	INCORRECT - The IBC remains focused on, and committed to, acting in the best interests of ANI Unitholders - The IBC has undertaken a rigorous review of the Offer and recommends that ANI Unitholders reject the Offer - The IBC believes the Offer fails to deliver compelling value for ANI Unitholders - the Offer delivers unsatisfactory financial outcomes for ANI Unitholders - the Offer fails to provide a compelling or certain premium for ANI Unitholders - a change in management to 360 Capital Group changes the risk profile for ANI Unitholders 360 Capital Group has unsatisfactory governance arrangements - Further, the Independent Expert has concluded that the Offer is neither fair nor reasonable
- The main benefits of the Offer to ANI Unitholders include: - a premium to ANI's NTA per unit - an increase over ANI's standalone forecast FY16 earnings per unit - an increase over ANI's standalone forecast FY16 distributions per unit	MISLEADING - The S&P/ASX 300 A-REIT Index has increased substantially since December 2014 when TIX announced its intention to make a takeover offer for ANI, such that there are many A-REITs that are trading at a premium to NTA, including TIX and ANI - On a like-for-like basis, the Offer does not provide a compelling or certain premium in terms of market prices. Including the conditional cash payment, the Offer represents only a small premium of 2.7%¹ compared to the ANI 5-day VWAP on 1 May 2015 - On an equivalent basis, ANI Unitholders' FY16 pro forma distributable earnings per unit is expected to decrease by 2.6% to 7.2%^{2,3} assuming TIX achieves 100% ownership of ANI and a full year impact - On an equivalent basis, ANI Unitholders' FY16 pro forma distribution per unit is expected to decrease by 4.4% or show a modest increase of 0.3%^{2,3} assuming TIX achieves 100% ownership of ANI and a full year impact - To achieve the stated FY16 pro forma distribution per unit for the Combined Group, TIX has adopted a higher payout ratio for the Combined Group than it has for TIX on a stand-alone basis. This elevated payout ratio may dampen distribution per unit growth prospects of the Combined Group
Fife Funds is misleading ANI Unitholders with regard to these facts of the Offer	INCORRECT The IBC recommends ANI Unitholders consider the assessment of the Offer set out in the Target's Statement

1. Based on the TIX 5 day VWAP on 1 May 2015 of \$2.58. Excludes TIX cash payment of 4.5 cents per ANI Unit paid in lieu of the TIX March 2015 quarterly distribution given that it, together with the expected TIX June 2015 quarterly distribution of 4.6 cents per unit (ANI equivalent), only partially offsets the expected ANI June 2015 half yearly distribution of 9.6 cents per ANI Unit forgone by ANI Unitholders under the Offer. Inclusion of the TIX cash payment increases the premium by c.1.9%.

2. Assumptions consistent with Section 2 of the Second Supplementary Target's Statement. The actual dilution will depend on the timing and execution of asset sales TIX has stated it intends to make following implementation of the Offer. Upper end of the range (distributable earnings dilution of 2.6% and modest distribution increase of 0.3%) assumes no asset sales. Lower end of the range (distributable earnings dilution of 7.2% and distribution dilution of 4.4%) assumes the full year impact of asset sales.

3. Excludes the re-investment of the \$0.10 conditional cash payment.

360 Capital RE claim**IBC response****Track record**

- 360 Capital Group has a demonstrated track record of outperformance

MISLEADING

- ANI's forecast distributable earnings per unit growth is superior to that of TIX. Between FY14 and FY16, ANI's compound average distributable earnings per unit growth is forecast to be 5.3%¹ p.a. while TIX's compound average operating earnings per unit growth is forecast to be 3.3% p.a. over the same period
- As disclosed in the Target's Statement, TIX's stand-alone operating earnings per unit growth between FY12 and FY16 (guidance) is 0.6% per annum. Over this period TIX's payout ratio has increased from 74% to 95%.
- Looking forward, TIX's pro forma distribution per unit for the Combined Group in FY16 reflects a payout ratio of 103% of distributable earnings per unit (post the full year impact of asset sales that it previously stated it intends to make)²
- Growth in distributions without a commensurate growth in earnings raises questions around the sustainability of future distribution growth and performance
- Furthermore, 360 Capital Group has a track record of selling TIX assets with a short WALE at an average discount to the last external valuation of 12% since August 2012

- Fife Funds has overseen the dilution of ANI's returns by repeated dilutive capital raisings, which have grown Fife Funds' fees at the expense of ANI Unitholder returns

INCORRECT

- ANI has completed three equity raisings between listing in October 2013 and December 2014
- Incorporating the impact of the acquisitions and capital raisings, ANI's distributable earnings per unit were 11% higher than the IPO Product Disclosure Statement forecast for the period ended 30 June 2014, and 8% higher for the six months ended 31 December 2014

Proposed reduction in management fees

- 360 CAML will reduce management fees by up to 50% per annum

NO CERTAINTY

- The fee reduction will only apply where TIX does not acquire 100% of ANI Units under the Offer
- 360 CAML has indicated the fee reduction will be reviewed on a quarterly basis. It is unclear what is intended by this review and therefore, there can be no certainty as to the level or duration of the fee waiver available for ANI Unitholders

Fife Capital Group acquisitions

- Fife Capital Group has purchased in excess of \$130 million of industrial assets over the last 18 months which have not been for the benefit of ANI

INCORRECT

- Fife Capital Group has not purchased in excess of \$130 million of industrial assets over the last 18 months which have not been for the benefit of ANI
- ANI has acquired more than \$120 million of property since ANI listed in October 2013. The board of Fife Funds considered a number of other acquisition opportunities for ANI that it elected not to pursue given its disciplined approach to acquisitions and prevailing conditions at the time

360 CAML management and governance

- 360 CAML will be supported by a dedicated ANI fund manager

UNCLEAR

- The details of 360 CAML's proposed ANI fund manager will only be communicated to ANI Unitholders if 360 CAML becomes the responsible entity of ANI
- The only members of the proposed ANI management team that 360 Capital Group has outlined are those that have a role with other funds managed by 360 Capital Group, including TIX

1. Compound average distributable earnings per unit growth assumes FY14 annualised distributable earnings per unit of 18.4 cents per ANI unit, which reflects the reported distributable earnings per unit of 12.7 cents per ANI unit for the period 21 October 2013 to 30 June 2014, annualised to reflect the effective full year number.

2. Refer to section 1 of the Second Supplementary Target's Statement for further information.

360 Capital RE claim

- Appointment of 360 CAML will establish best practice corporate governance

IBC response**MISLEADING**

- The appointment of 360 CAML with a majority independent board does not address the inherent conflict with regard to the overlap of new investment opportunities, tenants and potential investors where both ANI and TIX remain listed
- The management protocols adopted by 360 Capital Group, 360 CAML and 360 Capital RE provide that new investment opportunities, tenants or potential investors identified by 360 Capital Group will be presented to the board and fund managers for TIX and ANI. Where TIX and ANI wish to pursue the opportunity, both boards and fund managers will be free to negotiate separately in respect of the opportunity and Tony Pitt will be excluded from the decision making process. This means that ANI and TIX may compete with each other which would not be in the best interests of ANI Unitholders

2.2 360 Capital RE's misrepresentations regarding Fife Funds' strategy for ANI and arrangements with Fife Capital Group

	360 Capital RE's misrepresentation regarding Fife Funds' strategy for ANI and arrangements with Fife Capital Group	360 CAML's stated strategy for ANI	How 360 Capital RE's statements are misleading or untrue
Property management	• Fife Capital Group receives property management fees of 3.0% of gross income that are above market rates	• Outsourced to specialist property manager for 1.3% of gross income	MISLEADING • Fife Capital Group receives property management fees of 3.0% of gross income as disclosed in the Product Disclosure Statement issued in connection with listing • The fee was benchmarked against offer listed industrial REITs and set at a competitive rate having regard to the range of services provided • 360 Capital Group's comparison of its proposed property management fee arrangements are not a like-for-like comparison as the range of services provided by Fife Capital Group is wider than that generally offered by real estate services firms for lower fee levels similar to those paid by TIX. It therefore fails to provide a useful benchmark for ANI Unitholders • Fife Capital Group is committed to delivering value for money to ANI Unitholders and a level of service which promotes high levels of tenant satisfaction and is thus conducive to high levels of retention
Leasing fees	• Fife Capital Group is paid leasing fees	• 360 CAML will not be paid any leasing fees	MISLEADING • Fife Capital Group has not received a leasing fee from ANI since listing • Fife Capital Group is entitled to receive a leasing fee equivalent to market rates where it provides that service to ANI, and will not receive a leasing fee where an external leasing agent provides that service • 360 CAML proposes to use external leasing agents to provide that service for which leasing fees will be charged

	360 Capital RE's misrepresentation regarding Fife Funds' strategy for ANI and arrangements with Fife Capital Group	360 CAML's stated strategy for ANI	How 360 Capital RE's statements are misleading or untrue
Property development	• ANI must allow Fife Capital Group to be development manager in respect of all development projects • Fife Capital Group will be entitled to be appointed development manager when not in the best interests of ANI	• 360 CAML is free to work with all developers	MISLEADING • ANI is free to work with all developers – the Co-operation Deed with Fife Capital Group does not preclude ANI from acquiring assets from other vendors (whether built-to-suit or completed assets) • Fife Capital Group has and will continue to consider build-to-suit opportunities with other developers that meet ANI's investment policy • Fife Capital Group has a first right of refusal to be appointed as development manager with fees levied either based on the valuation on completion or on market terms, as disclosed in ANI's Product Disclosure Statement • The majority independent board of Fife Funds determines whether to accept or reject any development opportunities put to it by Fife Capital Group • There is no basis for 360 Capital Group to assert that Fife Capital Group is entitled to be appointed development manager when it is not in the best interests of ANI
Pipeline	• Fife Capital Group will continue to operate other mandates in priority to ANI • There is no disclosure in respect of the extent of such existing mandates	• 360 CAML will not be constrained by any other mandates in acting in ANI Unitholders' best interests	INCORRECT • No other mandate has priority over ANI • ANI's Product Disclosure Statement issued in connection with listing disclosed that ANI's first right to acquire properties that meet its investment policy was subject to an existing client mandate of Fife Capital Group which partially overlapped with the investment criteria of ANI. The client mandate has narrower investment criteria than ANI • The mandate is fully committed and therefore ANI's first right to acquire industrial properties that meet its investment policy is no longer subject to the client mandate or any other Fife Capital Group mandate

3. Directors' recommendation and intention to **VOTE AGAINST** the RE Replacement Resolutions

3.1 Fife Funds Board Composition

The Directors of Fife Funds at the date of this Explanatory Statement are:

Director	Number of ANI Units held
Rod Pearse OAM	379,841
Allan Fife	532,425
Michael Allen	52,077
Peter Dransfield	81,353
John Hudson	52,077

At the time of ANI's IPO in October 2013, it was determined that John Hudson should not be put forward as being an independent director given his role as a member of the investment committee of the Terra Australis Property Fund ("**TAP**"). Six of the eight properties acquired by ANI in connection with the IPO were acquired from TAP. The sale of those properties has now completed and since the IPO the remaining contractual arrangements between TAP and ANI have wound up in all material respects.

John Hudson is of the view that, although he is not categorised as an independent director of the Responsible Entity, those interests in the Fife Capital Group do not preclude him from providing a recommendation to ANI Unitholders with respect to the RE Replacement Resolutions and the Offer.

3.2 Recommendation

THE IBC UNANIMOUSLY RECOMMENDS THAT UNITHOLDERS VOTE AGAINST THE RE REPLACEMENT RESOLUTIONS.

The Independent Directors of Fife Funds, together with Non-Executive Director John Hudson, recommend that ANI Unitholders **VOTE AGAINST the RE Replacement Resolutions**. Allan Fife, the Managing Director of Fife Funds, is an ultimate owner of Fife Funds and has elected not to make a recommendation.

Each of the Fife Funds Directors who hold ANI Units intends to vote those Units **AGAINST** the RE Replacement Resolutions.

4. Glossary

4.1 Definitions

Defined term	Meaning
360 CAML	360 Capital ANI Management Ltd (ACN 090 664 396, AFSL 221474)
360 Capital Group	The stapled entity comprising 360 Capital Group Limited (ABN 18 113 569 136) and 360 Capital RE as responsible entity of the 360 Capital Investment Trust (ARSN 104 552 598), listed on ASX.
360 Capital RE	360 Capital Investment Management Limited (ACN 133 363 185, AFSL 340 304)
ANI or the Fund	Australian Industrial REIT (ARSN 165 651 301) including any of its Subsidiaries or Controlled Entities and, where the context requires Fife Funds as responsible entity of Australian Industrial REIT.
ANI Unit	One fully paid ordinary unit in ANI.
ANI Unitholder	The holder of an ANI Unit.
ASX	ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as the context requires.
ASX Listing Rules	The official listing rules of the ASX.
Authority	• ASX, ACCC, ASIC, the Takeovers Panel and the ATO; • a government or governmental, semi-governmental or judicial entity, whether foreign, federal, state, territorial or local; • a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; or • any regulatory organisation established under statute.
Bidder	360 Capital RE as responsible entity of TIX.
Bidder's Statement	The replacement Bidder's Statement served on ANI on 13 February 2015 which replaced the bidder's statement in relation to the Offer, prepared by the Bidder and dated 3 February 2015, as supplemented by the second supplementary bidders' statement dated 23 February 2015 and the third supplementary bidders' statement dated 24 March 2015.
Business Day	Has the meaning given in the ASX Listing Rules.
Combined Group	The Bidder and its Controlled Entities following completion of the Offer and, unless the context otherwise requires, assumes the Bidder requires 100% of ANI.
Controlled Entities	Any trust or other entity controlled by ANI in respect of which ANI has a direct or indirect economic interest of at least 50%
Corporations Act	Corporations Act 2001 (Cth).
Directors	Current directors of ANI.
Explanatory Statement	This Explanatory Statement dated 4 May 2015.
Fife Funds or the Responsible Entity	Fife Capital Funds Limited (ABN 18 130 077 735) as responsible entity of Australian Industrial REIT.
Fife Capital Group	The group of entities related to Fife Capital Group Pty Limited including the Responsible Entity.
Independent Board Committee or IBC	Committee comprising the Independent Directors that was given responsibility for considering the Offer and the RE Replacement Resolutions.
Independent Directors	Rod Pearse, Michael Allen and Peter Dransfield.
Independent Expert	KPMG Corporate Finance.
IPO	Initial Public Offering.
Meeting	The general meeting of Unitholders to be held at 9.30am (Sydney time) on 25 May 2015 convened by 360 Capital RE.
Notice of Meeting	The Notice of Meeting and Explanatory Memorandum dated 27 April 2015 issued by 360 Capital RE pursuant to section 601FM of the Corporations Act.
Offer	The takeover offer by the Bidder for ANI Units under Chapter 6 of the Corporations Act, as described in the Bidder's Statement.
RE	Responsible entity.
RE Replacement Resolutions	The resolutions proposing to remove Fife Funds as Responsible Entity of ANI and appoint 360 CAML as the Responsible Entity of ANI as set out in the Notice of Meeting.
REIT	Real Estate Investment Trust.
Related Bodies Corporate	Has the meaning given in the Corporations Act.

Defined term	Meaning
Subsidiary	The meaning given to the term in the Corporations Act, provided that: • an entity will also be deemed to be a Subsidiary of a body corporate if it is controlled (within the meaning of that term provided by Pt 1.2, Div 6 of the Corporations Act) by that body corporate; and • a trust may be a Subsidiary (for the purposes of which a unit or other beneficial interest will be deemed to be a share in the capital of a body corporate) and a body corporate or a trust may be a Subsidiary of a trust.
TAP	Terra Australis Property Fund.
Target's Statement	The Target's Statement in relation to the Offer, issued by Fife Funds as responsible entity of ANI and dated 26 February 2015, as supplemented by the first supplementary target's statement dated 30 March 2015 and the second supplementary target's statement dated 31 March 2015.
TIX	360 Capital Industrial Fund (ARSN 099 680 252).
TIX Unit	A fully paid unit in TIX.
Unitholder Information Line	Information line which Unitholders should call if they have any queries in relation to the Offer or Meeting. The telephone number is: • 1300 730 659 (Toll Free for calls within Australia); or • +61 1300 730 659 (outside Australia), which is available Monday to Friday between 8.30am and 5.30pm (Sydney time).
WALE	Weighted average lease term to expiry.

4.2 Interpretation

Unless the context otherwise requires:

- headings used in this Explanatory Statement are inserted for convenience and do not affect the interpretation of this Explanatory Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Explanatory Statement;
- a reference to a "Section" is a reference to a section of this Explanatory Statement;
- a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- the singular includes the plural and vice versa;
- the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency; and
- Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia.

VOTE AGAINST THE RE REPLACEMENT RESOLUTIONS

Your Independent Directors unanimously recommend that you **VOTE AGAINST** the RE Replacement Resolutions by completing and submitting the enclosed Proxy Form to be received by 9.30am (Sydney time) on Saturday, 23 May 2015.

Corporate directory

Australian Industrial REIT

ARSN 165 651 301

Responsible Entity

Fife Capital Funds Limited

ABN 18 130 077 735

AFSL 438693

Board of Directors of the Responsible Entity

Rod Pearse OAM (Independent Chairman)

Allan Fife (Managing Director)

Peter Dransfield (Independent Non-executive Director)

Michael Allen (Independent Non-executive Director)

John Hudson (Non-executive Director)

Secretaries of the Responsible Entity

Allan Fife

Keir Barnes

Registered Office of the Responsible Entity

Level 12

89 York Street

Sydney NSW 2000

Legal Advisers

King & Wood Mallesons

Level 61, Governor Phillip Tower

1 Farrer Place

Sydney NSW 2000

Financial Advisers

Fort Street Advisers Pty Ltd

Level 11

1 O'Connell Street

Sydney NSW 2000

UBS AG, Australia Branch

Level 16, Chifley Tower

2 Chifley Square

Sydney NSW 2000

Unit Registry

Link Market Services Limited

Level 12

680 George Street

Sydney NSW 2000

Locked Bag A14

Sydney South NSW 1235

AUSTRALIAN INDUSTRIAL REIT