

ASX Release

4 June 2015

Extension of 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 (“**TIX Announcement**”) made by 360 Capital Investment Management Limited (“**360 Capital**”) as responsible entity of 360 Capital Industrial Fund (“**TIX**”) that the unsolicited off-market takeover offer announced on 19 December 2014 and updated on 24 March 2015 (“**Offer**”) has been extended by one week to 5.00pm (AEST) on 10 June 2015 (unless otherwise extended or withdrawn).

Recognising that the Offer has not changed, **the Independent Board Committee (“IBC”) of Fife Funds continues to recommend that ANI unitholders REJECT the Offer.** The Independent Expert, KPMG Corporate Finance, has concluded that the Offer is neither fair nor reasonable.

Fife Funds notes that a number of statements contained in the TIX Announcement are misleading or incorrect, including but not limited to the following claims:

- **MISLEADING: “40.2% of Units were voted in favour of 360 Capital becoming ANI’s manager”**
 - this statement overlooks the fact that 97% of votes in favour of 360 Capital becoming ANI’s manager were cast by 360 Capital
 - excluding units voted by 360 Capital, 98% of ANI units voted on the proposal supported Fife Funds being retained as responsible entity of ANI
- **MISLEADING: “21% [of the units which were voted against the resolutions] were cast by entities associated with ANI’s appointed corporate advisers who are receiving substantial fees”**
 - no amount has been or will be paid by ANI to ANI unitholders or their financial advisers in relation to voting on the resolutions
 - the basis on which 360 Capital has made this statement is unclear
- **MISLEADING: “TIX has increased its FY15 earnings and distributions ... and continues to focus on growing distributions”**
 - TIX has upgraded its June 2015 quarter distribution to 6.07 cents per TIX unit, however based on the FY16 distribution forecasts presented by TIX, future TIX quarterly distributions are likely to fall from this level
 - TIX guidance for FY16 implies a 4% fall in operating earnings per TIX unit and an increase in the payout ratio from 92% to 95% to prevent distributions per TIX unit from also decreasing
- **MISLEADING: “Fife Funds has already committed to spend a significant amount of ANI’s 2015 profits... to defend its management rights”**
 - Fife Funds is required to act in the best interests of all ANI unitholders and has incurred costs in responding to repeated proposals from TIX and 360 Capital, proposals which notably have failed to gain the support of the majority of ANI unitholders
 - TIX has forecast that it will incur consultant fees of \$3.9 million, as disclosed in its third supplementary bidder’s statement
 - TIX’s assertion that Fife Funds has already committed to spend \$4.4 million significantly overstates costs incurred to date in relation to the Offer and the RE Replacement Resolutions. If the Offer is unsuccessful, the costs will be lower

- **INCORRECT: “ANI distributions are at significant risk ... as a result of lease expiry”**
 - Fife Funds has announced significant progress in re-leasing ANI properties with near term lease expiries
 - Fife Funds has secured indicative non-binding heads of agreements for new long term leases at the Fund’s properties at Keon Park and Dandenong South in Melbourne, continuing Fife Capital Group’s track record of pro-actively addressing potential vacancies

- **MISLEADING: “[TIX] expect Fife Funds to undertake a dilutive capital raising”**
 - the board of Fife Funds, which is comprised of a majority of independent directors, remains committed to acting in the best interests of ANI unitholders
 - Fife Funds will continue to implement its strategy for ANI, focused on sustainable long-term value creation and earnings growth for ANI unitholders

- **MISLEADING: “TIX’s modern portfolio will provide Unitholders with continued outperformance”**
 - the majority of the TIX portfolio would not satisfy ANI’s strict investment criteria
 - in a more challenging real estate market, the relative quality of TIX’s portfolio may expose investors to greater risks of value erosion

Despite TIX’s stake in ANI representing more than 10% of its current real estate investments, 360 Capital continues to make misleading statements about key aspects of ANI’s business, strategy and performance. Many of the statements contained in yesterday’s announcement conflict with or do not accurately reflect the true performance of ANI as disclosed by Fife Funds. Fife Funds has also responded to misleading or incorrect disclosures made by 360 Capital or its affiliated entities in previous disclosures, including the Target’s Statement released on 26 February 2015 and Explanatory Statement released on 4 May 2015.

ANI unitholders should also be aware that the Conditional Cash Payment of 10 cents per ANI unit under the Offer 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. Neither of these conditions has been satisfied.

– ENDS –

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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.