

## ASX Release

28 January 2015

### Earnings, Distribution and Capital Management Update

Fife Capital Funds Limited ("**Responsible Entity**"), the responsible entity for the Australian Industrial REIT ("**ANI**" or the "**Fund**"), today announced distributable earnings guidance and an upgrade to distribution guidance for the financial year ending 30 June 2015 in addition to the restructuring of its interest rate swaps.

#### Capital management update

The Fund has restructured and extended its hedging arrangements, entering into new interest rate swaps with a weighted average term to maturity of 4.7 years. The restructure seeks to take advantage of current market rates which are at historical lows and is in line with the Fund's strategy to provide investors with stable earnings that support the payment of distributions to ANI unitholders.

Following implementation, the Fund has \$90 million or approximately 80% of its existing debt hedged. This initiative reduces the Fund's marginal borrowing cost from 4.6% to 3.9%<sup>1</sup>, equating to an indicative annualised interest saving of approximately \$0.8 million or 0.8 cents per unit.

One-off costs associated with the restructure will be funded from existing debt facilities and increase the Fund's pro forma gearing as at 31 December 2014 to approximately 35%, remaining within the Fund's target 25% - 40% gearing range.

#### Distributable earnings and distribution guidance

The Fund's distributable earnings guidance for the financial year ending 30 June 2015 is 19.4 cents per unit. This represents a 5.5% increase to the Fund's annualised distributable earnings per unit of 18.4 cents for the financial year ending 30 June 2014. The guidance assumes no unforeseen material change in existing economic conditions and incorporates the restructuring of ANI's interest rate swaps outlined above.

In conjunction with the announcement of distributable earnings guidance, the Fund upgrades its distribution guidance for the financial year ending 30 June 2015 to 18.2 cents per unit. This represents a 5.8% increase to the previous distribution guidance of 17.2 cents per unit. The distribution payout ratio is estimated at 94% which is in line with the Fund's target payout ratio of 90% to 100% of distributable earnings. The estimated distribution for the six months ending 30 June 2015 is 9.6 cents per unit.

Further information will be provided in conjunction with the release of the Fund's results for the six months ending 31 December 2014, which is scheduled for 10 February 2015.

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<sup>1</sup> Inclusive of interest rate swaps, margin and line fees

**About the Australian Industrial REIT (ASX: ANI)**

The Fund is an Australian real estate investment trust that offers investors exposure to a quality portfolio of 16 industrial properties with a total value of \$318.5 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.