

6 February 2015

The Manager
Company Notices Section
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Australian Industrial REIT – Dispatch of Chairman’s Letter to Unitholders

Please find attached a letter dispatched to Australian Industrial REIT (ASX:ANI) unitholders today.

Yours faithfully

Fife Capital Funds Limited as responsible entity for the Australian Industrial REIT



Keir Barnes
Chief Financial Officer & Company Secretary

AUSTRALIAN INDUSTRIAL REIT

6 February 2015

Dear Unitholder

On 3 February 2015, Fife Capital Funds Limited ("**Responsible Entity**"), the responsible entity for the Australian Industrial REIT ("**ANI**" or the "**Fund**") received the Bidder's Statement from 360 Capital Investment Management Limited ("**360 Capital**") in its capacity as responsible entity of 360 Capital Industrial Fund ("**TIX**") in relation to TIX's unsolicited off-market all scrip takeover offer to acquire all the units in ANI (the "**Offer**"). The Bidder's Statement is scheduled to be sent to you by 360 Capital in mid-February.

Your Directors have established an independent board committee ("**IBC**") comprising myself as Independent Chairman and independent directors Michael Allen and Peter Dransfield. We are undertaking a detailed review of the Bidder's Statement and the Offer, in conjunction with our advisers. At this stage, the IBC has identified a number of concerns with the disclosure set out in the Bidder's Statement and has raised these concerns with 360 Capital.

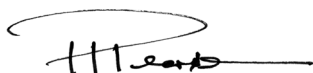
The Responsible Entity will prepare a Target's Statement in relation to the Offer which will set out our formal response to the Offer, including our recommendation to unitholders and intentions with respect to our own ANI units. The Responsible Entity, through the IBC, has also engaged KPMG Corporate Finance to prepare an Independent Expert's Report for your benefit in relation to the Offer. The Target's Statement, including the Independent Expert's Report, is expected to be released to the ASX in late February 2015 and sent to you in early March 2015.

Your Directors advise you to take no action in relation to the Bidder's Statement until receipt of ANI's Target's Statement.

The Responsible Entity is being advised by UBS AG, Australia Branch and Fort Street Advisers as financial advisers and King & Wood Mallesons as its legal counsel.

The Responsible Entity notes that the Fund's results for the six months ended 31 December 2014 will be released on 10 February 2015.

Your Directors will provide you with further updates, as appropriate.



Rod Pearce OAM

Independent Chairman

Fife Capital Funds Limited

as responsible entity of the Australian Industrial REIT