AUSTRALIAN INDUSTRIAL REIT

26 February 2015

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

Dear Sir/Madam

Australian Industrial REIT – Takeover offer by 360 Capital Investment Management Limited (ACN 133 363 185) as responsible entity of 360 Capital Industrial Fund (ARSN 099 680 252)

Fife Capital Funds Limited (ACN 130 077 735) as responsible entity of the Australian Industrial REIT (ARSN 165 651 301) (**"ANI**") today lodged its target's statement in relation to the off-market takeover offer by 360 Capital Investment Management Limited as responsible entity of 360 Capital Industrial Fund ("**Bidder**") ("**Target's Statement**"). The Target's Statement has been sent to the Bidder and lodged with the Australian Securities and Investments Commission today.

As required by item 14 of section 633(1) of the Corporations Act 2001 (Cth), enclosed is a copy of the Target's Statement.

We request that this announcement is immediately released to the market through the announcement platform pages of ANI.

Yours faithfully
Fife Capital Funds Limited as responsible entity of the Australian Industrial REIT

K. Barnes

Keir Barnes
Chief Financial Officer & Company Secretary

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

Target's Statement

This Target's 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 the unsolicited off-market scrip takeover bid made by **360 Capital Investment Management Limited** (ACN 133 363 185) as responsible entity of **360 Capital Industrial Fund** (ARSN 099 680 252).

REJECT THE OFFER

Your Independent Directors unanimously recommend that you **REJECT** the Offer and **DO NOTHING** in relation to all Offer documents received from 360 Capital Investment Management Limited

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 Offer. 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

FORT STREET ADVISERS

UBS

LEGAL ADVISER

KING&WOOD MALLESONS

Important notices

Nature of this document

This document is the Target's Statement issued by Fife Capital Funds Limited as responsible entity of Australian Industrial REIT under Part 6.5 of the Corporations Act in response to the Offer made pursuant to the Replacement Bidder's Statement which was served on ANI by the Bidder on 13 February 2015 (replacing the original bidder's statement lodged with ASIC on 3 February 2015) (hereinafter referred to as the "Bidder's Statement") and the second supplementary bidder's statement which was served on ANI by the Bidder on 23 February 2015.

You should read this Target's Statement in its entirety.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in the glossary in Section 10. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's 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, tax or other professional advice before making a decision whether or not to accept the Offer.

Disclaimer regarding forward looking statements

This Target's 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 any of its officers or employees, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's 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 Target's Statement reflect views held only as at the date of this Target's Statement.

Ineligible Foreign Unitholder

If your address on the ANI unit register is in a jurisdiction other than in Australia, its external territories or New Zealand, you will be an Ineligible Foreign Unitholder unless the Bidder determines otherwise in accordance with the Bidder's Statement.

If you are an Ineligible Foreign Unitholder, you will not be entitled to receive TIX Units on acceptance of the Offer. Instead, the TIX Units which would otherwise have been issued to you will be issued to a Sale Nominee, who will sell those units on market and then pay the net proceeds (in Australian dollars) to you. Refer to section 11.5.4 of the Bidder's Statement.

In making the Offer available to persons in New Zealand, the Bidder is relying on an exemption contained in the New Zealand Securities Act (Overseas Companies) Exemption Notice 2002 (as amended) in relation to prospectus and investment statement requirements in New Zealand.

Unmarketable Parcel Unitholders

If by accepting the Offer you would become entitled to an unmarketable parcel of TIX Units (that is, a parcel of TIX Units with a market value of less than A$500), then you will not receive TIX Units as consideration. Instead, the TIX Units which would otherwise have been issued to you will be issued to the Sale Nominee, who will sell those units on market and pay the net proceeds to you. Refer to section 11.5.4 of the Bidder's Statement.

Privacy

ANI has collected your information from the register of ANI Unitholders for the purpose of providing you with this Target's Statement. The type of information ANI has collected about you includes your name, contact details and information about your unitholding in ANI. Without this information, ANI would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the names and addresses of ANI Unitholders to be held in a public register. Your information may be disclosed on a confidential basis to Fife Funds' Related Bodies Corporate and external service providers (such as ANI's unit registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC and the ASX.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared solely in accordance with Australian law.

Maps and diagrams

Any diagrams, charts, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at the date of this Target's Statement.

Disclaimer as to information

The information on the Bidder, TIX, 360 Capital RE and 360 Capital Group contained in this Target's Statement has been prepared by ANI using publicly available information. The information in this Target's Statement concerning the Bidder, TIX, 360 Capital RE 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.

ASIC and ASX disclaimer

A copy of this Target's Statement has been lodged with ASIC and sent to the ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

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- 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).

Further information relating to the Offer can be obtained from ANI's website at http://www.aireit.com.au/.

Key dates

Date of Offer	17 February 2015
Date of this Target's Statement	26 February 2015
Close of Offer Period (unless withdrawn or extended)	24 March 2015

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Chairman's letter

AUSTRALIAN
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REIT

Dear ANI Unitholder,

THE INDEPENDENT DIRECTORS RECOMMEND YOU REJECT THE OFFER FOR YOUR ANI UNITS

THE INDEPENDENT EXPERT HAS CONCLUDED THE OFFER IS NEITHER FAIR NOR REASONABLE

360 Capital Group ("**360 Capital Group**")[1] and 360 Capital Investment Management Limited ("**360 Capital RE**") as responsible entity of 360 Capital Industrial Fund (**"TIX"**) are seeking to gain control of your investment in Australian Industrial REIT ("**ANI**") (the "**360 Capital Strategy**"). The 360 Capital Strategy comprises two related initiatives:

- an unsolicited scrip takeover offer made by TIX to acquire all of your ANI Units for 0.89 TIX Units for every one ANI Unit ("**Offer**"); and
- an intention to replace Fife Capital Funds Limited ("**Fife Funds**" or the **"Responsible Entity"**) as the responsible entity of ANI with a 360 Capital Group member ("**360 RE**") (the "**RE Replacement**").

You should have recently received the Bidder's Statement from TIX that contains the Offer. If successfully implemented, the 360 Capital Strategy would involve the acquisition of some, but not necessarily all, ANI Units and 360 RE assuming the management of ANI.

The Independent Board Committee ("**IBC**") of Fife Funds comprising myself, Michael Allen and Peter Dransfield in conjunction with our advisers have completed a detailed review of the 360 Capital Strategy, as contained in the Bidder's Statement. The IBC considers that the Offer fails to deliver compelling value for ANI Unitholders:

- the Offer is not as attractive as your existing investment in ANI;
- the 360 Capital Group management proposition would change the risk profile for ANI Unitholders; and
- the governance arrangements would be unsatisfactory for ANI Unitholders.

The 360 Capital Strategy fails to deliver compelling value for ANI Unitholders

The Offer is not as attractive as your existing investment in ANI

The Offer Consideration comprises 0.89 TIX Units for each ANI Unit you currently hold. You may also receive the Conditional Cash Payment of $0.03[2] from 360 Capital Group.

The IBC considers that the Offer does not represent a compelling or certain premium based on the implied Offer value and acceptance of the Offer would result in exposure to TIX's lower trading liquidity.

In addition, the IBC considers that relative to your existing ANI investment, acceptance of the Offer would result in exposure to:

- lower forecast Distributable Earnings per unit;[3]
- lower forecast distributions per unit;[3]
- lower net tangible assets ("**NTA**") per ANI Unit;[4] and
- a significantly higher level of Gearing.[4]

In its Bidder's Statement ANI Unitholders are encouraged to accept the Offer on or before 24 March 2015, in order to receive the TIX quarterly distribution of 4.5 cents per equivalent ANI Unit if the Offer is unconditional at that time. The IBC does not consider this an additional benefit, as you would forego your half yearly ANI distribution[5] for the period ending 30 June 2015.

1. 360 Capital Group is an ASX listed stapled group (ASX code: TGP) comprising 360 Capital Group Limited and 360 Capital RE in its capacity as responsible entity of the 360 Capital Investment Trust and their controlled entities.
2. Conditional Cash Payment to be paid by 360 Capital Group in the event that more than 50% of ANI Unitholders accept the Offer, or a 360 Capital Group member is appointed as responsible entity of ANI prior to 24 March 2015.
3. Pro forma forecast Distributable Earnings and distributions for FY15 and FY16 as detailed in Section 7 of this Target's Statement.
4. Pro forma impact as at 31 December 2014 as detailed in Section 7 of this Target's Statement.
5. Forecast to be 9.6 cents per ANI Unit for the six months ending 30 June 2015, as announced on 28 January 2015.

The 360 Capital Group management proposition changes the risk profile for ANI Unitholders

The Bidder's Statement outlines 360 Capital RE's intentions for the management of ANI. The IBC has reviewed these intentions comparing 360 Capital RE's proposed strategy with the existing strategy for ANI under the management of Fife Funds. The IBC considers that there are several critical areas where the 360 Capital Strategy will change the risk profile for ANI Unitholders:

- **Investment criteria:** In selecting assets for ANI, Fife Funds adheres to strict investment criteria such as, precluding investment in non-metropolitan markets, materially flood-affected land, leasehold tenure or properties subject to material environmental contamination. The majority of TIX assets do not satisfy ANI's investment criteria.
- **Portfolio strategy:** 360 Capital RE has stated its intention to manage short-term lease expiries in the ANI portfolio via asset sales of some properties. 360 Capital Group also adopts a strategy of outsourcing property management to third parties. The IBC considers that neither elements of 360 Capital RE's portfolio strategy are in the best interests of ANI Unitholders. Fife Funds is committed to fostering close working relationships with tenants to facilitate re-leasing of assets, and Fife Capital Group has a track record of successfully executing this strategy.
- **Pipeline:** In the Bidder's Statement, 360 Capital RE has referenced a first-right arrangement with Walker Corporation for developed industrial property, however it is not clear that TIX has ever acquired a property pursuant to this first right. Under the Co-operation Deed, Fife Funds has a right to acquire properties from Fife Capital Group's built-to-suit industrial property pipeline. Fife Capital Group has delivered and extended 8 properties in ANI's portfolio, with a further $150 million of opportunities under consideration.[1] The RE Replacement may see ANI lose access to the Fife Capital Group pipeline.

360 Capital Group has unsatisfactory governance arrangements

The IBC has significant concerns in relation to certain governance implications of the 360 Capital Strategy. ANI Unitholders should be aware that:

- 360 Capital Group and the responsible entity of TIX have the same board of directors. This is in contrast with Fife Funds, the board of which comprises a majority of independent directors who have no other directorship roles within Fife Capital Group; and
- 360 Capital RE has not set out how it would deal with conflicts of interest between ANI and TIX in the event that RE Replacement occurs and both ANI and TIX remain listed on the ASX. For example, it is not clear how acquisition, leasing or sale opportunities would be allocated between ANI and TIX.

Independent Directors' Recommendation

The IBC, together with Non-executive Director John Hudson, recommend that ANI Unitholders **REJECT the Offer**. Allan Fife, the Managing Director of Fife Funds, is the ultimate owner of Fife Funds and on that basis has elected not to make a recommendation.

Each of the Directors of Fife Funds currently intend to **REJECT the Offer** in respect of the units they own in ANI.

To REJECT the Offer simply DO NOTHING and take NO ACTION in relation to the Bidder's Statement sent to you by TIX.

Independent Expert's Conclusion

The Independent Expert, KPMG Corporate Finance, advises ANI Unitholder's that **the TIX Offer is neither fair nor reasonable**.

The Independent Expert's Report is set out in Annexure A of this Target's Statement.

Conclusion

This Target's Statement sets out the Responsible Entity's response to the Offer.

I would encourage you to read this Target's Statement carefully, having regard to your own risk profile, investment strategy and tax position. You should seek independent financial, tax or other professional advice if you are in doubt as to what you should do in response to the Offer.

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

Rod Pearse OAM
Independent Chairman
Fife Capital Funds Limited
as responsible entity of the Australian Industrial REIT

1. Subject to pre-existing mandate.

Key reasons to **REJECT** the Offer

1. Unsatisfactory financial outcomes for ANI Unitholders[1]

If the Offer proceeds, adverse financial outcomes for ANI Unitholders include:

Impact of Offer vs ANI stand-alone

Lower forecast Distributable Earnings per unit[2]

FY15 guidance: 2.4%

FY16 guidance: 2.9%-7.5%

Lower forecast distributions per unit[2]

FY15 guidance: 1.2%

FY16 guidance: 2.0%-6.6%

Lower NTA per unit[3]

4.0%-5.4%

Pro forma as at 31 December 2014

Significantly **higher** level of Gearing[4]

6%-9%

Pro forma as at 31 December 2014

2. No compelling or certain premium[1,5]

Implied offer value: $2.36[5] per ANI Unit

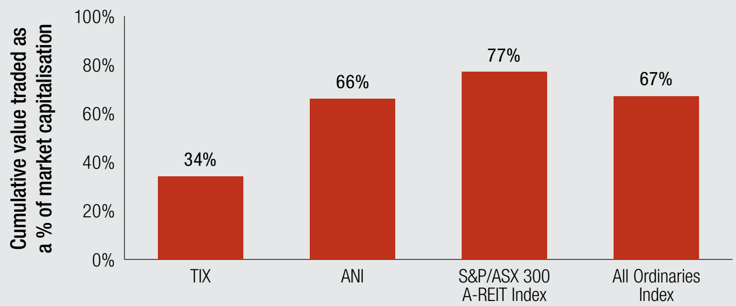
TIX has significantly lower levels of trading liquidity than ANI, the S&P/ASX 300 A-REIT Index and the All Ordinaries Index

Relatively low levels of trading liquidity in TIX may exacerbate price movements in TIX Units and the implied value of the Offer consideration received (100% scrip[6])

ANI Unitholders who wish to sell TIX Units received as consideration may not be able to realise a premium

Premium of only 1.6%[5]

Trading liquidity – 12 months to 24 February 2015



Source: IRESS as at 24 February 2015

1. You should read Section 1 and Section 7 for a detailed discussion of the financial metrics and basis of preparation.
2. Pro forma Distributable Earnings and distributions for the Combined Group per equivalent ANI Unit assuming TIX acquires 100% of ANI Units, prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit. Distributable Earnings and distribution dilution per equivalent ANI Unit experienced in FY16 will depend on the timing of asset sales that the Bidder has stated it intends to make. Refer to Section 7 for further information.
3. Pro forma NTA for the Combined Group as at 31 December 2014 per equivalent ANI Unit assuming TIX acquires 100% of ANI Units. The NTA dilution experienced per equivalent ANI Unit has been considered in conjunction with the Conditional Cash Payment of $0.03 per ANI Unit. The upper end of the range includes the Conditional Cash Payment, and the lower end of the range excludes the Conditional Cash Payment. Refer to Section 7 for further information.
4. Pro forma impact for the Combined Group as at 31 December 2014 assuming TIX acquires 100% of ANI Units. Actual Gearing will depend on the extent of ANI asset sales that the Bidder has stated that it intends to make. Refer to Section 7 for further information.
5. Implied Offer value of $2.36 per ANI Unit is based on the TIX 5 day VWAP as at 24 February 2015 and reflects a premium of 1.6% based on the ANI 5 day VWAP over the same period. Excludes the Conditional Cash Payment of $0.03 per ANI Unit.
6. Excludes the Conditional Cash Payment of $0.03 per ANI Unit.

Key reasons to **REJECT** the Offer

3. Change in risk profile on change of management

ANI's strategy differs materially from TIX's strategy.

		ANI strategy		TIX strategy
Investment criteria	✓	Strict investment criteria only investing in major metropolitan markets	✗	Majority of TIX properties do not meet ANI's strict investment criteria
Property management	✓ ✓	Fully managed by Fife Capital Group In full control of relationships and day-to-day dealings with all ANI tenants	✗ ✗	Outsourced to third parties Not directly responsible for day-to-day dealings with TIX tenants
Portfolio management	✓	Focused on proactively re-leasing assets with short WALEs and maintaining close tenant relationships	✗ ✗	Focused on selling properties with short WALEs TIX has sold 7 assets since 2012, with an average WALE of 2.0 years, at a weighted average discount of 12% to last external valuation[1]
Built-to-suit[2] development	✓	Track record of built-to-suit development and a significant pipeline which can create value for ANI Unitholders	✗	Referenced a first right over development assets of Walker Corporation – it is not clear that any asset has been acquired, or will be acquired, pursuant to this first right
Capital management	✓ ✓	Gearing policy is 25% to 40% Pro forma Gearing as at 31 December 2014 is 35%	✗ ✗	Gearing policy is 35% to 50% Pro forma Gearing as at 31 December 2014 is 48%

4. 360 Capital Group has unsatisfactory governance arrangements

- **Conflicts between TIX and 360 Capital Group:** Each of the directors of the responsible entity of TIX are also directors of 360 Capital Group. In contrast, the Board of Fife Funds comprises a majority of independent directors who have no other directorship roles within Fife Capital Group.
- **Conflicts between ANI and TIX with a 360 Capital Group member as responsible entity:** The Bidder proposes seeking to replace Fife Funds as responsible entity of ANI with a 360 Capital Group member even if the Bidder acquires less than 100% of ANI. The Bidder has not disclosed how it will manage the conflicts between ANI and TIX where 360 Capital Group is the manager of two competing ASX listed industrial REITs.

1. Weighted by last external independent valuation.
2. "Built-to-suit" can be broadly defined as a facility designed and built to meet the requirements of a future occupant who has legally committed to lease the property subject to its delivery.

Key reasons to **REJECT** the Offer

5. Independent Expert has concluded the Offer is neither fair nor reasonable

In assessing the fairness of the Offer, the Independent Expert stated "**there is either no control premium, or an insufficient control premium, being paid to the ANI Unitholders**".

In forming its opinion as to the reasonableness of the Offer, the Independent Expert stated "**we consider that the disadvantages outweigh the advantages, and that there are no compelling reasons as to why ANI Unitholders should accept the Offer.**"

6. The Offer presents significant risks for ANI Unitholders

- The Offer is not subject to a minimum acceptance condition. Any outstanding Conditions may be waived by the Bidder at its discretion. In the second supplementary bidder's statement released on 23 February 2015, the Bidder committed to waiving any outstanding Conditions once it has received acceptances in respect of 30% of ANI Units. This means that following the close of the Offer and any subsequent compulsory acquisition, the Bidder may own anywhere between 0% and 100% of ANI. The 360 Capital Group has made no statement regarding its intentions whether it will accept the Offer.
- The Bidder may require TIX Unitholder approval or a Listing Rule waiver from the ASX to acquire the ANI units held in the 360 Capital Group and therefore to acquire 100% of ANI. The 360 Capital Group has made no statement regarding its intention as to whether it will accept the Offer.
- There are significant risks for you in accepting the Offer and becoming a TIX Unitholder if the Bidder does not acquire 100% control of ANI. These risks include:
  - the Bidder may seek to replace Fife Funds as responsible entity of ANI with a member of the 360 Capital Group without acquiring a majority of the ANI Units;
  - you may have to pay capital gains tax if you accept the Offer and the Bidder acquires less than 80% of ANI; and
  - the Bidder may seek to sell its ANI Units if it acquires only a minority stake.

You should refer to Sections 1.6 and 5.15 for a detailed discussion of these risks.

7. Accepting the Offer may deprive you of the opportunity to participate in any superior proposal to acquire your ANI Units

If you accept the Offer, you will be restricted from dealing with your ANI Units while the Offer remains open. Accepting the Offer will therefore limit your ability to participate in any superior proposal to acquire ANI Units that may eventuate.

At the date of this Target's Statement, Fife Funds is not aware of any alternative proposal to acquire all the Units in ANI.

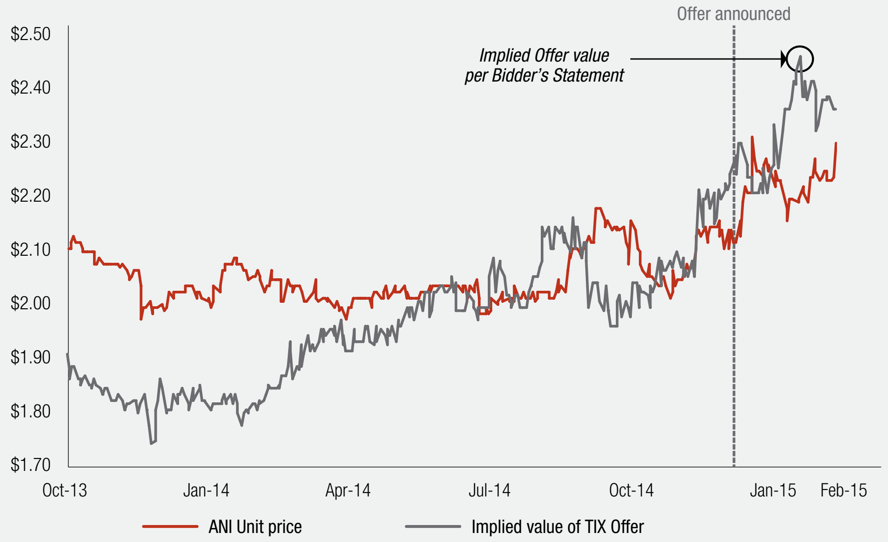
8. Accepting the Offer may deprive you of the opportunity to enjoy any future growth of ANI

The IBC is aware that Fife Capital Group has been actively soliciting proposals for ANI that may involve ANI acquiring additional assets. At the date of this Target's Statement, Fife Funds has not received any alternative proposal and there is no guarantee that any such proposal will be received. The Independent Directors will keep you informed of all material developments which may eventuate.

The ANI IBC **REJECTS** certain claims made by TIX

TIX claim	ANI IBC response
"Attractive premium to ANI Unitholders"	**Insufficient premium to ANI Unitholders, which may not be realised** • TIX has quoted an implied Offer value based on its all-time highest closing price. • Less than 0.1% of TIX units have ever traded at or above the TIX price level TIX used to value its Offer. • The IBC considers that TIX has overstated the premium by comparing an Offer value based on recent TIX trading prices relative to ANI prices prior to the bid, which does not fairly account for: – 10.6% A-REIT market rally since December 2014[1]; and – 5.8% upgrade in FY15 distribution per unit guidance by ANI in January 2015. • Based on the TIX 5-day VWAP to 24 February 2015, the implied value of the Offer is $2.36 per ANI Unit and represents a small premium of 1.6% compared to the ANI 5-day VWAP over the same period.[2] • On a like for like basis since ANI listed on 21 October 2013, the implied value of the Offer based on the fixed merger ratio reflects an average 3.8% discount to ANI's trading price.[2,3]

Implied Offer Value[2]



See Section 1.2 for details.

1. S&P/ASX 300 A-REIT Index increase from 5 December 2014 to 24 February 2015.
2. Excludes the Conditional Cash Payment of $0.03 per ANI Unit.
3. Average discount of 3.8% from 21 October 2013 to 24 February 2015.

The ANI IBC **REJECTS** certain claims made by TIX

TIX claim	ANI IBC response

"Improved earnings and distribution risk profile"

Significant adverse financial impacts if you accept the Offer

- Lower forecast Distributable Earnings per unit in FY15 (2.4% dilution) and FY16 (2.9% to 7.5% dilution).[1]
- Lower forecast distributions per unit in FY15 (1.2% dilution) and FY16 (2.0% to 6.6% dilution).[1]
- Lower NTA per ANI Unit (4.0% to 5.4% dilution).[2]
- Significantly higher Gearing of 41% to 44%, which exceeds ANI's current level of 35% and target gearing range of 25% to 40%.[3]
- Lease expiries in FY16 and FY17 are being actively addressed. Fife Capital Group is in discussions with existing and prospective tenants to re-lease these properties.

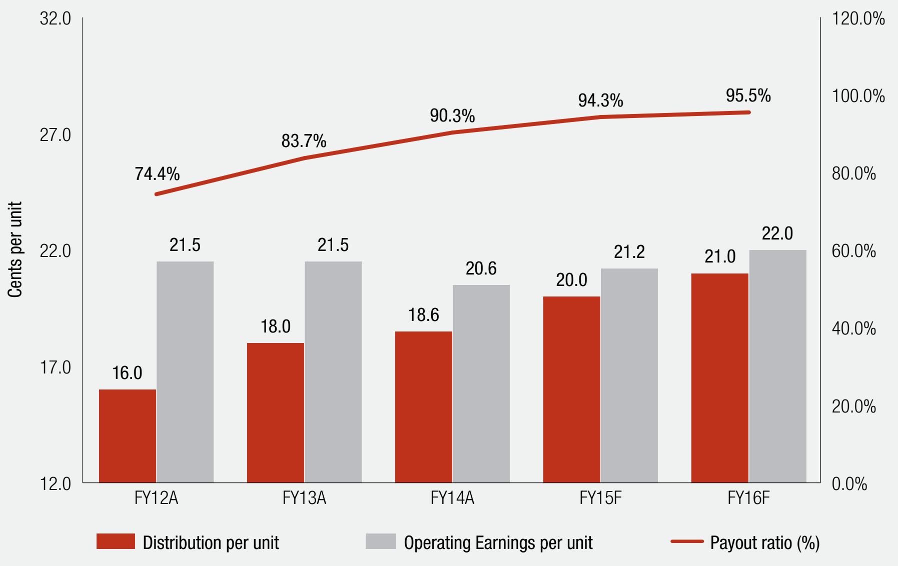
See Section 1.1 for details.

"360 Capital has a demonstrated track record"

TIX has a questionable track record

- TIX Bidder's Statement focuses on distribution per unit growth without disclosing Operating Earnings per unit growth which masks the underlying earnings performance that has been delivered.
- TIX's stated distribution per unit growth is largely a result of increasing the payout ratio from 74% to 95% between FY12 and FY16 (guidance).
- While TIX claims distribution per unit growth of 7.1% p.a. from FY12 to FY16, its comparable Operating Earnings per unit growth is only 0.6% p.a. over this time period.

TIX actual and forecast financial performance



See Section 1.3 for details.

1. Pro forma Distributable Earnings and distributions for the Combined Group per equivalent ANI Unit assuming TIX acquires 100% of ANI Units, prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit. Distributable Earnings and distribution dilution per equivalent ANI Unit experienced in FY16 will depend on the timing of asset sales that the Bidder has stated it intends to make. Refer to Section 7 for further information.
2. Pro forma NTA for the Combined Group as at 31 December 2014 per equivalent ANI Unit assuming TIX acquires 100% of ANI Units. The NTA dilution experienced per equivalent ANI Unit has been considered in conjunction with the Conditional Cash Payment of $0.03 per ANI Unit. The upper end of the range includes the Conditional Cash Payment, and the lower end of the range excludes the Conditional Cash Payment. Refer to Section 7 for further information.
3. Pro forma impact for the Combined Group as at 31 December 2014 assuming TIX acquires 100% of ANI Units. Actual Gearing will depend on the extent of ANI asset sales that the Bidder has stated that it intends to make. Refer to Section 7 for further information.

The ANI IBC **REJECTS** certain claims made by TIX

TIX claim	ANI IBC response
"Strong alignment of interest with 360 Capital as fund manager"	**Several corporate governance deficiencies exist in the 360 Capital Group model** • The directors of 360 Capital Group are the same directors as the responsible entity of TIX. • 360 Capital RE has not explained how it proposes to manage the conflicts of interest which will arise where ANI and TIX both remain listed on the ASX and a 360 Capital Group member is the responsible entity of both ANI and TIX. ***See Section 1.4 for details.***
"Strategy to address imminent risk in the ANI portfolio"	**ANI strategy to address leasing risk is expected to be more value enhancing than TIX's approach** • TIX's strategy is to sell assets with a short WALE, with seven examples of this occurring since August 2012. • Selling an asset with a short WALE can generate sub-optimal sale outcomes. Since August 2012, TIX has disposed of seven properties with a weighted average WALE of 2.0 years at a weighted average discount to the last external independent valuation of 12%.[1] • Fife Funds believes re-leasing assets and extending WALE will mitigate income risk and enhance the value of those assets, particularly given that the properties earmarked for sale by TIX have the potential for further development upside. • Fife Capital Group has property management capabilities to re-lease properties and is currently in discussions with existing and prospective tenants regarding leasing terms for the assets TIX has identified for sale. ***See Section 1.3 for details.***
"Significantly improved market position, scale, diversification and liquidity"	**Whether these possible benefits will arise depends on the number of ANI Units acquired by TIX under the Offer** • There is no minimum acceptance condition for the Offer and so there is no assurance that an accepting ANI Unitholder will enjoy any of these potential benefits. **Even if TIX does acquire 100% of ANI, these benefits go to TIX's current unitholders more than ANI Unitholders who are not being adequately compensated for providing these benefits** • TIX gets the benefit of access to ANI institutional investors, with ANI having larger institutional ownership than TIX despite its smaller size. • Increased diversification is of questionable value to ANI Unitholders given that the majority of TIX's properties do not meet ANI's investment criteria. • Trading in TIX Units has lower relative liquidity than ANI Units. • No certainty that the benefits that TIX claim will flow through to accepting ANI Unitholders given the Offer structure, including the absence of a minimum acceptance condition. ***See Section 1 for details.***

1. Weighted by last external independent valuation.

INDEPENDENT DIRECTORS' RECOMMENDATION: REJECT THE OFFER

After taking into account each of the matters in this Target's Statement and the Bidder's Statement, each of your Independent Directors recommends that you **REJECT** the Offer.

HOW TO REJECT THE OFFER

1. To **REJECT** the Offer, **DO NOTHING**. Ignore all documents received from the Bidder.
2. You should read this Target's Statement which contains the Independent Directors' recommendation to **REJECT** the Offer and the reasons for this recommendation.
3. If you have any queries in relation to the Offer, 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).

To **REJECT** the Offer, **DO NOTHING** and ignore all documents received from the Bidder

1. Key reasons to **REJECT** the Offer

1. Key reasons to **REJECT** the Offer

1.1 The Offer delivers unsatisfactory financial outcomes for ANI Unitholders

Your Independent Directors have assessed the Offer based on a range of financial metrics, having regard to the current position of ANI Unitholders relative to the expected position following the Offer, and believe that the Offer delivers unsatisfactory financial outcomes for ANI Unitholders.

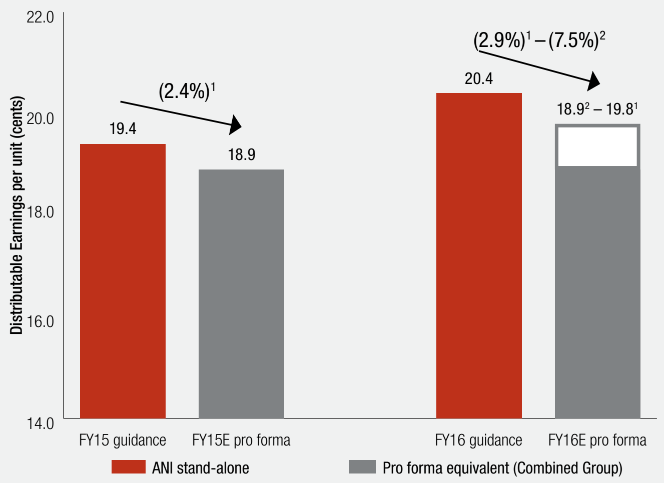
On an equivalent basis, ANI Unitholders will suffer Distributable Earnings per unit dilution

- ANI Unitholders' forecast Distributable Earnings per unit is expected to decrease by 2.4%[1] in FY15 and decrease by 2.9%[1] to 7.5%[2] in FY16 assuming TIX achieves 100% ownership of ANI and a full year impact.
- The actual Distributable Earnings per unit dilution experienced by ANI Unitholders in FY16 will depend on the timing and execution of asset sales that TIX has stated it intends to make following implementation of the Offer:
  - upper end of the range (2.9% dilution) reflects no asset sales[1]
  - lower end of the range (7.5% dilution) reflects the full year impact of asset sales.[2]
- These estimates are based on the Distributable Earnings per unit guidance for ANI and TIX and assumptions provided in Section 7 of this Target's Statement.

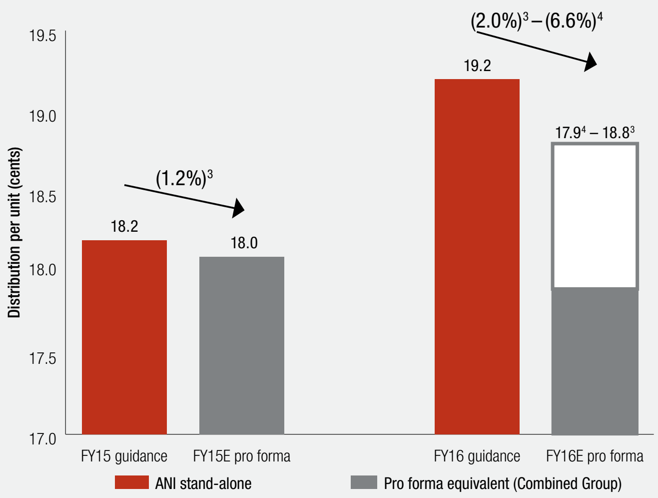
On an equivalent basis, ANI Unitholders will suffer distribution per unit dilution

- ANI Unitholders' forecast distribution per unit is expected to decrease by 1.2%[3] in FY15 and decrease by 2.0%[3] to 6.6%[4] in FY16 assuming TIX achieves 100% ownership of ANI and a full year impact.
- The actual distribution per unit dilution experienced by ANI Unitholders in FY16 will depend on the timing and execution of asset sales that TIX has stated it intends to make following implementation of the Offer:
  - upper end of the range (2.0% dilution) reflects no asset sales[3]
  - lower end of the range (6.6% dilution) reflects the full year impact of asset sales.[4]
- The extent of distribution per unit dilution is partially offset (relative to the extent of Distributable Earnings per unit dilution) by an increased payout ratio, with TIX having assumed in its original bidder's statement a 95% payout ratio[5] for the Combined Group, which is higher than ANI's current payout ratio of 94%.
- These estimates are based on the distribution per unit guidance for ANI and TIX and assumptions provided in Section 7 of this Target's Statement.

ANI equivalent full year Distributable Earnings per unit impact based on TIX acquiring 100% of ANI



ANI equivalent full year distribution per unit impact based on TIX acquiring 100% of ANI



1. Pro forma Distributable Earnings for the Combined Group per equivalent ANI Unit assuming TIX acquires 100% of ANI Units and no impact from the sale of certain ANI assets identified by TIX, prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit. Refer to Section 7 for further information.
2. Pro forma Distributable Earnings for the Combined Group per equivalent ANI Unit assuming TIX acquires 100% of ANI Units and assets TIX have identified for sale are sold on 1 July 2015, prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit. Refer to Section 7 for further information.
3. Pro forma distributions for the Combined Group per equivalent ANI Unit assuming TIX acquires 100% of ANI Units, no impact from the sale of certain assets identified by TIX and assuming a distribution payment ratio of 95% consistent with the assumption in TIX's original bidder's statement, prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit. Refer to Section 7 for further information.
4. Pro forma distributions for the Combined Group per equivalent ANI Unit assuming TIX acquires 100% of ANI Units, assets TIX have identified for sale are sold on 1 July 2015 and assuming a distribution payment ratio of 95% consistent with the assumption in TIX's original bidder's statement, prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit. Refer to Section 7 for further information.
5. The assumed distribution payout ratio for the Combined Group is 95% as set out in TIX's original bidder's statement. In its second supplementary bidder's statement released on 23 February 2015, the Bidder announced an increase in the forecast distributions per unit in FY16 for the Combined Group attributable solely to an increase in the assumed payout ratio to 96.5%.

In its second supplementary bidder's statement released on 23 February 2015, the Bidder announced an increase in the forecast FY16 distribution per unit for the Combined Group attributable solely to an increase in the assumed payout ratio from 95.0% to 96.5%.

The revised higher payout ratio has been applied by 360 Capital RE only for the Combined Group, and is not based on any underlying improvement in the expected financial performance of the Combined Group since the release of the Bidder's Statement on 13 February 2015. In addition, the revised higher payout ratio for the Combined Group exceeds the payout ratio that 360 Capital RE intends to apply to TIX on a stand alone basis. If Fife Funds were to adopt the same payout ratio for ANI on a stand alone basis, the distribution per unit dilution experienced by ANI Unitholders would be in line with the higher levels shown for Distributable Earnings per unit dilution.

The impact that changes in the payout ratio would have on the Combined Group's FY16 forecast distribution per unit per equivalent ANI Unit is shown in the table below.

Combined Group FY16 distribution per unit (cents per unit) per equivalent ANI Unit

Payout ratio	94.0%[1]	95.0%[2]	96.5%[3]
FY16 distribution per unit (no asset sales)[4]	18.6	18.8	19.1
Movement in ANI FY16 guidance[5]	(3.0%)	(2.0%)	(0.5%)
FY16 distribution per unit (full year asset sales)[6]	17.7	17.9	18.2
Movement in ANI FY16 guidance[5]	(7.6%)	(6.6%)	(5.1%)

1. ANI forecast payout ratio for the years ending 30 June 2015 and 30 June 2016.
2. Assumption per Bidder's Statement dated 13 February 2015 and presentation released by ANI on 17 February 2015.
3. Revised TIX assumption per Supplementary Bidder's Statement dated 23 February 2015.
4. Pro forma distributions for the Combined Group per equivalent ANI Unit assuming TIX acquires 100% of ANI Units and no impact from the sale of certain assets identified by TIX, prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit. Refer to Section 7 for further information.
5. Movement between the stand-alone ANI FY16 guidance and ANI equivalent.
6. Pro forma distributions for the Combined Group per equivalent ANI Unit assuming TIX acquires 100% of ANI Units and assets TIX have identified for sale are sold on 1 July 2015, prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit. Refer to Section 7 for further information.

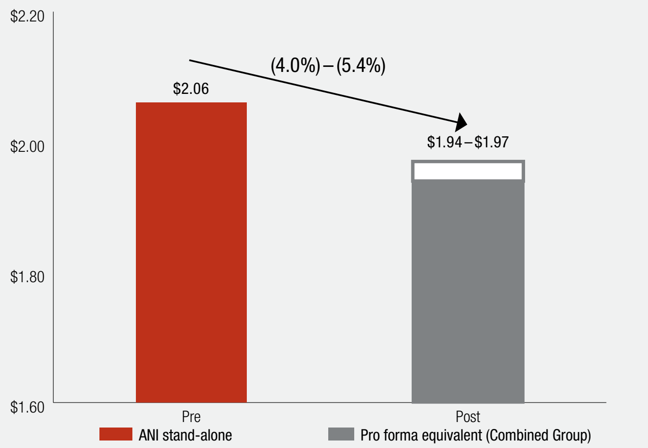
ANI Unitholders will suffer NTA per unit dilution

- ANI Unitholders are expected to suffer a 4.0% to 5.4% reduction in NTA per unit, with ANI Unitholders' effective NTA per unit being reduced to between $1.94 and $1.97 from $2.06 as at 31 December 2014.[1]
- NTA per unit dilution assumes that TIX is able to realise book value as at 31 December 2014 for its proposed ANI asset sales.
- The NTA per unit dilution experienced by ANI Unitholders in the Combined Group has been considered in conjunction with the Conditional Cash Payment
  - upper end of the range (4.0% dilution) includes the full amount of the Conditional Cash Payment before tax
  - lower end of the range (5.4% dilution) excludes the Conditional Cash Payment.

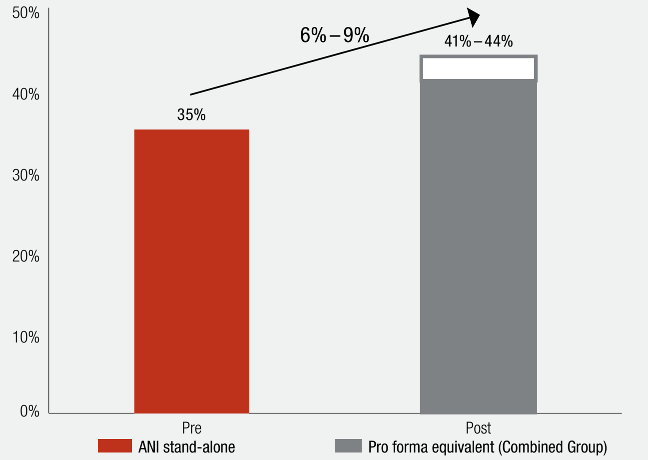
ANI Unitholders will be exposed to significantly higher Gearing

- ANI Unitholders would be exposed to an entity with significantly higher Gearing, with Combined Group pro forma Gearing of between 41% to 44%.[3] This is higher than ANI's stated target gearing policy of 25% to 40% and ANI's pro forma Gearing as at 31 December 2014 of 35%.[4]
- The actual Gearing of the Combined Group will depend on the extent of ANI asset sales that 360 Capital RE has stated it intends to make following implementation of the Offer and assumes that TIX acquires 100% of ANI Units.
- Higher levels of Gearing magnify the impact of changes in interest rates, increase the risk of breaching covenants and the risks associated with refinancing or repaying debt facilities as they fall due. If debt facilities are unable to be refinanced or repaid when they are due this could lead to asset disposals for a lower market value than could otherwise have been realised, entering into of new debt facilities on less favourable terms or equity raisings.

Equivalent NTA per unit impact for ANI Unitholders based on TIX acquiring 100% of ANI[2]



Gearing impact for ANI Unitholders based on TIX acquiring 100% of ANI[1,3,4]



1. Pro forma for the restructure of ANI's interest rate swaps as announced on 28 January 2015.
2. Pro forma NTA per unit for the Combined Group as at 31 December 2014 per equivalent ANI Unit assuming TIX acquires 100% of ANI Units. The NTA per unit dilution experienced by ANI Unitholders has been considered in conjunction with the Conditional Cash Payment. Upper end of the range includes the Conditional Cash Payment, and the lower end of the range excludes the Conditional Cash Payment. Refer Section 7 for further information.
3. Pro forma impact for the Combined Group as at 31 December 2014 assuming TIX acquires 100% of ANI Units. Actual Gearing will depend on the extent of ANI asset sales that the Bidder has stated that it intends to make. Refer to Section 7 for further information.
4. Pro forma Gearing as at 31 December 2014. Refer Section 7 for further information.

1.2 No compelling or certain premium as at the date of this Target's Statement

The Offer Consideration is 0.89 TIX Units for every one ANI Unit, therefore, the actual value of the Offer is uncertain and depends on the trading price of TIX Units from time to time.

Based on the TIX 5-day VWAP to 24 February 2015, the implied value of the Offer is $2.36 per ANI Unit and represents a small premium of 1.6%[1] compared to the ANI 5-day VWAP over the same period.

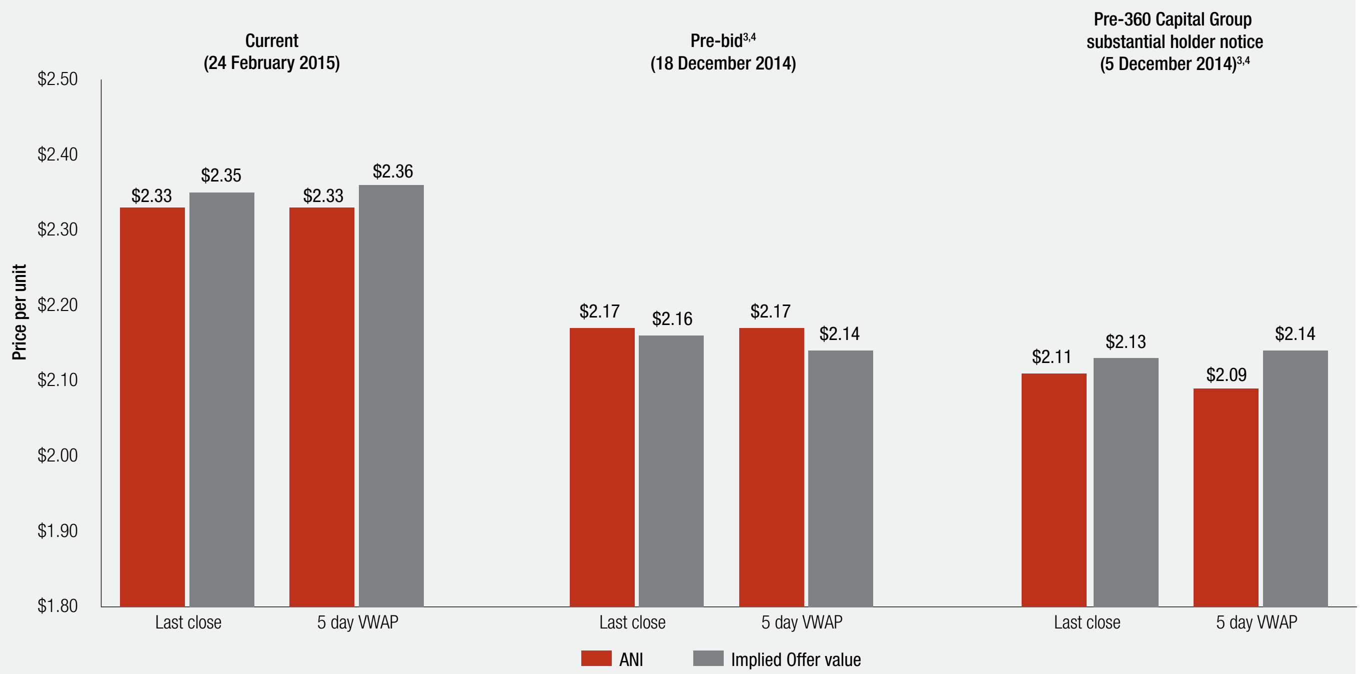
Your Independent Directors believe that due to broader market movements and company specific announcements, any comparison of the implied Offer value and ANI Unit price should be done with reference to ANI and TIX trading prices at the same point in time. A comparison using price points at different points in time (as TIX has used in its Bidder's Statement) may result in a comparison that is misleading.

Since 5 December 2014, being the date that the Bidder lodged a substantial unitholder notice in relation to ANI, the S&P/ASX 300 A-REIT Index has increased by 10.6%[2]. In addition to the positive performance of the A-REIT sector, there have been several specific announcements that have occurred which have likely had an impact on ANI's price performance, both in relation to the Offer and made in the ordinary course.

The implied Offer value based on TIX's recent trading prices relative to ANI prices prior to the bid overstates the premium being paid. As shown in the following figure, the Offer provides only a small premium (or discount) to the ANI trading price when compared on a like-for-like basis at different points in time.

The Independent Expert's Report (see Appendix A) indicates that the implied Offer value provides either no control premium, or an insufficient control premium to ANI Unitholders.

Implied Offer values at different points in time since 360 Capital Group substantial holder notice lodged on 5 December 2014



Source: IRESS as at 24 February 2015.

Premium/ (Discount)[5]	**0.8%**	**1.6%**	**(0.5%)**	**(1.1%)**	**0.6%**	**2.4%**

1. Excludes the Conditional Cash Payment of $0.03 per ANI Unit.
2. S&P/ASX 300 A-REIT Index increase from 5 December 2014 to 24 February 2015.
3. Fully adjusted for the 31 December 2014 distribution of 8.60 cents per ANI Unit.
4. Fully adjusted for the 31 December 2014 distribution of 5.0675 cents per TIX Unit.
5. Excludes Conditional Cash Payment of $0.03 per ANI Unit. Inclusion of this amount in the implied Offer value reduces the discount or increases the premium to ANI price by approximately 1.4% in all of the above scenarios.

1.2.1 Historic trading levels for ANI and TIX

Given that the Offer Consideration is 100% scrip in TIX Units, the actual Offer value is highly dependent upon the trading price of TIX Units. The current trading price of TIX Units is at all-time high levels, trading at a 21% premium to NTA per unit.[1]

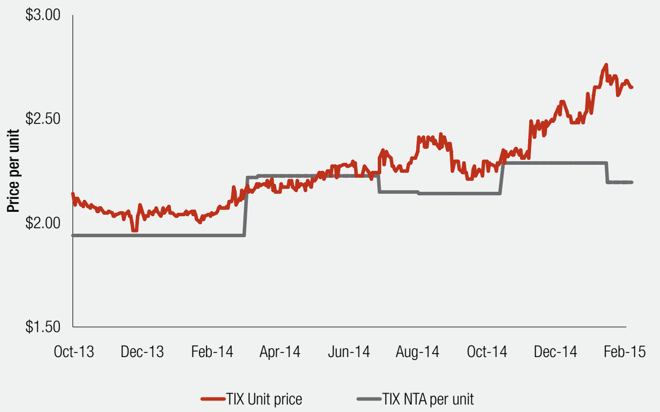
TIX historical trading price relative to NTA per unit

TIX's historical trading price relative to NTA per unit is illustrated in the below chart. TIX Units have traded at a discount to NTA per unit at various stages over the last 12 months.

ANI historical trading price relative to NTA per unit

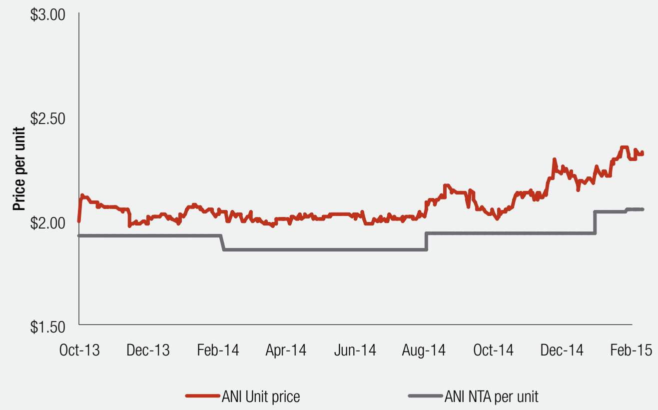
In contrast, ANI Units have consistently traded at a premium to NTA per unit since ANI's listing on the ASX in October 2013.

TIX trading performance compared to TIX NTA per unit



Source: IRESS as at 24 February 2015.

ANI trading performance compared to ANI NTA per unit



Source: IRESS as at 24 February 2015.

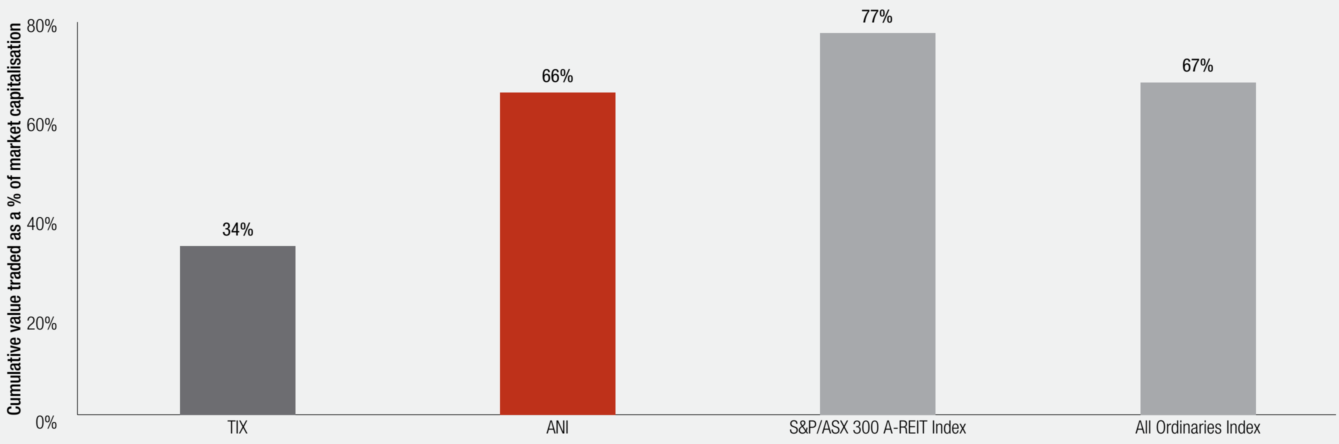
1.2.2 TIX liquidity

In order for an ANI Unitholder to realise any premium that the Offer provides, they would need to accept the Offer, and, assuming the Conditions of the Offer were satisfied or waived and the Offer Consideration was paid, sell their new TIX Units on the ASX.

However, TIX has significantly lower levels of trading liquidity than ANI, the S&P/ASX 300 A-REIT Index and the All Ordinaries Index on a relative basis over the last 12 months, as shown in the figure below. While there is potential for improved TIX liquidity in the Combined Group, there is no guarantee that liquidity will increase. There is no certainty that ANI Unitholders would be able to sell TIX Units received as Offer Consideration at a price that allows them to realise an acceptable premium.

In addition, there is a risk that the TIX trading price may be impacted by a number of ANI Unitholders wishing to sell their TIX Units.

Trading liquidity – 12 months to 24 February 2015



Source: IRESS as at 24 February 2015.

1. Based on TIX closing price of $2.64 on 24 February 2015 and TIX stated NTA per unit in the Bidder's Statement of $2.19.

1.2.3 Entitlement to TIX quarterly distribution

In its Bidder's Statement ANI Unitholders are encouraged to accept the Offer on or before 24 March 2015, in order to receive the TIX quarterly distribution of 4.5 cents per equivalent ANI Unit if the Offer is unconditional at that time. The IBC does not consider this is an additional benefit, as you would forego your half yearly ANI distribution for the period ending 30 June 2015.[1]

1.3 Change in strategy

In the event that a 360 Capital Group entity becomes the responsible entity of ANI in accordance with the Bidder's stated intentions, ANI Unitholders would be exposed to a different manager in 360 Capital Group. This may occur in the event that:

- TIX achieves acceptances under the Offer in excess of 50%; or
- 360 Capital RE is otherwise successful in having Fife Funds replaced as responsible entity.

A change in the responsible entity of ANI may expose ANI Unitholders to a change in access to future acquisition opportunities, a different management strategy and approach and a different corporate governance framework.

In addition to this, 360 Capital Group would not acquire or have access to the Fife Capital Group personnel who have been managing ANI's assets and tenant relationships. If Fife Funds is replaced as responsible entity of ANI with a 360 Capital Group member, ANI will lose the benefit of the existing management team's tenant relationships and familiarity with ANI's assets.

Your Independent Directors have assessed ANI's strategy against TIX's strategy and believe that ANI's strategy differs significantly from the TIX strategy.

1.3.1 Investment criteria

ANI has a high quality industrial portfolio located in major metropolitan areas of Australia. The ANI investment policy is to acquire industrial property or industrial land suitable for the development of an industrial facility, which meets the following investment criteria:

- located in major metropolitan areas in Australia within close proximity to major road, rail, air or port infrastructure;
- leased or agreed to be leased by appropriately qualified tenants; and
- capable of being acquired on terms that ensure ANI is adequately protected from development or delivery risk.

When considering properties for ANI investment, Fife Funds also considers a range of other factors that may impact the value, returns and liquidity of investment real estate over time. Some of these additional factors include, leasehold tenure, material environmental contamination, materially flood affected land, structural obsolescence, tenant quality and industry profile.

ANI does not invest in properties that are more likely to be adversely impacted in weaker real estate markets. Your Independent Directors believe that the majority of the TIX properties do not meet the ANI investment criteria which may negatively impact the value of TIX Units, especially in any future, more challenging property market.

1.3.2 Property management

Fife Funds believes the Fife Capital Group approach to managing all aspects of an entity's assets, stands ANI in the best position to maximise returns to ANI Unitholders. Fife Capital Group considers property management, which involves day to day interaction with tenants, to be of critical importance in maintaining strong relationships with tenants and maximising the prospect of tenant renewal on lease expiry. Fife Capital Group believes that its in-house property management function delivers:

- a regular dialogue with tenants that facilitates an in-depth understanding of tenants expectations and requirements;
- a more comprehensive understanding of tenant experience (and landlord service delivery) at the time of negotiating lease renewals;
- an expeditious response to tenant concerns and requirements;
- the ability to more closely monitor and control the rectification of any issues raised by tenants; and
- the protection of proprietary, confidential or otherwise sensitive information that relates to the relationship between landlord and tenant.

Conversely, the Bidder has outlined a strategy of outsourcing the property management function to third parties. Fife Funds believes there are significant risks in pursuing this strategy including that this approach makes it more difficult to maintain strong relationships with tenants and maximise the prospect of tenant renewal on lease expiry.

1. Forecast to be 9.6 cents per ANI Unit for the six months ending 30 June 2015, as announced on 28 January 2015.

1.3.3 Portfolio management

The Fife Funds' portfolio management strategy differs significantly from the 360 Capital Group approach.

Fife Funds' asset management approach

Fife Funds' asset management approach for ANI is focused on:

- proactively re-leasing assets with short WALEs;
- actively seeking value enhancement opportunities within the assets; and
- maintaining close tenant relationships.

Fife Capital Group has a track record of successfully re-leasing upcoming lease expiries prior to lease conclusion. Since the IPO, Fife Capital Group has been able to successfully re-lease all of ANI's upcoming lease expiries prior to lease conclusion, including re-leasing 7,185 square metres at 6 Macdonald Road, Ingleburn and 4,600 square metres at 75 Owen Street, Glendenning with neither re-leasing outcome resulting in any deterioration in asset value.

Case study: 75 Owen Street, Glendenning

Within 9 weeks of ANI acquiring the 75 Owen Street, Glendenning property in 2013, Fife Capital Group secured a new 5 year lease to Hyne & Son for the then unoccupied property. The property had been vacated by the prior tenant who remained liable for rent. This provided Fife Capital Group with an opportunity to offer a clean and clear property to the market for lease. This enabled Fife Capital Group to secure a new lease commitment ahead of lease expiry, eliminating a gap in rent between the two leases.

360 Capital Group takes a different approach, and focuses on selling properties to manage short WALE. Since August 2012, TIX has sold seven assets with a weighted average WALE of 2.0 years at a weighted average discount to last external independent valuation of 12%.[1]

The Bidder has stated in the Bidder's Statement that it intends to dispose of three ANI assets with an independent value of $47.3 million, within 6 to 12 months of acquiring ANI. These assets are located in the Northern and South Eastern markets of Melbourne. Both of these markets have performed well against Melbourne's Western market (lower vacancy and more constrained land supply). Each asset has identifiable development or expansion opportunities ranging from 2,000 to 10,000 square meters which have the potential to further enhance the scale and income profile of the assets. Your Independent Directors do not believe that it is in the best interests of ANI Unitholders to dispose of these three properties for the following reasons:

<table>
<tr><th></th><th>2 Keon Parade,
Keon Park</th><th>49 Temple Drive,
Thomastown</th><th>324-332 Frankston-Dandenong Road,
Dandenong South</th></tr>
<tr><td>Site</td><td colspan="2">• Together these two properties have an area of 10 hectares with a site coverage of approximately 25%
• This low site coverage could provide opportunity for further development of approximately 10,000 to 12,000 square metres</td><td>• Three independent buildings are of varying sizes
• Provides additional building expansion capacity of 2,000 to 4,000 square metres</td></tr>
<tr><td>Tenancy</td><td>• The existing tenant has occupied the site for approximately 50 years
• Advanced negotiations on a new long term lease</td><td>• The tenant completed an extensive make good to the property on vacation
• Advanced negotiations on a new long term lease</td><td>• The head lease of the property does not expire until December 2016
• ANI is working with sub-tenants to secure new long term leases prior to lease expiry
• ANI is in discussions with a number of prospective tenants</td></tr>
</table>

1. Weighted by last external independent valuation.

The table below outlines instances where TIX has sold properties since August 2012, which are generally characterised by short WALEs.

TIX precedent sales of properties with short WALEs

Asset	Sale date	Sale price ($m)	Last external independent valuation ($m)	Sale price discount to last external independent valuation	Last stated WALE (years)
Lot 3, 241 Shellharbour Road, Kemblawarra	Aug 2012	8.2	10.0	(18%)	2.9
145 & 147 Archerfield Road, Richlands	Oct 2012	18.5	21.9	(16%)	1.9
28 Gauge Circuit, Canning Vale	Dec 2012	2.9	2.9	0%	3.9
32 Gauge Circuit, Canning Vale	Dec 2012	7.6	7.6	0%	2.4
40-48 Howleys Road, Notting Hill	Nov 2013	9.3	9.3	0%	0.5
223-235 Barry Road, Campbellfield	May 2014	4.6	6.4	(28%)	3.5
5-9 Woomera Avenue, Edinburgh Parks	Nov 2014	4.5	5.0	(10%)	0.0
Weighted average (by last external independent valuation)				**(12%)**	**2.0**

Source: publicly available information.

Your Independent Directors believe that active asset management and re-leasing of assets with short WALEs can have a positive value impact compared to selling assets with short WALEs, which can potentially result in a sale price at a discount to independent valuations and the additional burden of transaction costs.

1.3.4 Development pipeline and opportunities

Fife Capital Group has a demonstrated track record of maintaining close tenant relationships in order to facilitate built-to-suit development and building extension opportunities. Six of the assets in the initial portfolio at inception of ANI were built-to-suit developments or additions created by Fife Capital Group. Since IPO in October 2013, the Co-operation Deed provides ANI with a right of first refusal (excluding an existing client mandate) to acquire assets that meet ANI's investment criteria.

The acquisition of built-to-suit development properties are valuable for ANI as the acquisitions are of new buildings with lower near term capital expenditure, transacted off-market with timing suitable to ANI, generally adopting Fife Funds preferred lease structure and usually with lower transaction costs.

The recently completed Erskine Park built-to-suit development opportunity was offered to and accepted by ANI under the Co-operation Deed. ANI acquired the property, which was subject to two agreements for lease, and entered into a development agreement for the delivery of the asset, enhancing returns through reduced transaction costs. During construction, one of the tenants requested additional space be built which further enhanced the asset and income profile. The increased asset size and income profile provided ANI an uplift in the asset value on completion.

Fife Capital Group has also under consideration, a pipeline of future built-to-suit projects suitable for ANI investment at an estimated value on completion of $150 million.

TIX does not have a track record of built-to-suit development. TIX have referenced a first right of refusal over industrial properties developed by Walker Corporation until June 2017.

However, based on publicly available information it is unclear whether:

- any assets have been offered or delivered to TIX by Walker Corporation under this arrangement; or
- the pipeline is capable of delivery by Walker Corporation prior to June 2017.

Your Independent Directors believe that the Fife Capital Group track record of built-to-suit development capabilities and its access to a significant pipeline can create value for ANI Unitholders.

1.3.5 Financial risk from higher Gearing

Accepting the Offer and receiving TIX Units will expose ANI Unitholders to an entity with significantly higher financial risk given the Bidder's higher Gearing levels and Gearing policy. The Combined Group will have pro forma Gearing of 41% to 44%, following completion of the Offer, depending on the extent of asset sales that the Bidder has stated it intends to make following implementation of the Offer and assuming that the Bidder acquires 100% of ANI Units.[1] TIX's pro forma Gearing is higher than ANI's stated target gearing policy of 25% to 40% and ANI's pro forma Gearing as at 31 December 2014 of 35%.

Higher levels of Gearing magnify the impact of possible future changes in interest rates, increase the risk of breaching covenants and increases the risk associated with refinancing or repaying debt facilities as they fall due. If debt facilities are unable to be refinanced or repaid when they are due this could lead to asset disposals for a lower market value than could otherwise have been realised, entering into of new debt facilities on less favourable terms or equity raisings.

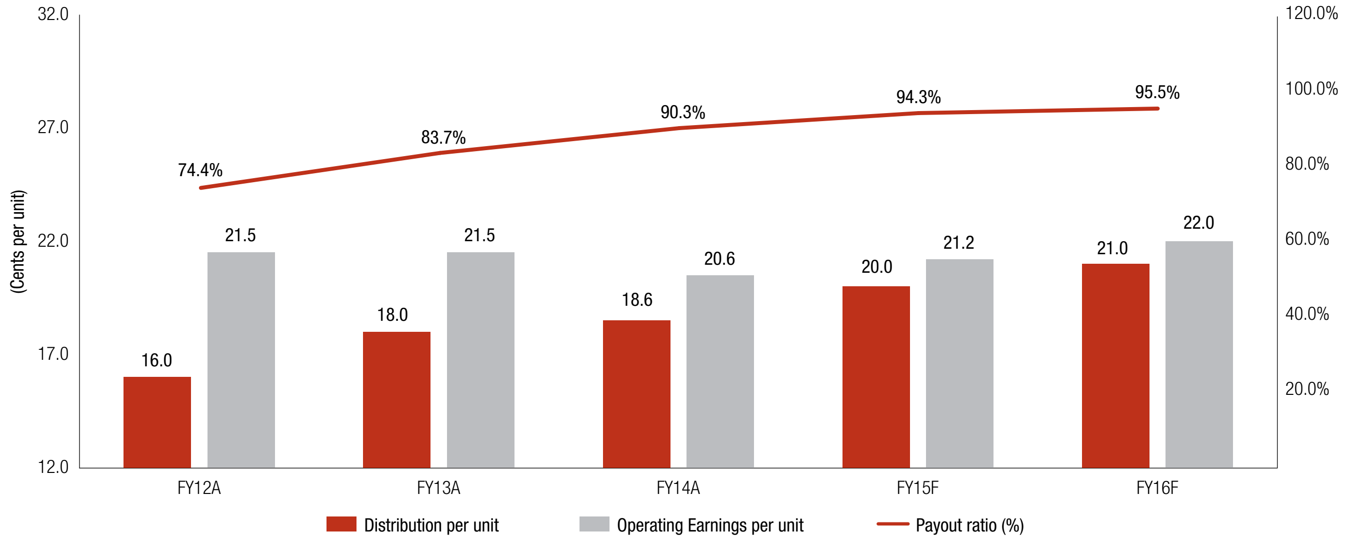
1. Pro forma impact for the Combined Group as at 31 December 2014 assuming TIX acquires 100% of ANI Units. Actual Gearing will depend on the extent of ANI asset sales that the Bidder has stated that it intends to make.

1.3.6 Track record and forecast financial performance

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.

The Independent Directors also note that TIX's distribution per unit growth has been reliant on paying out a higher proportion of its earnings rather than through growth in earnings, as shown in the chart below.

TIX actual and forecast financial performance



1.4 360 Capital Group delivers unsatisfactory governance outcomes

1.4.1 TIX Board is the same as the 360 Capital Group Board

Accepting the Offer and receiving TIX Units will expose ANI Unitholders to a different corporate governance framework. The Bidder's responsible entity consists of the same board of directors as the separate ASX-listed 360 Capital Group. This differs from ANI's independent directors who have no other directorship roles within Fife Capital Group outside of their Independent Directorship position on the board of Fife Funds, as responsible entity of ANI.

Outside of the Offer itself, the Bidder has not stated what processes are in place, or would be put in place, to manage the actual and perceived conflicts resulting from the responsible entity of TIX having the same board of directors as 360 Capital Group.

1.4.2 Ongoing management of conflicts if a 360 Capital Group member is appointed as the responsible entity of ANI

If members of 360 Capital Group are the manager of both ANI and TIX where both ANI and TIX remain listed on the ASX, a number of conflict issues would arise including the allocation of investment opportunities, potential tenants and potential investors where they are suitable for both ANI and TIX.

It is unclear how these conflicts would be managed and the Bidder has not addressed these issues in its Bidder's Statement.

See Section 5.14 for more information.

1.5 The Independent Expert has concluded that the Offer is neither fair nor reasonable

In assessing the fairness of the Offer, the Independent Expert stated "there is either no control premium, or an insufficient control premium, being paid to the ANI Unitholders". The Independent Expert concluded that the Offer is not fair.

In forming its opinion as to the reasonableness of the Offer the Independent Expert stated "we consider that the disadvantages outweigh the advantages and that there are no compelling reasons as to why ANI Unitholders should accept the Offer". The Independent Expert concluded the Offer is neither fair nor reasonable.

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.

1.6 The Offer presents significant risks for ANI Unitholders

The Offer is not subject to a minimum acceptance condition. Any outstanding Conditions may be waived by the Bidder at its discretion. In its second supplementary bidder's statement released on 23 February 2015, the Bidder committed to waiving any outstanding Conditions once it has received acceptances in respect of 30% of ANI Units. This means that following the close of the Offer, the Bidder may own anywhere between 0% and 100% of ANI. As a result, there are a range of potential outcomes for you regardless of whether or not you accept the Offer.

1.6.1 TIX may require TIX Unitholder approval or a Listing Rule waiver to acquire ANI Units held in the 360 Capital Group

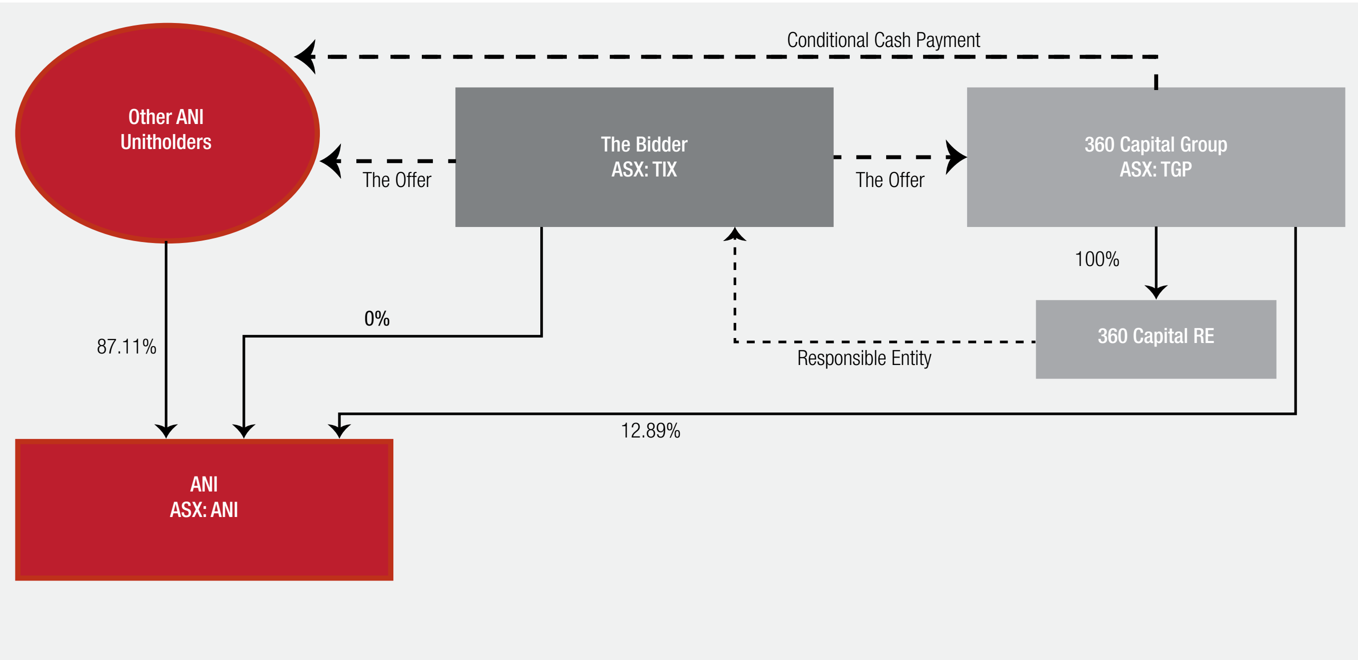
Under the Listing Rules, TIX requires TIX Unitholder approval to acquire a "substantial asset" from a related party. The acquisition under the Offer by TIX of the ANI Units held in 360 Capital Group would appear to be caught by the relevant Listing Rule. TIX may apply to the ASX for a waiver of this Listing Rule, however, it is uncertain whether such a waiver would be granted to TIX.

At the date of this Target's Statement, TIX has not disclosed whether it has obtained a waiver from the relevant Listing Rule. At the date of this Target's Statement, 360 Capital Group has made no statement regarding its intention whether to accept the Offer. It is possible that 360 Capital Group intends to reject the Offer and continue to enjoy the benefits of its unitholding in ANI.

See Section 5.13 for more information.

1.6.2 Risks for you in accepting the Offer and becoming a TIX Unitholder if the Bidder does not acquire 100% of ANI Units

As shown in the structure diagram below, as at the date of this Target's Statement, the Bidder does not hold any ANI Units. 360 Capital Group, which is a separately listed entity to the Bidder, holds a 12.89% relevant interest in ANI but has given no indication whether it intends to accept the Offer.



Even if you are the only ANI Unitholder that accepts the Offer, your ANI Units may still be acquired by the Bidder.

There are significant risks for you in accepting the Offer and becoming a TIX Unitholder if the Bidder does not acquire 100% of ANI. The key risks are summarised in the table below and are set out in more detail in Section 5.15.

Bidder may seek to replace Fife Funds as responsible entity of ANI with a member of the 360 Capital Group without acquiring a majority of the ANI Units	
Bidder's strategy is to replace the responsible entity of ANI	• The stated strategy of the Bidder is to seek the removal of Fife Funds and the appointment of a 360 Capital Group member as the responsible entity of ANI. • The Bidder may seek to do this while the Offer remains conditional and where it has not acquired a majority of ANI Units under the Offer.
If you accept the Offer the Bidder may be able to vote your ANI Units	• The Bidder has made it a term of the Offer that accepting ANI Unitholders will appoint 360 Capital RE as their attorney to vote in favour of resolutions to replace Fife Funds as the responsible entity of ANI with a 360 Capital Group member. • The Bidder has stated that it will only exercise any votes in connection with the attorney appointment if the Offer is unconditional.
The appointment of 360 Capital RE as attorney may have an impact on how the Bidder conducts the Offer	• Where the meeting to replace the responsible entity of ANI is to be held prior to the close of the Offer, the Bidder may determine to declare the Offer unconditional (so that it can cast votes as attorney for accepting ANI Unitholders) regardless of whether it has acquired a majority of ANI Units. • The decision of the Bidder to declare the Offer unconditional may be guided by the number of votes the Bidder and 360 Capital Group require to replace Fife Funds as responsible entity of ANI with a member of the 360 Capital Group.
The Bidder has provided insufficient information on how 360 Capital Group will manage ANI	• If you accept the Offer you will effectively be choosing to vote in favour of the replacement of Fife Funds with 360 Capital Group. • As at the date of this Target's Statement, the Bidder and 360 Capital Group have provided limited information around its strategy for ANI. • The Independent Board Committee considers that the information provided is inadequate to enable you to decide how to vote on a proposal to replace the responsible entity of ANI.
You may have to pay capital gains tax if you accept the Offer	
Potential for unfunded capital gains tax liability if you accept the Offer and the Bidder acquires less than 80% of ANI	This section only applies to Australian tax resident ANI Unitholders and non-resident ANI Unitholders whose units constitute "taxable Australian property" who hold their ANI Units on capital account and who accept the Offer. See the Tax Information in Section 8 for more details. • You may be liable to pay capital gains tax on acceptance of the Offer if roll-over relief is not available. • Roll-over relief is only available if the Bidder acquires 80% or more of all ANI Units under the Offer.
Bidder may seek to sell a minority stake in ANI	
Bidder may seek to sell a minority stake in ANI	• There is a risk that the Bidder acquires only a minority stake in ANI under the Offer. • If you accept the Offer and become a TIX Unitholder, if the Bidder were to sell its ANI Units you would no longer have any direct or indirect exposure to ANI. The Bidder has not disclosed how it will deal with a minority stake in ANI.

1.7 Accepting the offer may deprive you of the opportunity to participate in any superior proposal to acquire your ANI Units

If you accept the Offer, you will be restricted from dealing with your ANI Units while the Offer remains open.

Withdrawal rights would not become available under the Corporations Act unless the Bidder extends the Offer Period from its current scheduled closing date of 24 March 2015 to beyond 24 April 2015 and the Offer is still conditional at that time. Accepting the Offer will therefore limit your ability to participate in any superior proposal for ANI Units that may eventuate.

However, if the Bidder improves the Offer Consideration, all ANI Unitholders, whether or not they have already accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

At the date of this Target's Statement, Fife Funds is not aware of any alternative proposal to acquire all the units in ANI.

1.8 Accepting the offer may deprive you of the opportunity to enjoy any future growth of ANI

The IBC is aware that Fife Capital Group has been actively soliciting proposals for ANI that may involve ANI acquiring additional assets. At the date of this Target's Statement, Fife Funds has not received any alternative proposal and there is no guarantee that any such proposal will be received. The Independent Directors will keep you informed of all material developments including in relation to any proposal which may eventuate.

2. Frequently asked questions

2. Frequently asked questions

This Section 2 answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for ANI Unitholders. This Section should be read together with the rest of this Target's Statement.

No.	Question	Answer	Further information
1	**Who is the Bidder?**	The Bidder is 360 Capital Industrial Fund (referred to in this Target's Statement as "**TIX**" or the "**Bidder**") through its responsible entity 360 Capital Investment Management Limited (referred to in this Target's Statement as "**360 Capital RE**"). TIX is an ASX listed real estate investment trust (ASX code: TIX) focused on passive rent collecting from warehouse and logistics properties in Australia. TIX and the 360 Capital Group are separate ASX listed entities.	See section 2 of the Bidder's Statement for more detail in relation to the Bidder.
2	**Who is 360 Capital Group?**	360 Capital Group is an ASX listed stapled group (ASX code: TGP) comprising a listed public company, 360 Capital Group Limited, and a registered managed investment scheme, 360 Capital Investment Trust. 360 Capital Group is a property investment and funds management group that concentrates on the strategic investment and active investment management of property assets. TIX is currently 360 Capital Group's only industrial mandate but this will no longer be the case if a 360 Capital Group member is appointed as the responsible entity of ANI and ANI remains listed on ASX.	See section 2 of the Bidder's Statement for more detail in relation to 360 Capital Group.
3	**What benefits may 360 Capital Group receive in connection with the Offer?**	**Management fees paid to 360 Capital Group** 360 Capital Management Investment Limited, a wholly owned member of the 360 Capital Group, is the responsible entity of the Bidder, TIX. 360 Capital Group receives an annual fee for managing the Bidder equal to 0.60% of TIX's gross assets (it is entitled to receive 0.65% of TIX's gross assets). This means that as the Bidder's gross assets increase (for example by acquiring ANI Units under the Offer), the fee received by 360 Capital Group will increase. The Bidder has stated that it intends to seek to appoint a 360 Capital Group member as the responsible entity of ANI. The responsible entity of ANI is entitled to receive an annual fee for managing ANI equal to 0.60% of ANI's gross assets. The 360 Capital Group has agreed to pay the Conditional Cash Payment if a 360 Capital Group member is appointed as responsible entity of ANI on or before the end of the Offer Period. **Possible gain on sale of ANI Units to TIX** On 16 December 2014, 360 Capital Group announced it had increased its relevant interest in ANI Units to 12.89% for which it paid approximately $27 million. If 360 Capital Group accepts the Offer, it will be selling its 12.89% of ANI Units (being 12,412,759 ANI Units) to TIX in exchange for 11,047,356 TIX Units. Effectively, this would mean 360 Capital Group paid approximately $27 million for 11,047,356 TIX Units or approximately $2.45 per TIX Unit. Based on recent trading prices of TIX Units, 360 Capital Group would record a notional gain on the sale of those ANI Units to TIX under the Offer.	See section 2 of the Bidder's Statement for more detail in relation to TIX and 360 Capital Group.
4	**What is the Offer Consideration?**	The Bidder is offering 0.89 TIX Units for every one ANI Unit.	See Section 5.3 for further detail on the Offer. See also section 1 of the Bidder's Statement.

No.	Question	Answer	Further information
5	**What is the Conditional Cash Payment?**	360 Capital Group has undertaken by deed poll to pay a cash amount equal to the Conditional Cash Payment of $0.03 per ANI Unit. ANI Unitholders who accept the Offer will only be entitled to the Conditional Cash Payment if, on or before the end of the Offer Period, the Cash Payment Condition is satisfied by either: (a) the Bidder receiving acceptances under the Offer in respect of more than 50% of the ANI Units; or (b) a member of the 360 Capital Group is appointed as responsible entity of ANI. The Offer Consideration does not include the Conditional Cash Payment. However, if the Cash Payment Condition is satisfied, the Bidder has agreed to vary the Offer Consideration and the Offer Terms to include an obligation on the Bidder to pay or procure that 360 Capital Group pay the Conditional Cash Payment to ANI Unitholders.	See Section 5.3 for further detail on the Offer. See also section 1.1.2 of the Bidder's Statement.
6	**Will I be entitled to a TIX distribution?**	If you accept the Offer on or before 24 March 2015 and the Conditions are satisfied or waived, you will be issued TIX Units in time to receive TIX's March 2015 quarter distribution which is expected to be 4.508918 cents per equivalent ANI Unit. In this case you will not be entitled to receive ANI's June 2015 half-year distribution. TIX Units issued pursuant to the Offer on or before 31 March 2015 will participate in the TIX 2015 March quarter distribution. If you accept the Offer after 24 March 2015 or you accept the Offer on or before that date but the Offer does not become unconditional until after 24 March 2015, you will not receive TIX's March 2015 quarter distribution.	See Section 5.3 for further detail on the Offer. See section 1.1.6 of the Bidder's Statement.
7	**Will I be entitled to an ANI distribution?**	If you are an ANI Unitholder at 30 June 2015 (being the record date for the ANI June 2015 distribution) you will receive the ANI June 2015 distribution which is forecast to be 9.6 cents per ANI Unit, as announced on 28 January 2015. If you have accepted the Offer and the Conditions have been satisfied or waived on or before the record date for the ANI June 2015 distribution, you will not be entitled to receive ANI's June 2015 distribution.	See section 1.1.6 of the Bidder's Statement.
8	**What choices do I have as an ANI Unitholder?**	Your Independent Directors unanimously recommend you **REJECT** the Offer and ignore all Offer documents sent to you by the Bidder. However, as an ANI Unitholder, you have the choice to: (a) **REJECT** the Offer and remain an ANI Unitholder (unless your ANI Units are compulsorily acquired), in which case you do not need to take any action; (b) sell your ANI Units on the ASX (or any other trading platform), which may be at a higher or lower price than the value of the Offer Consideration; or (c) accept the Offer for all of your ANI Units. While the Offer remains subject to Conditions, Eligible Unitholders can accept into the Institutional Acceptance Facility. In making your decision, you should carefully consider the Independent Directors' recommendation and other important information set out in this Target's Statement.	See Section 4 for more detail in relation to your choices as an ANI Unitholder. See Section 5.20 for further details in relation to the Bidder's Institutional Acceptance Facility.

No.	Question	Answer	Further information
9	**What do the ANI Directors recommend?**	Your Independent Directors unanimously recommend that you **REJECT** the Offer. Although John Hudson is not categorised as an independent director of the Responsible Entity, John Hudson recommends that you **REJECT** the Offer. Allan Fife, together with members of his family, is the ultimate owner of Fife Funds. In view of this relationship with the Responsible Entity and the stated intention of the Bidder to seek the removal of Fife Funds and the appointment of a 360 Capital Group member as the Responsible Entity of ANI, Allan Fife makes no recommendation in relation to the Offer.	The key reasons why the Independent Directors unanimously recommend you REJECT the Offer are detailed in Section 1. See also Section 3 for further information in relation to the recommendation and intention of the Board.
10	**What are the Directors doing in respect of their own ANI Units?**	The ANI Directors currently hold a relevant interest in the following number of ANI Units: (a) Rod Pearse OAM – 379,841 (b) Allan Fife – 532,425 (c) Peter Dransfield – 81,353 (d) Michael Allen – 52,077 (e) John Hudson – 52,077 Each of the Directors currently intends to **REJECT** the Offer in relation to all of their ANI Units.	See Section 3 for further detail on the Directors' intentions for their own ANI Units.
11	**What does the Independent Expert say?**	ANI has engaged KPMG Corporate Finance to opine on whether the Offer is fair and reasonable and to prepare an Independent Expert's Report on the Offer for ANI Unitholders. The Independent Expert has concluded that the Offer is **NEITHER FAIR NOR REASONABLE** to ANI Unitholders.	The Independent Expert's Report accompanies this Target's Statement at Annexure A.
12	**How do I reject the Offer?**	To **REJECT** the Offer, you should **DO NOTHING**. You should take **NO ACTION** in relation to all correspondence from the Bidder regarding the Offer.	See Section 4 for details on how to REJECT the Offer.
13	**How do I accept the Offer?**	If you wish to accept the Offer, you should refer to the Bidder's Statement for instructions on how to do so. If you wish to accept the Offer, you must do so before its scheduled closing date. The Offer is presently scheduled to close at 7:00pm (Sydney time) on 24 March 2015 but the Offer Period can be extended in certain circumstances. While the Offer remains subject to Conditions, Eligible Unitholders can accept into the Institutional Acceptance Facility.	See Section 5.7 for details on the circumstances in which the Offer Period may be extended. See Section 5.20 for further details in relation to the Bidder's Institutional Acceptance Facility.
14	**Can I accept the Offer for only some of my ANI Units?**	No, you cannot accept the Offer for only some of your ANI Units. You may only accept the Offer for all of your ANI Units that you hold at the time of acceptance.	See Section 5.20 for further detail in relation to the implications of trustees and nominees accepting some of the ANI Units.

No.	Question	Answer	Further information
15	**What happens if I am an ANI Unitholder with a registered address outside of Australia or New Zealand?**	If your address on the ANI unit register is in a jurisdiction other than in Australia, its external territories or New Zealand, you will be an Ineligible Foreign Unitholder unless the Bidder determines otherwise in accordance with the Bidder's Statement. If you are an Ineligible Foreign Unitholder and you accept the Offer, the TIX Units that you would otherwise have been issued to you as consideration will be issued to a Sale Nominee who will sell them on market and then pay the net cash proceeds to you. The net cash proceeds will depend on the price at which the TIX Units are sold on market by the Sale Nominee and accordingly there can be no certainty as to the amount you will receive. If you are an Ineligible Foreign Unitholder and you accept the Offer, you will receive the Conditional Cash Payment if it becomes payable.	See sections 11.2.2 and 11.5.4 of the Bidder's Statement for further information on being an Ineligible Foreign Unitholder.
16	**Could the Bidder increase the Offer Consideration?**	The Bidder has not declared the Offer to be final. Accordingly, the Bidder can increase the Offer Consideration if it chooses to do so. As at the date of this Target's Statement, the Bidder has not indicated any intention to increase the Offer Consideration other than in respect of the Conditional Cash Payment if the Cash Payment Condition is met.	See sections 1.1.4 and 9.3 of the Bidder's Statement for more detail in relation to payment of the Conditional Cash Payment.
17	**What happens if the Bidder does increase the Offer Consideration?**	The Bidder has stated that if the Conditional Cash Payment Condition is satisfied, the Bidder has agreed to vary the Offer Consideration and the Offer Terms to include an obligation on the Bidder to pay, or procure that 360 Capital Group pay, the Conditional Cash Payment to ANI Unitholders, such that the Conditional Cash Payment will become part of the Offer Consideration. If the Conditional Cash Payment Condition is satisfied after you receive the Offer Consideration, you will receive the Conditional Cash Payment immediately after the Offer Terms are varied to include the Conditional Cash Payment as part of the Offer Consideration. In all other cases, if you accept the Offer and the Offer Consideration is subsequently increased, you will be entitled to receive the increased consideration. Also, if the Offer Consideration is increased in the last seven days of the Offer Period, the Offer Period will be automatically extended so that the Offer Period ends 14 days after the Offer Consideration is increased. However, if you sell your ANI Units independently of the Offer you will not be eligible for the benefit of any increase in the Offer Consideration.	See sections 1.1.4 and 9.3 of the Bidder's Statement for more detail in relation to payment of the Conditional Cash Payment.
18	**What happens if I accept the Offer and a superior proposal is made to acquire my ANI Units?**	If you accept the Offer, you are only able to withdraw your acceptance in limited circumstances. Accordingly, if you accept the Offer, you may be unable to accept any superior proposal to acquire your ANI Units that may emerge from another party. Fife Funds is not aware of any alternative proposal to acquire all the ANI Units at the date of this Target's Statement.	See Section 5.11 for further detail in relation to the implications of a superior proposal.
19	**What happens if I only have a small number of ANI Units?**	If you are an Unmarketable Parcel Unitholder and you accept the Offer, the TIX Units that would otherwise have been issued to you as consideration will be issued to a Sale Nominee who will sell them on market and then pay the net cash proceeds to you. Unmarketable Parcel Unitholders are those ANI Unitholders who, if they accept the Offer, would receive an unmarketable parcel of TIX Units. Essentially, this is a parcel of TIX Units with a market value of less than A$500. The net cash proceeds will depend on the price at which the TIX Units are sold on market by the Sale Nominee, and accordingly there can be no certainty as to the amount you will receive.	See sections 11.2.2 and 11.5.4 of the Bidder's Statement for further information on being an Unmarketable Parcel Unitholder.

No.	Question	Answer	Further information
20	**What happens if asset acquisition proposals are made?**	The IBC is aware that Fife Capital Group has been actively soliciting proposals for ANI that may involve ANI acquiring additional assets. At the date of this Target's Statement, Fife Funds has not received any alternative proposal and there is no guarantee that any such proposal will be received. The Independent Directors will keep you informed of all material developments including in relation to any alternate proposals which may eventuate. If you accept the Offer, you are only able to withdraw your acceptance in limited circumstances. Accordingly, if you accept the Offer, you may be unable to participate as an ANI Unitholder in the benefit of any alternate proposal for ANI that may emerge.	
21	**What are the Conditions to the Offer?**	The Offer is subject to a number of Conditions. The Conditions (in summary form) include the following: **Conditions not in the control of ANI** (a) no material adverse change (as defined); (b) the S&P/ASX200 Index does not fall 10% or more below its level at any time prior to last trading day on ASX before the Announcement Date; (c) the Bidder obtains all necessary regulatory approvals in respect of the Offer; and (d) no regulatory action. **Conditions in the control of ANI** (a) in specified circumstances, ANI provides Due Diligence Information to the Bidder; (b) third party change of control consents obtained; (c) Target's Statement contains required statements regarding change of control consents; (d) ANI complies with prescribed restrictions on the conduct of the ANI business; (e) no changes to ANI's distribution policy; (f) no prescribed occurrences (as defined); and (g) no entry into an agreed merger implementation deed with 360 Capital RE in connection with the trust scheme under which the Bidder acquires all ANI Units. The Offer was also subject to a Condition requiring that the 2 trading day VWAP of TIX Units over a defined period not fall below $2.376. This Condition was satisfied on 28 January 2015. When the Offer was announced on 19 December 2014 the Offer was expressed to be subject to a 50.01% minimum acceptance condition. That condition was removed and the Bidder has committed to waiving any outstanding Conditions once it has received acceptances in respect of 30% of ANI Units. Under the terms of the Offer and the provisions of the Corporations Act, any or all of the Conditions may be waived by the Bidder.	The Conditions are set out in full in Appendix 1 of the Bidder's Statement. See Section 5.4 for further detail in relation to the Conditions and the status of the Conditions.

No.	Question	Answer	Further information
22	**What are the consequences of accepting the Offer now?**	By accepting the Offer, you will: (a) give up your right to sell any ANI Units; and (b) give up your right to otherwise deal with any ANI Units while the Offer remains open, unless withdrawal rights are available (see question below). In addition, it is a term of the Offer that ANI Unitholders who accept the Offer also appoint 360 Capital RE as their agent and attorney to vote in favour, or appoint a proxy to vote in favour, of resolutions to replace Fife Funds as the responsible entity of ANI with a 360 Capital Group member. The Replacement Bidder's Statement, released by the Bidder on 13 February 2015, provides that the Bidder will not exercise any votes in connection with the attorney appointment contained in the Offer terms unless the Offer is unconditional before the relevant meeting. This will mean that you are unable to vote on any such resolution after you have accepted the Offer, if the Offer is declared unconditional.	See Section 5.10 for further information on the consequences of accepting the Offer. See also section 11.7 of the Bidder's Statement. For more information in relation to the proxy appointment see Sections 5.10 and 5.15.
23	**Can acceptances be withdrawn?**	Generally no. You only have limited rights to withdraw your acceptance of the Offer. One of those circumstances is if the Bidder extends the Offer Period by more than one month and the Offer is still subject to Conditions.	You should refer to section 11.7 of the Bidder's Statement for details of the effect of acceptance.
24	**What happens if I accept the Offer and the Conditions are not satisfied or waived?**	If the Conditions are not satisfied or waived before the end of the Offer Period and the Offer Period has not been extended, the Offer will lapse and your acceptance of the Offer will be void and of no effect whatsoever. In this event, your acceptance is cancelled, no consideration will be payable to you for your ANI Units and you will continue to own your ANI Units.	See Section 5.4 for further detail in relation to the Conditions of the Offer.
25	**What happens if the Conditions are satisfied or waived?**	If you have accepted the Offer and each Condition is satisfied or waived, then the Offer will become unconditional and you will receive the Offer Consideration from the Bidder. However, this does not necessarily include the Conditional Cash Payment. If you accept the Offer you will only be entitled to the Conditional Cash Payment if the Cash Payment Condition is satisfied.	See section 1 of the Bidder's Statement.
26	**How will I know when the Offer is unconditional?**	The Bidder is required to inform ANI Unitholders as soon as any Conditions are satisfied or waived. Notices from the Bidder will be available on the ASX website (www.asx.com.au, ASX code: ANI).	See section 11.6.6 of the Bidder's Statement for further detail on the notice requirements of the Bidder if the Offer becomes unconditional.

No.	Question	Answer	Further information
27	**What are the implications if I accept the Offer and the Bidder acquires less than a majority stake in ANI?**	**No minimum acceptance condition** The Offer is not subject to a minimum acceptance condition. Any outstanding Conditions may be waived by the Bidder at its discretion. In its second supplementary bidder's statement released on 23 February 2015, the Bidder committed to waiving any outstanding Conditions once it has received acceptances in respect of 30% of ANI Units. This means that following the close of the Offer and any subsequent compulsory acquisition, the Bidder may own anywhere between 0% and 100% of ANI. This has important implications for you if you accept the Offer and the Offer proceeds given the Offer Consideration comprises entirely TIX Units. **Bidder may seek to replace responsible entity of ANI** The stated strategy of the Bidder is to seek to replace Fife Funds as responsible entity of ANI with a 360 Capital Group member. The Bidder may seek to do this while the Offer remains conditional where it has not yet acquired any ANI Units under the Offer. The Bidder has made it a term of the Offer that accepting ANI Unitholders will appoint 360 Capital RE as their agent and attorney to vote in favour of resolutions to replace Fife Funds as the responsible entity of ANI with a 360 Capital Group member. The Replacement Bidder's Statement, released by the Bidder on 13 February 2015, provides that the Bidder will not exercise any votes in connection with the attorney appointment contained in the Offer terms unless the Offer is unconditional before the relevant meeting. **Capital gains tax relief may not be available** In particular you should note that capital gains tax roll-over relief will not be available if TIX acquires less than 80% of the ANI Units under the Offer. This means that if you are an Australian tax resident or a non-resident whose Units constitute "taxable Australian property" and you hold your ANI Units in your capital account, you may be liable to pay capital gains tax on any gain on the sale of your ANI Units to TIX under the Offer. **Bidder may seek to sell any ANI Units it acquires** The Bidder has not disclosed whether it will retain or dispose of any ANI Units it acquires under the Offer if it holds less than a majority stake in ANI, other than stating that it will deal with its stake in ANI with a view to maximising returns for TIX Unitholders. If you accept the Offer and become a TIX Unitholder, if TIX sells its ANI stake, you would no longer have any direct or indirect exposure to ANI.	See Sections 1.6 and 5.13 for further information on the implications if the Bidder acquires less than a majority stake in ANI.
28	**Will ANI remain listed on ASX?**	The Bidder has stated that it intends to arrange for ANI to be removed from the official list of ASX if it acquires 100% of ANI. Otherwise, the Bidder has stated that it believes that ANI should continue to be listed on ASX while it meets the ASX requirements for maintaining a listing.	See Section 5.12 and 5.13 for information in relation to the potential delisting of ANI. See also sections 5.2 and 5.3.3 of the Bidder's Statement for further information in relation to the Bidder's intentions.

No.	Question	Answer	Further information
29	**When will I receive the Offer Consideration if I accept the Offer?**	If you accept the Offer, you will have to wait for the Offer to become unconditional before you will receive the Offer Consideration from the Bidder. If you accept the Offer and the Offer becomes unconditional, then the Bidder will provide the consideration (including the Conditional Cash Payment, if the Cash Payment Condition is satisfied) on or before the later of: (a) five Business Days after the date the Offer is validly accepted; and (b) if the Offer is subject to a Condition when accepted, within 10 Business Days after the Offer or the contract resulting from acceptance of the Offer becomes, or is declared, unconditional, provided that all relevant documents have been received and correctly completed. However, if the Cash Payment Condition is satisfied after you receive the Offer Consideration, you will receive the Conditional Cash Payment immediately after the Offer Terms are varied to include the Conditional Cash Payment as part of the Offer Consideration.	See Section 5.17 for further information about when you will receive the Offer Consideration. See also sections 1.1.4, 9.3 and 11.5.1 of the Bidder's Statement.
30	**What happens if I do nothing?**	The implications for you of rejecting the Offer depend on how many ANI Units the Bidder acquires and include: (a) if the Bidder acquires 90% or more of ANI the Bidder has stated that it intends to compulsorily acquire your ANI Units for the Offer Consideration. If your ANI Units are compulsorily acquired, you will receive the Offer Consideration at a later time than those ANI Unitholders that accept the Offer. (b) if the Bidder acquires less than 90% of ANI but more than 50% of ANI, it will be able to cast the majority of votes at a general meeting of ANI Unitholders; – the Bidder has stated that it will seek to appoint a 360 Capital Group member as the responsible entity of ANI; – the Bidder has not disclosed whether it will retain or dispose of any ANI Units it acquires under the Offer where it does not acquire 90%, or does not acquire a majority unitholding; and – the liquidity in trading of ANI Units may decrease.	See Sections Section 5.12 to 5.15 for further information on the implications of being a minority ANI Unitholder. See also sections 5.2 and 5.3 of the Bidder's Statement.
31	**Can I be forced to sell my ANI Units?**	You cannot be forced to sell your ANI Units unless the Bidder is legally entitled to proceed to compulsory acquisition of ANI Units. The Bidder and its Associates will need to acquire at least 90% of all ANI Units (under the Offer or otherwise) in order to exercise compulsory acquisition rights. If the Bidder and its Associates acquire at least 90% of all ANI Units and the Bidder proceeds to compulsory acquisition, then you will be paid the same consideration for your ANI Units that you would have received under the Offer.	See Section 5.12 for further detail in relation to compulsory acquisition. See also section 5.2 of the Bidder's Statement.
32	**Can I sell my ANI Units independently of the Offer?**	You can sell your ANI Units independently of the Offer unless you have accepted the Offer in respect of your ANI Units and have not validly withdrawn your acceptance. If you sell your ANI Units independently of the Offer: (a) you will not benefit from any possible increase in the Offer Consideration that may be provided under the Offer or any other offer, should one be made; and (b) you may incur brokerage charges.	See Section 4 for further detail in relation to your options with respect to your ANI Units.

No.	Question	Answer	Further information
33	**What are the tax implications of the Offer?**	A general outline of the tax implications for certain Australian resident and non-resident ANI Unitholders of the Offer is set out in Section 8. The information in Section 8 is general in nature and does not take into account your individual circumstances. You are encouraged to seek your own tax advice as to the taxation implications applicable to your circumstances. In particular, you should note that capital gains tax roll-over relief will not be available if TIX acquires less than 80% of the ANI Units under the Offer.	See Section 8 for a summary of the tax implications of the Offer.
34	**What if I have further questions?**	You should contact your financial, tax or other professional adviser. If you have questions about the Offer or this Target's Statement, please call the Unitholder Information Line on 1300 730 659 (toll free for calls within Australia) or +61 1300 730 659 (for callers outside Australia) Monday to Friday between 8.30am and 5.30pm (Sydney time). Announcements made to ASX by ANI and other information relating to the Offer can be obtained from the ASX website (www.asx.com.au ASX Code: ANI).	

3. Independent Directors' recommendation and intention to **REJECT** the Offer

3. Independent Directors' recommendation and intention to **REJECT** the Offer

3.1 Directors of ANI

The Directors of the Responsible Entity are Rod Pearse (Chairman), Allan Fife (Managing Director), Michael Allen, Peter Dransfield and John Hudson.

Allan Fife, together with members of his family, ultimately owns Fife Funds, the responsible entity of ANI. The Bidder has stated that it intends to seek the removal of Fife Funds and the appointment of a 360 Capital Group member as the responsible entity of ANI and may do so even while the Offer remains conditional. As such, Allan Fife has an interest in the outcome of the Offer that is different to ANI Unitholders generally.

For that reason the Responsible Entity has established an Independent Board Committee to consider the Offer and any other proposal received by ANI. Governance protocols have been adopted to manage the actual, potential and perceived conflicts of interest that may arise in connection with such proposals.

The members of the Independent Board Committee comprise the Independent Directors Rod Pearse, Michael Allen and Peter Dransfield.

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 Offer.

3.2 Interests of Directors

(a) Interests of Directors in ANI Units

The number of ANI Units in which each Director has a relevant interest is set out in the table below.

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

(b) Dealings by Directors in units in ANI

There have been no acquisitions or disposals of ANI Units by any Director in the four months ending on the day preceding the date of this Target's Statement.

(c) Interests and dealings of Directors in units in the Bidder

No Director has a relevant interest in any securities in the Bidder or a related body corporate of the Bidder.

(d) Benefits to Directors

No additional fees have been paid to the Directors in relation to the Offer.

(e) Conditional agreements

No agreement has been made between any Director and any other person in connection with, or conditional upon the outcome of, the Offer, other than in their capacity as a holder of ANI Units.

(f) Interests in contracts with the Bidder

No Director has any interest in any contract to which the Bidder is a party.

3.3 Recommendation and intentions of the Directors

In assessing the Offer, your Independent Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement and the Independent Expert's Report.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in Section 1), the Independent Directors and John Hudson believe that the Offer:

- fails to deliver compelling value for ANI Unitholders and is not as attractive as your existing investment in ANI;
- 360 Capital Group management proposition would change the risk profile for ANI Unitholders; and
- the governance arrangements would be unsatisfactory for ANI Unitholders.

Each of your Independent Directors and John Hudson recommends that you REJECT the Offer.

Given Allan Fife's interest in the outcome of the Offer as described above in Section 3.1, he makes no recommendation.

Each of the Directors including Allan Fife currently intends to REJECT the Offer in relation to the ANI Units that they hold.

To **REJECT** the Offer you should **DO NOTHING** and take **NO ACTION** in relation to all documents sent to you by the Bidder.

4. Steps to be taken as an ANI Unitholder

4. Steps to be taken as an ANI Unitholder

The Independent Directors unanimously recommend that you REJECT the Offer.

However, as an ANI Unitholder you have three options currently available to you. You are encouraged to read this Target's Statement together with the Independent Expert's Report in full and seek appropriate financial, tax and other professional advice if you are unsure of what you should do in response to the Offer.

OPTION 1 **REJECT the Offer**	If you **REJECT** the Offer or sell your ANI Units on market you should **DO NOTHING**. If you wish to **REJECT** the Offer, do not take any action in relation to documents sent to you by the Bidder.
OPTION 2 **Sell your ANI Units on market**	You can still sell your ANI Units on market for cash if you have not already accepted the Offer. The latest price of ANI Units may be obtained from the ASX website. If you sell your ANI Units on market, you: • may be liable for CGT or income tax on the sale (including under the CGT rules); • may incur a brokerage charge; • may be liable for goods and services tax on incidental costs associated with the sale (such as the brokerage charge); and • will not receive the benefits of continuing to hold ANI Units. If you wish to sell your ANI Units on market, you should contact your broker.
OPTION 3 **Accept the Offer**	If you accept the Offer, you: • will not receive the Offer Consideration unless and until each Condition is satisfied or waived; • will not be able to withdraw your acceptance and sell your ANI Units except in certain limited circumstances, meaning you may not be able to accept a higher price from a competing bidder if a bid eventuates; and • may be liable to pay CGT and income tax on the disposal of your ANI Units which may have financial consequences for you (refer to Sections 5.19 and 8 of the Target's Statement and section 7 of the Bidder's Statement for further details of the tax consequences of the Offer). If you wish to accept the Offer you should refer to the Bidder's Statement for instructions on how to do so. Your Independent Directors encourage you to seek independent financial and tax advice before making a decision whether or not to accept the Offer for your ANI Units.

5. Information about 360 Capital Group, the Bidder, the Offer and other important issues

5. Information about 360 Capital Group, the Bidder, the Offer and other important issues

5.1 Profile of the Bidder and 360 Capital Group

(a) Overview of the Bidder and TIX

The Bidder is 360 Capital Industrial Fund (referred to in this Target's Statement as "**TIX**" or the "**Bidder**") through its responsible entity 360 Capital Investment Management Limited (referred to in this Target's Statement as "**360 Capital RE**"). 360 Capital RE is a wholly owned member of the 360 Capital Group.

TIX is an ASX listed real estate investment trust focused on passive rent collecting from warehouse and logistics properties in Australia. TIX is externally managed by 360 Capital RE.

The Board of 360 Capital RE is comprised of David van Aanholt, Tony Pitt, Andrew Moffat, John Ballhausen and Graham Lenzner.

(b) Overview of 360 Capital Group

360 Capital Group is an ASX listed stapled group (ASX code: TGP) comprising a listed public company, 360 Capital Group Limited, and a registered managed investment scheme, 360 Capital Investment Trust.

360 Capital Group is a property investment and funds management group that concentrates on the strategic investment and active investment management of property. 360 Capital Group invests in direct property assets, property securities and various corporate real estate acquisitions within Australian real estate markets on a private equity basis.

TIX is currently 360 Capital Group's only industrial mandate but this will no longer be the case if a 360 Capital Group member is appointed as the responsible entity of ANI where TIX and ANI remain listed on ASX.

The Board of 360 Capital Group Limited is comprised of the same directors as the board of 360 Capital RE being David van Aanholt, Tony Pitt, Andrew Moffat, John Ballhausen and Graham Lenzner.

(c) Management fees paid to 360 Capital Group

360 Capital Group receives an annual fee for managing TIX equal to 0.60% of TIX's gross assets (it is entitled to receive 0.65% of TIX's gross assets). This means that as TIX's gross assets increase (for example on the acquisition of ANI Units under the Offer), the fee received by 360 Capital Group will increase.

The Bidder has stated that it intends to seek to appoint a 360 Capital Group member as the responsible entity of ANI. Pursuant to the constitution of ANI, the responsible entity of ANI is entitled to receive an annual fee for managing ANI equal to 0.60% of ANI's gross asset value.

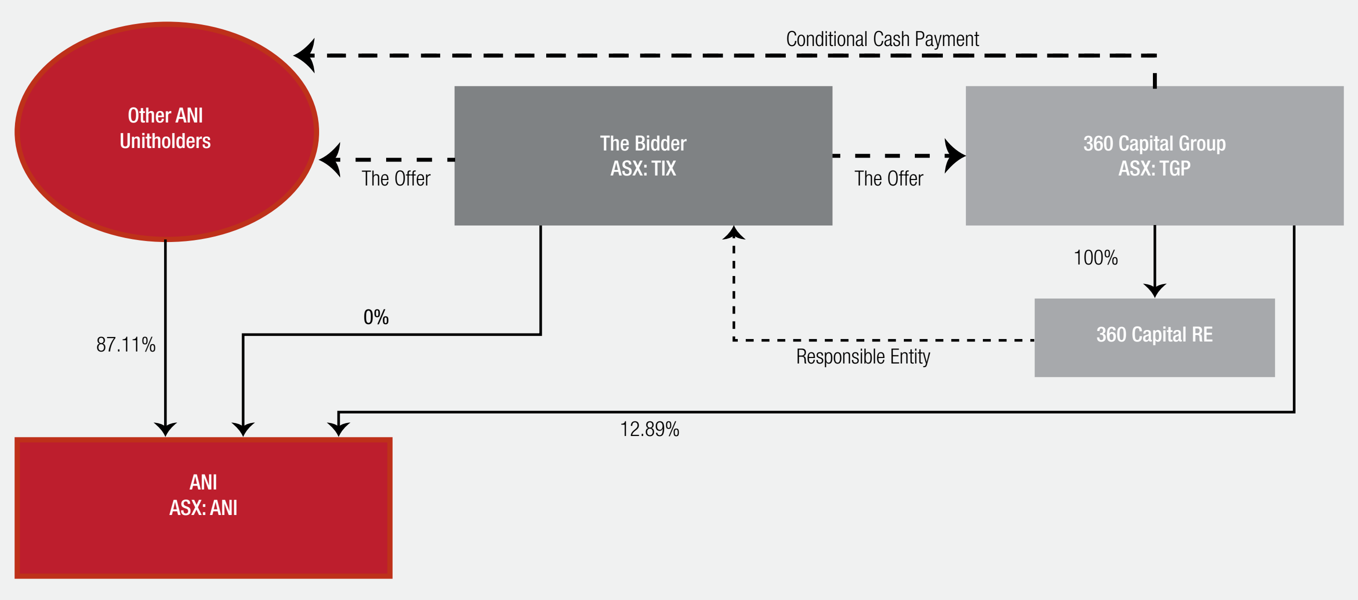
If a 360 Capital Group member is appointed as the responsible entity of ANI, 360 Capital Group will be entitled to receive two fees for managing the same assets. That is, a fee for managing ANI based on the value of ANI's gross assets, and a fee for managing TIX based on the value of TIX's gross assets, which would include the value of any ANI Units that TIX owns. 360 Capital Group has not disclosed whether it would waive its entitlement to receive the double management fee in such a case.

The 360 Capital Group has agreed to pay the Conditional Cash Payment if a 360 Capital Group member is appointed as responsible entity of ANI on or before the end of the Offer Period.

(d) 360 Capital Group's interest in ANI

On 16 December 2014, 360 Capital Group announced that it had a relevant interest in 12.89% of all ANI Units for which it paid approximately $27 million.

If 360 Capital Group accepts the Offer, it will be selling its 12.89% interest in ANI Units to TIX in exchange for 11,047,356 TIX Units. Effectively, 360 Capital Group will have paid approximately $27 million for 11,047,356 TIX Units or approximately $2.45 per TIX Unit. Based on recent trading prices of TIX Units, 360 Capital Group would record a notional gain on the sale of those ANI Units to TIX under the Offer.



5.2 Background to the Offer

On 5 December 2014, 360 Capital Group disclosed that 360 Capital RE as responsible entity of 360 Capital Investment Trust and 360 Capital Diversified Property Trust was the holder of a relevant interest in 7,451,087 ANI Units representing 7.74% of the ANI Units on issue. On 16 December 2014, 360 Capital Group disclosed that 360 Capital RE as responsible entity of Trafalgar Opportunity Fund No. 4 was the holder of a relevant interest in 7,112,423 ANI Units and as responsible entity of 360 Capital Diversified Property Fund was the holder of a relevant interest in 5,300,336 ANI Units, in aggregate representing 12.89% of the ANI Units on issue. Trafalgar Opportunity Fund No. 4 and 360 Capital Diversified Property Fund are sub-trusts of 360 Capital Group.

As announced by ANI on 17 December 2014, 360 Capital Group requested a copy of the register of members of ANI in accordance with the Corporations Act. The request stated that the purpose of the request was to call a meeting of ANI Unitholders to remove the responsible entity of ANI.

On 17 December 2014, the Bidder made an indicative non-binding proposal for the acquisition of ANI by TIX by way of an agreed trust scheme. The merger terms proposed were 0.89 TIX Units for every ANI Unit. The proposal requested a 4 week exclusive due diligence period. The proposal was expressed to be conditional on satisfactory due diligence, ANI Unitholder approval, customary ASIC instruments of relief, no new issues of securities, no material acquisitions, entry into binding legal documents and final board approvals. At the same time, 360 Capital Group made an indicative non-binding proposal to the shareholder of the Responsible Entity for the acquisition of the Responsible Entity.

On 19 December 2014, 360 Capital RE announced its intention as responsible entity of TIX to make the Offer. A Bidder's Statement in relation to the Offer was lodged on 3 February 2015 and a Replacement Bidder's Statement was lodged on 15 February 2015.

5.3 Summary of the Offer

TIX is offering ANI Unitholders 0.89 TIX Units for each ANI Unit.

In addition, ANI Unitholders who accept the Offer and are entitled to receive the Offer Consideration will be entitled to the Conditional Cash Payment of $0.03 per ANI Unit if, on or before the end of the Offer Period, either:

(a) the Bidder receives acceptances under the Offer in respect of more than 50% of the ANI Units; or

(b) a member of the 360 Capital Group is appointed as a responsible entity of ANI.

The Bidder has disclosed that 360 Capital Group has entered into a deed poll in favour of all ANI Unitholders to whom the Offer is made in accordance with the Offer Terms pursuant to which it undertakes to pay the Conditional Cash Payment. As at the date of this Target's Statement, the Offer Consideration does not include the Conditional Cash Payment and the Offer Terms do not include an obligation to pay, or procure the payment of, the Conditional Cash Payment. However, if the Cash Payment Condition is satisfied, the Bidder has agreed that it will vary the Offer Consideration and the Offer Terms to include an obligation on the Bidder to pay, or procure that 360 Capital Group, pay the Conditional Cash Payment.

If you are an Ineligible Foreign Unitholder or an Unmarketable Parcel Unitholder you will not receive TIX Units or any rights with respect to TIX Units (see section 11.5.4 of the Bidder's Statement). The TIX Units which you would otherwise receive will be sold for your benefit. However, you will receive the Conditional Cash Payment if it becomes payable. Persons who are residents in Australia, its external territories and New Zealand are not Ineligible Foreign Unitholders.

If ANI Unitholders accept the Offer on or before 24 March 2015, and TIX declares the Offer unconditional by that time, the accepting ANI Unitholders will become TIX Unitholders in time to receive TIX's March 2015 quarterly distribution of 5.0662 cents per TIX Unit (equivalent to 4.508918 cents per ANI Unit accepted into the Offer). Those accepting ANI Unitholders will however forgo the opportunity to receive ANI's June 2015 half-year distribution, forecast to be 9.6 cents per ANI Unit.

The Bidder has not declared the Offer to be final. Accordingly, the Bidder may increase the Offer Price, for example, in the event of an alternative proposal being announced by another party. If the Bidder increases the Offer Price, the Corporations Act entitles any ANI Unitholder who has already accepted the Offer to receive the increased Offer Price from the Bidder.

The Offer is made to each person registered as a holder of ANI Units on the register of ANI as at the Record Date and extends to:

(a) holders of Units that are on issue at the Record Date who become registered or entitled to be registered as the holder of ANI Units during the period from the Record Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such Units; and

(b) any other person who becomes registered as the holder of ANI Units during the Offer Period.

The Bidder is offering to acquire all of your ANI Units. Accordingly, you may only accept the Offer in respect of all of your ANI Units at the time of your acceptance.

5.4 Conditions to the Offer

The Offer is subject to a number of Conditions which are set out in full in Appendix 1 of the Bidder's Statement.

If any of these Conditions are not satisfied, or not waived by the Bidder if not satisfied, before the end of the Offer Period (including any extended Offer Period), then the Offer will lapse and no consideration will be received by any ANI Unitholders who have accepted the Offer. ANI Unitholders who accept the Offer lose their ability to deal with their ANI Units (ie. sell them on market) or accept any potential higher competing offer unless and until the Offer lapses, except in certain limited circumstances, as described in section 11.7.1 of the Bidder's Statement.

There is no certainty that the Conditions will be satisfied or waived by the Bidder.

The Conditions which are not satisfied or waived as at the date of this Target's Statement are set out in summary form only in the tables below (the Conditions are set out in full in Appendix 1 of the Bidder's Statement).

(a) Conditions wholly or partly out of ANI's control

Condition	Likely to be satisfied?
(S&P/ASX 200) During the period between the Announcement Date and the end of the Offer Period, the S&P/ASX 200 Index is not at any time 10% or more below its level as at the close of trading on the last trading day on ASX before the Announcement Date. *See Condition C of Appendix 1 of the Bidder's Statement.*	Unknown. This Condition is wholly outside ANI's control.
(No material adverse change) Between the Announcement Date and the end of the Offer Period, no matter, event, change, condition, circumstance, information or thing ("**Change(s)**") occurs, is announced, becomes likely to occur or becomes known to the Bidder which alone or in aggregate with any other Change, would result in and/or would reasonably be likely to result in: (i) the value of the consolidated net assets of ANI being reduced by at least $5 million against what they would have reasonably have been expected to have been but for the Change(s) other than to the extent such reduction arises from transactions effected in the ordinary course of ANI's ordinary business; or (ii) a material adverse effect on the business, assets, liabilities financial position or performance, profitability or prospects of ANI. *See Condition B of Appendix 1 of the Bidder's Statement.*	Unknown. ANI is not currently aware of any material adverse events which it considers would be reasonably likely to result in a breach of these Conditions. Given the overall extent to which this Condition restricts ANI's activities over a potentially lengthy period of time, the broad nature of the Condition and the limited latitude and flexibility afforded by the Condition, expenditure by the Responsible Entity may trigger this Condition. The Directors note that, it is possible that, by ANI pursuing opportunities in the interests of ANI Unitholders, this Condition may become incapable of being fulfilled in the future. Additionally, unforeseen events may emerge during the Offer Period which are wholly or partially outside of ANI's control and which may lead to a breach of this Condition.

Condition	Likely to be satisfied?
(Other regulatory approvals) Before the end of the Offer Period, the Bidder has obtained all Approvals necessary: (i) to permit the Offer to be lawfully made to and accepted by holders of ANI Units; (ii) as a result of the Offer, as a result of the acquisition of ANI Units by the Bidder under the Offer or to permit completion of the Offer; (iii) for the continued operation of ANI's business and ownership of ANI's assets on substantially the same terms as at the Announcement Date; and (iv) to ensure there is no right or power to require the divestiture by the Bidder of any ANI Units or material assets, or the divestiture of any material assets of ANI. This Condition does not apply to such Approvals that are only required as a result of the Bidder not availing itself of paragraph 4(c) of ASIC Class Order 13/521 in respect of members of ANI who are foreign. *See Condition F of Appendix 1 of the Bidder's Statement.*	Unknown. This Condition is wholly outside ANI's control. However, as TIX may require the approval its securityholders, or an ASX Listing Rule waiver, in order for 360 Capital Group to be able to accept the Offer in respect of its 12.89% stake in ANI, this Condition may not be able to be satisfied prior to the scheduled closing date for the Offer. The Bidder has informed ANI it will not rely on this Condition if an approval or waiver is required but not obtained.
(No regulatory actions) Before the end of the Offer Period: (i) there is not in effect any preliminary or final decision, order or decree issued by an Authority; and (ii) no application is made to any Authority (other than by the Bidder), or action or investigation is announced, threatened or commenced by an Authority in consequence of or on connection with the Offer, which: (iii) other than an application to or a determination by ASIC or the Takeovers Panel, materially adversely impacts on the Offer or requires divestiture orders; or (iv) amends, prejudices or otherwise affects any existing rights of, or imposes any obligation on the Bidder. *See Condition G of Appendix 1 of the Bidder's Statement.*	Unknown.

(b) Conditions which may require ANI to take or refrain from taking actions where this may not be in the interests of ANI Unitholders

Condition	Likely to be satisfied?
(Change of Control consent) Any third parties contracted with ANI providing a waiver to ANI and the Bidder of certain rights (eg. to terminate or vary the terms of a Material Contract, acquire or require the disposal of an interest with a value of greater than $10 million or require the early repayment of any monies borrowed by ANI). *See Condition D of Appendix 1 of the Bidder's Statement.*	If a change of control of ANI occurs or Fife Funds ceases to be the responsible entity of ANI it will be a review event under ANI's Debt Facility. As at the date of this Target's Statement, NAB has not provided a waiver to ANI of its rights on the occurrence of a review event in connection with the Offer. See Section 5.16.
(Due diligence information) Before the end of the Offer Period, ANI (or its officers, employees or agents) does not provide any information relating to ANI which is not "generally available" (as defined in the Corporations Act) to a Third Party for the purposes of enabling that party to make a Competing Proposal ("**Due Diligence Information**") without: (i) promptly and in any event within 2 Business Days providing that Due Diligence Information to the Bidder; and (ii) announcing to ASX any Inside Information which forms part of the Due Diligence Information. *See Condition A of Appendix 1 of the Bidder's Statement.*	No such information has been provided, as at the date of this Target's Statement.

Condition	Likely to be satisfied?
(Conduct of ANI business) Other than as disclosed by ANI prior to the Announcement Date or approved by the Bidder in writing, between the Announcement Date and before the end of the Offer Period, ANI complies with restrictions on the conduct of ANI's business including entry into or varying of any agreement with Fife Funds or a Related Entity of Fife Funds, entry into material transactions (such as acquisitions or disposals of greater than A$10 million in aggregate) and incurring or increasing any financial indebtedness or issues any indebtedness or debt units for an amount of more than $10 million in aggregate. *See Condition H of Appendix 1 of the Bidder's Statement.*	Potentially not. It is possible that ANI will not meet this Condition. Given the overall extent to which this Condition restricts ANI's activities over a potentially lengthy period of time, the broad nature of this Condition and the limited latitude and flexibility afforded by this Condition, the Directors note that, it is possible that, by ANI pursuing opportunities in the ordinary course of its business and in the interests of ANI Unitholders, this Condition will become incapable of being fulfilled in the future. Since the date of the Offer, ANI has restructured its interest rate swaps. See below for your Independent Director's assessment of these actions in the context of the Conditions.
(Restrictions on distributions) Between the Announcement Date and the end of the Offer Period, ANI does not determine or declare any distribution of profits or capital (whether in cash or in specie), other than in the case of the ANI June 2015 distribution. *See Condition I of Appendix 1 of the Bidder's Statement.*	Yes. ANI does not presently have any intention to declare any distribution, inconsistent with the Bidder's stated restrictions.
(No prescribed occurrences) No Prescribed Occurrences taking place between the Announcement Date and the end of the Offer Period (eg. ANI converting all or any of the ANI Units into a larger or smaller number of ANI Units or ANI issuing ANI Units or convertible notes, or ANI reducing its capital or resolving to be wound up or granting a security interest in the whole or a substantial part of its business or property). *See Condition J of Appendix 1 of the Bidder's Statement.*	Potentially not. It is possible that ANI will not meet this Condition. Given the overall extent to which this Condition restricts ANI's activities over a potentially lengthy period of time and the limited latitude and flexibility afforded by this Condition, the Directors note that, it is possible that, by ANI pursuing opportunities in the ordinary course of its business and in the interests of ANI Unitholders, this Condition will become incapable of being fulfilled in the future.
(Merger Implementation Agreement) ANI and 360 Capital RE do not enter into a merger implementation deed in connection with a trust scheme pursuant to which 360 Capital RE will acquire all of the units in ANI on terms which are no less favourable in all material respects to those proposed in relation to the Offer. *See Condition L of Appendix 1 of the Bidder's Statement.*	Unknown. This will depend upon the terms of any such proposal made by 360 Capital RE. However, ANI has no current intention of entering into a merger implementation deed with 360 Capital RE.

ANI considers that the drafting of the Conditions is unduly restrictive, and, in some instances may give rise to situations where undertaking actions which are in the ordinary course of the business of ANI and not material in the overall context of ANI's operations, results in certain Conditions becoming incapable of being satisfied.

On this basis, it is possible that by ANI continuing its ordinary operations, certain Conditions may become incapable of being satisfied in the future (including, but not limited to, the Condition H of Appendix 1 of the Bidder's Statement (conduct of ANI business Condition) and Condition J of Appendix 1 of the Bidder's Statement (no prescribed occurrences Condition)).

In such circumstances, if a Condition is not satisfied during the Offer Period, the Bidder will have discretion whether to declare the Offer free of the Condition or to allow the Offer to fail.

The Directors and the Responsible Entity will make a decision to pursue any opportunity, or take any action, having regard to the best interests of ANI and ANI Unitholders, the fiduciary duties of the Directors and the applicable policies and guidance of the Takeovers Panel.

Since the date of the announcement of the Offer, ANI has restructured certain interest rate swaps as announced on ASX on 28 January 2015. Following implementation ANI has $90 million of interest rate swaps (approximately 80% of its existing debt hedged) with a weighted average term to maturity of 4.7 years which assisted ANI to reduce its marginal borrowing cost from 4.6% per annum to 3.9% per annum.

Subsequent to that announcement, the Bidder has stated at Section 9.6 of the Bidder's Statement that it was not aware of events or circumstances which would result in the non-fulfillment of the Conditions.

If the Bidder were to seek to rely on a perceived failure to fulfil any Condition resulting from ANI continuing to operate its business in the ordinary course or in reliance on a matter which is not material in the overall context of ANI's operations, the Directors and Responsible Entity will undertake such actions that it considers necessary to preserve the interests of ANI Unitholders, which may include making an application to the Takeovers Panel for a declaration that reliance by the Bidder on such Conditions constitutes "unacceptable circumstances".

5.5 Notice of Status of Conditions

Section 11.6.6 of the Bidder's Statement indicates that the Bidder will give a Notice of Status of Conditions to the ASX and ANI on 16 March 2015.

The Bidder is required to set out in the Notice of Status of Conditions:

- whether the Offer is free of any or all of the Conditions;
- whether, so far as the Bidder knows, any of the Conditions have been satisfied on the date the notice is given; and
- the Bidder's voting power in ANI.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, the Bidder is required, as soon as practicable after the extension, to give a notice to the ASX and ANI that states the new date for the giving of the Notice of Status of Conditions.

If a Condition is satisfied (so that the Offer becomes free of that Condition) during the Bid Period but before the date on which the Notice of Status of Conditions is required to be given, the Bidder must, as soon as practicable, give the ASX and ANI a notice that states that the particular Condition has been satisfied.

5.6 Offer Period

Unless the Offer is extended or withdrawn, it is open for acceptance until 7.00pm (Sydney time) on 24 March 2015.

The circumstances in which the Bidder may extend or withdraw the Offer are set out in Sections 5.7 and 5.8.

5.7 Extension of the Offer Period

The Bidder may extend the Offer Period at any time before they give the Notice of Status of Conditions (referred to in Section 5.5) while the Offer is subject to Conditions. The Bidder has no obligation to voluntarily extend the Offer Period and may elect not to do so.

Further, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

- the Bidder improves the Offer Consideration; or
- the Bidder's voting power in ANI increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

The maximum duration of the Offer Period is 12 months.

5.8 Withdrawal of Offer

The Bidder may not withdraw the Offer if you have already accepted it (although the Conditions may not be satisfied and the Offer may lapse if those Conditions are not waived). Before you accept the Offer, the Bidder may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

5.9 Lapse of Offer

The Offer will lapse if the Conditions are not satisfied or waived by the end of the Offer Period. In such circumstances, all contracts resulting from acceptance of the Offer and all acceptances that have not yet resulted in binding contracts are void. In that situation, after the Offer lapses ANI Unitholders who had previously accepted the Offer will be free to deal with their ANI Units as they see fit.

5.10 Effect of acceptance

The effect of acceptance of the Offer is set out in section 11.7 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your ANI Units and the representations and warranties which you give by accepting the Offer.

If you accept the Offer now while it is conditional, some of the consequences include the following (subject to your limited rights to withdraw your acceptance of the Offer as discussed in section 11.8 of the Bidder's Statement):

- you will give up your rights to sell your ANI Units on the ASX (or any other trading platform) or otherwise deal with them while the Offer remains open (this would prevent you from accepting any superior proposal from another party that may emerge);
- you will relinquish control of your ANI Units with no guarantee of payment unless and until the Offer becomes unconditional; and
- you will irrevocably appoint the Bidder as your agent and attorney to vote in favour, or appoint a proxy to vote in favour, of resolutions to replace Fife Funds as the responsible entity of ANI with an entity within the 360 Capital Group. In the Replacement Bidder's Statement, the Bidder has undertaken not to exercise any votes at a meeting in connection with this appointment unless the Offer is unconditional before the relevant meeting.

Further, by accepting the Offer, you agree to each of the matters in section 11.7.2 of the Bidder's Statement. These matters include you agreeing that:

- your ANI Units are fully paid and the Bidder will acquire good title to them and full beneficial ownership of them free from all encumbrances, interests of third parties of any kind (whether legal or otherwise) and restrictions on transfer; and
- if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though the Bidder has not yet paid or provided the consideration to you), you irrevocably appoint the Bidder as your attorney to exercise all powers and rights that you have as the registered holder of your ANI Units, including the right to attend any meeting of ANI Unitholders and vote in respect of your ANI Units (with such appointment terminating on the registration of the Bidder as the holder of your ANI Units).

Therefore, it is possible that the Bidder may vote against any competing proposal in respect of your ANI Units, resulting in the competing proposal being rejected by ANI Unitholders.

5.11 Superior proposal

If you accept the Offer, you may forfeit the opportunity to benefit from a superior proposal made by another party for your ANI Units (if such an offer eventuates). However, if the Bidder improves the Offer Consideration, all ANI Unitholders, whether or not they have already accepted the Offer before that improvement in consideration, will be entitled to the benefit of that improved consideration.

If another proposal is announced during the Offer Period, ANI will issue a supplementary target's statement.

5.12 Compulsory acquisition

The Bidder has stated in section 5.2 of the Bidder's Statement that if it becomes entitled to proceed to compulsorily acquire ANI Units in accordance with the Corporations Act, it intends to do so.

(a) Following Offer

Under Part 6A.1 of the Corporations Act, the Bidder will be able to compulsorily acquire any outstanding ANI Units for which they have not received acceptances on the same terms as the Offer if during, or at the end of, the Offer Period, the Bidder (taken together with its Associates):

- has a relevant interest in at least 90% (by number) of ANI Units; and
- has acquired at least 75% (by number) of ANI Units for which it has made an Offer.

If these thresholds are met, the Bidder will have one month from the end of the Offer Period within which to give compulsory acquisition notices to ANI Unitholders who have not accepted the Offer. The consideration payable by the Bidder will be the Offer Consideration last offered under the Offer.

(b) Future compulsory acquisition

If the Bidder does not become entitled to compulsorily acquire ANI Units in accordance with the above procedures, it may nevertheless become entitled to exercise general compulsory acquisition rights in relation to the ANI Units and any ANI convertible units under Part 6A.2 Division 1 of the Corporations Act.

Broadly, the Bidder will be entitled to compulsorily acquire:

- all outstanding ANI Units if the Bidder (and its Related Bodies Corporate) have a full beneficial interest in at least 90% (by number) of ANI Units; and
- any outstanding ANI convertible units if the Bidder's voting power in ANI is at least 90% and the Bidder (either in its own right or through Related Bodies Corporate) hold full beneficial interests in at least 90% (by value) of the aggregate of all the units in ANI that are ANI Units or convertible into ANI Units.

Compulsory acquisition notices must be lodged within six months after the Bidder becomes a 90% holder pursuant to these provisions.

The Bidder's price for compulsory acquisition under this procedure would have to be considered in a report by an independent expert.

ANI Unitholders may challenge any compulsory acquisition relating to their ANI Units, but this would require the relevant ANI Unitholder to establish to the satisfaction of a court that the terms of the offer do not represent 'fair value' for their ANI Units. If their ANI Units are compulsorily acquired, ANI Unitholders are not likely to receive any payment until at least one month after the compulsory acquisition notices are sent and after having completed the necessary documentation.

5.13 TIX may require TIX Unitholder approval or an ASX Listing Rule waiver to acquire the ANI Units held in 360 Capital Group and therefore to acquire 100% of ANI

In the period from 4 November 2014 to 16 December 2014, 360 Capital Group (through CIML as trustee of two sub-trusts of the 360 Capital Group), acquired 12.89% of ANI for prices between $2.09 and $2.20 per ANI unit for a total cost of approximately $27 million.

360 Capital RE, in its capacity as the holder of the ANI Units, is a related party of 360 Capital RE in its capacity as responsible entity of TIX.

Under ASX Listing Rule 10.1, TIX requires TIX Unitholder approval to acquire a "substantial asset" from a related party. The notice of meeting seeking the approval must include an independent expert's report stating whether the transaction is fair and reasonable to TIX Unitholders. The acquisition under the Offer by TIX of the ANI Units held in 360 Capital Group would appear to be caught by Listing Rule 10.1.

ASX has issued guidance that where a responsible entity can demonstrate that neither it nor the related party derives any direct financial benefit (whether as unitholders of the listed trust or owner of the responsible entity, or by way of extra fees generated as a result of the transaction), ASX may consider granting the listed entity a waiver of the requirement to comply with Listing Rule 10.1.

It would appear that there are a number of direct financial benefits which 360 Capital Group may derive from the sale of its holding of ANI Units, including realising any increase in the value of the ANI Units acquired in the period immediately prior to the announcement of the Offer through the sale of those ANI Units to TIX under the Offer. Further, 360 Capital Group will receive an ongoing fee of 0.6% per annum of the value of the ANI Units acquired as the responsible entity of TIX as a result of the acquisition by TIX of the ANI Units held by 360 Capital Group.

At the date of this Target's Statement TIX has not disclosed whether it has obtained a waiver from the relevant Listing Rule. There is no public record of a waiver of the relevant Listing Rule having been granted to TIX by ASX.

At the date of this Target's Statement, 360 Capital Group has made no statement regarding its intention whether to accept the Offer. It is possible that 360 Capital Group intends to reject the Offer and continue to enjoy the benefits of its unitholding in ANI.

Any requirement that TIX obtain unitholder approval or an ASX waiver to acquire the ANI Units held by the 360 Capital Group also has possible implications for the satisfaction of the Conditions. See section 5.4(a) "Other regulatory approvals".

5.14 Unsatisfactory governance framework

(a) TIX board independence the same as the 360 Capital Group board

Accepting the Offer and receiving TIX Units will expose ANI Unitholders to a different corporate governance framework. The Bidder's responsible entity consists of the same board of directors as the separate ASX-listed 360 Capital Group. This differs from ANI's independent directors who have no other directorship roles within Fife Capital Group outside of their Independent Directorship position on the board of Fife Funds, as responsible entity of ANI.

Outside of the Offer itself, the Bidder has not stated what processes are in place, or would be put in place, to manage the actual and perceived conflicts resulting from TIX having the same board of directors as 360 Capital Group. For example, implications on 360 Capital Group's management fees of an increase in the Bidder's portfolio should the Bidder acquire 100% of ANI or be successful in appointing 360 Capital Group as the responsible entity of ANI.

(b) Ongoing management conflicts if a 360 Capital Group member is appointed as the responsible entity of ANI

If the Bidder succeeds in replacing the responsible entity of ANI in circumstances where it has not acquired 100% of ANI, 360 Capital Group will be the manager of both ANI and TIX. This presents a number of significant conflict issues where both ANI and TIX remain listed on ASX. For example:

- 360 Capital Group may identify a new industrial property which meets the investment criteria of both ANI and TIX. The Bidder has not disclosed how 360 Capital Group will determine which fund will be offered the first opportunity to acquire properties where the investment criteria overlap or whether it would amend the investment criteria of ANI or TIX.
- A potential industrial property tenant may contact 360 Capital Group in relation to leasing industrial property space in a major metropolitan market. The Bidder has not disclosed how 360 Capital Group will manage the resulting conflict if both ANI and TIX have suitable properties available.
- Potential investors may approach 360 Capital Group with the intention of investing in a capital raising by an industrial property fund. The Bidder has not disclosed how 360 Capital Group will manage the resulting conflict if both ANI and TIX require additional capital.

It is unclear how these conflicts would be managed and the Bidder has not addressed these issues in its Bidder's Statement.

5.15 Consequences of the Bidder acquiring less than 100% of ANI

The Offer is not subject to a minimum acceptance condition. Any outstanding Conditions may be waived by the Bidder at its discretion. In its second supplementary bidder's statement released on 23 February 2015, the Bidder committed to waiving any outstanding Conditions once it has received acceptances in respect of 30% of ANI Units. This means that following the close of the Offer and any subsequent compulsory acquisition, the Bidder may own anywhere between 0% and 100% of ANI. As at the date of this Target's Statement, the Bidder does not hold any ANI Units. 360 Capital Group, which is a separately listed entity to the Bidder, owns 12.89% of ANI but has given no indication whether it intends to accept the Offer.

Your Independent Directors consider there are significant risks for you in accepting the Offer and becoming a TIX Unitholder if the Bidder does not acquire 100% of ANI. The key risks are set out in the table below.

Bidder may seek to replace Fife Funds as responsible entity of ANI with a member of the 360 Capital Group without acquiring a majority of the ANI Units	
Bidder's strategy is to replace the responsible entity of ANI	• The stated strategy of the Bidder is to seek the removal of Fife Funds and the appointment of a 360 Capital Group member as the responsible entity of ANI. • The Bidder may seek to do this while the Offer remains conditional and where it has not acquired a majority of ANI Units, or any ANI Units, under the Offer. • The 360 Capital Group member the Bidder seeks to appoint as responsible entity of ANI, could be the Bidder's responsible entity (ie. 360 Capital RE, the entity controlling the Bidder) or another appropriately licensed 360 Capital Group member.
Bidder would need 360 Capital Group to call a meeting of ANI Unitholders	• 360 Capital RE, in its capacity as responsible entity of TIX, is not currently able to call a meeting of ANI Unitholders to consider the replacement of the responsible entity of ANI as it does not own any ANI Units. • However, 360 Capital Group (through wholly owned sub-trusts) owns 12.89% of ANI and is able to call a meeting of ANI Unitholders to consider a resolution to replace the responsible entity of ANI with a 360 Capital Group member.
If you accept the Offer the Bidder may be able to vote your ANI Units	• The Bidder has made it a term of the Offer that accepting ANI Unitholders will appoint 360 Capital RE as their attorney to vote in favour of resolutions to replace Fife Funds as the responsible entity of ANI with a 360 Capital Group member. • The Replacement Bidder's Statement, released by the Bidder on 13 February 2015, provides that the Bidder will not exercise any votes in connection with the attorney appointment contained in the Offer terms unless the Offer is unconditional before the relevant meeting.
The appointment of 360 Capital RE as attorney may have an impact on how the Bidder conducts the Offer	• Where the meeting to replace the responsible entity of ANI is to be held prior to the close of the Offer, the Bidder may decide to declare the Offer unconditional (so that it can cast votes as attorney for accepting ANI Unitholders) regardless of whether it has acquired a majority of ANI Units. • The decision of the Bidder to declare the Offer unconditional may be guided by the number of votes the Bidder and 360 Capital Group require to replace Fife Funds as responsible entity of ANI with a member of the 360 Capital Group.
The Bidder has provided insufficient information on how 360 Capital Group will manage ANI	• If you accept the Offer prior to a meeting called by 360 Capital Group to replace the responsible entity of ANI, you will effectively be choosing to vote in favour of the replacement of Fife Funds with 360 Capital Group before having the benefit of reviewing the notice of meeting or information released by Fife Funds and/or the IBC in relation to such a meeting, provided the Offer is unconditional at the date of the relevant meeting. • The notice of meeting and the information released by Fife Funds and/or the IBC for such a meeting will contain information material to a decision on how to vote on a resolution to replace the responsible entity of ANI. • The Bidder has provided very limited information in the Bidder's Statement around its strategy for ANI. • The IBC considers that the information provided is inadequate to enable you to decide how to vote on a proposal to replace the responsible entity of ANI.

Bidder may seek to sell a minority stake in ANI	
Bidder may seek to sell a minority stake in ANI	• There is a risk that the Bidder acquires only a minority stake in ANI under the Offer. • The Bidder has not disclosed how it intends to deal with such a stake other than stating that it will deal with its stake in ANI with a view to maximizing returns for TIX Unitholders. • There is a risk the Bidder seeks to sell some or all of the stake in ANI it acquires under the Offer. • If you accept the Offer and become a TIX Unitholder, if the Bidder were to seek to sell its ANI Units you would no longer have any direct or indirect exposure to ANI.

(a) Additional implications of Bidder acquiring more than 50% of ANI but less than 100%

In addition, if the Bidder acquires more than 50% of ANI but is unable to proceed to compulsory acquisition then the Bidder will hold a majority unitholding in ANI. In those circumstances, ANI Unitholders who do not accept the Offer will be minority unitholders in ANI. This has a number of potential implications for ANI Unitholders in addition to the risks described in the table above, including:

- the Bidder will be in a position to cast the majority of votes at a general meeting of ANI. This will enable them to control the appointment and removal of the responsible entity of ANI, and control the strategic direction of the business of ANI and its subsidiaries;
- a possible impact on ANI's financing arrangements and material contracts, as described in more detail in Section 5.16;
- the liquidity of ANI Units may be lower than at present, and there is a risk that ANI could be removed from certain S&P/ASX market indices due to lack of free float or liquidity; and
- the Bidder may be entitled to seek to have ANI removed from the official list of the ASX, however, the Bidder has stated at section 5.3.3 of the Bidder's Statement that it believes that ANI should continue to be listed on ASX while it meets the ASX requirements for maintaining a listing.

If the Bidder acquires 75% or more of all ANI Units, it will be able to pass special resolutions of ANI Unitholders. This may enable the Bidder, among other things, to change ANI's constitution (subject to applicable restrictions on voting where an entity in the 360 Capital Group is appointed the responsible entity of the Fund).

(b) Additional implications of Bidder acquiring less than 50% of ANI

If the Bidder acquires less than 50% of ANI, the implications for ANI Unitholders, in addition to the risks described in the table above, will include:

- the Bidder may hold significant, although less than 50%, voting power in ANI and be able to significantly influence the outcome of a vote at a general meeting of ANI;
- depending on the number of votes exercised at a meeting of ANI Unitholders, the Bidder may be able to remove Fife Funds as responsible entity of ANI and replace the responsible entity with 360 Capital RE or another appropriately licenced 360 Capital Group member; and
- the liquidity of ANI Units may be lower than at present, and there is a risk that ANI could be removed from certain S&P/ASX market indices due to lack of free float or liquidity.

If the Bidder acquires no ANI Units under the Offer, either because no ANI Unitholders accept or because the Offer lapses, the trading price of ANI Units may be higher or lower than the Offer Consideration. If you remain an ANI Unitholder in this circumstance, you will continue to enjoy the rewards, and be subject to the risks, of being an ANI Unitholder.

5.16 Potential impact of Offer on material arrangements and arrangements with Fife Capital Group

If the Bidder acquires more than 50.1% of all ANI Units or if Fife Funds ceases to be the responsible entity of ANI, some of ANI's existing material contracts may be impacted.

Set out below is an overview of the relevant material impacts of the Offer on ANI's financing arrangements and material contracts. The information has been included in this Target's Statement because it may impact the future prospects of ANI.

(a) Impact of the bid on third party arrangements

(i) Debt Facility

ANI has a debt facility with National Australia Bank Limited ("**NAB**") with total debt capacity of A$130 million ("**Debt Facility**").

If a change of control of ANI occurs it will be a review event under ANI's Debt Facility. If the Offer becomes unconditional and the Bidder becomes the holder of more than 50.1% of all ANI Units, or the Bidder otherwise obtains the direct or indirect power to directly or indirectly direct the management or policies of ANI or control the membership or voting of the Board that will constitute a change of control for this purpose.

It is also a review event if Fife Funds ceases to be, or certain steps are taken for Fife Funds to be removed as, the responsible entity of ANI (if the replacement responsible entity fails to satisfy certain requirements), if the Bidder acquires control of Fife Funds (in a similar manner as described above in relation to ANI), if the units of ANI cease to be quoted, or are suspended from trading for a consecutive period of more than 5 trading days on the ASX or if there is a change to the property or development manager for a property of ANI.

If a review event occurs, ANI must meet with NAB to discuss whether a restructure of the facilities is required. If the parties do not meet or the parties are unable to agree to vary the terms of the relevant agreements it is possible that ANI will be required to repay the facility in full within a period of up to 310 days of the review event occurring (although that period may be reduced).

As at the date of this Target's Statement, NAB has not provided a waiver to ANI of its rights on the occurrence of a review event in connection with the Offer.

Under the Fund's hedging arrangements, no termination rights are triggered as a result of the Offer during the term of the Debt Facility. Following the end of the term of the Debt Facility (including for example if the Debt Facility is cancelled) NAB has the right to terminate the hedges if Fife Funds ceases to be the responsible entity of ANI, unless NAB approves the replacement responsible entity, or within 30 days of the replacement NAB is satisfied that the replacement will result in NAB being in a position that is not materially worse.

The Bidder has stated at Section 5.6 of the Bidder's Statement that it has a Letter of Support from one of its financiers indicating its willingness to refinance ANI if required as a result of the Offer.

(ii) Custody Deed

Fife Funds as responsible entity for ANI is a party to a custody deed under which Fife Funds has appointed the The Trust Company (Australia) Limited ("**Custodian**") to provide custody services in respect of ANI including to hold the assets of ANI. Either party may terminate on 90 days' notice, however there is no right to terminate on a change of responsible entity of ANI or a change of control of ANI.

(b) Impact of the bid on arrangements with Fife Capital Group

(i) Relationship Deed

In October 2013, TAP sold its entire industrial portfolio to ANI for $130 million (the "**TAP sale**"). As part of that sale, Fife Funds as responsible entity of ANI entered into a relationship deed with TAP (the "**Relationship Deed**"), whereby TAP granted rental guarantees in respect of certain of the properties the subject of the TAP Sale.

The only continuing liability owed by TAP to ANI under the Relationship Deed relates to a rental guarantee in respect of 10 Williamson Road, Ingleburn, for a total amount of less than $0.1 million.

There are no termination rights under the Relationship Deed.

(ii) Co-operation Deed

The Responsible Entity and Fife Capital Group Pty Limited entered into a co-operation deed dated 4 September 2014 ("**Co-Operation Deed**"), under which:

- the Responsible Entity has a first right (subject to an existing client mandate) to acquire industrial properties identified by Fife Capital Group Pty Limited which are consistent with ANI's investment policy; and
- Fife Capital Group Pty Limited has a first right to provide property management services and development management services (where relevant) in respect of any properties acquired which were identified by Fife Capital Group Pty Limited.

ANI may terminate the Co-Operation Deed immediately if Fife Funds ceases to be the responsible entity of ANI. There is no right for Fife Funds to terminate (other than on insolvency of ANI). The Bidder's Statement discloses that TIX currently intends to terminate the Co-operation Deed if Fife Funds ceases to be a responsible entity of ANI, however no fund decision has been made by the Bidder.

(iii) Property Management Agreements

ANI and Fife Asset Services Pty Limited ("**Fife Asset Services**") are parties to property management agreements in respect of each of the properties owned by ANI ("**Property Management Agreements**"). Under each Property Management Agreement, Fife Asset Services is appointed to manage the relevant property.

ANI may terminate the Property Management Agreements on twelve months' notice (or on payment of twelve months' management fees) if Fife Funds ceases to be the responsible entity of ANI.

The Bidder has stated that if a 360 Capital Group member becomes the responsible entity of ANI, it may consider having ANI discontinue the existing property management arrangements. This would require ANI to give twelve months' notice or pay a termination fee to the manager of approximately $1 million.

(c) Leases

In relation to 30 Clay Place, Eastern Creek, tenanted by Garmin Australasia Pty Ltd, 29 Glendenning Road, Glendenning tenanted by Green's General Foods Pty Ltd and 23 Selkis Road, Bibra Lake tenanted by Amcor Packaging (Australia) Pty Ltd, if the landlord sells or proposes to sell the land, it must procure the new landlord enter into a deed of covenant in favour of the tenant. This would be triggered by a change of custodian if the title was transferred between the custodians. A change of control of ANI or the replacement of the responsible entity of ANI would not give rise to a right of a tenant to terminate any lease of an ANI property.

In relation to 30 Clay Place, Eastern Creek, tenanted by Garmin Australasia Pty Ltd, if someone other than the landlord becomes entitled to receive the rents payable under the lease or the tenant becomes obliged to perform its obligations under the lease in favour of another person, the landlord must procure that other person to enter into a deed of covenant in favour of the tenant. This would be triggered by a change of custodian if the title was transferred between custodians.

5.17 Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders

An ANI Unitholder is an Ineligible Foreign Unitholder for the purposes of the Offer if their address as shown on the register of members of ANI is in a jurisdiction other than Australia, its external territories or New Zealand (or who is acting on behalf of such person). However, such a person will not be an Ineligible Foreign Unitholder if the Bidder is satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to an ANI Unitholder in the relevant jurisdiction and to issue TIX Units to such a unitholder on acceptance of the Offer, and that it is not unlawful for the unitholder to accept the Offer in such circumstances in the relevant jurisdiction.

An Unmarketable Parcel Unitholder is ANI Unitholder who, if they accept the Offer, the TIX Units that would be issued to them would constitute an Unmarketable Parcel.

The TIX Units which would otherwise have been issued to Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders will instead be issued to a nominee approved by ASIC, who will sell the ANI Units. The net proceeds of the sale of such units will then be remitted to the relevant Ineligible Foreign Unitholders and Unmarketable Parcel Unitholders. See sections 11.2.2 and 11.5.4 of the Bidder's Statement for further details.

5.18 When you will receive your consideration if you accept the Offer

No Offer Consideration for ANI Units accepted into the Offer will be provided until after the Offer becomes unconditional.

If you accept the Offer and the Offer becomes unconditional, then the Bidder will provide the Offer Consideration for your ANI Units to which you are entitled on or before the later of:

(a) five Business Days after the date the Offer is validly accepted; and

(b) if the Offer is subject to a Condition when accepted, within 10 Business Days after the Offer or the contract resulting from acceptance of the Offer becomes, or is declared, unconditional, provided that all relevant documents have been received and correctly completed.

If the Cash Payment Condition is satisfied after you receive the Offer Consideration, you will receive the Conditional Cash Payment immediately after the Offer Terms are varied to include the Conditional Cash Payment as part of the Offer Consideration.

See sections 1.1.4 and 11.5.1 of the Bidder's Statement for further details on when you will be provided with your Offer Consideration from the Bidder. See also section 1.1.2 and 9.3 of the Bidder's Statement for further details on when you will be provided the Conditional Cash Payment.

5.19 Australian tax consequences of accepting the Offer

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. The taxation implications relating to the Offer for Australian resident and non-resident ANI Unitholders is included in Section 8.

By accepting the Offer, Australian tax resident ANI Unitholders and non-resident ANI Unitholders whose Units constitute "taxable Australian property" who hold their ANI Units on capital account will be taken to have sold their ANI Units to the Bidder in exchange for TIX Units for tax purposes. If the market value of the TIX Units received is higher than the cost base in the ANI Units sold, those ANI Unitholders may be presented with a capital gains tax ("**CGT**") liability as a result of accepting the Offer.

As set out in the Tax Information in Section 8, CGT roll-over relief may be available to Australian tax resident ANI Unitholders and non-resident ANI Unitholders whose Units constitute "taxable Australian property" who hold their ANI Units on capital account where they accept the Offer. If roll-over relief is available those ANI Unitholders would not be liable to pay capital gains tax on the disposal of their ANI Units to the Bidder under the Offer. This roll-over relief will not be available if the Bidder acquires less than 80% of all ANI Units.

Accordingly, if the Bidder acquires less than 80% of all ANI Units under the Offer and you accept the Offer, you will need to pay capital gains tax on any gain in the disposal of your ANI Units to the Bidder under the Offer. This will apply even though you will not receive any cash under the Offer with which to pay any capital gains tax due (other than the Conditional Cash Payment of $0.03 per ANI Unit amount you receive, if any).

You should carefully read and consider the taxation consequences of accepting the Offer. ANI Unitholders should seek their own specific tax advice that considers the taxation implications in respect of their own specific circumstances, including foreign tax implications (if any).

5.20 Institutional Acceptance Facility

In the supplementary Bidder's Statement lodged with ASX on 23 February, 2015, the Bidder announced that it has established an Institutional Acceptance Facility open to Eligible Unitholders in order to facilitate receipt of acceptances of the Offer (the "IAF"). ANI Unitholders who are not Eligible Unitholders cannot participate in the IAF, however can accept the Offer by following the instructions in the Bidder's Statement.

The IAF enables Eligible Unitholders to indicate their intentions to accept the Offer without actually accepting the Offer unless and until the Offer becomes unconditional. The Bidder has stated that it will waive all Conditions to the Offer once the number of ANI Units that are the subject of valid acceptance received under the Offer and acceptance instructions provided to the IAF (which are able to be validly processed once released) exceeds 30%.

5.21 How to accept the Offer

Instructions on how to accept the Offer are set out on page 5 and in section 11.4 of the Bidder's Statement.

5.22 Trustees and nominees

If at any time during the Offer Period, you are registered or entitled to be registered as holder of one of more 'parcels' (within the meaning of s653B(1)(b) of the Corporations Act) of ANI Units as trustee or nominee for, or otherwise held on account of, another person then you may accept the Offer in relation to each parcel rather than the aggregate of parcels. Acceptance of any parcel is ineffective unless:

- you give the Bidder notice stating that the ANI Units consist of a separate parcel; and
- your acceptance specifies the number of ANI Units in the distinct parcel.

6. ANI Profile

6. ANI profile

6.1 Overview of ANI

ANI is an Australian real estate investment trust that offers investors exposure to a quality portfolio of industrial properties located across Sydney, Melbourne and Perth.

ANI listed on the ASX in October 2013 as an Australian real estate investment trust that offered investors exposure to a quality portfolio of eight industrial properties valued at approximately $175.8 million. At 31 December 2014, ANI owned a quality portfolio of 16 industrial properties valued at approximately $320.5 million.

ANI is a registered managed investment scheme. Fife Funds is the Responsible Entity of ANI. The Board of the Responsible Entity comprises a majority of Directors who are independent of Fife Capital Group.

Since ANI's ASX listing in October 2013, ANI has acquired eight properties for $124 million as a result of its Acquisition Right with Fife Capital Group. In addition to the acquisition of these properties, Fife Funds has considered numerous acquisition opportunities for the Fund in accordance with the Acquisition Right. ANI has had the benefit of acquiring two built-to-suit development properties via Fife Capital Group being the 30 Clay Place, Eastern Creek (acquired at IPO in October 2013 and completed in November 2013) and 52-74 Quarry Road, Erskine Park (acquired in September 2014 and completed in November 2014) properties. Development of both of these properties was completed in line with the forecasted completion date and was structured to substantially mitigate development and delivery risk to ANI.

Fife Capital Group also provides property management services to ANI, allowing ANI to benefit from Fife Capital Group's relationships with ANI's tenants and enabling Fife Capital Group to better service tenant requirements, reduce the risk of tenant non-renewal and control proprietary commercial information regarding the landlord/tenant relationship.

6.2 Strategy and investment policy

The Responsible Entity's strategy for ANI is to provide investors with:

- exposure to quality industrial properties located in major metropolitan areas in Australia within close proximity to major road, rail, air or port infrastructure;
- stable earnings from the collection of rent from the tenants of ANI's properties that support the payment of regular income distributions to ANI Unitholders, with that rental income underpinned by leases to reputable tenants with the majority of income growth derived from fixed and/or CPI-linked rental increases;
- the potential for capital growth over time where the value of ANI's properties appreciates;
- a conservative capital structure with target gearing of 25% to 40%; and
- future acquisition and investment opportunities through utilising Fife Capital Group's relationships.

ANI's current investment policy covers industrial property or industrial land which is suitable for the development of an industrial facility:

- located in major metropolitan areas in Australia within close proximity to major road, rail, air or port infrastructure;
- leased or agreed to be leased by appropriately qualified tenants; and
- capable of being acquired on terms that ensure ANI is adequately protected from development or delivery risk.

When considering properties for ANI investment, Fife Funds also considers a range of other factors that may impact the value, returns and liquidity of investment real estate over time. Some of these additional factors include leasehold tenure, material environmental contamination, materially flood effected land, structural adequacy and obsolescence, lease security, tenant quality and industry profile.

6.3 Portfolio overview

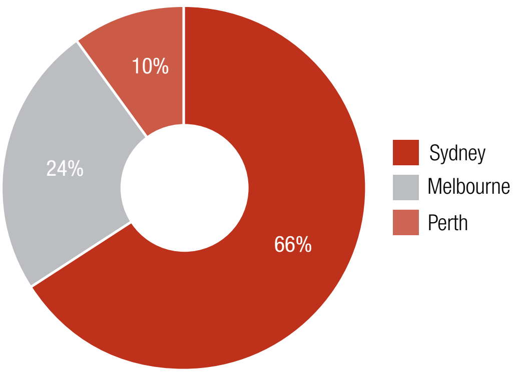
ANI's portfolio was independently valued at $320.5 million as at 31 December 2014, up from $295.1 million at 30 June 2014 and $175.8 million at listing and:

- is diversified across 16 industrial properties located in major metropolitan areas of Sydney, Melbourne and Perth;
- has been 100% leased since listing;
- comprises predominately new and/or refurbished assets with limited short term capex requirements; and
- leased by reputable tenants with diversified underlying industry exposure.

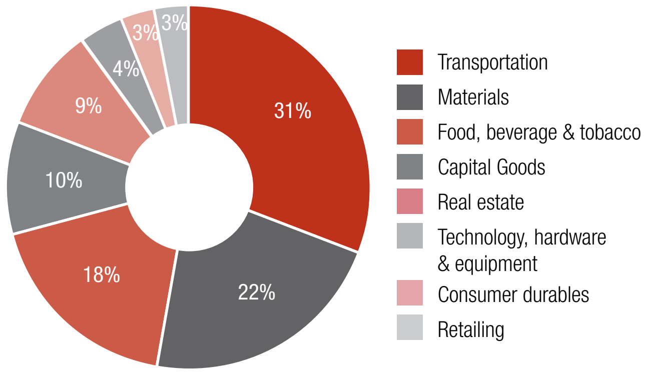
Key portfolio metrics	As at 31 December 2014
Number of assets	16
Portfolio value ($m)[1]	320.5
Weighted average cap rate	8.1%
Gross building area (sqm)[2]	274,940
Proportion leased[3]	100%
WALE (years)[3]	4.6

1. Includes an estimated $0.1 million of costs to complete as at 31 December 2014.
2. Includes 13,840 sqm of container rated hardstand and 762 sqm related to the extension works completed in February 2015 at ANI's Erskine Park property.
3. By gross building area as at 31 December 2014.

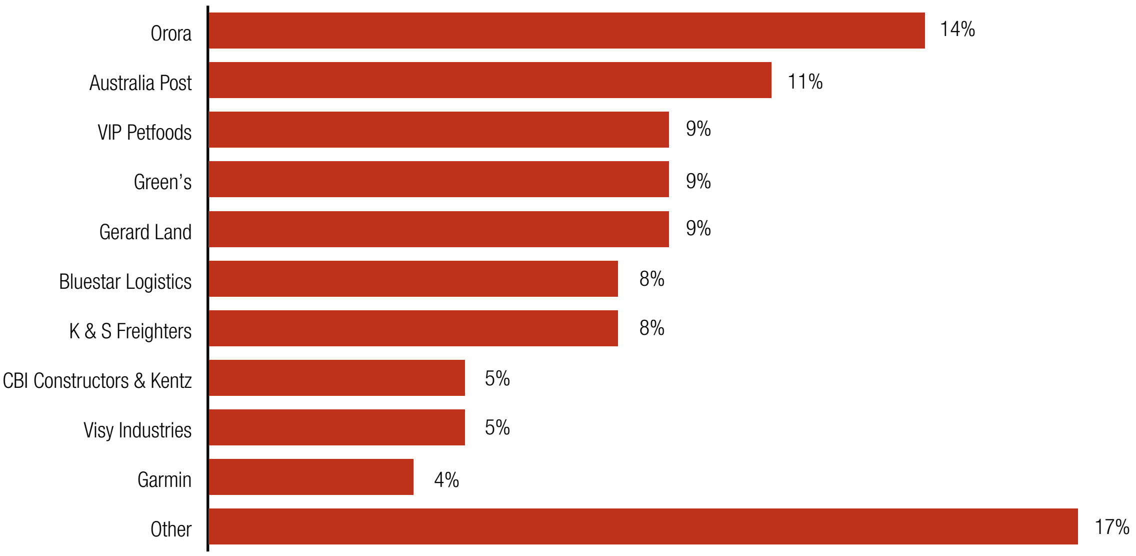
Geographic diversification[1]



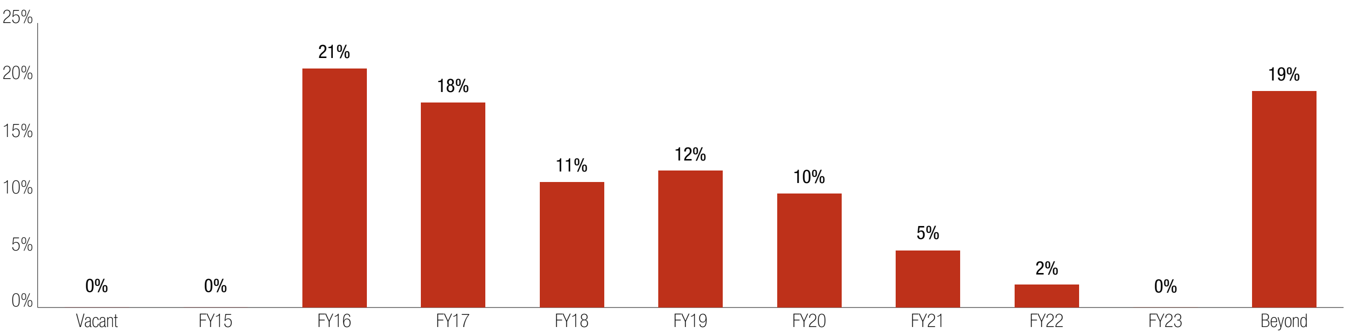
Tenant industry diversification[2]



Top 10 tenants by net passing rent[2]



Weighted average lease expiry[3]



1. By value as at 31 December 2014.
2. Based on the annualised rent payable by the tenant to ANI (excluding recovery of any outgoings) as at 31 December 2014.
3. By gross building area as at 31 December 2014.

6.4 Portfolio details

Property	Interest	Independent value ($m)	Last independent value date	Cap rate (%)	Gross building area (sqm)	Proportion leased[1]	WALE (years)[1]
Sydney, NSW							
92-98 Cosgrove Road, Enfield	100%	36.0	Dec-14	8.25	33,863[2]	100%	4.2
10 Williamson Road, Ingleburn	100%	33.3	Dec-14	8.00	27,260	100%	4.0
29 Glendenning Road, Glendenning	100%	32.8	Dec-14	7.25	21,298	100%	13.9
12 Williamson Road, Ingleburn	100%	32.5	Dec-14	7.50	25,666	100%	8.7
74-94 Newton Road, Wetherill Park	100%	23.9	Dec-14	9.25	17,044	100%	1.5
6 Macdonald Road, Ingleburn	100%	16.8	Dec-14	7.75	12,375	100%	3.7
30 Clay Place, Eastern Creek	100%	15.0	Dec-14	7.00	6,012	100%	10.9
52-74 Quarry Road, Erskine Park	100%	14.0[3]	Dec-14	7.75	8,867[4]	100%	6.0
75 Owen Street, Glendenning	100%	6.8	Dec-14	7.75	4,600	100%	4.0
Melbourne, VIC							
24-32 Stanley Drive, Somerton	100%	26.5	Dec-14	8.25	24,350	100%	3.5
324-332 Frankston-Dandenong Road, Dandenong South	100%	25.0	Dec-14	8.00	28,316	100%	2.0
49 Temple Drive, Thomastown[5]	100%	13.0	Dec-14	8.75	13,438	100%	1.5
2 Keon Parade, Keon Park[5]	100%	9.3	Dec-14	9.00	13,125	100%	1.5
9 Fellowes Court, Tullamarine	100%	3.3	Dec-14	8.00	4,072	100%	2.0
Perth, WA							
23 Selkis Road, Bibra Lake	100%	16.3	Dec-14	9.50	18,235	100%	2.5
99 Quill Way, Henderson	100%	16.2	Dec-14	9.00	16,419	100%	3.2
Total independent value		**320.5**		**8.12%**	**274,940**	**100%**	**4.6**
Less: Cost to complete		(0.1)					
Book value		**320.4**					

1. By gross building area as at 31 December 2014.
2. Includes 13,840 sqm of container rated hardstand.
3. Includes the increase in value following completion of approximately $0.5 million of extension works on behalf of Dutt Transport in February 2015 (including an estimated $0.1 million of costs to complete as at 31 December 2014).
4. Includes additional area related to the extension works completed in February 2015.
5. 49 Temple Drive, Thomastown and 2 Keon Parade, Keon Park are held on one title.

6.5 Property revaluations

The Fund's portfolio of 16 industrial properties was independently revalued as at 31 December 2014. This resulted in an $11.6 million increase in the value of the Fund's portfolio to $320.5 million. The revaluation increase was predominantly driven by a combination of tightening in capitalisation rates and income growth. The portfolio weighted average capitalisation rate tightened to 8.1% as at 31 December 2014, from 8.5% as at 30 June 2014.

Property	Prior independent valuation ($m)	New independent valuation ($m)	Change (%)	Prior cap rate (%)	New cap rate (%)
Sydney, NSW					
92-98 Cosgrove Road, Enfield	35.3	36.0	2.1%	8.50	8.25
10 Williamson Road, Ingleburn	30.9	33.3	7.8%	8.25	8.00
29 Glendenning Road, Glendenning	30.5	32.8	7.4%	7.75	7.25
12 Williamson Road, Ingleburn	31.0	32.5	4.8%	8.25	7.50
74-94 Newton Road, Wetherill Park	23.9	23.9	–	9.25	9.25
6 Macdonald Road, Ingleburn	16.2	16.8	3.7%	8.00	7.75
30 Clay Place, Eastern Creek	13.8	15.0	8.7%	7.50	7.00
52-74 Quarry Road, Erskine Park	13.3	14.0[1]	5.3%	7.75	7.75
75 Owen Street, Glendenning	6.6	6.8	2.3%	8.00	7.75
Melbourne, VIC					
24-32 Stanley Drive, Somerton	25.8	26.5	2.7%	8.50	8.25
324-332 Frankston-Dandenong Road, Dandenong South	24.6	25.0	1.5%	8.75	8.00
49 Temple Drive, Thomastown[2]	13.0	13.0	–	9.00	8.75
2 Keon Parade, Keon Park[2]	9.3	9.3	0.5%	9.50	9.00
9 Fellowes Court, Tullamarine	3.1	3.3	6.3%	8.50	8.00
Perth, WA					
23 Selkis Road, Bibra Lake	15.8	16.3	3.5%	9.50	9.50
99 Quill Way, Henderson	15.5	16.2	4.5%	9.00	9.00
Total	**308.4**	**320.5**	**3.9%**	**8.47**	**8.12**

1. Includes the increase in value following completion of approximately $0.5 million of extension works on behalf of Dutt Transport in February 2015 (including an estimated $0.1 million of costs to complete as at 31 December 2014).
2. 49 Temple Drive, Thomastown and 2 Keon Parade, Keon Park are held on one title.

6.6 Portfolio management

ANI's property portfolio is fully managed by Fife Capital Group. Fife Capital Group's asset management strategy for ANI is focused on:

- proactively re-leasing assets with short WALEs;
- actively seeking value enhancement opportunities within the assets; and
- maintaining close tenant relationships.

Fife Capital Group has a track record of successfully re-leasing upcoming lease expiries prior to lease conclusion. TIX has stated that it intends to dispose of three ANI assets with short WALEs. Your Independent Directors believe that active asset management and re-leasing of assets can have a positive value impact compared to short WALE asset sales.

The ANI assets identified for sale by TIX are located in the Northern and South Eastern markets of Melbourne, both markets having performed well against Melbourne's Western market (lower vacancy and more constrained land supply). Each asset has identifiable development or expansion opportunities ranging from 2,000 to 10,000 square metres which have the potential to further enhance the asset scale and income profiles.

	2 Keon Parade, Keon Park, VIC	49 Temple Drive, Thomastown, VIC	324-332 Frankston-Dandenong Road, Dandenong South, VIC
Site	• Together these properties have an area of 10 hectares with a site coverage of approximately 25%. • Low site coverage could provide opportunity for further development of approximately 10,000 to 12,000 square metres. • The site also has high capacity services including power and gas. • Council has identified a portion of the site for further investigation and potentially more intensive employment uses on site due to its proximity to Keon Park railway station and the sites prominent location.		• Comprises three independent buildings of varying sizes and provides additional building expansion capacity of 2,000 to 4,000 square metres.
Tenancy	• The existing tenant has occupied the site for approximately 50 years. • ANI is in detailed discussions with a quality tenant on new long term lease.	• The tenant on vacating the property (though still subject to the lease) has completed an extensive make good to the property. • Utilising the vacancy and upgraded presentation, ANI has advanced negotiations on a new long term lease.	• The head lease of the property does not expire until December 2016. • ANI is working with subtenants to secure new long term leases prior to lease expiry. • ANI is in discussions with a number of prospective tenants.

6.7 Key debt statistics as at 31 December 2014

Gearing[1]	35.0%[2]
Debt facility limit	$130.0 million
Amount drawn	$114.6 million[2]
Headroom	$15.4 million[2]
Weighted average debt duration	3.4 years
All-in cost of debt[3]	5.0%
Hedging policy	50% – 100% of drawn borrowings
Proportion hedged	78.5%[2]
Weighted average hedge duration	4.7 years[2]

Key facility covenants	31 December 2014	Limit	Headroom
LVR[4]	35.8%[2]	≤ 50.0%	14.2%
Interest Cover Ratio[5]	4.6x	≥ 2.0x	2.6x

Post 31 December 2014, ANI restructured its hedging arrangements. Following implementation, ANI has $90 million of interest rate swaps with a weighted average term of maturity of 4.7 years which assisted it to reduce the Fund's marginal borrowing cost from 4.6% to 3.9% per annum.[6]

1. Based on ANI's definition of gearing: interest bearing liabilities less cash divided by total assets less cash.
2. Pro forma for the restructure of ANI's interest rate swaps as announced on 28 January 2015.
3. Weighted average all in cost of debt inclusive of interest rate swaps, margin, line fees and amortisation of debt establishment costs for the six months ended 31 December 2014. Note that hedging arrangements were restructured post balance date as announced to the ASX on 28 January 2015.
4. Loan to value ratio is calculated by dividing the total principal outstanding under the debt facility by the aggregate value of the properties of ANI.
5. The ratio of earnings before interest, income tax, minority interests, amortisation, depreciation and other non-cash items of ANI divided by the interest expense for that period.
6. Inclusive of interest rate swaps, margin and line fees.

6.8 Directors and management

(a) Board

Rod Pearse OAM, Independent Chairman

Rod Pearse is Chairman of the Board of Fife Capital Funds Limited and the Compliance & Risk Management Committee.

Rod has more than 35 years' experience in the building materials and mining industries. He was Chief Executive Officer and Managing Director of Boral Limited between 2000 and 2009, and has also held senior roles with Shell Australia, Shell International and CSR.

He is a member of the Infrastructure NSW Board, WestConnex Delivery Authority Board, Wollongong SMART Infrastructure Advisory Board, AGSM/Australian School of Business Advisory Council, Juvenile Diabetes Research Foundation Advisory Board and is Chairman of Outward Bound Australia Board. Rod is also a director of O'Connell Street Associates and the Deputy Chairman of Sydney Motorway Corporation Pty Limited.

He was formerly a member of the Business Council of Australia Board, Chairman of BCA Sustainable Growth Taskforce, a member of COAG Reform Council Expert Panel on Cities, and a Councillor of the Australian Business Arts Foundation.

Rod holds a Bachelor of Commerce (Economics) (Hons) from the University of New South Wales and a Master of Business Administration (Hons) from Harvard University.

Allan Fife, Managing Director

Allan Fife is the Managing Director of Fife Capital Funds Limited and a member of the Compliance & Risk Management Committee.

Allan founded Fife Capital Group in 2006 and has more than 30 years of domestic and international experience in property acquisition, divestment, and corporate finance, acting for institutions, corporations and governments. He is responsible for the performance of Fife Capital Group's funds and their investments.

Prior to establishing Fife Capital Group, Allan spent 20 years in real estate corporate advisory, where he was responsible for advisory, financing, development, direct property investment and property funds management. He has been an executive director to the manager and trustee companies of a number of property investment entities.

Allan holds an Adjunct Professorship in the School of Finance and Economics, University of Western Sydney. Allan holds a Bachelor of Arts, a Master of Commerce (Hons) and is a Doctor of Philosophy. He also holds a certificate in valuation and has practiced as a real estate valuer.

Michael Allen, Independent Non-executive Director

Michael Allen is an independent Director of Fife Capital Funds Limited and Chairman of the Audit Committee.

Michael retired as a Partner of King & Wood Mallesons in 2010 after more than 20 years, five of which were as national head of the Property, Construction and Environment team.

At King & Wood Mallesons, Michael specialised in major property projects and developments with an emphasis on industrial, retail, residential, mixed-use, tourist and urban re-development projects.

He is a leading authority on the structuring and delivery of development projects. For over 30 years he has advised listed developers, institutions, banks, government and other lawyers on property projects and law (including law reform).

Michael is President and a founding fellow of the Australian College of Community Association Lawyers Inc, a member of the Fife Capital Group Compliance Committee and was formerly a university lecturer in law. Michael holds a BJuris and LLB from the University of New South Wales and is a graduate of the Australian Institute of Company Directors.

Peter Dransfield, Independent Non-executive Director

Peter Dransfield is an independent Director of Fife Capital Funds Limited and a member of the Audit Committee and Compliance & Risk Management Committee.

Peter has been engaged in the property investment and development industry for 40 years covering all aspects of the industrial, commercial, retail and residential sectors. Peter has held senior roles at Walker Corporation and Australand Holdings, and was a Director of Housing for the NSW Government and Macquarie Real Estate Equity Funds.

Peter is currently the Chairman of Devine Limited, an advisor to Pepper Property and Chairman of several Urban Growth NSW joint ventures.

He has previously been a director of Multiplex Limited, Walker Corporation Limited, Bremer Park Limited, National Gaming and Leisure Limited and Industrial Property Trust of Australia.

John Hudson, Non-executive Director

John Hudson is a non-executive Director of Fife Capital Funds Limited and a member of the Audit Committee.

John has been engaged in both the development and investment of real estate for over 30 years. This has included significant periods as the senior finance executive in a series of major independent property companies.

Prior to ceasing full time executive roles, he was the Managing Director and Chief Executive Officer of Thakral Holdings Group, a specialist hotel REIT with ancillary commercial and retail property together with residential development activities and over $1 billion in assets. John has also held senior roles at Walker Corporation and CRI Limited.

John is currently a director of various unlisted companies and a member of the investment committee for Terra Australis Property Fund which sold its industrial assets to the Australian Industrial REIT in conjunction with listing on the ASX. John is also a member of the investment committee for Terra Australis Property Fund II. He is a Fellow of the Institute of Chartered Accountants in England and Wales and was a Fellow of the Royal Institution of Chartered Surveyors.

(b) Management

Keir Barnes, Chief Financial Officer & Company Secretary

Keir Barnes is a founding member of Fife Capital Group and is principally responsible for the financial and operational management of the group. This includes overseeing funds management, capital management, financial reporting and analysis, tax and treasury. Keir is an experienced executive, having spent more than 13 years in funds management, finance and accounting.

Keir has undertaken and overseen the establishment, financing and management of a number of property funds and investments. Prior to joining Fife Capital Group, Keir was an executive in the property division of an Australian corporate advisory firm involved in a range of property advisory transactions and the management of property funds. Keir started her career with a chartered accounting firm.

Keir holds a Bachelor of Commerce from the University of New South Wales, a Master of Business Administration (Executive) from the Australian Graduate School of Management and is a member of the Institute of Chartered Accountants Australia.

Ben Fife, Head of Property

Ben Fife is the Head of Property at Fife Capital Group and is responsible for its property investment and management activities and value enhancement strategies. Ben has over 15 years of direct property experience. He was responsible for the acquisition of the Fund's industrial properties. Ben has led the negotiation of more than 130,000 sqm of lease commitments and delivery of more than 80,000 sqm of construction, refurbishment and extension works.

Prior to Fife Capital Group, Ben spent nine years with a major property development group, ultimately with joint management of its NSW Commercial and Industrial division where he was principally responsible for the establishment, oversight and delivery of major industrial sites on behalf of institutional clients.

Ben holds a Bachelor of Commerce (Property Economics) and a Diploma of Business (Real Estate Management and Stock and Station Agent) from the University of Western Sydney and Sydney Graduate School of Management, and has completed the Executive Development Program at the Wharton School, University of Pennsylvania.

6.9 Risks associated with the ANI business

There are risks which are specific to ANI and other risks which apply to investments generally which may materially and adversely affect the future operating and financial performance of ANI and the value of ANI Units.

This Section identifies a number of material risks (both of a specific and general nature) associated with an investment in ANI. The material risks described in this Section are not the only risks that ANI faces and should not be taken as an exhaustive list of the risk factors to which ANI and ANI Unitholders are exposed. Some material risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of ANI and cannot be mitigated. Further, there may be risks not known to ANI and some that the Independent Directors currently believe to be not material which may subsequently turn out to be material.

One or more or a combination of these material risks could materially impact ANI's businesses, its operating and financial performance, the price of ANI Units or any distributions which might be paid in respect of ANI Units.

If you reject the Offer and continue to hold ANI Units, your investment in ANI will be subject to these and other risks.

(a) Risks specific to ANI include:

Sector concentration	ANI's performance depends in part upon the performance of the Australian industrial property market. Further, if any of the sub-markets in Sydney, Melbourne or Perth experience a downturn in activity, ANI's performance may be adversely impacted.
Rental income	There is a risk that tenants may default on their obligations under their leases which would reduce the income of ANI. Rental income in general may be adversely affected by a number of factors including overall macroeconomic conditions, property market conditions, competition from other industrial properties, financial condition of tenants, increase in rental arrears and vacancies and additional expenses associated with re-leasing or enforcement actions.
Tenant concentration	ANI's properties are predominantly single tenanted, exposing the performance and value of each of those properties to the ability of those tenants to continue to meet their obligations under the respective lease agreements. There is a risk that if one or more of the major tenants cease to be a tenant, ANI may not be able to find replacement tenants on lease terms that are at least as favourable as current terms. Should replacement tenants lease the property on less favourable terms this will result in a lower rental return to ANI and the overall performance of ANI will be impacted.
Future projects	In seeking to maximise returns for investors, the Responsible Entity will consider opportunities to enhance the value of ANI's existing properties and selectively acquire new properties, but only on a basis where development risk to ANI is substantially mitigated. Despite the mitigation arrangements, ANI may suffer loss where completion of construction works are delayed. Even where a development is under a fixed price contract, there is a risk that an increase in costs to a level materially greater than the expected development costs may not be able to be funded by the developer and the development may not complete (or ANI may agree to bear the excess costs in order to complete the development).
Funding	The Responsible Entity may fund future refinancing, capital expenditure and acquisitions from either debt or equity markets. Its ability to do so on favourable terms (including fees and interest rate margin payable) will depend on a number of factors including general economic conditions, the state of debt and equity market conditions, as well as on the reputation, performance and financial strength of ANI. Changes to any of these underlying factors could lead to an increase in the cost of funding, limit the availability of funding, as well as increasing ANI's refinancing risk for maturing debt facilities. A lack of funding on favourable terms could adversely affect ANI's ability to acquire new properties and to fund capital expenditure.
Taxation	The acquisition of properties may have taxation implications on ANI's Unitholders including an impact on the tax deferred position.
Property liquidity	Investments in real property assets are by their nature illiquid investments, and there is a risk that should it become necessary for ANI to dispose of a property, it may not be possible for the Responsible Entity to do so in a timely manner. As a consequence, the realisable value of those assets may be less than the full value of those assets, which will adversely affect ANI's NTA per unit.
Interest rates	Interest payable on ANI's debt facility (Debt Facility) will depend on the interest rate which is comprised of a base interest rate plus an interest rate margin. In order to reduce exposure to the impact of moving interest rates, the Responsible Entity has entered into interest rate swaps. To the extent that all or part of the drawn down amount of the Debt Facility is not hedged, ANI is exposed to movements in variable rates of interest on the amounts drawn down but unhedged.
Capital expenditure	There is a risk that the required capital expenditure exceeds the current forecasts of the Responsible Entity's current best estimate of the associated costs in maintaining ANI's property portfolio which could lead to increased funding costs and impact ANI's distributions. In addition, any requirement for unforeseen material capital expenditure on the properties could impact performance of ANI.
Reliance on Fife Capital Group	ANI is reliant on the expertise, experience and strategies of the key executives of Fife Capital Group. ANI relies on the management and support of Fife Capital Group. As a result, ANI's performance depends largely on the performance of those executives. As a consequence, loss of key personnel at Fife Capital Group could have an adverse impact on the management and performance of ANI and therefore returns to ANI's Unitholders.

Environmental issues	Unforeseen environmental issues may affect any of the properties in ANI's portfolio. These liabilities may be imposed irrespective of whether or not ANI is responsible for circumstances to which they relate. ANI may also be required to remediate sites affected by environmental liabilities. The cost of remediation of sites could be substantial. In addition, if ANI is not able to remediate the site properly, this may adversely affect its ability to sell the relevant property or to use it as collateral for future borrowings. Material expenditure may also be required to comply with new or more stringent environmental laws or regulations introduced in the future, for example in relation to climate change.
Insurance	The Responsible Entity will ensure that insurance coverage is maintained in respect of each property within ANIs portfolio (including insurance for destruction or damage to the property and public risk liability) where that coverage is available on commercial terms. Insurance coverage will include differing levels of cover for material loss or damage items such as accidental damage, flood and demolition and removal of debris. Some risks are not able to be insured at acceptable premiums. Examples of losses that are generally not insured against include war or acts of terrorism and natural phenomena such as an earthquake or hurricane. Any losses incurred due to uninsured risks, or a loss in excess of the insured amounts, may adversely affect the performance of ANI, and could lead to a loss of some of the capital invested by ANI. Increases in insurance premiums may affect the performance of ANI. Any failure by the company or companies providing insurance (or any reinsurance) may adversely affect ANI's right of recovery under its insurance.
Gearing	As part of ANI's overall capital structure, ANI has in place a debt facility with NAB as described in Section 5.16(a)(i). As at 31 December 2014 (pro forma for the restructure of ANI's interest rate swaps as announced on 28 January 2015), ANI's gearing (defined as interest bearing liabilities less cash divided by total assets less cash) was approximately 35.0%. ANI uses debt where appropriate, including as a source of funding for acquisitions. The level of gearing exposes ANI to movements in the value of ANI's portfolio. Should ANI's gearing increase materially, or should a fall in property values cause it to breach its loan covenants, ANI's ability to fund current and future activities may be adversely affected.

(b) General risks include:

Property market valuations	The ongoing value of the properties held by ANI may fluctuate due to a number of factors. Factors relevant to determining value include rental income, occupancy levels and capitalisation rates (being the rate of return from an investment expressed as a percentage of the capital value) – all of which may change for a variety of reasons. In addition, the value of property is influenced by general property market conditions including supply and demand and economic conditions.
Property market fluctuations	Rental and occupancy levels may change as a result of changes in the property market and macroeconomic conditions and this may affect the distributions paid by ANI and the market price of ANI Units. Further, demand for property and listed property securities may change as investor preferences for particular sectors and asset classes change.
Share market risks	The price of ANI Units quoted on the ASX may fluctuate. The price at which ANI Units trade on the ASX may be affected by a range of factors including: movements and volatility in international and local share markets; general economic conditions in Australia and offshore including inflation, interest rates and exchange rates; recommendations by brokers; changes in government, fiscal, monetary and regulatory policies; changes to laws (particularly taxation laws); inclusion or removal from market indices; and changes in the supply and demand of listed property securities. Changes in the stock market rating of ANI Units relative to other listed securities, especially other listed property trusts, may also affect prices at which ANI Units trade. Consequently the trading price of ANI Units may be influenced by factors out of the Responsible Entity's control. These fluctuations could have materially adverse effects on the trading performance of ANI Units. No assurances can be made that the performance of ANI Units will not be adversely affected by such market fluctuations.
Tax	Changes in general taxation law and, in particular, income tax, GST or stamp duty legislation, case law in Australia, rulings and determinations issued by the Australian Commissioner of Taxation or other practices of tax authorities, particularly in regard to property investment, may adversely affect ANI's profit. Any changes to the tax regime applicable to ANI, or the Responsible Entity's ability to make tax deferred distributions, may impact the tax treatment of ANI's distributions to unitholders.
Law, regulatory and policy changes	Changes in law, government legislation, regulation and policy in jurisdictions in which ANI operates may adversely affect the value of ANI's property portfolio and/or future earnings and performance, as well as the value of ANI Units quoted on the ASX.

7. ANI financial information and related matters

7. ANI financial information and related matters

7.1 Introduction

The financial information contained in this Section (the "**Pro Forma Financial Information**") includes the following pro forma financial information for the Combined Group on completion of the Offer:

(a) Pro Forma Statements of Financial Position:

(i) **Stand-alone Pro Forma Statements of Financial Position**

- reviewed ANI Statement of Financial Position as at 31 December 2014 adjusted for other significant transactions and events that have occurred post 31 December 2014 for ANI ("**ANI Stand-alone Pro Forma Statement of Financial Position**"); and
- reviewed TIX Statement of Financial Position as at 31 December 2014 adjusted for other significant transactions and events that have occurred post 31 December 2014 for TIX, as prepared by TIX and disclosed in the Bidder's Statement ("**TIX Stand-alone Pro Forma Statement of Financial Position**").

(ii) **Combined Group Pro Forma Statements of Financial Position**

The Combined Group Pro Forma Statements of Financial Position have been prepared to illustrate the impact of transactions relating to the Offer as if they occurred on 31 December 2014. The Combined Group Pro Forma Statements of Financial Position comprise the ANI Stand-alone Pro Forma Statement of Financial Position and the TIX Stand-alone Pro Forma Statement of Financial Position, adjusted for transactions to reflect the implementation of the Offer.

The Combined Group Pro Forma Statements of Financial Position have been presented assuming three scenarios:

- the acquisition of 100% of ANI Units by TIX ("**100% Ownership Case**");
- the acquisition of 50.1% of ANI Units by TIX ("**50.1% Ownership Case**") and
- the acquisition of 30% of ANI Units by TIX ("**30% Ownership Case**").

(b) Pro Forma Forecast Financial Information:

The Combined Group Pro Forma Forecast Financial Information includes:

(i) pro forma Distributable Earnings per unit and distributions per unit for the Combined Group and the equivalent impact on ANI Unitholders who accept into the Offer for the year ending 30 June 2015; and

(ii) pro forma Distributable Earnings per unit and distributions per unit for the Combined Group and the equivalent impact on ANI Unitholders who accept into the Offer for the year ending 30 June 2016.

The Combined Group Pro Forma Forecast Financial Information has been prepared assuming:

- the acquisition of ANI by TIX had taken place on 1 July 2014;
- TIX is successful in acquiring either 100%, 50.1% or 30% of ANI Units; and
- the sale of $47.3 million of ANI properties as identified by TIX, assuming the sale occurs on 1 July 2015.

7.2 Basis of preparation and presentation of Pro Forma Financial Information

The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards. The Pro Forma Financial Information is presented in abbreviated form and does not include all of the presentation and disclosures provided in an annual report prepared in accordance with the Corporations Act.

Rounding of the figures provided in the Pro Forma Financial Information may result in some discrepancies between the sum of components and the totals outlined within the tables and percentage calculations.

The Responsible Entity has prepared the Pro Forma Financial Information subject to certain limitations. The Responsible Entity has not been provided access to any non-public information in relation to TIX. As a result, the Directors have relied on publicly available financial information in relation to TIX to assist in the completion of the Pro Forma Financial Information for the Combined Group.

The Responsible Entity has reviewed publicly available information to identify accounting policy differences between TIX and ANI where the impact on the Combined Group may be material and can be reliably estimated. While no material differences were identified, ANI Unitholders should be aware that accounting practices may differ and impact the Pro Forma Financial Information included in this Section.

The Pro Forma Financial Information is based on the assumptions set out in Section 7.3. The Directors of the Responsible Entity believe the Pro Forma Financial Information has been prepared with due care and attention and consider the assumptions to be reasonable at the time of preparing this Target's Statement, provided that they can reasonably rely on the TIX Stand-alone Pro Forma Statement of Financial Position and TIX's Operating Earnings and distribution guidance for the years ending 30 June 2015 and 30 June 2016.

Investors should be aware that the timing of actual events and the magnitude of their impact may differ from that assumed in preparing the Pro Forma Financial Information and that any deviation in the assumptions on which the Pro Forma Financial Information is based may have a material positive or negative effect on the actual financial performance or position. Investors are advised to review the assumptions in conjunction with the sensitivity analysis set out in Section 7.4, the risk factors set out in Section 6.9 and other information set out in this Target's Statement.

(a) Distributable Earnings

The Directors of the Responsible Entity have considered the requirements of applicable law and practice, including ASIC Regulatory Guide 170, in concluding that forecast financial statements for the Combined Group cannot be provided as they do not have sufficient information to prepare those forecast financial statements.

To provide a basis for ANI Unitholders to assess the impact of the Offer, the Directors of the Responsible Entity have provided estimated Distributable Earnings and distributions per unit for the Combined Group, and the equivalent impact on ANI Unitholders who accept the Offer.

Distributable Earnings is the basis upon which ANI distributions are determined by the Directors. Distributable Earnings represents the Directors' view of underlying earnings from ongoing operating activities for the period, being statutory net profit/loss after tax adjusted for items such as non-cash items (including unrealised fair value gains or losses, straight lining of rental income and amortisation of rental guarantees), property acquisition costs and other non-recurring amounts outside core operating activities.

The directors of 360 Capital RE consider Operating Earnings to reflect the core earnings of TIX and use it as a guide to assess TIX's ability to pay distributions to unitholders. TIX Operating Earnings are derived by taking statutory net profit after tax and excluding non-cash adjustments such as fair value adjustments of investment properties and derivative financial instruments, straight-lining of rental income and amortisation of lease incentives, leasing fees and borrowing costs. Operating Earnings also excludes other significant one-off items such as gains or losses on disposal of investment properties, derivative termination cost and corporate transaction associated costs.

The methodology used by 360 Capital RE to determine TIX's Operating Earnings appears to be materially similar to the method used by Fife Funds to determine ANI's Distributable Earnings. For the purpose of providing pro forma Distributable Earnings of the Combined Group, it has been assumed that the calculation of Distributable Earnings and Operating Earnings are materially consistent.

The pro forma Distributable Earnings and distribution per unit for the year ending 30 June 2015 presents the impact of the Offer on the Combined Group and the equivalent impact on ANI Unitholders who accept into the Offer, as if the acquisition of ANI had taken place on 1 July 2014 and is based on the following information:

- ANI's Distributable Earnings guidance of 19.4 cents per unit and distribution guidance of 18.2 cents per unit for the year ending 30 June 2015 (as announced on 28 January 2015);
- TIX's Operating Earnings guidance of 21.2 cents per unit and distribution guidance of 20.0 cents per unit for the year ending 30 June 2015 (as announced on 19 January 2015);
- information contained within the Bidder's Statement; and
- other additional information considered necessary to reflect the Directors' pro forma adjustments set out in Section 7.3

The pro forma Distributable Earnings and distribution per unit for the year ending 30 June 2016 presents the impact of the Offer on the Combined Group and the equivalent impact on ANI Unitholders who accept into the Offer, as if the acquisition of ANI had taken place on 1 July 2014 and is based on the following information:

- ANI's Distributable Earnings guidance of 20.4 cents per unit and distribution guidance of 19.2 cents per unit for the year ending 30 June 2016 (as announced on 17 February 2015);
- TIX's Operating Earnings guidance of 22.0 cents per unit and distribution guidance of 21.0 cents per unit for the year ending 30 June 2016 (as announced on 19 January 2015);
- information contained within the Bidder's Statement and assuming a payout ratio for the Combined Group of 95%, consistent with the assumed payout ratio in TIX's original bidder's statement; and
- other additional information considered necessary to reflect the Directors' pro forma adjustments set out in Section 7.3

ANI's Distributable Earnings and distribution per unit guidance for the years ending 30 June 2015 and 30 June 2016 assumes rental income on a property by property basis in accordance with existing leases, all leases are enforceable and performed in accordance with their terms, outgoings forecast on a property by property basis, interest costs taking into account the terms of the debt facility and swap restructure announced on 28 January 2015 and no unforeseen material change in existing economic conditions.

(b) Distributions

ANI's distribution policy is to distribute between 90% and 100% of Distributable Earnings. Fife Funds intends to pay a distribution to unitholders every six months, with an interim distribution to be paid at the end of February and a final distribution to be paid at the end of August.

TIX has indicated that it expects to maintain its current distribution payout policy of 90% to 100% of Operating Earnings on completion of the Offer. TIX currently distributes quarterly in arrears with payment of the distribution within one month of each quarter end.

7.3 Summary of key financial metrics

7.3.1 Pro Forma Statements of Financial Position

(a) ANI Stand-alone Pro Forma Statement of Financial Position

The table below outlines the ANI Stand-alone Pro Forma Statement of Financial Position:

	Reviewed ANI Statement of Financial Position	Pro forma adjustments		Unaudited ANI Stand-alone Pro Forma Statement of Financial Position
	31 Dec 2014 ($m)	($m)		31 Dec 2014 ($m)
Current assets				
Cash	1.5			1.5
Trade and other receivables	0.6			0.6
Rental guarantees	0.3			0.3
Total current assets	2.3			2.3
Non-current assets				
Investment properties	320.0			320.0
Rental guarantees	0.1			0.1
Total non-current assets	320.1			320.1
Total assets	**322.5**			**322.5**
Current liabilities				
Trade and other payables	2.5			2.5
Distribution payable	8.3			8.3
Total current liabilities	10.8			10.8
Non-current liabilities				
Interest bearing liabilities	111.2	2.6	(i)	113.8
Derivative financial instruments	2.6	(2.6)	(i)	–
Total non-current liabilities	113.8			113.8
Total liabilities	**124.5**			**124.6**
Net assets	**197.9**			**197.9**
Number of units on issue (million)	96.3			96.3
Gearing[1]	**34%**			**35%**
NTA per unit ($)	**2.06**			**2.06**

Note:
1. Gearing is calculated based on ANI's definition of gearing: interest bearing liabilities less cash divided by total assets less cash.

ANI pro forma adjustments for events post 31 December 2014 as if they had occurred at 31 December 2014:

(i) Restructure of ANI's interest rate swaps and draw down of debt to fund one-off costs associated with the restructure as announced on 28 January 2015.

(b) Combined Group Pro Forma Statement of Financial Position for 100% Ownership Case

The table below outlines the Combined Group Pro Forma Statement of Financial Position assuming TIX acquires 100% of ANI Units:

	Unaudited TIX Stand-alone Pro Forma Statement of Financial Position[1]	Unaudited ANI Stand-alone Pro Forma Statement of Financial Position	Pro forma adjustments		Unaudited Combined Group Pro Forma Statement of Financial Position
	31 Dec 2014 ($m)	31 Dec 2014 ($m)	($m)		31 Dec 2014 ($m)
Current assets					
Cash	1.0	1.5			2.5
Trade and other receivables	2.2	0.6			2.8
Rental guarantees	–	0.3			0.3
Total current assets	3.2	2.3	–		5.5
Non-current assets					
Investment properties	526.0	320.0			846.0
Rental guarantees	–	0.1			0.1
Goodwill	–	–	29.8	(i)	29.8
Total non-current assets	526.0	320.1	29.8		875.9
Total assets	**529.2**	**322.5**	**29.8**		**881.4**
Current liabilities					
Trade and other payables	4.5	2.5	(0.1)	(ii)	6.9
Distribution payable	–	8.3			8.3
Total current liabilities	4.5	10.8	(0.1)		15.1
Non-current liabilities					
Interest bearing liabilities	251.2	113.8	11.5	(iii)	376.5
Derivative financial instruments	0.2	–			0.2
Total non-current liabilities	251.4	113.8	11.5		376.7
Total liabilities	**255.9**	**124.6**	**11.4**		**391.9**
Net assets	**273.3**	**197.9**	**18.4**		**489.5**
Number of units on issue (million)	124.9	96.3	85.7	(iv)	210.6
Gearing[2]	**48%**	**35%**			**44%**
NTA per unit ($)[3]	2.19	2.06			2.18
ANI equivalent NTA per unit[4]		**2.06**			**1.94**
ANI equivalent NTA per unit accretion/(dilution)[4]					**(5.4%)**

Notes:
1. Per Bidder's Statement.
2. Gearing is calculated based on TIX's definition of gearing: interest bearing liabilities (excluding capitalised borrowing costs) less cash divided by total tangible assets (excluding goodwill) less cash. Interest bearing liabilities excluding capitalised borrowing costs are $253.0 million for the TIX Stand-alone Pro Forma Statement of Financial Position, $114.6 million for the ANI Stand-alone Pro Forma Statement of Financial Position and $379.1 million for the Combined Group Pro Forma Statement of Financial Position.
3. NTA per unit is calculated as total tangible assets less total liabilities divided by the number of units on issue.
4. NTA per unit of the Combined Group is $1.97 on an ANI equivalent basis including the full impact of the Conditional Cash Payment of $0.03 before tax, with ANI Unitholders suffering ANI equivalent NTA per unit dilution of 4.0%.

The Combined Group Pro Forma Statement of Financial Position in the 100% Ownership Case is based on TIX acquiring 100% of ANI Units and consolidating ANI as a business combination (in accordance with Australian Accounting Standards) and assumes that the Offer completes on 31 December 2014, with no impact of the properties identified for sale by TIX.

In addition, the Directors' pro forma adjustments and assumptions are as follows:

(i) goodwill of $29.8 million recognised on acquisition of ANI, reflecting the premium of the consideration at the implied Offer price of $2.36 per ANI Unit (based on the TIX 5 day VWAP as at 24 February 2015) over ANI's NTA of $2.06 per unit, multiplied by the total number of ANI Units on issue;

(ii) elimination of transaction costs incurred and treated as a payable by ANI as at 31 December 2014;

(iii) draw down of debt facilities to fund total transaction costs associated with the Offer of $11.5 million, comprised of TIX stamp duty and consultant fees of $7.1 million (per Bidder's Statement) and ANI consultant fees of $4.4 million; and

(iv) the issuance of 85.7 million TIX Units for the acquisition of 100% of ANI Units on issue in accordance with the Offer.

(c) Combined Group Pro Forma Statement of Financial Position for 50.1% Ownership Case

The table below outlines the Combined Group Pro Forma Statement of Financial Position assuming TIX acquires 50.1% of ANI Units:

	Unaudited TIX Stand-alone Pro Forma Statement of Financial Position[1]	Unaudited ANI Stand-alone Pro Forma Statement of Financial Position	Pro forma adjustments		Unaudited Combined Group Pro Forma Statement of Financial Position
	31 Dec 2014 ($m)	31 Dec 2014 ($m)	($m)		31 Dec 2014 ($m)
Current assets					
Cash	1.0	1.5			2.5
Trade and other receivables	2.2	0.6			2.8
Rental guarantees	–	0.3			0.3
Total current assets	3.2	2.3	–		5.5
Non-current assets					
Investment properties	526.0	320.0			846.0
Rental guarantees	–	0.1			0.1
Goodwill	–	–	14.9	(i)	14.9
Total non-current assets	526.0	320.1	14.9		861.0
Total assets	**529.2**	**322.5**	**14.9**		**866.6**
Current liabilities					
Trade and other payables	4.5	2.5	(0.1)	(ii)	6.9
Distribution payable	–	8.3			8.3
Total current liabilities	4.5	10.8	(0.1)		15.1
Non-current liabilities					
Interest bearing liabilities	251.2	113.8	7.5	(iii)	372.5
Derivative financial instruments	0.2	–			0.2
Total non-current liabilities	251.4	113.8	7.5		372.7
Total liabilities	**255.9**	**124.6**	**7.4**		**387.9**
Net assets	**273.3**	**197.9**	**7.5**		**478.7**
External non-controlling interest	–	–	96.6	(iv)	96.6
Net assets attributable to unitholders	**273.3**	**197.9**	**(89.1)**		**382.1**
Number of units on issue (million)	124.9	96.3	42.9	(v)	167.8
Gearing[2]	**48%**	**35%**			**44%**
NTA per unit ($)[3]	2.19	2.06			2.19
ANI equivalent NTA per unit[4]		**2.06**			**1.95**
ANI equivalent NTA per unit accretion/(dilution)[4]					**(5.2%)**

Notes:

1. Per Bidder's Statement.
2. Gearing is calculated based on TIX's definition of gearing: interest bearing liabilities (excluding capitalised borrowing costs) less cash divided by total tangible assets (excluding goodwill) less cash. Interest bearing liabilities excluding capitalised borrowing costs are $375.1 million for the Combined Group Pro Forma Statement of Financial Position.
3. NTA per unit is calculated as total tangible assets (excluding goodwill) less total liabilities divided by the number of units on issue. NTA per unit of the Combined Group excludes the external non-controlling interest.
4. NTA per unit of the Combined Group is $1.98 on an ANI equivalent basis including the full impact of the Conditional Cash Payment of $0.03 before tax, with ANI Unitholders suffering ANI equivalent NTA per unit dilution of 3.8%.

The Combined Group Pro Forma Statement of Financial Position in the 50.1% Ownership Case is based on TIX acquiring 50.1% of ANI Units and consolidating ANI as a business combination, with the proportionate ownership of the 49.9% non-controlling interest treated as an adjustment in equity in accordance with Australian Accounting Standards. It assumes that the Offer completes on 31 December 2014 and no impact of the properties identified for sale by TIX.

In addition, the Directors' pro forma adjustments and assumptions are as follows:

(i) goodwill of $14.9 million recognised on acquisition of ANI, reflecting the premium of the consideration at the implied Offer price of $2.36 per ANI Unit (based on the TIX 5 day VWAP as at 24 February 2015) over ANI's NTA of $2.06 per unit, multiplied by 50.1% of ANI Units on issue;

(ii) elimination of transaction costs incurred and treated as a payable by ANI as at 31 December 2014;

(iii) draw down of debt facilities to fund total transaction costs associated with the Offer of $7.5 million, comprised of TIX stamp duty and consultant fees of $3.1 million (per Bidder's Statement) and ANI consultant fees of $4.4 million;

(iv) given that TIX acquires 50.1% ANI Units on issue, it consolidates ANI as a business combination (in accordance with Australian Accounting Standards) and recognises the proportionate ownership of the 49.9% non-controlling interest of $96.6 million, including the impact of 49.9% of ANI's consultant costs, as an adjustment in equity; and

(v) the issuance of 42.9 million TIX Units for the acquisition of 50.1% of ANI Units on issue in accordance with the Offer.

(d) Combined Group Pro Forma Statement of Financial Position for 30% Ownership Case

The table below outlines the Combined Group Pro Forma Statement of Financial Position assuming TIX acquires 30% of ANI Units:

	Unaudited TIX Stand-alone Pro Forma Statement of Financial Position[1]	Unaudited ANI Stand-alone Pro Forma Statement of Financial Position	Pro forma adjustments		Unaudited Combined Group Pro Forma Statement of Financial Position
	31 Dec 2014 ($m)	31 Dec 2014 ($m)	($m)		31 Dec 2014 ($m)
Current assets					
Cash	1.0	1.5			1.0
Trade and other receivables	2.2	0.6			2.2
Rental guarantees	–	0.3			–
Total current assets	3.2	2.3	–		3.2
Non-current assets					
Investment properties	526.0	320.0			526.0
Rental guarantees	–	0.1			–
Financial assets at fair value	–	–	68.3	(i)	68.3
Total non-current assets	526.0	320.1	68.3		594.3
Total assets	**529.2**	**322.5**	**68.3**		**597.5**
Current liabilities					
Trade and other payables	4.5	2.5			4.5
Distribution payable	–	8.3			–
Total current liabilities	4.5	10.8	–		4.5
Non-current liabilities					
Interest bearing liabilities	251.2	113.8	0.7	(ii)	251.9
Derivative financial instruments	0.2	–			0.2
Total non-current liabilities	251.4	113.8	0.7		252.1
Total liabilities	**255.9**	**124.6**	**0.7**		**256.6**
Net assets	**273.3**	**197.9**	**67.6**		**340.9**
Number of units on issue (million)	124.9	96.3	25.7	(iii)	150.6
Gearing[2]	**48%**	**35%**			**42%**
NTA per unit ($)[3]	2.19	2.06			2.26
ANI equivalent NTA per unit		**2.06**			**2.01**
ANI equivalent NTA per unit accretion/(dilution)					**(2.0%)**

Notes:
1. Per Bidder's Statement.
2. Gearing is calculated based on TIX's definition of gearing: interest bearing liabilities (excluding capitalised borrowing costs) less cash divided by total tangible assets (excluding goodwill) less cash. Interest bearing liabilities excluding capitalised borrowing costs are $253.7 million for the Combined Group Pro Forma Statement of Financial Position.
3. NTA per unit is calculated as total tangible assets less total liabilities divided by the number of units on issue.

The Combined Group Pro Forma Statement of Financial Position in the 30% Ownership Case is based on TIX acquiring 30% of ANI Units and no change in the responsible entity of ANI. Given TIX will not have the ability to control ANI, it will recognise its investment in ANI as a financial asset fair valued through profit and loss. It is assumed that the Offer completes on 31 December 2014 and no impact of the properties identified for sale by TIX.

In addition, the Directors' pro forma adjustments and assumptions are as follows:

(i) with the acquisition of 30% of ANI units on issue, TIX does not have the ability to control ANI and will classify its investment in ANI as a financial asset fair valued through the profit and loss. The recognised market value of TIX's investment in ANI Units of $68.3 million reflects the implied Offer price of $2.36 per ANI Unit (based on the TIX 5 day VWAP as at 24 February 2015) multiplied by 30% of ANI Units on issue acquired by TIX;

(ii) draw down of debt facilities to fund TIX consultant fees associated with the Offer of $0.7 million (per Bidder's Statement); and

(iii) the issuance of 25.7 million TIX Units for the acquisition of 30% of ANI Units on issue in accordance with the Offer.

7.3.2 Pro Forma Forecast Financial Information

(a) Pro forma Distributable Earnings and distribution per unit for the year ending 30 June 2015

The table below provides a summary of the stand-alone, pro forma Combined Group and pro forma ANI equivalent Distributable Earnings and distributions per unit for the year ending 30 June 2015 as if the acquisition of ANI Units had occurred on 1 July 2014 and is based on the following three scenarios:

- the acquisition of 100% of ANI Units by TIX (100% Ownership Case);
- the acquisition of 50.1% of ANI Units by TIX (50.1% Ownership Case); and
- the acquisition of 30% of ANI Units by TIX (30% Ownership Case).

	Distributable Earnings[1]	Distribution	Payout ratio %
Stand-alone			
TIX FY15 guidance (cpu)	21.2	20.0	94.3%
ANI FY15 guidance (cpu)	19.4	18.2	93.8%
Pro forma Combined Group – 100% Ownership Case			
Combined Group (cpu)	21.3	20.2	95.0%
ANI equivalent[2] (cpu)	18.9	18.0	
Movement in ANI FY15 guidance[3]	(2.4%)	(1.2%)	
Pro forma Combined Group – 50.1% Ownership Case			
Combined Group (cpu)	21.2	20.1	95.0%
ANI equivalent[2] (cpu)	18.9	17.9	
Movement in ANI FY15 guidance[3]	(2.7%)	(1.5%)	
Pro forma Combined Group – 30% Ownership Case			
Combined Group (cpu)	20.8	19.7	95.0%
ANI equivalent[2] (cpu)	18.5	17.6	
Movement in ANI FY15 guidance[3]	(4.8%)	(3.6%)	

Notes:

1. For the purpose of providing pro forma Distributable Earnings of the Combined Group, it is assumed that the calculation of ANI Distributable Earnings and TIX Operating Earnings are materially consistent.
2. Represents pro forma Combined Group Distributable Earnings and distribution per unit adjusted to reflect ANI Unitholder equivalent at scrip ratio of 0.89.
3. Movement between the stand-alone ANI FY15 guidance and ANI equivalent.

(i) Year ending 30 June 2015 pro forma Distributable Earnings and distribution assumptions

In preparing the pro forma Distributable Earnings and distribution per unit for each scenario for the year ending 30 June 2015, the following assumptions have been adopted:

(A) 100% Ownership Case

- ANI's stand-alone Distributable Earnings guidance of 19.4 cents per unit and distribution guidance of 18.2 cents per unit for the year ending 30 June 2015 (as announced on 28 January 2015);
- TIX's stand-alone Operating Earnings guidance of 21.2 cents per unit and distribution guidance of 20.0 cents per unit for the year ending 30 June 2015 (as announced on 19 January 2015);
- acquisition of ANI Units by TIX occurs on 1 July 2014;
- TIX appoints 360 Capital RE as the responsible entity of ANI and charges a responsible entity fee of 0.60% of GAV of the Combined Group (including goodwill), consistent with existing fees charged to TIX by 360 Capital RE;
- TIX appoints 360 Capital RE as custodian of the Combined Group and charges a custodian fee of 0.05% of GAV of the Combined Group (including goodwill), consistent with existing fees charged to TIX by 360 Capital RE and higher than fees charged to ANI by its custodian;
- expenses assume cost synergies are achieved in the Combined Group approximating 0.03% of GAV of the Combined Group (per Bidder's Statement);
- Offer does not trigger any requirement to refinance ANI's existing debt facility and hedge arrangements;
- additional financing costs for the Combined Group are incurred in relation to incremental ANI transaction costs of $1.9 million (above those included in ANI's Distributable Earnings guidance of 19.4 cents per unit) and TIX transaction costs of $7.1 million associated with the Offer. These costs are funded at an all-in cost of debt for the Combined Group of 4.0% per annum;
- Combined Group distribution calculated based on 95% payout ratio of Combined Group Distributable Earnings consistent with the assumed payout ratio in the Bidder's Statement; and
- analysis is prior to the reinvestment of the net of tax proceeds from the Conditional Cash Payment of $0.03 per ANI Unit.

(B) 50.1% Ownership Case

Assumptions in the 50.1% Ownership Case are consistent with the 100% Ownership Case except:

- TIX recognises 50.1% of ANI's Distributable Earnings;
- expenses assume cost synergies are achieved in the Combined Group approximating 1 basis point of GAV of the Combined Group;
- 360 Capital RE charges a responsible entity fee of 0.60% of GAV of ANI consistent with existing fees charged to ANI by Fife Funds. 360 Capital RE charges a responsible entity fee of 0.60% of GAV of the Combined Group including goodwill consistent with existing fees charged to TIX by 360 Capital RE, less a rebate in respect of the responsible entity fee 360 Capital RE charges ANI;
- 360 Capital RE charges a custodian fee of 0.05% of GAV of ANI, higher than fees charged to ANI by its custodian. 360 Capital RE charges a custodian fee of 0.05% of GAV of the Combined Group including goodwill consistent with existing fees charged to TIX by 360 Capital RE, less a rebate in respect of the custodian fee 360 Capital RE charges ANI; and
- transaction costs for TIX and ANI associated with the Offer are reduced to the extent they no longer apply. In this situation, incremental transaction costs of ANI of $1.9 million (above those included in ANI's Distributable Earnings guidance of 19.4 cents per unit) are funded at ANI's marginal borrowing cost of 3.9% per annum and TIX transaction costs of $3.1 million are funded at TIX's all-in cost of debt of 4.0% per annum (per Bidder's Statement).

(C) 30% Ownership Case

Assumptions in the 30% ownership case are consistent with the 100% ownership case except:

- the Combined Group recognises income from distributions received from ANI which will be determined by Fife Funds;
- expenses assume no cost synergies are achieved in the Combined Group;
- Fife Funds remains as responsible entity of ANI and maintains ANI's existing responsible entity fee and custodian fee arrangements;
- additional charge in the Combined Group for responsible entity and custodian fees on the Combined Group's additional gross asset value in respect of its equity accounted stake in ANI;
- there are no incremental transaction costs for ANI (above those included in ANI's Distributable Earnings guidance of 19.4 cents per unit) and TIX transaction costs of $0.7 million associated with the Offer are funded at TIX's all-in cost of debt of 4.0% per annum (per Bidder's Statement); and
- ANI and the Combined Group maintain distribution payout ratios of 94% of ANI Distributable Earnings and 95% of Combined Group Distributable Earnings, respectively.

(b) Pro forma Distributable Earnings and distribution per unit for the year ending 30 June 2016

The table below provides a summary of the stand-alone, pro forma Combined Group and pro forma ANI equivalent Distributable Earnings and distributions per unit for the year ending 30 June 2016 as if the acquisition of ANI Units had occurred on 1 July 2014 and is based on the following three scenarios:

- the acquisition of 100% of ANI Units by TIX (100% Ownership Case);
- the acquisition of 50.1% of ANI Units by TIX (50.1% Ownership Case); and
- the acquisition of 30% of ANI Units by TIX (30% Ownership Case).

	Distributable Earnings[1]	Distribution	Payout ratio %
Stand-alone			
TIX FY16 guidance (cpu)	22.0	21.0	95.5%
ANI FY16 guidance (cpu)	20.4	19.2	94.1%
Combined Group – 100% Ownership Case			
Combined Group (cpu)	21.2	20.1	95.0%
ANI equivalent[2] (cpu)	18.9	17.9	
Movement in ANI FY16 Guidance[3]	(7.5%)	(6.6%)	
Combined Group – 50.1% Ownership Case			
Combined Group (cpu)	21.5	20.4	95.0%
ANI equivalent[2] (cpu)	19.1	18.1	
Movement in ANI FY16 Guidance[3]	(6.4%)	(5.5%)	
Combined Group – 30% Ownership Case[4]			
Combined Group (cpu)	21.6	20.5	95.0%
ANI equivalent[2] (cpu)	19.2	18.3	
Movement in ANI FY16 Guidance[3]	(5.7%)	(4.8%)	

Notes:
1. For the purpose of providing pro forma Distributable Earnings of the Combined Group, it is assumed that the calculation of ANI Distributable Earnings and TIX Operating Earnings are materially consistent.
2. Represents pro forma Combined Group Distributable Earnings and distribution per unit adjusted to reflect ANI Unitholder equivalent at scrip ratio of 0.89.
3. Movement between the stand-alone ANI FY16 guidance and ANI equivalent.
4. The 100% Ownership Case and 50.1% Ownership Case assume asset sales of $47.3 million occur on 1 July 2015, not 31 March 2016 as per the Bidder's Statement. No asset sales are provided for in the 30% Ownership Case given it is assumed that Fife Funds would remain as the responsible entity of ANI, and hence TIX would be unable to implement is asset disposal strategy.

(i) Year ending 30 June 2016 pro forma Distributable Earnings and distribution assumptions

In preparing the pro forma Distributable Earnings and distribution per unit for each scenario for the year ending 30 June 2016, the following assumptions have been adopted:

(A) 100% Ownership Case

- assumptions consistent with the Combined Group 100% Ownership Case for year ending 30 June 2015 (as detailed in Section 7.3.2(a)) except where outlined below;
- ANI's Distributable Earnings guidance of 20.4 cents per unit and distribution guidance of 19.2 cents per unit for the year ending 30 June 2016 (as announced on 17 February 2015);
- TIX's Operating Earnings guidance of 22.0 cents per unit and distribution guidance of 21.0 cents per unit for the year ending 30 June 2016 (as announced on 19 January 2015);
- reduction in net property income associated with $47.3 million of asset sales identified by TIX on 1 July 2015, with loss of income based on contracted rental income rather than the initial yield at acquisition of the identified properties as per the Bidder's Statement. TIX has assumed that the assets are disposed on 31 March 2016. However, the Independent Board Committee believes that the effect of these asset sales should be annualised to illustrate the full year impact; and
- reduction in finance costs relating to asset sales resulting from the repayment of debt, with interest savings calculated at ANI's marginal borrowing cost of 3.9% per annum.

(B) 50.1% Ownership Case

- assumptions consistent with the Combined Group 50.1% Ownership Case for the year ending 30 June 2015 and the Combined Group 100% Ownership Case for the year ending 30 June 2016 (as detailed above).

(C) 30% Ownership Case

- assumptions consistent with the Combined Group 30% Ownership Case for the year ending 30 June 2015 and the Combined Group 100% Ownership Case for year ending 30 June 2016 (as detailed above) except where outlined below; and
- unlike the 100% Ownership Case and 50.1% Ownership Case for the year ending 30 June 2016, no asset sales are assumed in the 30% Ownership Case given it is assumed that Fife Funds would not be replaced as the responsible entity of ANI and hence TIX would not be able to implement is asset disposal strategy.

7.4 Sensitivity analysis

To further assist ANI Unitholders in assessing the impact of the Offer, sensitivity analyses are provided below which illustrates the impact of a change in assumptions with regard to:

- the sale of properties identified by TIX on the pro forma Combined Group and ANI equivalent Distributable Earnings per unit for the year ending 30 June 2016 and pro forma Gearing as at 31 December 2014;
- the extent of cost synergies achieved on the pro forma Combined Group and ANI equivalent Distributable Earnings per unit for the years ending 30 June 2015 and 30 June 2016; and
- the payout ratio of the Combined Group on the pro forma Combined Group and ANI equivalent distribution per unit for the year ending 30 June 2016.

It is important to note that a number of factors may bear upon the results achieved and that changes in one variable may cause or influence changes in another variable.

(i) Impact of asset sales

Sensitivity analysis of the impact of the sale of $47.3 million of assets identified by TIX on the pro forma Combined Group and ANI equivalent Distributable Earnings per unit for the year ending 30 June 2016, and pro forma Gearing is shown in the tables below.

Sensitivity table impact of asset sales identified by TIX on Combined Group and ANI equivalent pro forma Distributable Earnings for the year ending 30 June 2016

Impact on FY16 Distributable Earnings[1,2]	Full year asset sale impact (base case)	No asset sale impact
Stand-alone		
ANI FY16 guidance (cpu)	20.4	20.4
Combined Group – 100% Ownership Case		
Combined Group (cpu)	21.2	22.3
ANI equivalent[3] (cpu)	18.9	19.8
Movement in ANI FY16 guidance[4]	(7.5%)	(2.9%)
Combined Group – 50.1% Ownership Case		
Combined Group (cpu)	21.5	22.1
ANI equivalent[3] (cpu)	19.1	19.7
Movement in ANI FY16 guidance[4]	(6.4%)	(3.5%)

Notes:
1. For the purpose of providing pro forma Distributable Earnings of the Combined Group, it is assumed that the calculation of ANI Distributable Earnings and TIX Operating Earnings are materially consistent.
2. There is no 30% case as in this scenario it is assumed 360 Capital RE would not become the responsible entity of ANI and hence would be unable to implement its asset disposal strategy.
3. Represents Combined Group Distributable Earnings adjusted to reflect ANI Unitholder equivalent at scrip ratio of 0.89.
4. Movement between the stand-alone ANI FY16 guidance and ANI equivalent.

Sensitivity table impact of asset sales identified by TIX on Combined Group pro forma Gearing as at 31 December 2014

Pro forma Gearing[1] as at 31 December 2014	100% Ownership Case	50.1% Ownership Case
Stand-alone		
ANI[2]	35%	35%
Combined Group[3,4]		
Prior to asset sales	44%	44%
Post asset sales	41%	41%

Notes:
1. Gearing is calculated based on TIX's definition of gearing: interest bearing liabilities (excluding capitalised borrowing costs) less cash divided by total tangible assets (excluding goodwill) less cash.
2. Based on ANI Stand-alone Pro Forma Statement of Financial Position.
3. Based on Combined Group Pro Forma Statement of Financial Position.
4. There is no 30% case as in this scenario given it is assumed 360 Capital RE would not become the responsible entity of ANI and hence would be unable to implement its asset disposal strategy.

(ii) Impact of synergies

Sensitivities of the impact of synergies on the pro forma Combined Group and ANI equivalent Distributable Earnings per unit for the 100% Ownership Case and 50.1% Ownership Case for the years ending 30 June 2015 and 30 June 2016 are shown below.

Sensitivity table impact of synergies on Combined Group and ANI equivalent pro forma Distributable Earnings for the year ending 30 June 2015

	Synergies as a % of Combined Group GAV			
FY15 impact on Distributable Earnings[1,2]	**3 basis points**	**2 basis points**	**1 basis point**	**No synergies**
Stand-alone				
ANI FY15 guidance (cpu)	19.4	19.4	19.4	19.4
Combined Group – 100% Ownership Case				
Combined Group (cpu)	21.3	21.2	21.2	21.1
ANI equivalent[3] (cpu)	18.9	18.9	18.9	18.8
Movement in ANI FY15 guidance[4]	(2.4%)	(2.6%)	(2.8%)	(3.0%)
Combined Group – 50.1% Ownership Case				
Combined Group (cpu)	21.3	21.2	21.2	21.2
ANI equivalent[3] (cpu)	18.9	18.9	18.9	18.8
Movement in ANI FY15 guidance[4]	(2.5%)	(2.6%)	(2.7%)	(2.9%)

Notes:
1. For the purpose of providing pro forma Distributable Earnings of the Combined Group, it is assumed that the calculation of ANI Distributable Earnings and TIX Operating Earnings are materially consistent.
2. There is no 30% case as in this scenario it is assumed that 360 Capital RE would not become the responsible entity of ANI and hence would be unable to realise cost synergies.
3. Represents Combined Group Distributable Earnings adjusted to reflect ANI Unitholder equivalent at scrip ratio of 0.89.
4. Movement between the stand-alone ANI FY15 guidance and ANI equivalent.

Sensitivity table impact of synergies on pro forma Combined Group and ANI equivalent Distributable Earnings for the year ending 30 June 2016

	Synergies as a % of Combined Group GAV			
FY16 impact on Distributable Earnings[1,2]	**3 basis points**	**2 basis points**	**1 basis point**	**No synergies**
Stand-alone				
ANI FY16 guidance (cpu)	20.4	20.4	20.4	20.4
Combined Group – 100% Ownership Case				
Combined Group (cpu)	21.2	21.2	21.1	21.1
ANI equivalent[3] (cpu)	18.9	18.8	18.8	18.8
Movement in ANI FY16 guidance[4]	(7.5%)	(7.7%)	(7.8%)	(8.0%)
Combined Group – 50.1% Ownership Case				
Combined Group (cpu)	21.5	21.5	21.5	21.4
ANI equivalent[3] (cpu)	19.1	19.1	19.1	19.1
Movement in ANI FY16 guidance[4]	(6.1%)	(6.3%)	(6.4%)	(6.5%)

1. For the purpose of providing pro forma Distributable Earnings of the Combined Group, it is assumed that the calculation of ANI Distributable Earnings and TIX Operating Earnings are materially consistent.
2. There is no 30% case as in this scenario it is assumed that 360 Capital RE would not become the responsible entity of ANI and hence would not be able to realise cost synergies.
3. Represents Combined Group Distributable Earnings adjusted to reflect ANI Unitholder equivalent at scrip ratio of 0.89.
4. Movement between the stand-alone ANI FY16 guidance and ANI equivalent.

(iii) Impact of payout ratio

Sensitivities of the impact of payout ratio on the pro forma Combined Group and ANI equivalent distribution per unit for the 100% Ownership Case, 50.1% Ownership Case and 30% Ownership Case for the year ending 30 June 2016 are shown below. Three separate payout ratios have been considered, including:

- ANI's forecast payout ratio of 94.0% for the years ending 30 June 2015 and 30 June 2016;
- the assumption of 95.0% consistent with the Bidder's Statement dated 13 February 2015; and
- the revised TIX assumption of 96.5% per TIX's second supplementary bidder's statement dated 23 February 2015.

Sensitivity table impact of payout ratio on pro forma Combined Group and ANI equivalent distribution per unit for the year ending 30 June 2016

	Combined Group payout ratio		
FY16 impact on distribution per unit	**94.0%**	**95.0%**	**96.5%**
Stand-alone			
TIX FY16 guidance (cpu) – based on 95% payout ratio	21.0	21.0	21.0
ANI FY16 guidance (cpu) – based on 94% payout ratio	19.2	19.2	19.2
Combined Group – 100% Ownership Case			
Combined Group (cpu)	19.9	20.1	20.5
ANI equivalent[1] (cpu)	17.7	17.9	18.2
Movement in ANI FY16 guidance[2]	(7.6%)	(6.6%)	(5.1%)
Combined Group – 50.1% Ownership Case			
Combined Group (cpu)	20.2	20.4	20.7
ANI equivalent[1] (cpu)	18.0	18.1	18.4
Movement in ANI FY16 guidance[2]	(6.5%)	(5.5%)	(4.0%)
Combined Group – 30% Ownership Case			
Combined Group (cpu)	20.3	20.5	20.9
ANI equivalent[1] (cpu)	18.1	18.3	18.6
Movement in ANI FY16 guidance[2]	(5.8%)	(4.8%)	(3.3%)

1. Represents Combined Group distribution per unit adjusted to reflect ANI Unitholder equivalent at scrip ratio of 0.89.
2. Movement between the stand-alone ANI FY16 guidance and ANI equivalent.

8. Taxation Information

GREENWOODS
+ HERBERT
SMITH
FREEHILLS

The Directors
Fife Capital Funds Limited as responsible
entity of Australian Industrial REIT
Level 12
89 York Street
SYDNEY NSW 2000

26 February 2015

Dear Directors,

Australian Industrial REIT
Tax implications of 360 Capital Industrial Fund Offer

1 Introduction

This letter provides a summary of the Australian income tax and GST consequences for all unitholders (**Unitholders**) in Australian Industrial REIT (**ANI**) that accept the conditional, scrip off-market offer (**Offer**) by 360 Capital Investment Management Limited (**360 Capital RE**) as responsible entity for 360 Capital Industrial Fund (**TIX**) to acquire all of the outstanding units in ANI. Under the Offer, Unitholders that accept the Offer will receive for each ANI Unit, 0.89 TIX units. Separately, a cash payment of $0.03 per ANI Unit (**Conditional Cash Payment**) will be made by 360 Capital Group to accepting Unitholders if before the Offer period ends:

- a 360 Capital Group entity is appointed responsible entity of ANI; or
- in excess of 50% of ANI Unitholders accept the Offer.

The information contained in this report is of a general nature only. It does not constitute tax advice and should not be relied upon as such. This report outlines the general Australian tax implications for Unitholders in respect of the Offer.

We have only dealt with the tax implications for resident and non-resident Unitholders who are individuals, complying superannuation entities and companies that hold their investment on capital account. We have not addressed the tax treatment for Unitholders who hold their investments on revenue account such as other trading entities or non-resident Unitholders who hold ANI units through a permanent establishment in Australia.

All Unitholders should seek independent professional advice on the consequences of their participation in the Offer, based on their particular circumstances. Unitholders who are not resident in Australia must obtain advice on the taxation implications arising in their local jurisdiction of the proposed transaction.

The information contained in this letter is based on the provisions of the *Income Tax Assessment Act 1936*, *the Income Tax Assessment Act 1997*, *the A New Tax System (Goods and Services Tax) Act 1999* and related acts, regulations and Australian Taxation Office (**ATO**) rulings and determinations applicable as at the date of this letter.

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2 Resident Unitholders who accept the Offer

2.1 Capital gains

At the time that Unitholders accept the Offer and dispose of their ANI units, a CGT event will happen. The time of that CGT event should be the time the Offer is accepted by that Unitholder.

To the extent that the capital proceeds received by a Unitholder (market value of TIX units issued to the Unitholder as at the date the Offer is accepted plus the Conditional Cash Payment, if any) exceeds the cost base that the Unitholder has in their ANI units, a capital gain would normally arise.

The cost base of the ANI units in the hands of each Unitholder is, broadly, the original amount paid to acquire those ANI units, plus any incidental costs incurred in respect of the acquisition or disposal of those units, less any tax deferred distributions that ANI has paid to the Unitholder.

Unitholders should be entitled to a CGT discount provided they have held their ANI units for more than 12 months prior to accepting the Offer. Resident individuals and trusts are entitled to a 50% discount and complying superannuation entities are entitled to a 33⅓% discount. Companies are not entitled to any discount.

To the extent that the proceeds received by a Unitholder (the combined value of the Conditional Cash Payment – if received, and TIX Units) are less than the reduced cost base that the Unitholder has in their ANI units, a capital loss would arise.

Generally for Unitholders who are individuals or complying superannuation funds, a capital loss can be used to offset current or future year capital gains. However, specific loss recoupment rules apply to trusts and companies. Unitholders that are trusts or companies that realise a capital loss on the sale of their ANI units should seek specific taxation advice when they seek to recoup the loss.

Unitholders that receive TIX units under the Offer and do not apply, or who are not eligible for, roll-over relief (see 2.2 below) should obtain a cost base in those TIX units equal to the market value of the ANI units that are sold to TIX.

2.2 Scrip for scrip roll-over relief

If the Offer is accepted, Unitholders who held their ANI units on capital account and who exchanged those units for TIX units under the Offer may be entitled to disregard a capital gain where scrip for scrip roll-over relief is available (**roll-over relief**). Roll-over relief will not be available where a Unitholder makes a capital loss on the disposal of their ANI units or where a Unitholder holds their ANI units on revenue account. Roll-over relief is not available in respect of the Conditional Cash Payment of the consideration.

Generally, roll-over relief may be available to Unitholders if the following conditions are satisfied in respect of the Offer:

a) Unitholders exchange their ANI units for TIX units under an arrangement (being the off-market takeover by TIX) in which TIX obtains **80% or more** of the units in ANI;

b) Unitholders have fixed entitlements to all of the income and capital of the original entity (ANI) and the acquiring entity (TIX);

c) the Offer enables all of the Unitholders in ANI to participate on substantially the same terms;

d) the Unitholder would realise a capital gain but for the roll-over;

e) the Unitholder elects to apply roll-over relief to the capital gain; and

f) the Offer is undertaken on an arm's length basis.

If TIX does not ultimately acquire 80% of the units in ANI, Unitholders that accept the Offer (and thus still dispose of their ANI units to TIX) will not have access to roll-over relief. In this case, the capital gain or loss is required to be calculated as per section 2.1 above.

Where the 80% condition is satisfied and the availability of roll-over relief has been confirmed by way of a ruling from the Commissioner of Taxation (see below), in order to access roll-over relief, Unitholders must elect for roll-over to apply. Election to use roll-over relief can be made by the Unitholder at the time they lodge their income tax return. Unitholders are not required to lodge a separate form in relation to the making of such an election. Rather, the way in which Unitholders prepare their income tax return should provide sufficient evidence of the making of this election. Unitholders can choose for the roll-over to apply by excluding any capital gain arising from the disposal of their ANI units in their tax returns for the income year in which they participate in the Offer.

Importantly, we note that roll-over relief in respect of the ANI units will be available only if both ANI and TIX are, or are treated by the Commissioner of Taxation as, 'fixed trusts.'

Given the need for the Commissioner to exercise his discretion in this regard, it is common for a ruling to be obtained to confirm the 'fixed trust' status of TIX and ANI".

Where roll-over relief is available and elected, Unitholders will need to apportion their cost base in each of their ANI units on a reasonable basis to reflect the fact that both TIX units and a Conditional Cash Payment may be received in relation to the disposal of their ANI units. The capital gain that would otherwise arise from the receipt of the TIX unit consideration in relation to the disposal of that portion of the ANI unit would be disregarded. The disregarded portion of the capital gain will effectively be deferred until a future CGT event happens to the TIX units acquired.

As noted above, roll-over relief is not available for the Conditional Cash Payment of the consideration received by a Unitholder. Accordingly, Unitholders would be assessed on any resultant capital gain that arises in relation to the disposal of that portion of the ANI unit for which the Conditional Cash Payment is received. To determine the capital gain portion that is not subject to roll-over relief (i.e. the portion attributable to the Conditional Cash Payment of the Offer), the portion of the Unitholder's cost base that is reasonably attributable to ANI units disposed of for the Conditional Cash Payment may be calculated for each ANI unit by multiplying the existing cost base in each ANI unit by the proportion of the total value of consideration provided in respect of each ANI unit that is represented by the Conditional Cash Payment.

For example, assuming the total Offer Price is $2.36 per ANI unit (as per the implied value of the Offer provided in ANI's Target's Statement dated 26 February 2015) and the Conditional Cash Payment is $0.03, then approximately 1.3% of a Unitholders cost base in the ANI units disposed of is reasonably attributable to the Conditional Cash Payment received.

If a Unitholder makes a capital gain on the sale of their ANI units and does not elect for roll-over relief to apply to that gain, they may be eligible to apply the CGT discount as outlined in section 2.1 above and should include any net capital gain in their assessable income in the year in which the CGT event giving rise to that gain occurs.

(a) Cost base of TIX units

The cost base of the replacement TIX units will be relevant when Unitholders dispose of their replacement TIX units in the future.

For those Unitholders who are eligible to receive roll-over relief and elect to apply it, their cost base in the ANI units disposed of needs to be applied on a reasonable basis to their replacement TIX units. One way of doing this may be to apply the cost base of their ANI units proportionately over their replacement TIX units. Their cost base in the replacement TIX units should be equal to the cost base in their ANI units disposed of less the cost base attributable to the portion of proceeds which was ineligible for roll-over relief (being the Conditional Cash Payment).

For example, assuming that the market value of the TIX units received is $2.36, and assuming that the total Offer price is $2.36 per ANI unit plus the Conditional Cash

Payment of $0.03 per ANI Unit, then a Unitholders cost base in TIX units received will be approximately 98.7% of the cost base in the ANI units sold to TIX.

For Unitholders who do not (or are ineligible to) choose roll-over relief, their cost base in TIX units will be equal to the market value of their ANI units exchanged.

2.3 March 2015 distribution

For those Unitholders who accept the Offer, they will become unitholders of TIX and may in the future receive trust distributions from TIX.

Based on the Bidders Statement dated 3 February 2015, Unitholders who accept the TIX Offer on or before the last day of the Offer period (i.e. 24 March 2015) will receive a distribution of 4.5 cents per unit in respect of the quarter ending 31 March 2015 (**March 2015 Distribution**).

On the basis that TIX is a flow through trust and all unitholders of TIX are entitled to the income of TIX, TIX unitholders should include their share of the net income of TIX in their assessable income in the year in which they become presently entitled to that share.

3 Non-resident Unitholders who accept the offer

3.1 Capital gains

The taxation consequences discussed in section 2.1 above apply also to Unitholders that are non-residents.

However, any capital gain or loss that is made by a non-resident Unitholder on the disposal of ANI units should be disregarded provided that the ANI units are not “taxable Australian property”.

An ANI unit will not be “taxable Australian property” if:

- the units have never been used by the Unitholder in carrying on a business through a permanent establishment in Australia;
- the Unitholder did not make an election to treat the units as taxable Australian property at the time they ceased to be an Australian resident (if the Unitholder was ever an Australian resident); and
- broadly, the non-resident Unitholder (together with any associates) did not hold 10% or more of the units in ANI throughout a 12 month period that began no earlier than 24 months before that time.

To the extent that an ANI unit is “taxable Australian property” and a non-resident Unitholder makes a capital gain as a result of disposal of the ANI unit, the Unitholder will not be entitled to a CGT discount.

Further, a Unitholder who was a foreign resident just before the disposal of their ANI units cannot obtain roll-over relief unless the replacement interest (i.e. TIX units) are “taxable Australian property” and the remaining requirements for roll-over relief (outlined in section 2.2 above) are met.

Non-resident Unitholders should seek independent taxation advice regarding whether roll-over relief can be obtained.

3.2 March 2015 distribution

Unlike resident Unitholders who will be subject to tax on a portion of ANI’s full year taxable income, a non-resident Unitholder will be liable to tax on a withholding basis calculated at the time of payment. The distribution in respect of the quarter ending 31 March 2015 is expected to be paid within one month of the quarter end. The amount from which withholding tax is required to be deducted will be determined based on the expected taxable income of TIX for the year ending 30 June 2015 and having regard to the known circumstances that exist at the time of payment.

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4 GST

No GST will be charged, nor will any GST liability arise for Unitholders (whether resident or non-resident) if they accept the Offer.

Yours sincerely

Daniel Sydes
Director
Greenwoods & Herbert Smith Freehills

9. Additional information

9. Additional information

9.1 Other material information

Under the Corporations Act, the Target's Statement is required to include all the information that ANI Unitholders and their professional advisers would reasonably require to make an informed assessment whether or not to accept the Offer, but:

- only to the extent to which it is reasonable for ANI Unitholders and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any Director.

The Directors are of the opinion that the information that ANI Unitholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement;
- the information contained in ANI's releases to the ASX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement (including the information contained in the Independent Expert's Report).

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it.

In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of ANI Units;
- the matters that ANI Unitholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to professional advisers of ANI Unitholders; and
- the time available to ANI to prepare this Target's Statement.

9.2 Issued units

ANI has 96,288,031 units on issue as at the date of this Target's Statement.

9.3 Latest financial results and changes in financial position

The most recent financial statements for ANI were for the half year ended 31 December 2014. The financial statements were reviewed by ANI's independent auditor, and lodged with the ASX on 10 February 2014.

9.4 TIX Units and 360 Capital Group securities held by ANI

ANI does not have a relevant interest in units issued by TIX or any of its Related Bodies Corporate.

ANI does not have a relevant interest in securities of the 360 Capital Group or any of its Related Bodies Corporate.

9.5 Consents

(a) Consents to inclusion of a statement

Each of the persons listed below has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Target's Statement that are specified below in the form and context in which the statements are included and to all references in this Target's Statement to those statements in the form and context in which they are included:

- KPMG Corporate Finance (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) – to be named as Independent Expert, and to inclusion of the Independent Expert's Report and statements said to be based on statements made in the Independent Expert's Report;
- Greenwoods & Herbert Smith Freehills – to be named as taxation adviser, and to inclusion of the Tax Information and statements said to be based on statements made in the Tax Information in Section 8; and
- each Director – to be named in this Target's Statement and to the inclusion of statements made by them.

(b) Consents to be named

King & Wood Mallesons has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as legal adviser to ANI.

Fort Street Advisers Pty Ltd and UBS AG, Australia Branch each have given and have not, before the date of this Target's Statement, withdrawn their consent to the inclusion of their name in this Target's Statement as financial advisers to ANI.

Link Market Services Limited has given and has not before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as unit registry of ANI.

(c) Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

9.6 ASIC exemption

ASIC has published various Class Orders that modify or exempt parties from compliance with the operation of various provisions of Chapter 6 of the Corporations Act. ANI has relied on that ASIC Class Order relief.

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or given to ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Any ANI unitholder who would like to receive a copy of any of those documents may make a request to obtain a copy during the Offer Period by contacting the ANI unitholder information line on 1300 730 659 (Toll Free for calls within Australia) or +61 1300 730 659 (callers outside Australia). The Responsible Entity will provide a copy of the document or part of the document within two Business Days of the request free of charge.

As permitted by ASIC Class Order 13/523, this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person, or from a public official document or a published book, journal or comparable publication. Pursuant to this ASIC Class Order, the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement contains unit price trading data sourced from IRESS without its consent.

9.7 Miscellaneous and publicly available information

ANI Unitholders should have regard to material announcements that have been lodged with the ASX since ANI's last published audited financial statements for the period ended 30 June 2014, which were lodged with ASX on 20 August 2014.

A list of all announcements released by ANI in the period from 20 August 2014 to 25 February 2015, the last Business Day before the date this Target's Statement was printed, is set out in Annexure B.

This Target's Statement also contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX by 360 Capital or the Responsible Entity of ANI.

Any ANI Unitholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling ANI's 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). Copies of announcements by ANI may also be obtained from its website http://www.aireit.com.au/.

9.8 Date of Target's Statement

This Target's Statement is dated 26 February 2015, which is the date on which it was lodged with ASIC.

9.9 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Independent Directors on 26 February 2015.

Rod Pearse OAM
Independent Chairman
Fife Capital Funds Limited
as responsible entity of the Australian Industrial REIT

10. Glossary

10. Glossary

10.1 Definitions

Defined term	Meaning
360 Capital Group	Means the 360 Capital Group 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), stapled together and listed on the ASX.
360 Capital RE	360 Capital Investment Management Limited (ACN 133 363 185, AFSL 340 304).
360 Capital Strategy	The strategy employed by 360 Capital Group and 360 Capital RE, as responsible entity of TIX, to gain control of your investment in ANI, comprising the Offer and the RE Replacement.
360 RE	An appropriately licenced entity within the 360 Capital Group.
ACCC	Australian Competition and Consumer Commission.
Acquisition Right	Properties identified by Fife Capital Group as being available for purchase and that potentially meets the investment policy of the Fund and which Fife Capital Group considers (acting reasonably) should be considered by the Fund having regard to prevailing market conditions at the relevant time must first be offered to the Fund before any other parties, except where this conflicts with an existing mandate held by Fife Capital Group as at the date of listing on ASX.
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.
Announcement Date	19 December 2014.
Approval	Approvals, licences, authorisations, authorities, consents, permissions, clearances, grants, confirmations, orders, exemptions, waivers or rulings.
ASIC	Australian Securities and Investments Commission.
Associate	Has the meaning given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).
A-REIT	Australian Real Estate Investment Trust.
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.
ATO	Australian Taxation Office.
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.
Bid Period	Has the meaning given in the Corporations Act.
Bidder	360 Capital RE as responsible entity of TIX.
Bidder's Statement	The Replacement Bidder's Statement prepared by the Bidder and served on ANI on 13 February 2015 which replaced the bidder's statement in relation to the Offer dated 3 February 2015.
Business Day	Has the meaning given in the ASX Listing Rules.
Cash Payment Condition	• The Bidder receiving acceptances under the Offer in respect of more than 50% of the ANI Units; or • a member of the 360 Capital Group being appointed as responsible entity of ANI, on or before the day before the last day of the Offer Period.
Conditional Cash Payment	Means a cash payment of $0.03 per ANI Unit which 360 Capital Group has agreed to make to ANI Unitholders which have accepted the Offer and are entitled to receive the Offer Consideration if either of the Cash Payment Conditions are satisfied and subject to the further terms set in section 9.3 of the Bidder's Statement.
CGT	Capital gains tax.
Combined Group	The Bidder and its Controlled Entities following completion of the Offer and unless the context otherwise requires assumes the Bidder acquires 100% of ANI.

Defined term	Meaning
Competing Proposal	A transaction or arrangement which is proposed by a Third Party pursuant to which a Third Party will, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms: • acquire a Relevant Interest in any ANI Units, as a result of which the Third Party will have a Relevant Interest in 20% or more of the ANI Units or voting power or more than 20% of ANI; • otherwise acquire control of ANI within the meaning of section 50AA of the Corporations Act; or • directly or indirectly acquire, merge with, or acquire (or have the right to so merge with or acquire) a significant economic interest in ANI or all or a significant part of the assets or business of ANI, whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, or other synthetic merger or any other transaction or arrangement, where for the avoidance of doubt, assets of ANI which have a book value (as recorded in ANI's statement of financial position as at 30 June 2014) of more than A$20 million in aggregate will be take to be a "significant part" of the assets of ANI for the purposes of this definition.
Condition	A condition of the Offer set out in Appendix 1 of the Bidder's Statement.
Controlled Entities	Any trust or other entity controlled by ANI or TIX, as the context requires, and/or in respect of which ANI or TIX, as the context requires, has a direct or indirect economic interest of at least 50%.
Co-operation Deed	Has the meaning given in Section 5.16(b)(ii).
Corporations Act	*Corporations Act 2001* (Cth).
Debt Facility	Has the meaning given in Section 5.16(a).
Directors	Current directors of ANI.
Distributable Earnings	Distributable Earnings is the basis upon which ANI distributions are determined by the Directors. Distributable Earnings represents the Directors' view of underlying earnings from ongoing operating activities for the period, being statutory net profit/loss after tax adjusted for items such as non-cash items (including unrealised fair value gains or losses, straight lining of rental income and amortisation of rental guarantees), property acquisition costs and other non-recurring amounts outside core operating activities. For the purpose of providing pro forma Distributable Earnings of the Combined Group, it has been assumed that the calculation of Distributable Earnings and Operating Earnings are materially consistent.
Due Diligence Information	Has the meaning given in Condition A of Appendix 1 of the Bidder's Statement.
Eligible Unitholder	A wholesale client as defined in section 761G(4) of the Corporations Act.
Fife Asset Services	Fife Asset Services Pty Limited (ABN 17 128 896 800).
Fife Funds or the **Responsible Entity**	Fife Capital Funds Limited (ABN 18 130 077 735) as responsible entity of ANI.
Fife Capital Group	The group of entities related to Fife Capital Group Pty Limited including the Responsible Entity.
GAV	Gross asset value.
Gearing	Gearing as per TIX definition of gearing: interest bearing liabilities (excluding capitalised borrowing costs) less cash divided by total tangible assets (excluding goodwill) less cash.
Independent Board Committee or **IBC**	Committee comprising the Independent Directors that was given responsibility for considering the Offer.
Independent Directors	Rod Pearse, Michael Allen and Peter Dransfield.
Independent Expert	KPMG Corporate Finance.
Independent Expert's Report	The report prepared by the Independent Expert, a copy of which is contained in Annexure A of this Target's Statement.
Ineligible Foreign Unitholder	An ANI Unitholder whose address as shown in the register of members of ANI is in a jurisdiction other than Australia or its external territories and New Zealand, unless the Bidder otherwise determined after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to an ANI Unitholder in the relevant jurisdiction and for TIX Units to be issued to such ANI Unitholder on acceptance of the TIX Offer, and that is not unlawful for such an ANI Unitholder to accept the TIX Offer in such circumstances in the relevant jurisdiction.
Inside Information	Has the meaning given in section 1042A of the Corporations Act as that meaning applies to ANI Units.

Defined term	Meaning
Institutional Acceptance Facility or **IAF**	The institutional acceptance facility established by the Bidder and open to Eligible Unitholders.
IPO	The initial public offering of ANI Units in October 2013.
Material Contract	Any agreement, contract or other arrangement or instrument to which ANI is a party or any of its respective assets may be bound or subject to, and which: • imposes obligations or liabilities on any party of at least $500,000 per annum or A$2 million over the life of the agreement, contract or other arrangement; • relates to, concerns, or is connected with, the management of ANI; or • is otherwise material in the context of the business, assets or properties of ANI (which for the avoidance of doubt is taken to include any agreement, contract or other arrangement under which ANI borrows or raises fund from any source or otherwise incurs financial indebtedness from a financial institution.
NAB	National Australia Bank Limited.
Notice of Status of Conditions	The Bidder's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act, and which is referred to in section 11.6.6 of the Bidder's Statement.
NTA	Net tangible assets.
Offer	The takeover offer by the Bidder for ANI Units under Chapter 6 of the Corporations Act, as described in the Bidder's Statement.
Offer Period	The period during which the Offer will remain open for acceptance in accordance with section 11.3 of the Bidder's Statement.
Offer Consideration	The consideration offered under the Offer which, as at the date of this Target's Statement, is 0.89 TIX Units for each ANI Unit.
Offer Terms	The formal terms of the Offer as set out in section 11 of the Bidder's Statement, as amended.
Operating Earnings	The Directors of 360 Capital RE consider Operating Earnings to reflect the core earnings of TIX and use it as a guide to assess TIX's ability to pay distributions to unitholders. TIX Operating Earnings are derived by taking statutory net profit after tax and excluding non-cash adjustments such as fair value adjustments of investment properties and derivative financial instruments, straight-lining of rental income and amortisation of lease incentives, leasing fees and borrowing costs. Operating Earnings also excludes other significant one-off items such as gains or losses on disposal of investment properties, derivative termination cost and corporate transaction associated costs. For the purpose of providing pro forma Distributable Earnings of the Combined Group, it has been assumed that the calculation of Distributable Earnings and Operating Earnings are materially consistent.
Prescribed Occurrence	Any of the following events: • ANI converts all or any of the ANI Units into a larger or smaller number of ANI Units; • ANI resolves to reduce its capital in any way or reclassifies, combines, splits, redeems or repurchases directly or indirectly any units; • ANI: – enters into a buy-back agreement; or – resolves to approve the terms of a buy-back agreement under subjection 257C(1) or 2570(1) of the Corporations Act; • ANI issues ANI Units or other units, or grants an option over ANI Units or other units, or agrees to make such an issue or grant such an option; • ANI issues, or agrees to issue, convertible notes or convertible units; • ANI disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; • ANI charges, or agrees to charge the whole, or a substantial part of its business or property; • ANI resolves to be wound up; • a liquidator or provisional liquidator of ANI is appointed; • a court makes an order for the winding up of ANI; • an administrator of ANI is appointed under section 436A, 436B or 436C of the Corporations Act; • ANI executes a deed of company arrangement; or • a receiver, or receiver and manager, is appointed in relation to the whole or a substantial part, of the property of ANI.

Defined term	Meaning
Property Management Arrangements	Has the meaning given in Section 5.16(b)(iii).
Record Date	The date set by the Bidder under section 633(2) of the Corporations Act.
REIT	Real Estate Investment Trust.
Relationship Deed	Has the meaning given in Section 5.16(b)(i).
Responsible Entity or **Fife Funds**	Fife Capital Funds Limited as responsible entity of Australian Industrial REIT.
Related Bodies Corporate	Has the meaning given in the Corporations Act.
Related Entity	Has the meaning given in the Corporations Act.
Relevant Interest	Has the meaning given in the Corporations Act.
RE Replacement	An intention to replace Fife Funds as the responsible entity of ANI with a 360 RE.
Sale Nominee	The nominee approved by ASIC in accordance with section 11.5.4 of the Bidder's Statement.
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.
Takeovers Panel	The Australian Takeovers Panel.
Target's Statement	This target's statement dated 26 February 2015.
Tax Information	Means the tax information contained in Section 8.
Third Party	• A person other than the Bidder or its associates; or • A consortium, partnership, limited partnership, syndicate or other group in which neither the Bidder, nor any of its associates participate.
TIX	360 Capital Industrial Fund (ARSN 099 680 252).
TIX Unit	A fully paid unit in TIX.
TIX Unitholder	A registered holder of a TIX Unit.
Unitholder Information Line	Information line which Unitholders should call if they have any queries in relation to the Offer. 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).
Unmarketable Parcel	That number of TIX Units which is less than a marketable parcel under the market rules of ASX (currently a parcel of less than A$500) calculated based on the highest closing price of TIX Units on the ASX during the period from the date of the Bidder's Statement until the earlier of the end of the Offer Period and 5 ASX trading days before the first day on which the Bidder must provide the consideration under the Offer.
Unmarketable Parcel Unitholder	An ANI Unitholder who would be entitled to receive a total number of TIX Units as consideration under the Offer which is an Unmarketable Parcel.
VWAP	Volume weighted average price.
WALE	Weighted average lease term to expiry.

10.2 Interpretation

Unless the context otherwise requires:

- headings used in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement;
- words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- a reference to a "Section" is a reference to a section of this Target's 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.

A. Independent Expert's Report

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The Independent Directors
Fife Capital Funds Limited
as responsible entity for Australian Industrial REIT
Level 12, 89 York Street
Sydney NSW 2000

26 February 2015

Dear Independent Directors

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE

PART ONE – INDEPENDENT EXPERT'S REPORT

1 Introduction

On 17 December 2014, Fife Capital Funds Limited (Fife Funds or the Responsible Entity), the responsible entity for Australian Industrial REIT (ANI) announced that it had received a request from 360 Capital Investment Management Limited (360 Capital), as responsible entity for 360 Capital Diversified Property Fund and 360 Capital Investment Trust, for a copy of the register of investors in ANI for the purpose of calling a unitholders meeting to remove the Responsible Entity of ANI. This request followed the lodgement by 360 Capital Group (comprising 360 Capital Group Limited and 360 Capital Investment Trust, stapled together and listed on the ASX) (collectively, 360 Capital Group) on 5 December 2014 of an initial substantial holding notice, announcing that it had acquired a 7.74% interest in ANI.

On 18 December 2014, Fife Funds announced that it had received an unsolicited, indicative, non-binding proposal from 360 Capital, as responsible entity for 360 Capital Industrial Fund (TIX) to acquire all the outstanding units in ANI (ANI Units) for 100% TIX scrip consideration by way of an agreed trust scheme (the Scheme Proposal).

Subsequent to the receipt of the Scheme Proposal, on 19 December 2014 (the Announcement Date), 360 Capital, in its role as responsible entity for TIX (the Bidder), announced an unsolicited off-market all scrip takeover offer to acquire all the outstanding ANI Units (the Offer). On 3 February 2015, 360 Capital lodged a Bidder's Statement setting out all the terms of the Offer to the unitholders of ANI (ANI Unitholders). On 13 February 2015, a first supplementary Bidder's Statement and a replacement Bidder's Statement was lodged with Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX) in relation to the Offer in accordance with the terms of ASIC Class Order 13/528 (Bidder's Statement). This replaced the Bidder's Statement issued on 3 February 2015. A second supplementary Bidder's Statement was issued on 23 February 2015 (Second Supplementary Bidder's Statement).

Under the terms of the Offer, it is proposed that ANI Unitholders, who accept the Offer, will receive 0.89 TIX units (Scrip Ratio) for each ANI Unit (Offer Consideration). In addition, a cash payment of 3 cents per ANI Unit will be paid by 360 Capital subject to satisfaction of the cash payment condition[1] (Cash Payment).

Whilst not part of the Offer, provided that, on or before 24 March 2015, ANI Unitholders have accepted the Offer and all conditions have been satisfied or waived, ANI Unitholders will be issued TIX units in time to receive TIX's March 2015 quarterly distribution of 5.1 cents per TIX unit (equivalent to 4.5 cents per ANI Unit).

ANI is a passive Australian Real Estate Investment Trust (A-REIT) listed on the ASX and is externally managed by Fife Funds. ANI was registered as a managed investment scheme on 18 September 2013 and commenced trading on the ASX on 21 October 2013. ANI holds a portfolio of 16 industrial properties located in Australia.

TIX is also a passive A-REIT listed on the ASX. TIX listed on the ASX on 13 December 2012. It is externally managed by 360 Capital Group,, with its responsible entity being 360 Capital. TIX currently holds a portfolio of 22 industrial properties across Australia.

The Independent Board Committee of Fife Funds (the IBC) has requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance) to prepare an Independent Expert's Report (IER) for the benefit of ANI Unitholders setting out whether, in our opinion, the Offer is fair and reasonable.

Should TIX acquire all the outstanding units in ANI, current ANI Unitholders and unitholders of TIX (TIX unitholders), would hold 40.7% and 59.3% of the Combined Group respectively. The Offer is described in further detail in Section 5 of this report.

This report sets out the opinion of KPMG Corporate Finance as to the merits or otherwise of the Offer, as it pertains to ANI Unitholders. This report should be considered in conjunction with, and not independently of, the information set out in the Target's Statement provided to ANI Unitholders in relation to the Offer.

The Offer is subject to the satisfaction of a number of conditions which are set out in full in Appendix 1 of the Bidder's Statement.

Further information regarding KPMG Corporate Finance's preparation of this report is set out in Section 6.3 and Appendix 1 of this report.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

[1]The cash payment does not currently form part of the Offer terms. The Bidder must amend the Offer should the cash payment condition be satisfied. The condition is satisfied where acceptances of the Offer exceed 50% or a member of the 360 Capital Group is appointed as responsible entity of ANI.

2 Requirement for our report

There is no statutory requirement for an IER to be prepared in relation to the Offer.

However, the Independent Directors of Fife Funds (as recommended by the IBC) have requested KPMG Corporate Finance prepare a report which satisfies the requirements of Section 640 of the Corporations Act 2001 (Cth) (the Act). Under Section 640 of the Act, an IER is required to state whether an offer is fair and reasonable.

Further details regarding the basis of assessment for the IER are set out in Section 6.2 of this report.

3 Opinion

In our opinion, having assessed the Offer, we consider the Offer[2] **is neither fair nor reasonable to ANI Unitholders.**

In arriving at this opinion we have:

- assessed whether the Offer is fair on the basis of the underlying values of both ANI and TIX, the terms of the Offer, and whether a control premium has been paid
- assessed the reasonableness of the Offer including the advantages and disadvantages, and the consequences of not accepting the Offer.

In assessing the fairness of the Offer, we have considered the values of ANI and TIX on a 'like-for-like' basis, taking into account their relative adjusted net tangible asset (NTA) values. We consider this to be the most appropriate basis upon which to assess the fairness of the Offer, given the similar nature of the underlying assets held by the trusts, and that under the Scrip Ratio, ANI Unitholders would hold approximately 40.7% in the Combined Group, the expanded TIX. As such the underlying value of the assets of ANI and TIX would materially influence the ultimate trading price of the Combined Group. As a secondary approach, we have also assessed the fairness of the Offer by reference to recent trading prices of the units of each trust.

In assessing the Offer under these approaches, given it is a control transaction, we have then assessed whether the ANI Unitholders are receiving an adequate control premium for their ANI Units.

Our analysis indicates that there is either no control premium, or an insufficient control premium, being paid to the ANI Unitholders under the Offer. Our analysis indicates a maximum premium of 4.5%. This premium is based on trading prices for which there is inherent uncertainty as to whether an ANI Unitholder would be able to monetise their interest at this value post-transaction. Accordingly, we consider the Offer to be **not fair**.

In forming our opinion as to the reasonableness of the Offer, we consider that the disadvantages outweigh the advantages, and that there are no compelling reasons as to why ANI Unitholders should accept the Offer.

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[2] Assuming 100% ownership of the ANI.

Whilst there are some advantages, we have identified several key disadvantages of the Offer that ANI Unitholders should be aware of. These include:

- assuming TIX achieves 100% ownership of ANI, ANI Unitholders will experience a dilution in distributable earnings for the year ending 30 June 2015 (FY15) of 2.4% and for the year ending 30 June 2016 (FY16) of 2.9% to 7.5%. The extent of dilution in FY16 is contingent upon the timing of the sale of 'non-core' assets, and the ability to achieve cost synergies in the Combined Group (approximating 3 basis points (bps) of gross asset value of the Combined Group)[3].
- a reduction in pro forma NTA per unit as at 31 December 2014 from $2.06 per ANI Unit to the equivalent of $1.94 per equivalent ANI Unit
- a material increase in pro forma gearing as at 31 December 2014 from 35% for ANI to 44% for the Combined Group. The gearing for the Combined Group may be reduced to 41% depending upon the extent of non-core asset sales
- transaction costs associated with the Offer are estimated to be approximately $11.5 million for the Combined Group, with $2.5 million committed by ANI irrespective of the acceptance of the Offer.

The principal matters that KPMG Corporate Finance has taken into consideration in forming its opinion that the **Offer is neither fair nor reasonable** to ANI Unitholders are summarised in the remainder of Section 3 below.

3.1 Assessment of the fairness of the Offer

KPMG Corporate Finance has assessed the Offer as not fair to ANI Unitholders. In forming this view we have examined the Offer based on:

- a comparison of the sum of the parts (SOTP) value[4] per ANI Unit to the equivalent value per ANI Unit under the Offer, together with the Cash Payment[5]
- a comparison of the trading prices of ANI Units and TIX units under the Offer, together with the Cash Payment.

Our primary assessment examined the adjusted NTA of ANI and TIX on a 'like-for-like' basis, which reflects the market value of the property portfolios of these trusts, together with the carrying values of the other assets, interest bearing liabilities and other liabilities. Details of the adjustments made to NTA in arriving at our assessed value range are provided in Section 10.2 of this report.

Based on this approach, we have assessed that on an adjusted NTA basis, the value attributable to the Offer Consideration and Cash Payment (0.89 TIX units and 3 cents per ANI Unit) is $1.71, which

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[3] The impact on distributable earnings excludes the reinvestment of the net of tax proceeds from the Cash Payment of 3 cents per ANI Units, if received

[4] The SOTP value has been based on the adjusted NTA value,

[5] The Cash Payment has been included in the assessment as it has been undertaken on the assumption of 100% ownership of ANI.

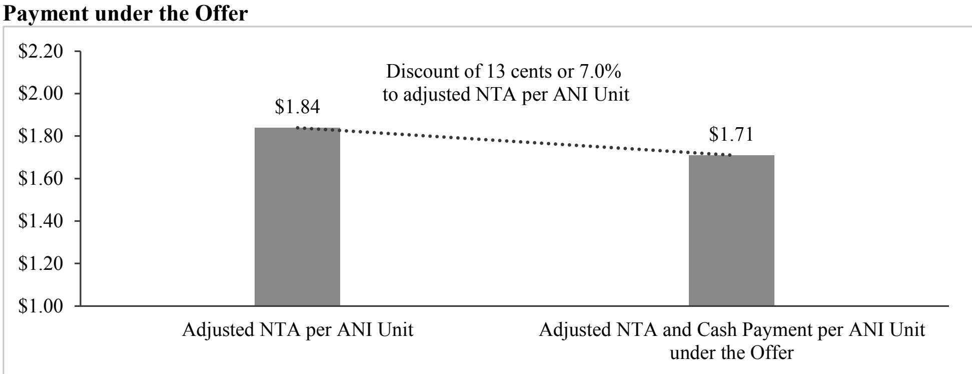
represents a 13 cent (or 7.0%) discount to the adjusted NTA per ANI Unit of $1.84. On this basis, we consider the Offer to be not fair. This comparison is illustrated below.

Table 1: Comparison of adjusted NTA per ANI Unit to equivalent ANI Units in TIX and Cash Payment under the Offer

$ unless otherwise stated	
Adjusted NTA per TIX Unit (Section 10.2.3)	1.89
Scrip Ratio (ratio)	0.89
Adjusted NTA per ANI Unit under the Scrip Ratio	**1.68**
Add: Cash Payment per ANI Unit	0.03
Total adjusted NTA and Cash Payment per ANI Unit under the Offer	**1.71**
Adjusted NTA per ANI Unit (Section 10.2.3)	1.84
Premium/(Discount)	**(0.13)**
Premium/(Discount) (%)	**(7.0%)**

Source: KPMG Corporate Finance analysis

Figure 1: Comparison of adjusted NTA per ANI Unit to equivalent ANI Units in TIX and Cash Payment under the Offer



Source: KPMG Corporate Finance analysis

Importantly, we note that the adjusted NTA per ANI Unit outlined above does not include a control premium.

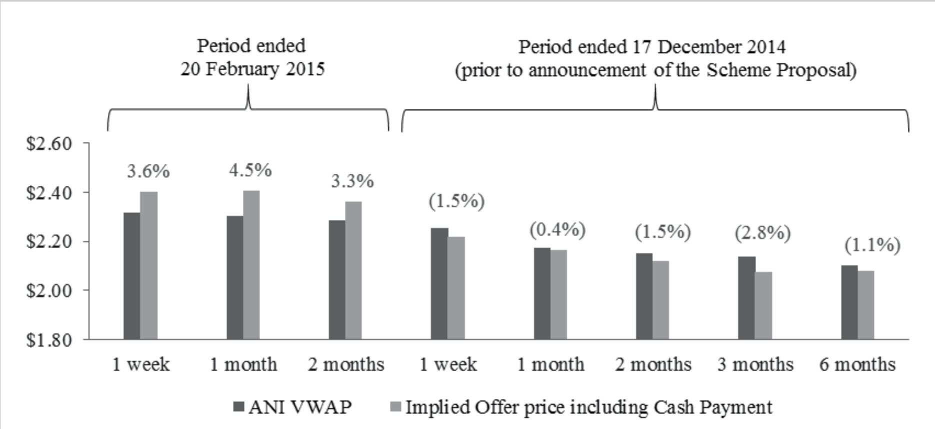
We consider a control premium appropriate in assessing the value of ANI Units given the:

- potential cost savings which would be generally available to acquirers within the A-REIT sector
- the significant reduction in transaction costs from combining property portfolios rather than acquiring separately
- the form of consideration as scrip rather than cash, and
- the benefits from increased scale in regards to funding ability and market position.

Refer to Section 10.2.5 of this report for our discussion of the factors which have been considered in assessing the extent to which a control premium is appropriate in valuing ANI Units.

Our secondary approach assessed the fairness of the Offer by reference to the recent trading activity of ANI Units and TIX units. In undertaking this assessment, we have analysed the recent VWAPs of ANI Units and TIX units as set out below.

Figure 2: Implied Offer premium / (discount)



Source: S&P Capital IQ; KPMG Corporate Finance analysis

With regard to the analysis set out above, we note the following:

- the comparison of VWAPs for the period ended 17 December 2014 implies Offer discounts for each period
- the comparison of VWAPs for the period ended 20 February 2015 imply Offer premiums in the range of 3.3% to 4.5%. We note that it is important to consider these premiums in the context of the:
  - liquidity in TIX units being low relative to ANI Units, which reduces the reliability of its trading prices as a measure of value, thereby reducing our confidence in the implied premiums
  - uncertainty as to the extent to which ANI Unitholders will be able to realise the implied premium should they accept the Offer, as the premium received will depend upon the sufficient demand relative to the price levels of TIX units
  - the implied premiums paid in control transactions involving A-REITs during 2014 range between 6.4% to 22.8%. These premiums have been calculated based on the one month VWAPs of each target entity prior to announcement of the relevant transaction (or notable corporate activity), as detailed in Appendix 4 of this report.

In our view, the comparison of recent trading activity in ANI Units and TIX units demonstrates that the Offer provides ANI Unitholders with either no premium, or an insufficient premium. Details of this approach are provided in Section 10.3 of this report.

According to RG111, the Offer should be considered fair the ANI Unitholders if the consideration offered is equal to, or greater than, the assessed value of ANI Units which are the subject of the Offer. As our analysis indicates that the Offer provides either no premium, or an insufficient premium, to ANI Unitholders, **we consider the Offer to be not fair.**

3.2 Assessment of the reasonableness of the Offer

In some transactions, there are factors which might suggest that even if an offer is not fair, it is reasonable and should be accepted by unitholders.

We have considered a range of factors in assessing the reasonableness of the Offer, which include:

- advantages and disadvantages of the Offer (on the basis of 100% ownership)
- other considerations
- implications if the Offer is not accepted.

ANI Unitholders should consider these factors in determining whether or not to accept the Offer.

3.2.1 Advantages of the Offer

The principal advantages of the Offer include:

A larger Combined Group provides certain benefits

The Combined Group will result in a number of benefits including:

- increased size and market position: the Combined Group will be one of the largest ASX listed passive industrial REITs in Australia. Due to its increased size and market position, the Combined Group may attract an increased level of investor interest, including broker coverage, that may generate an increased level of liquidity in trading on the ASX
- increased funding ability: the larger balance sheet will potentially give the Combined Group greater capacity to fund acquisitions through either capital raisings or utilising capacity within its debt arrangements.

Increased geographic spread/portfolio benefit

The Combined Group will have the benefit of an increased spread in vacancy and tenant default risk due to the larger tenant base and reduced dependency on a few large tenants. The combination of the two portfolios provides enhanced diversification across assets, tenants and geographies.

Improved Weighted Average Lease Expiry (WALE)

The Combined Group results in an improved WALE from 4.6 years for ANI's portfolio to 5.5 years for the expanded portfolio. The increase in WALE reduces the short term risk associated with re-leasing. However, ANI's WALE is currently impacted by three properties with leases expiring in FY16 and FY17 which TIX proposes to sell. To the extent such properties were otherwise re-leased, the WALE of ANI on a standalone basis would increase and this benefit would either not arise or be diminished.

3.2.2 Disadvantages of the Offer

The principal disadvantages of the Offer include:

A reduction in earnings per unit (EPU)

Accepting the Offer, assuming TIX achieves 100% ownership of ANI, will result in a reduction in EPU for the FY15 of 2.4% and FY16 of 2.9% to 7.5% (depending on the timing of the sale of non-core assets).

The extent of the reduction will depend on the timing of non-core asset sales, and the ability to achieve cost synergies in the Combined Group which have been estimated by the Bidder to be approximating 3bps of gross asset value of the Combined Group.

We note that the reduction in EPU excludes the reinvestment of the net of tax proceeds from the Cash Payment of 3 cents per ANI Unit, if received.

A decrease in Net Tangible Assets (NTA) per unit

If TIX achieved 100% ownership of ANI, there will be a reduction in NTA per ANI Unit from of $2.06 as at 31 December 2014 to $1.94 per equivalent ANI Unit, based on the pro forma NTA as at 31 December 2014 for the Combined Group[6]. This represents a reduction of NTA of 5.8%.

The main factors driving this reduction are:

- the disproportionate contribution of NTA by ANI to the Combined Group, with ANI's contribution representing 42% compared with the Script Ratio which results in ANI Unitholders receiving a interest 40.7% in the Combined Group
- the transaction costs including consultant fees.

We note, however, that we do not see the decrease in NTA as having a material impact on the Combined Group's unit price as unit prices are currently primarily driven by EPU and growth prospects.

An increase in gearing

Acceptance of the Offer will result in the Combined Group's gearing being approximately 41% to 44%, depending on the extent of non-core asset sales which 360 Capital has stated it intends to sell, following TIX acquiring 100% of ANI.

Relative to ANI's current gearing of 35%, as at 31 December 2014, this represents an increase in gearing, which increases the exposure of ANI Unitholders to higher interest expenses and additional related risks including:

- a larger portion of the Combined Group's cash from operating activities will be required to pay interest expenses

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[6] Refer Section 7.3 of the Target's Statement NTA of the Combined Group excluding the full impact of the Cash Payment before tax

- flexibility to react to changes in the business and industry may be limited due to the available cash flow remaining after the commitment to pay principal and interest on the debt facilities
- adverse economic, credit and financial market conditions will be more likely to have a negative effect on the Combined Group given the increased gearing. The Combined Group will also be exposed to greater refinancing risk.

We note also that the Combined Group's gearing would be at the upper end of the range currently demonstrated by comparable A-REITs, refer Appendix 4.

Lack of certainty of price and outcome for ANI Unitholders

As consideration under the Offer is primarily scrip, there is greater uncertainty as to its future value by comparison to a cash transaction. In this respect, the value of the scrip consideration is subject to movements in the trading price of TIX units post completion.

Given the historical lack of liquidity in the trading of TIX Units, ANI Unitholders may have limited opportunities to realise their investment at or above the Offer in the foreseeable future, particularly if they wish to sell a sizeable holding or many Unitholders seek to sell their holdings. We consider TIX units to be relatively illiquid given their trading history. In particular, during the 12-month period to 20 February 2015, on a cumulative basis, only 34% of issued units were traded.

We note that the Cash Payment[7] does not mitigate this risk as, although its value is certain, it represents a relatively small proportion of the consideration under the Offer.

Ownership dilution and reduced relationship with manager

ANI Unitholders would hold a reduced stake in the Combined Group, which would reduce their influence over the activities of the Combined Group. This may be of greater concern to ANI Unitholders who hold a larger unitholding and who had an existing relationship with the current manager, Fife Funds, but who have no relationship with 360 Capital Group.

Reduced opportunity to participate in alternative transaction

If ANI Unitholders accept the Offer they may lose the opportunity to participate in any future transaction relating to ANI. For instance, in a scenario where a competing bidder makes an offer for ANI, those ANI Unitholders that have already accepted the Offer will have limited circumstances where they can participate in any competing offer. We note no such offer has been received at the date of this report.

[7] The Cash Payment is subject to be cash payment condition where acceptances of the Offer exceed 50% or a member of the 360 Capital Group is appointed as responsible entity of ANI

Transaction costs

Fife Funds have estimated total transaction costs in relation to the Offer will be approximately $11.5 million for the Combined Group including TIX's estimate of their costs. Approximately $2.5 million will have been committed by ANI, irrespectively of the acceptance of the Offer.

Transaction costs associated with the Offer primarily relate to expenses incurred for consultancy fees and the payment of stamp duty.

Offsetting these costs, albeit not materially, the Combined Group is estimated to have synergies from savings of fund expenses representing approximately 3bps of the gross asset value of the Combined Group (refer Section 6.4.5 of the Bidder's Statement).

3.3 Other considerations

In forming our opinion, we have also considered a number of other factors as outlined below. Whilst we do not necessarily consider these to be advantages or disadvantages of the Offer, we consider it appropriate to address these considerations in arriving at our opinion as ANI Unitholders will likely have their own view as to whether they consider these matters to be advantages or disadvantages.[8]

Distributions per unit (DPU)

The pro forma FY15 and FY16 DPU from the Combined Group is expected to be unchanged on an equivalent basis for ANI Unitholders, after applying the Scrip Ratio. The DPU is based on the pro forma financial information as presented in the Section 6 of the Bidder's Statement and Section 7 of the Target's Statement.

Whilst EPU dilution is forecast in FY15 and FY16 for the equivalent ANI Units in the Combined Group, according to the Second Supplementary Bidder's Statement, DPU is expected to be consistent with ANI's current standalone guidance. This is achieved through a payout ratio for the Combined Group of 96.5%, which compares to ANI's current payout ratio of 94%. We note, however, dilution in DPU may occur depending upon the timing of non-core asset sales, assuming the payout ratio remains unchanged at 96.5%.

Change in manager

In the event that TIX achieves acceptances under the Offer in excess of 50% or 360 Capital is successful in having Fife Funds replaced as responsible entity of ANI, ANI Unitholders will be exposed to a different manager in 360 Capital.

A change in manager will expose ANI Unitholders to a change in access to future acquisition opportunities, a different management strategy and approach, and a different corporate governance framework.

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[8] This analysis also considers issues associated with TIX not achieving 100% ownership

The key changes in having 360 Capital rather than Fife Funds as the responsible entity include:

- Fife Funds fully manages ANI assets and 360 Capital, as manager for TIX, outsources property management to third parties. If 360 Capital Group discontinues ANI's existing property management arrangements it would require ANI to give 12 months' notice or pay a termination fee to the manager of approximately $1.0 million which would impact on ANI's distributable earnings for the relevant period
- Fife Funds has development capacity and offers a pipeline to ANI as compared to 360 Capital which does not have a track record of 'built to suit' developments, although it has indicated a first right over development assets of Walker Corporation until 2017
- a different corporate governance framework, as the independent directors of Fife Funds, as responsible entity of ANI, have no other directorship roles in the Fife Capital Group, whereas the responsible entity board of TIX is the same as that of the 360 Capital Group.

Taxation implications for Australian tax resident ANI Unitholders

The Australian tax implications of the Offer for Australian tax resident ANI Unitholders are outlined in detail in Section 8 of the Target's Statement. It also sets out a general description of the Australian tax consequences of holding a TIX unit.

Capital Gains Tax (CGT) roll-over relief may be available to Australian Tax resident ANI Unitholders who hold their ANI Units on capital account where they accept the Offer, only where TIX acquires greater than 80% of all ANI Units. Accordingly, if TIX acquires less than 80% of all ANI Units under the Offer, ANI Unitholders that have accepted the Offer will be required to pay CGT on any gain in the disposal of the ANI Units under the Offer. This will result in a cash cost that would need to be funded either through a sale of units or some other means.

We note that ANI Unitholders should consider their individual circumstances, review Section 8 of the Target's Statement for further information where it applies to their circumstances and should seek the advice of their own professional adviser.

Ineligible Foreign Unitholders

Restrictions in certain foreign countries may make it impractical or unlawful to offer or receive securities in those countries, therefore some Foreign Unitholders will be Ineligible Foreign Unitholders[9].

Ineligible Foreign Unitholders will not receive TIX units under the Offer. Instead, the entire existing holding of ANI Units held by Ineligible Foreign Unitholders will be transferred to a Sale Nominee pursuant to the terms of the Sale Facility. Under the Sale Facility:

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[9] Ineligible Foreign Unitholders are ANI Unitholders, who as at the Record Date, are resident outside of Australia or New Zealand

- the Sale Nominee will participate in the Offer, after the implementation of the Offer, the Sale Nominee will hold TIX units which would otherwise have been received by Ineligible Foreign Unitholders
- the units will be sold on the ASX under the Sale Facility as soon as reasonably practicable. ANI will bear any brokerage costs or fees of the Sale Nominee
- the Sale Nominee will transfer the aggregate sale proceeds to the Registry who will arrange for the sale proceeds to be paid to Ineligible Foreign Unitholders
- if they wish to retain their exposure, Ineligible Foreign Unitholders can acquire TIX units through the ASX.

Entitlement to TIX quarterly distribution

Where ANI Unitholders accept the Offer on or before 24 March 2015, and the conditions of the Offer are waived or satisfied, they will be issued TIX units in time to receive TIX's March 2015 quarter distribution which is expected to be 4.5 cents per equivalent ANI Unit.

3.4 Consequences should the Offer not be accepted by 100% of ANI Unitholders

In the event that TIX does not acquire a relevant interest in 90% or more and does not proceed to compulsory acquisition, ANI will continue to operate in its current form and be listed on the ASX. In this respect:

- ANI Unitholders will continue to own units in ANI, the advantages, disadvantages and risks of the Offer, as summarised above, will not occur, other than with respect to the one-off costs incurred by ANI of approximately $2.5 million
- ANI Units may not continue to trade at prices in line with recent levels. It is not possible to conclusively assess whether and to what extent the current unit price of ANI is impacted by the Offer. However, to the extent it is, there is the potential that the unit price may rise or fall if the Offer is not accepted. For continuing ANI Unitholders, the value of their investment will be impacted by ANI's future performance.
- ANI in the short term will continue to operate in its present form continuing its relationship with Fife Funds as its external manager
- ANI will continue to focus on its current strategy of maximising the income and capital returns from its investment portfolio and delivering growth through acquisitions and other opportunities.

Consequences should the Offer be accepted by less than 90% of ANI Unitholders

There are a number of uncertainties which arise from the Offer not being subject to a minimum acceptance condition and having a waiver by 360 Capital of all conditions once acceptances exceed 30%

of the ANI Units. This means that following the close of the Offer, the Bidder may own anywhere between 0%[10] and 100% of ANI.

In the situation where TIX acquires a relevant interest in less than 90% of the ANI Units the following outcomes may occur:

- TIX intends to replace Fife Funds as responsible entity of ANI with a member of the 360 Capital Group. The replacement of the responsible entity requires a 50.1% vote of those unitholders present and voting, we note 360 Capital Group currently holds 12.89% of ANI
- where TIX succeeds in replacing the responsible entity of ANI, in circumstances where it has not acquired 100% of ANI, 360 Capital Group will be the manager of both ANI and TIX. Decisions on acquisition of properties, leasing and capital raising for each fund may create conflict issues
- where 360 Capital Group is appointed responsible entity of ANI, 360 Capital Group will potentially be entitled to receive two fees for managing the same assets. For example, a fee for managing ANI based on the value of ANI's gross assets, and a fee for managing TIX based on the value of TIX's gross assets, including the value of any ANI Units that TIX owns. In accepting the Offer and becoming a TIX Unitholder, you may be required to pay the double management fee, direct through your ownership of TIX units and indirectly through TIX's ownership of ANI Units
- roll-over relief will not be available to the Australian tax residents who hold their ANI Units on capital account where the TIX acquires less than 80% of all ANI Units
- TIX has not disclosed whether it will retain or dispose of any ANI Units it acquires under the Offer
- depending upon the number of units acquired, the liquidity in trading of ANI Units may decrease, impacting on the trading price and there may be a risk that ANI could be removed from certain S&P/ASX market indices due to lack of spread, free float or liquidity
- the cost synergies in the fund expenses of approximately 3 basis points of gross asset value of the Combined Group may not be achieved, thereby further reducing future EPU as set out in the pro forma financial information of the Combined Group
- on partial acquisitions of ANI by TIX, the ANI equivalent NTA is still dilutive compared to the pro forma stand-alone NTA per Section 7.3 of the Target's Statement
- on the partial acquisitions[11] of ANI by TIX, ANI Unitholders will experience a EPU dilution. This impact on earnings excludes the reinvestment of the net of tax proceeds from the Cash Payment of 3 cents per ANI Units, if received.

After considering the assessed advantages and disadvantages of accepting the Offer, other considerations, and the implications if the Offer is not accepted, we are of the opinion that the disadvantages to the ANI Unitholders of accepting the Offer outweigh the advantages, and there are no compelling reasons as to why the ANI Unitholders should accept the Offer. Accordingly, we consider **the Offer is not reasonable**.

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[10] The current interest of 12.89% in ANI is held by 360 Capital Group, not by TIX

[11] Partial acquisitions represent a 30% and 50.1% ownership case of ANI Units by TIX

4 Other matters

In forming our opinion, we have considered the interests of ANI Unitholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual ANI Unitholders. It is not practical or possible to assess the implications of the Offer on individual ANI Unitholders as their financial circumstances are not known. The decision of ANI Unitholders as to whether or not to approve the Offer is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual ANI Unitholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual ANI Unitholders including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Act and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting ANI Unitholders in considering the Offer. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

All currency amounts in this report are denominated in Australian dollars unless otherwise stated.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Target's Statement to be sent to ANI Unitholders in relation to the Offer, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Target's Statement.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Ian Jedlin	Sean Collins
Authorised Representative	Authorised Representative

Contents

5 The Offer

5.1 Overview of the Offer

On 18 December 2014, Fife Funds announced that it had received an unsolicited, indicative, non-binding proposal from 360 Capital, as responsible entity for TIX, to acquire all the outstanding ANI Units for 100% TIX scrip consideration by way of a Scheme Proposal. The Scheme Proposal is a full scrip offer of 0.89 TIX units for every ANI Unit.

Subsequent to the receipt of the Scheme Proposal, on 19 December 2014, TIX announced an unsolicited off-market all scrip offer to acquire all the outstanding ANI Units on the same terms as that announced for the Offer.

Separately, a cash payment of 3 cents per ANI Unit will be made by 360 Capital Group to accepting ANI Unitholders if before the last day of the Offer Period[12] an appropriately licensed entity within the 360 Capital Group is appointed responsible entity of ANI (360 RE) or in excess of 50% of ANI Unitholders accept the Offer.

Provided that, on or before 24 March 2015, ANI Unitholders have accepted the Offer and all conditions have been satisfied or waived, ANI Unitholders will be issued TIX units in time to receive TIX's March 2015 quarterly distribution of 5.1 cents per TIX unit (equivalent to 4.5 cents per ANI Unit). For further details regarding distribution entitlements, refer to Section 1.1.6 of the Bidder's Statement.

On 3 February 2015, 360 Capital, as responsible entity for TIX, lodged its Bidder's Statement setting out the terms of the Offer. On 13 February 2015, the first supplementary Bidder's Statement and theReplacement Bidder's Statement was issued. On 23 February 2015, a Second Supplementary Bidder's Statement was issued.

5.2 Terms of the Offer

Under the terms of the Offer, it is proposed that eligible ANI Unitholders[13], who accept the Offer, will receive 0.89 TIX units for each ANI Unit. In addition, a cash payment of 3 cents per ANI Unit will be made by 360 Capital, subject to satisfaction of the Cash Payment Condition. The Offer period is from 17 February 2015 to the closing date of 24 March 2015 (Offer Period).

TIX's intention upon acquisition of 90% or more of ANI Units

As part of the Bidder's Statement, 360 Capital has outlined its intentions in the event of acquiring a relevant interest in 90% or more of ANI'sUnits on issue. In this event, 360 Capital currently intends to:

- proceed with compulsory acquisition of the remaining ANI Units in accordance with the provisions of Chapter 6A of the Corporations Act 2001 (Cth) (the Corporations Act or the Act)

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[12] Offer Period opens on 17 February 2015 and closes on 24 March 2015 (unless extended)

[13] Unitholders who are not considered an Ineligible Foreign Unitholder or hold an Unmarketable Parcel as defined in Section 3.3 of this report

- consider discontinuing existing property management, development management and other ancillary arrangements[14]
- seek to sell three properties with the current carrying value of $47.3 million[15]
- delist ANI from the official list on the ASX
- procure the appointment of an appropriately licensed entity within the 360 Capital Group, as soon as practically possible who will receive the same management fees as currently paid to Fife Funds
- procure 360 RE to review ANI's assets to determine a strategy to deliver superior risk-adjusted returns for the ANI portfolio, which may include operational changes, repositioning the portfolio, opportunities to improve the leasing and income profile, non-core asset sales, review existing debt and hedging arrangements, deregistering ANI as a managed investment scheme, acquisitions and other actions possible to maximise the value of the portfolio.

TIX's intentions upon acquisition of less than 90% of the ANI Units

In the event that TIX acquires a relevant interest in less than 90% of the ANI Units, it currently intends to seek the removal of Fife Funds and the appointment of 360 RE as responsible entity of ANI. By accepting the Offer, ANI Unitholder agree to appoint 360 Capital as agent to vote in favour, or appoint a proxy to vote in favour, of resolutions to replace Fife Funds with 360 RE, as responsible entity of ANI. However, 360 Capital undertakes not to exercise any votes at a meeting in connection with this appointment unless the Offer is unconditional before the relevant meeting and this appointment will not be used to replace the responsible entity in circumstances where you do not receive the consideration under the Offer. 360 Capital has announced that it will waive all conditions of the Offer once acceptances exceed 30% of the ANI Units.

Where TIX acquires a relevant interest in less than 90% of ANI and where 360 RE is appointed as the responsible entity of ANI, TIX intends to:

- invite 360 RE to review ANI's assets to determine a strategy to deliver superior risk-adjusted returns for the ANI portfolio, which may include operational changes, repositioning the portfolio, opportunities to improve the leasing and income profile, non-core asset sales and other actions possible to maximise the value of the portfolio
- consider discontinuing existing property management, development management and other ancillary arrangements[14]
- seek to sell three properties with a current carrying value of $47.3 million[15]
- put in place arrangements to address any conflicts of interest arising from being responsible entity for both TIX and ANI
- continue ANI's listing on the ASX

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[14] See Section 5.4 of the Bidder's Statement

[15] See Section 7 of the Target's Statement

- anticipate to terminate the Co-operation Deed (refer to Section 7.2.1) with Fife Capital Group and Fife Funds which provides investment property opportunities
- continue to deal with its stake in ANI in order to maximise returns for TIX unitholders.

In addition, 360 RE will receive the same management fees as currently paid to Fife Funds. Further, 360 RE is appointed responsible entity of ANI before the end of the Offer Period, at a time when the Offer is subject to conditions, the Bidder will waive all conditions to the Offer.

5.3 Conditions of the Offer

For the Offer to be completed, a number of conditions must be satisfied. A summary of these is set out below[16]:

- ANI does not provide any information that is not 'generally available' to a third party for the purposes of enabling that party to make a competing bid
- no material adverse change in relation to ANI from the Announcement Date until the end of the Offer Period
- the S&P/ASX 200 Index not being at any time 10% or more below the level immediately prior to the Announcement Date
- 'change in control' rights in respect of the Offer have been waived or released and are detailed in the Target's Statement
- any regulatory approvals have been obtained before the end of the Offer Period
- no decision by an Authority (as defined in the Bidder's Statement) or application to an Authority has a specified adverse effect on rights in respect of ANI Units or the Offer
- ANI does not take certain actions in relation to the conduct of its business during the Offer Period
- ANI does not announce or declare or pay any dividend or other form of distribution of profits or capital other than in the case of ANI's June 2015 distribution
- ANI and 360 Capital do not enter into a merger implementation deed in connection with a trust scheme pursuant to which 360 Capital will acquire all of the units in ANI on terms which are no less favourable in all material respects to those proposed in relation to the Offer
- no Prescribed Occurrences, as described in the Bidder's Statement Glossary, occur.

Should any of the conditions outlined above not be satisfied, or waived by TIX prior to the end of the Offer Period on 24 March 2015 (unless extended), then the Offer will lapse and not proceed (ANI Unitholders will retain their ANI Units).

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[16] Further details relating to the conditions of the Offer are outlined in Appendix 1 of the Bidder's Statement and Section 5.4 of the Target's Statement

360 Capital has announced that it will waive all Conditions to the Offer once the number of ANI Units exceeds 30% of the ANI Units.

In addition, there is a statutory condition relating to the ASX quotation of TIX units to be issued under the Offer. If this condition is not satisfied, the Offer will lapse and not proceed.

We note, there is no minimum acceptance condition, such that an ANI Unitholder can accept the Offer and receive TIX units irrespective of the decision of other ANI Unitholders.

In accordance with the Second Supplementary Bidder's Statement, 360 Capital will waive all conditions once acceptances exceed 30%.

5.4 Costs of the Offer

The total transaction and implementation costs in relation to the Offer are estimated to be approximately $11.5 million[17] being $4.4 million for ANI and $7.1 million for TIX where 100% ownership is achieved. Approximately $2.5 million will be incurred by ANI whether the Offer is accepted or not.

6 Scope of the report

6.1 Purpose

There is no statutory requirement for an IER to be prepared in relation to the Offer.

However, the Directors of Fife Funds, as recommended by the IBC, have requested KPMG Corporate Finance prepare a report which satisfies the requirements of Section 640 of the Act. Under this Section, an IER is required to state whether an offer is fair and reasonable.

In preparing this IER, we have referred to guidance issued by the ASIC under RG 111.

6.2 Basis of assessment

RG 111 indicates the principles and matters which it expects a person preparing an independent expert report to consider. RG 111 notes:

- 'fair and reasonable' is not regarded as a compound phrase
- an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer
- the comparison should be made assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash
- the expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison

[17] Refer to Section 7.3 of the Target's Statement

- an offer is 'reasonable' if it is 'fair'
- an offer might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for unitholders to accept the offer in the absence of any higher bid before the close of the offer.

In addition to the points noted above, RG 111 notes that the weight of judicial authority is that an expert should not reflect 'special value' that might accrue to the acquirer.

Accordingly, when assessing the full underlying value of ANI, we have considered those synergies and benefits that would be available to more than one potential purchaser (or a pool of potential purchasers) of ANI. As such, we have not included the value of special benefits that may be unique to TIX. Accordingly, our valuation of ANI has been determined regardless of the bidder.

6.3 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of ANI for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. We have had discussions with management of Fife Funds, in relation to the nature of the business operations, specific risks and opportunities, historical results of ANI and prospects for the foreseeable future of ANI. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

ANI has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by the management of ANI. Whilst KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report, ANI remain responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information, however we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Accordingly, KPMG Corporate Finance cannot provide any assurance that the estimates will be representative of the results which will actually be achieved during the forecast period. In particular, we have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any prospective financial information. Any variations from forecasts/projections may affect our valuation and opinion.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

6.4 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. ANI has requested KPMG Corporate Finance limit the disclosure of some commercially sensitive information relating to ANI and its subsidiaries. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising ANI. As such, the information in this report has been limited to the type of information that is regularly placed into the public domain by ANI.

7 Profile of ANI

7.1 Overview

ANI is an A-REIT listed on the ASX. It is a passive trust which invests in industrial properties. Its responsible entity is Fife Funds. ANI had a market capitalisation of $223.4 million as at 20 February 2015 and is an S&P/ASX 300 Index (ASX 300 Index) and S&P/ASX 300 A-REIT Index (A-REIT Index) constituent.

As at 31 December 2014, ANI held an investment property portfolio of 16 industrial properties located in major metropolitan areas in Australia, specifically in Sydney (New South Wales), Melbourne (Victoria) and Perth (Western Australia).

Further details on ANI's investment property portfolio is provided in Section 7.3 of this report.

ANI registered as a managed investment scheme on 18 September 2013, and had 100 ANI Units on issue, which were owned by Terra Australis Property Fund (TAP), an unlisted wholesale real estate investment fund managed by a Fife Capital Group related entity. Subsequently, in October 2013, ANI undertook an initial public offering (IPO) in order to raise capital to assist in the acquisition of eight properties valued at $176 million. Following the completion of the IPO, ANI was admitted to the Official list on 21 October 2013, issuing 64,500,000 ANI Units at a price of $2.00 per unit. At this time, all of the ANI Units held by TAP were redeemed for $100 and ANI acquired TAP's portfolio of six industrial properties, and two properties acquired from third parties.

ANI's core strategy is focussed on investment in industrial properties, underpinned by long-term leases to quality tenants in Australia. This strategy aims to deliver ANI Unitholders with long-term capital growth and regular distributions. ANI's investment property portfolio provides ANI Unitholders with the following:

- exposure to quality industrial properties which are located in major metropolitan areas in Australia and within close proximity to major road, rail, air or port infrastructure
- stable earnings from the collection of rent from the tenants of ANI's properties that support the payment of regular income distributions to Unitholders, with that rental income underpinned by leases to reputable tenants with the majority of income growth derived from fixed and/or CPI-linked rental increases
- the potential for capital growth through the appreciation in property values
- a conservative capital structure with a target gearing ratio of 25% to 40%
- future acquisition and investment opportunities through its arrangements with Fife Capital Group, a related entity of Fife Funds.

Fife Capital Group is an independent real estate investment and advisory group which was established in 2006. Fife Capital Group is principally engaged in the active management of real estate on behalf of clients including institutional, corporate and private owners.

Since listing, ANI has continued to pursue its strategy through a number of transactions, which have included:

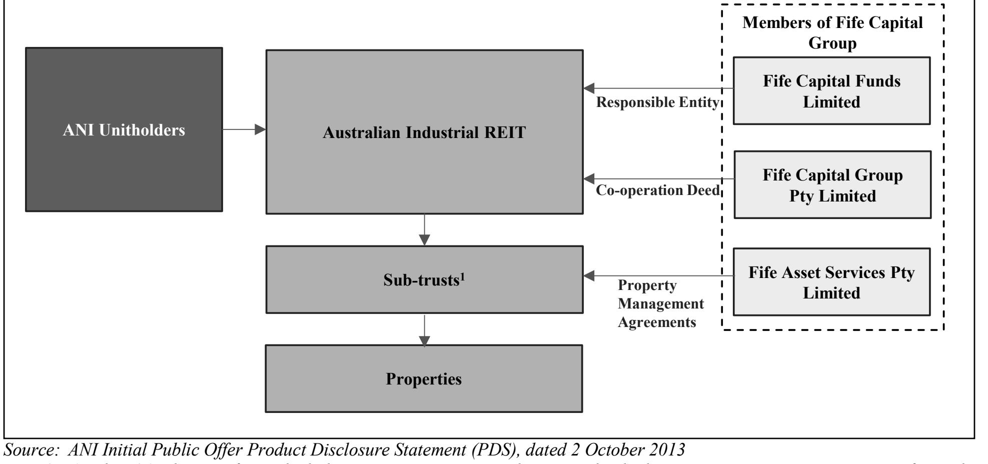
- the acquisition of an industrial property at Glendenning, NSW during the period ended 31 December 2013, for a total purchase price of $29.5 million
- the acquisition of six industrial properties during the six months ended 30 June 2014, for a total purchase price of $81.2 million with 100% of area leased, and a weighted average lease expiry (WALE) of 3.1 years. ANI raised approximately $56.4 million through a fully underwritten 1 for 2.4 accelerated non-renounceable entitlement offer at a fixed issue price of $2.00 per ANI Unit issued, to assist in funding for this acquisition
- the acquisition of a property at Erskine Park, NSW on 10 September 2014. This property was developed into two 'built-to-suit' warehouses under a fixed price development agreement at a total cost of $13.8 million. The industrial property is 100% leased and has a WALE of 6.0 years
- ANI has not disposed of any of it investment properties since listing.

7.2 Operating structure

ANI has 16 sub-trusts (ANI Sub-trusts), which are holding vehicles for the 16 properties in ANI's investment property portfolio.

An overview of ANI's current operating structure, is illustrated below.

Figure 3: Simplified operating structure



Source: ANI Initial Public Offer Product Disclosure Statement (PDS), dated 2 October 2013
Note 1: ANI has 16 sub-trusts from which the respective trusts are subject to individual property management agreements for each of its owned properties

7.2.1 Relationship between ANI and Fife Funds (as responsible entity)

ANI's relationship with Fife Funds, as its responsible entity, is governed by the documents and agreements outlined below.

Constitution

ANI's main rules governing its operations are set out in its Constitution dated 17 June 2013, as amended on 26 August 2013 and 18 September 2013 (the Constitution). The Constitution includes provisions relating to the rights and obligations of ANI Unitholders and the powers and duties and liability of the Responsible Entity.

Under the provisions of the Constitution, the Responsible Entity has the power to invest, borrow, grant all types of security, enter into an underwriting arrangement and generally manage ANI. It also authorises the Responsible Entity to be paid by ANI for certain fees, which are discussed further below. The Responsible Entity's duties are predominantly prescribed by the Act.

Co-operation Deed

ANI and Fife Capital Group are parties to a Co-operation Deed which governs their relationship in connection with any acquisition of new properties. Set out below are the two key components of the Co-operation deed:

- the Responsible Entity has entered into the Acquisition Arrangements[18] which requires Fife Capital Group to offer ANI the ability to acquire identified properties before any other party
- ANI is required to offer a first right of refusal for the Fife Capital Group to provide property management services in respect of additional properties which ANI acquires and/or development management services that ANI requires for any development projects that it undertakes.

Property Management Agreement (PMA)

The PMA governs the relationship between the ANI Sub-Trusts of ANI and Fife Asset Services Pty Limited (Fife Asset Services). Each of ANI's sub-trust owners have entered into a PMA, whereby appointing Fife Asset Services to manage each of its properties.

The PMA covers an initial 10 year period from the date of agreement, and continues after the expiry of the initial term, unless terminated. The ANI Sub-Trust may terminate the PMA on 12 month notice if Fife Funds or a related corporation is no longer the responsible entity of ANI. Under the provisions of the PMA, Fife Asset Services is appointed to manage each of the properties under the PMA and is

[18] The Acquisition Arrangements are arrangements whereby Australian properties identified by Fife Capital Group that potentially meet the investment policy of ANI and which Fife Capital Group considers should be considered for acquisition by ANI having regard to prevailing market conditions at the relevant time, except where this conflicts with an existing mandate held by Fife Capital Group as at the date of PDS, 2 October 2013, will be offered to the Fund before any other party.

responsible for a number of activities including, but not limited to, financial accounting, physical surveillance, estate administration and periodic reporting.

In addition to the above, under the provisions of the PMA, the ANI Sub-Trusts may be able to terminate the PMA if any of the following circumstances occur:

- if either party to the PMA fails to pay its outstanding debts, is wound up or enters into liquidation, becomes insolvent or breaches the PMA and fails to remedy that breach
- if the property owner ceases to be the owner of the relevant property (unless this occurs solely because the property is transferred to a custodian or replacement responsible entity).

7.2.2 Management and other fees

Under the terms of the Constitution and Co-operation Deed, the Responsible Entity and members of the Fife Capital Group are entitled to certain fees, including a responsible entity fee, operating expense reimbursement, property management fee, development fee and leasing fee. Further information is provided on the applicable fees in the table below.

Table 2: Summary of management and other fees

Fee and cost type	Amount	Payee and timing
Responsible entity fee	0.60% per annum of the gross value of ANI's assets	Payable to the Responsible Entity monthly in arrears
Operating expenses	Expenses relating to the proper performance of the Responsible Entity's duties in connection with ANI	Paid or reimbursed to the Responsible Entity or to third parties as incurred
Property management fee	3% per annum of annual gross rental income of the property before incentives	Payable to the property manager monthly in arrears
Leasing fee	If a new tenant is introduced and a new lease or licence is negotiated other than a new lease over an area which is subject to a Rental Guarantee or a sublease or sub-licence, the market rate percentage that would be charged as a leasing fee for the new lease or licence	Payable to the property manager on commencement of the new lease or licence
Development management fee	If ANI appoints a member of the Fife Capital Group to provide development services to ANI in accordance with the Co-operation Deed, the member of the Fife Capital Group will be entitled to payment on either: - a cost plus, actual time basis and on usual commercial terms for similar development works; or - a value uplift basis, where Fife Capital Group is responsible for delivering the development to an agreed standard and in accordance with an agreed timetable in return for a fee based on the increase in value of the property as a consequence of the development works.	Payable to the development manager as incurred

Source: ANI Initial Public Offer Product Disclosure Statement (PDS), dated 2 October 2013

7.3 Investment property portfolio

ANI's investment policy outlines its mandate to invest in Australian industrial property or industrial land which is suitable for the development of an industrial facility, and has the following characteristics:

- located in major metropolitan areas in Australia within close proximity to major road, rail, air or port infrastructure
- leased or agreed to be leased to appropriately qualified tenants
- capable of being acquired on terms that ensure ANI is adequately protected from development delivery risk.

As at 31 December 2014, ANI held a portfolio of 16 industrial properties with a combined carrying value of $320.4 million (including rental guarantees) and WACR of 8.1%. These properties are geographically spread across NSW (9), VIC (5) and WA (2) and are situated within recognised logistics, distribution and employment locations. ANI's ownership in these properties is 100%.

The table below provides a summary of the key statistics of the portfolio as at 31 December 2014.

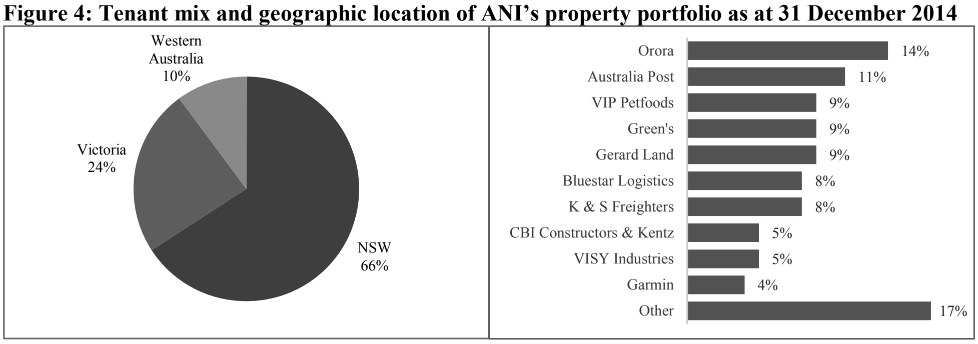
Table 3: Fund snapshot as at 31 December 2014

	As at 31 December 2014
Value of property portfolio	$320.5 million[1]
Portfolio weighted average capitalisation rate	8.1%
Portfolio occupancy	100.0%
Portfolio weighted average lease term by gross building area	4.6 years
Loan to value ratio[3]	35.8%[2]
Management fee (p.a. of gross asset value excluding GST)	0.60%

Source: ANI December 2014 Interim Results Presentation
Note 1: Value of ANI's property portfolio includes $0.1 million of costs to complete as at 31 December 2014
Note 2: Pro forma for the restructure of ANI's interest rate swaps as amended on 28 January 2015
Note 3: Loan to value ratio calculated as total principal outstanding over the aggregate value of ANI's investment properties

The geographic location and tenancy mix of ANI's property portfolio at 31 December 2014, by carrying value, are illustrated below. Further details on each of the properties are set out in Appendix 5.

Figure 4: Tenant mix and geographic location of ANI's property portfolio as at 31 December 2014



Source: ANI December 2014 Interim Results Presentation

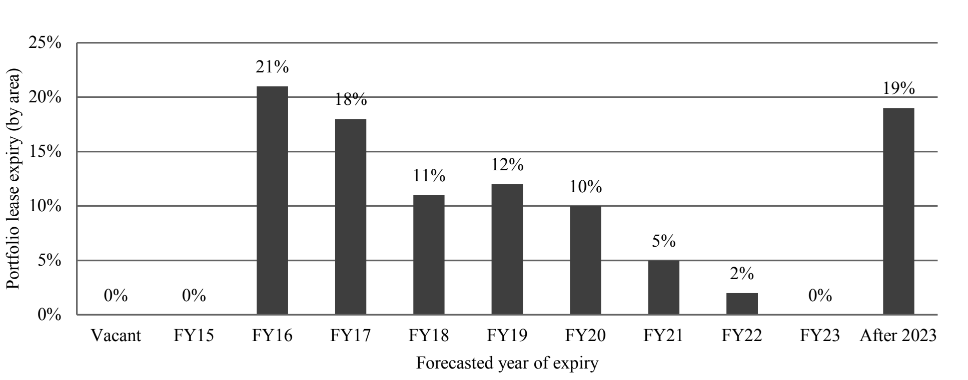
In relation to the property portfolio, we note:

- ANI's properties are located exclusively in major metropolitan locations in NSW, VIC and WA, with NSW representing 66% of the value of the investment property portfolio

- at 31 December 2014, ANI's property portfolio was 100% leased with approximately 88% of net passing rent[19] subject to fixed and/or CPI linked rent reviews during 2015
- the largest tenants in terms of annualised rent payable, excluding recovery of any outgoings, are Amcor Packaging (Australia) (a subsidiary of Orora Limited), Australia Post, VIP Petfoods, Green's, Gerard Land, Bluestar Logistics and K & S Freighters.

The forecast vacancy profile of ANI's property portfolio is illustrated below.

Figure 5: Forecast portfolio vacancy profile (% of total gross building area)



Source: ANI December 2014 Interim Results Presentation

In relation to ANI's projected portfolio vacancy profile, we note that approximately 39% of ANI's tenant leases, by gross building area, are expected to expire in FY16 and FY17. Management have advised that they are currently in advanced negotiations with respect to releasing or renewal of a number of leases expiring in FY16 and FY17.

7.4 Investment property pipeline

In accordance with the Co-operation Deed, ANI has a first right of refusal for properties offered by Fife Capital Group which provides a source of property investment opportunities to ANI[20]. Fife Capital Group has a track record of 'built-to-suit' developments. They have a pipeline of future 'built-to-suit' projects suitable for ANI investment at an estimated value on completion of $150 million, as disclosed in Section 1.4 of the Target's Statement[21].

[19] Based on the annualised rent payable by the tenant to ANI (excluding recovery of any outgoings) as at 31 December 2014

[20] Subject to a pre-existing mandate as at the date of the PDS

[21] The development pipeline includes both 'built-to-suit' projects and the acquisition of completed assets. The $150 million refers specifically to 'built-to-suit' projects

7.5 Board of directors and senior management

The ANI Board, consists of an independent chairman, three Non-Executive Directors and the Managing Director. The senior management team consists of three members, being the Managing Director, the Chief Financial Officer (CFO) and Company Secretary, and the Head of Property.

ANI's current Board of Directors and senior management are summarised in the table below.

Table 4: Board of directors and senior management

Board members	Senior management
Rod Pearse OAM (Independent Chairman)	Allan Fife (Managing Director)
Michael Allen (Independent Non-Executive Director)	Keir Barnes (CFO and Company Secretary)
Peter Dransfield (Independent Non-Executive Director)	Ben Fife (Head of Property)
John Hudson (Non-Executive Director)	
Allan Fife (Managing Director)	

Source: ANI December 2014 Interim Results Presentation

7.6 Financial performance

The financial performance of ANI for the periods ended 30 June 2014 and 31 December 2014 is summarised below. Given ANI commenced operations on 18 September 2013, the 30 June 2014 results represent eight months of earnings[22].

[22] ANI was inactive from 18 September 2013 to listing on 21 October 2013. As such, the earnings set out in the financial performance for ANI reflects the earnings from 21 October 2013 to 30 June 2014

Table 5: Financial performance of ANI

For the period ending $'000	18-Sep-13 to 30-Jun-14	6 months to 31-Dec-14
Revenue and other income		
Rental income	17,658	16,205
Other income	76	-
Finance income	31	15
Total revenue	**17,765**	**16,220**
Expenses		
Property expenses	(2,362)	(2,415)
Responsible entity fees	(1,008)	(926)
Other expenses	(363)	(523)
Finance costs	(2,876)	(2,601)
Net profit before gain/(loss) in fair value of investment properties	**11,156**	**9,755**
Unrealised gain/(loss) in fair value of investment properties	(1,611)	10,466
Net profit for the period attributable to ANI Unitholders	**9,545**	**20,221**
Effective portion of changes in fair value of cash flow hedges	(1,664)	(914)
Total comprehensive income attributable to ANI Unitholders	**7,881**	**19,307**
Weighted average number of ANI Units on issue	78,318	96,140
Earnings per ANI Unit - basic and diluted (cents per ANI Unit)	12.19	21.03
Statistics		
Distributable earnings per ANI Unit [1]	*12.70*	*9.52*
Distributions per ANI Unit [1]	*11.39*	*8.60*
Interest cover ratio (times) [2]	*4.8*	*4.6*

Source: ANI Annual Report 2014; ANI Interim Financial Report for the half year ended 31 December 2014
Note 1: Per ANI Unit calculations have been calculated using the weighted average number of ANI Units outstanding during the period
Note 2: Interest cover ratio as the ratio of the earnings before interest, income tax, minority interest, amortisation, depreciation and any other non-cash items to interest expense for the period

In relation to the financial performance of ANI, we note the following:

- rental income relates to income generated from investment properties which are leased to tenants under operating leases. This income is recognised on a straight-line basis over the term of the lease. Lease incentives granted, and not covered under the rental guarantees, are recognised as part of the total rental income on a straight-line basis
- the increase in annualised property expenses and management fees, during the six months to 31 December 2014, was primarily driven by the increase in the size of ANI's investment property portfolio
- other expenses primarily consists of audit and tax fees, expenses related to property valuations, ASX listing fees and other transaction related expenses
- in the six months to 31 December 2014, ANI had 100% of its property portfolio revalued resulting in a net uplift in the carrying value of the portfolio by $10.5 million
- ANI utilises its ability to drawdown existing debt facilities to assist in funding the acquisition of industrial properties. The increase in finance costs during the six months to 31 December 2014, relative to the prior corresponding period, reflects the increase in debt to part fund the acquisition, on 10 September 2014, and subsequent delivery of the property located in Erskine Park, Sydney

- in managing fluctuations in interest rate movements, the ANI Board has targeted fixed interest rate exposure of between 50% and 100% of drawn borrowings. In the six months to 31 December 2014, the fair value of its swap portfolio fell by $0.9 million due to mark-to-market of accounting for changes in interest rates. Further information on ANI's interest rate swaps is provided in Section 7.8 of this report
- under the current income tax legislation, ANI is not liable for Australian income tax as ANI Unitholders are presently entitled at year end to the income of the trust estate calculated in accordance with the Constitution and applicable tax law.

7.7 Financial position

The financial position of ANI as at 30 June 2014 and 31 December 2014 is summarised below.

Table 6: Financial position of ANI

As at $'000	30-Jun-14	31-Dec-14
Current assets		
Cash and cash equivalents	588	1,455
Receivables and prepayments	1,066	511
Rental guarantees	188	287
Other assets	-	68
Total current assets	**1,842**	**2,321**
Non-current assets		
Investment properties	294,874	320,012
Rental guarantees	42	126
Total non-current assets	**294,916**	**320,138**
Total assets	**296,758**	**322,459**
Current liabilities		
Payables and deferred income	2,183	2,480
Distribution payable	7,839	8,281
Total current liabilities	**10,022**	**10,761**
Non-current liabilities		
Interest bearing liabilities	99,081	111,200
Derivative financial instruments	1,664	2,578
Total non-current liabilities	**100,745**	**113,778**
Total liabilities	**110,767**	**124,539**
Net assets	**185,991**	**197,920**
Equity		
Issued capital	188,019	188,922
Reserves	(1,664)	(2,578)
Retained earnings/(accumulated losses)	(364)	11,576
Total equity	**185,991**	**197,920**
Statistics		
Total ANI Units on issue ('000)	*95,827*	*96,288*
NTA per unit [1] ($)	*1.94*	*2.06*
Gearing	*33.3%*	*35.0% [2]*
Loan to value ratio [3]	*33.9%*	*35.8%*

Source: ANI Annual Report 2014; ANI Interim Financial Report for the half year ended 31 December 2014
Note 1: NTA per ANI Unit calculated as net tangible assets over total ANI Units on issue
Note 2: Gearing calculated as interest bearing liabilities less cash over total assets less cash
Note 3: Loan to value ratio calculated as total principal outstanding over the aggregate value of ANI's investment properties. The 31 December 2014 ratio is on a pro forma basis taking into consideration the interest rate swap restructure announced on 28 January 2015

In relation to the financial position of ANI, we note the following:

- investment properties are direct property investments that are held to earn long-term rental yields and/or capital appreciation and comprise freehold land and buildings. They are initially recorded at cost and subsequently recorded on a fair value basis. At 31 December 2014, the combined value of the investment property portfolio was $320.4 million (including rental guarantees), representing an increase in value of $25.3 million since 30 June 2014, primarily reflecting net fair value gains of $10.5 million resulting from the recent portfolio revaluation and the acquisition of the Erskine Park, Sydney property for a total purchase price of $13.8 million (excluding acquisition costs)
- the balance of receivables and prepayments primarily relate to trade debtor amounts, insurance, council rates, land tax and finance costs, and are carried at the original invoice amount, less any provision for doubtful debts
- interest bearing liabilities relate to ANI's revolving debt facility with National Australia Bank (NAB). The $130 million facility is a revolving cash advance facility with a weighted average term to maturity of 3.4 years and had a weighted average interest rate of 5.0% (for the six months to 31 December 2014, inclusive of interest rate swaps, margin, line fees and amortisation of debt establishment costs). As at 31 December 2014, the debt facility had $112 million[23] funds drawn. Further information regarding ANI's interest bearing liabilities is provided in Section 7.8 of this report
- derivative financial instruments relate to interest rate swap contracts which ANI has entered into to reduce ANI's overall exposure to the impact of movements in interest rates. On 28 January 2015, ANI undertook a restructure of its interest rate swaps whereby terminating the existing contracts and entering into two new contracts at more favourable terms. For further details regarding ANI's interest rate swaps, refer to Section 7.8 of this report
- following the restructuring of ANI's interest rate swap on 28 January 2015, this reduced ANI's marginal cost of borrowing from 4.6% to 3.9%, inclusive of interest rate swaps, margin and line fees, equating to an indicative annualised saving of approximately $0.8 million or 0.8 cents per ANI Unit.

7.8 Interest bearing liabilities

ANI has a revolving cash advance facility with NAB to support funding of new acquisitions. The debt facility has a limit of $130 million, and is due to expire in two equal tranches in July 2017 and March 2019.

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[23] On a pro forma basis, the total amount drawn inclusive of the swap restructure announced on 28 January 2015, is $114.6 million

The key terms of the ANI's debt facilities are summarised in the table below.

Table 7: Debt facilities

	Total facilities ($ million)	Amount drawn ($ million)	Available facility ($ million)	Weighted debt duration (years)	All-in cost of debt (%)	Financier
Interest bearing liabilities	130.0	114.6[1]	15.4	3.4	5.0%[2]	NAB

Source: ANI Interim Results Presentation December 2014
Note 1: Pro forma amount drawn for swap restructure as announced to the ASX on 28 January 2015
Note 2: Weighted all-in cost of debt is inclusive of interest rate swaps, margin, line fee and amortisation of debt establishment costs for the six months to 31 December 2014. We note that this has reduced post the restructuring of interest rate swaps as announced to the ASX on 28 January 2015

In relation to ANI's debt facility, we note that the facility contains a number of review events which would entitle NAB to review and renegotiate the terms of the debt facility. If these negotiations are not successful it may result in the funds lent to ANI under the debt facility being repayable. The review events include:

- change of Responsible Entity
- change of property manager or development manager (other than to a related party)
- change of control of ANI without lender's consent.

Details of the financial covenants specified under the terms of ANI's debt facilities are summarised in the table below.

Table 8: Financial covenants

Financial covenant	Covenant	30-Jun-14	31-Dec-14
Loan to value ratio (LVR)	50.0% or less	33.9%	35.8%[1]
Interest cover ratio (ICR)	2.0x or greater	4.8x	4.6x

Source: ANI Annual Report 2014; ANI Interim Financial Report for the half year ended 31 December 2014; KPMG Corporate Finance analysis
Note 1: Pro forma for the restructure of ANI's interest rate swaps as amended on 28 January 2015

In relation to the financial covenants, we note:

- the loan to value ratio (LVR) reflects the ratio of ANI's total principal outstanding under the debt facility over the aggregate value of ANI's properties
- at 31 December 2014 (pro forma for the restructure of ANI's interest rate swaps), ANI's LVR was 35.8%, below the covenant limit of 50.0%
- the interest cover ratio (ICR) is a rolling 12 month measure that reflects the ratio of the earnings before interest, income tax, minority interest, amortisation, depreciation and any other non-cash items to interest expense for the period. At 31 December 2014, the ICR was 4.6 times, compared to the covenant threshold of 2.0 times.

Interest rate swaps

To hedge the interest rate risk on its floating rate interest bearing liabilities, ANI has entered into an interest rate swap.

On 28 January 2015, ANI restructured and extended its interest rate hedging arrangements, entering into $90 million of new interest rate swaps with a weighted average term to maturity of 4.7 years. The restructure sought to take advantage of prevailing market rates which are at historical lows and is in line with ANI's strategy to provide investors with stable earnings that support the payment of distributions to ANI Unitholders. The initiative reduced ANI's marginal interest cost from 4.6% to 3.9% (inclusive of interest rate swaps, margin and line fees).

Details of ANI's interest rate swaps are provided in the table below.

Table 9: Interest rate swaps

Type of contract	Expiration	Amount of contract $ million
Interest rate swap 1	Feb-20	60.0
Interest rate swap 2	Feb-19	30.0
Total		**90.0**

Source: ANI Interim Financial Report 2015; ANI announcement to the ASX date 28 January 2015

7.9 Distributions

Since listing, ANI has paid half-yearly distributions at the of August and February. Distributions are paid at the Board's discretion.

At 31 December 2014, ANI announced its half-yearly distribution of 8.60 cents per ANI Unit, which is higher than the distribution made for 30 June 2014 half-year period, of 8.18 cents per ANI Unit. The distributions exceed the expected distributions set out within the PDS dated 2 October 2013 that was issued in connection with ANI's IPO.

Distributable earnings of 9.52 cents per ANI Unit were 8.2% higher than the six months ended 31 December 2014 distribution earnings per the PDS forecast of 8.80 cents per ANI Unit.

Distributions paid by ANI in relation to the periods ended 30 June 2014 and 31 December 2014 are set out in the table below.

Table 10: Distributions and implied payout ratio and yield

Period ended	18-Sep-13 to 30-Jun-14	6 months to 31-Dec-14
Weighted average number of ANI Units entitled to distributions ('000)	78,318	96,140
Total ANI Units on issue ('000)	95,827	96,288
Distributable earnings ($ million)	9,947	9,150
Distributable earnings per ANI Unit (cents)	12.70	9.52
Distributions for the period ($ million)	9,909	8,281
Distribution per ANI Unit (cents)	11.39	8.60
Average ANI Unit price for the period ($)	2.03	2.09
Payout ratio[1]	99.6%	90.5%
Distribution yield[2,3]	8.1%	8.2%

Source: ANI Annual Report 2014; ANI Interim Financial Report for the half year ended 31 December 2014
Note 1: Distribution payout ratio calculated as total distributions over total distributable earnings
Note 2: Distribution yield calculated as yearly distribution per ANI Unit over average ANI Unit price in each period
Note 3: Distribution yields have been annualised for comparative purposes

In relation to the distributions, we note:

- ANI has a target payout ratio between 90% and 100% of distributable earnings. The payout ratio for the six months ended 31 December 2014 was 90.5%
- the 30 June 2014 distribution per ANI Unit of 11.39 cents represents the distributions paid for the period from 18 September 2013 to 31 December 2013 of 3.21 cents per unit and the six months to 30 June 2014 of 8.18 cents per unit. We note that due to inactivity to 21 October 2013, the distribution effectively relates to the period from 21 October 2013 to 30 June 2014
- ANI's distribution yield over the period ranged between 8.1% and 8.2% on an annualised basis
- ANI has provided distributable earnings guidance for full-year 2015 of 19.4 cents per ANI Unit, representing a 5.5% increase relative to the annualised June 2014 distributable earnings per ANI Unit of 18.4 cents per ANI Unit.

7.9.1 Distribution Reinvestment Plan

In May 2014, ANI introduced a Distribution Reinvestment Plan (DRP), which was activated for the June 2014 distribution and was offered to eligible ANI Unitholders. The DRP allows eligible ANI Unitholders to reinvest some, or all of their distribution payments into additional fully paid units. The funds raised were to be used as an additional source of capital to pursue future acquisitions or to reduce gearing over time, and support the execution of ANI's strategy.

In August 2014, 461,327 ANI Units were issued under the DRP at an issue price of $1.9684 per Unit, raising $0.9 million of equity. We note that Fife Capital Funds have indicated that the DRP will not be active for the December 2014 distributions.

7.10 Capital structure

7.10.1 General

The top 20 registered ANI Unitholders as at 2 February 2015 are set out below.

Table 11: Top 20 ANI Unitholders by registered holder as at 2 February 2015

	Number of ordinary ANI Units	Percentage of issued capital
J P Morgan Nominees Australia Limited	10,192,892	10.6%
HSBC Custody Nominees (Australia) Limited	7,678,940	8.0%
BNY Trust Company of Australia Limited	7,112,423	7.4%
UBS Wealth Management Australia Nominees Pty Ltd	7,085,067	7.4%
360 Capital Investment Management	4,913,413	5.1%
National Nominees Limited	4,336,634	4.5%
Citicorp Nominees Pty Limited	3,465,571	3.6%
RBC Investor Services Australia Nominees Pty Limited	1,518,407	1.6%
Sandhurst Trustees Ltd	1,110,416	1.2%
Clough Superannuation Pty Limited	1,000,000	1.0%
Australian Executor Trustees Limited	990,833	1.0%
BNP Paribas Nominees Pty Ltd	869,304	0.9%
Edsgear Pty Limited	750,000	0.8%
Brispot Nominees Pty Ltd	695,926	0.7%
Navigator Australia Ltd	687,224	0.7%
HSBC Custody Nominees (Australia) Limited	669,146	0.7%
The Australian National University	482,919	0.5%
Netwealth Investments Limited	477,073	0.5%
Nulis Nominees (Australia) Limited	404,245	0.4%
360 Capital Investment Management Acf	386,923	0.4%
Total ANI Units held by top 20 registered ANI Unitholders	**54,827,356**	**56.9%**
Other ANI Unitholders	41,460,675	43.1%
Total ANI Units on issue	**96,288,031**	**100.0%**

Source: Fife Funds

In relation to ANI Unitholders, we note:

- the top 10 registered ANI Unitholders account for approximately 50.3% of ANI Units on issue, with the top 20 registered holders of ANI Units accounting for approximately 56.9% of ANI Units
- as at 31 December 2014, institutional investors, domestic and foreign, accounted for approximately 45.8% of ANI Units on issue, with the five largest institutional investors holding approximately 28.5% of total outstanding ANI Units
- 360 Capital announced it had acquired a 7.74% stake in ANI Units on 5 December 2014, which was subsequently increased to 12.89% on 16 December 2014. However, the increase in 360 Capital's stake in ANI is not reflected in ANI Unitholder top 20 register at the date of this report.

7.10.2 Directors' interests

As at 31 December 2014, the directors of ANI held the following securities (directly or indirectly).

Table 12: Directors' relevant interest as at 31 December 2014

Board member	Balance held as at 31 December 2014
Rod Pearse OAM (Independent Chairman)	379,841
Michael Allen (Independent Non-Executive Director)	52,077
Peter Dransfield (Independent Non-Executive Director)	81,353
John Hudson (Non-Executive Director)	52,077
Allan Fife (Managing Director)	532,425
Total	**1,097,773**

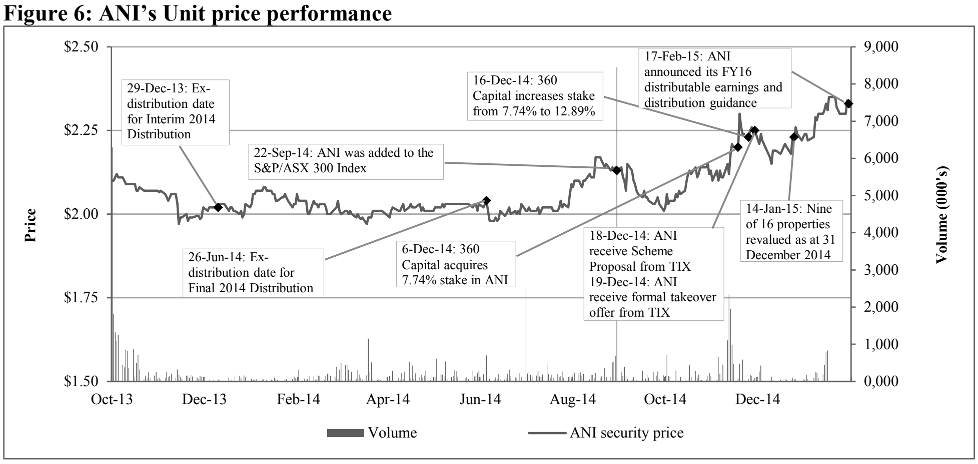
Source: ANI Annual Report 2014

7.11 ANI Unit price performance

7.11.1 Recent trading activity

The price history and volume of trading of ANI Units from 21 October 2013 to 20 February 2015 is set out below.

Figure 6: ANI's Unit price performance



Source: S&P Capital IQ; KPMG Corporate Finance analysis

In relation to ANI's Unit price performance, we note:

- during the period from listing on the ASX on 21 October 2013 to 5 February 2015, ANI's closing unit price has ranged between a low of $1.97 in December 2013 and a high of $2.35 in February 2015
- on 19 September 2014, Standard and Poors (S&P) completed the September 2014 quarterly rebalance, whereby ANI had satisfied the relevant criteria to be added to the ASX 300 Index. As a result, ANI Units experienced a significant degree of trading volume as index funds and other portfolio managers rebalanced their existing portfolios for the addition of ANI Units to the 300 Index.

- on 5 December 2014, 360 Capital Group announced it had acquired a 7.7% stake in ANI via an on-market cash purchase of ANI Units for $16.1 million. This was in effect the start of the corporate activity that led to the Offer on 19 December 2014
- the corporate activity since 6 December 2014 indicates fluctuations observed in ANI Units, with the unit price ranging between $2.20 and $2.35 per ANI Unit. However, we note that the movement in ANI Units over this period closely matched the movements in the A-REIT Index as the reduction in interest rates, low Australian dollar and desire by investors for yield stocks has increased the demand for the property sector
- on 22 December 2014, ANI announced its estimated distribution for the six months ending 31 December 2014 of 8.60 cents per ANI Unit, with the ex-distribution date being 29 December 2014
- on 14 January 2014, ANI announced it had completed revaluations for nine of its 16 investment properties. The revaluation resulting in an uplift in the investment properties revalued by $10.1 million. On 10 February 2015, in conjunction with the release of it December 2014 interim results, ANI announced it had completed the independent revaluation of the remaining seven properties, taking the total valuation uplift to $11.6 million. The increase in the asset values was largely attributable to a combination of income growth and tightening in capitalisation rates
- on 28 January 2014, Fife Funds announced distributable earnings guidance and an upgrade to distribution guidance for the financial year ending 30 June 2015 to 18.2 cents per ANI Unit. This represents a 5.8% increase from the previous guidance
- On 17 February 2015, ANI announced distributable earnings guidance of 20.4 cents per ANI Unit and distribution guidance of 19.2 cents per ANI Unit for the financial year ending 30 June 2016. This represents a 5.2% increase over distributable earnings guidance for the year ended 30 June 2015 and a 5.5% increase over distribution guidance for the year ended 30 June 2015
- ANI's Unit price was $2.32 at close of trade on 20 February 2015, representing a 11.0% increase on its 12-month average close price, $2.09 per ANI Unit.

7.11.2 Liquidity

An analysis of the volume of trading in ANI Units and the implied VWAP for different periods to Announcement Date and 20 February 2015 are set out below.

Table 13: Volume of trading in ANI Units and implied VWAP pre and post announcement of the Scheme Proposal

Period	Price (low) $	Price (high) $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 20 February 2015						
1 week	2.29	2.34	2.32	2.7	1.2	1.2
1 month	2.20	2.37	2.30	14.7	6.4	6.6
2 months	2.15	2.37	2.29	17.9	7.8	8.1
Period ended 17 December 2014 (prior to announcement of the Scheme Proposal)						
1 week	2.23	2.29	2.25	2.2	1.0	1.0
1 month	2.09	2.30	2.17	22.4	10.3	10.7
2 months	2.01	2.30	2.15	29.0	13.5	14.0
3 months	2.00	2.30	2.14	54.0	25.3	26.2
6 months	1.96	2.30	2.10	83.3	39.6	41.2

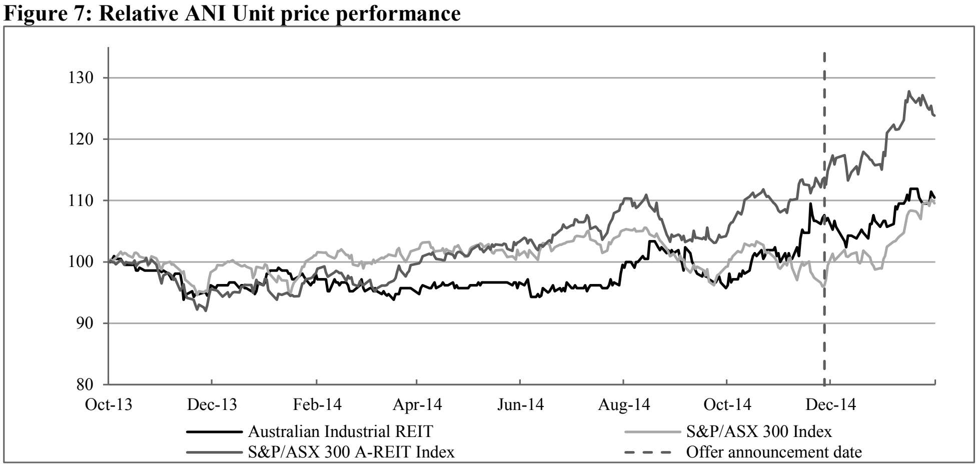
Source: S&P Capital IQ; KPMG Corporate Finance analysis

In relation to the above, we note that during the six month period prior to the announcement of the Scheme Proposal, 41.22% of issued securities were traded.

7.11.3 Relative ANI Unit price performance

The figure below illustrates the performance of ANI Units over the period from 21 October 2013 to 20 February 2015, relative to the A-REIT Index and 300 Index.

Figure 7: Relative ANI Unit price performance



Source: S&P Capital IQ; KPMG Corporate Finance analysis

ANI represents approximately 0.2% of the A-REIT Index in terms of market capitalisation as at 20 February 2015, with the top five constituents representing approximately 62%.

In relation to ANI's trading price relative to the A-REIT Index and the 300 Index, we note the following:

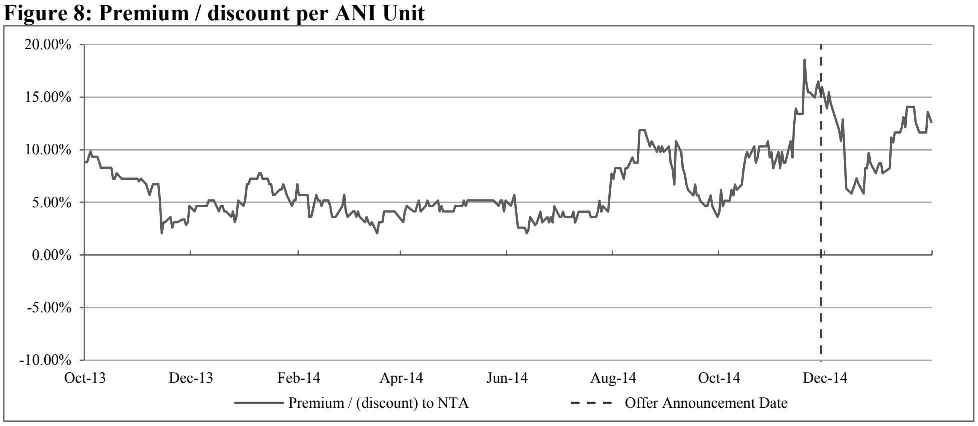
- all indexes have been rebased to 100 at 21 October 2013
- during the period between October 2013 to December 2013, ANI Units experienced a slight decline in value, however this was consistent with the performance of the A-REIT Index and the 300 Index
- during the period between February 2014 and August 2014, ANI Units underperformed relative to the A-REIT Index and ASX 300 Index, which may have been influenced by the sale of block stakes by a few institutional investors and the payment of its June 2014 distributions. Following this period, ANI Units have experienced improvements in price and have outperformed the ASX 300 Index primarily resulting from positive earnings announcements and distribution guidance, and accretive investment property acquisitions
- since September 2014, the A-REIT Index has considerably outperformed the ASX 300 Index, which may reflect the attractiveness of yield securities, the markets view as to the outlook of the Australian property sector and the current interest rate environment.

An overview of the A-REIT industry and Australian industrial property sector are set out in Appendix 3 of this report.

7.11.4 Unit price relative to NTA

The figure below provides a historic comparison of ANI's unit price compared to its NTA per ANI Unit over the period 21 October 2013 to 20 February 2015.

Figure 8: Premium / discount per ANI Unit



Source: S&P Capital IQ; KPMG Corporate Finance analysis

As illustrated in the figure above, ANI's Units have consistently traded at a premium to NTA, with the level of the premium ranging between 2.1% and 18.6% during the period.

Based on the NTA recorded at 31 December 2014 of $2.06 per ANI Unit, the closing price at 20 February 2015 implied a premium to NTA of 12.6%. The average premium over the six-month period to 20

February 2015 was 9.7%. While difficult to quantify, reasons for the premium likely include the following:

- attractiveness of yield securities given the low Australian interest rate environment
- the lag between property valuations and reported NTA
- ANI's strategic goal to provide regular distributions to ANI Unitholders and ANI's ability in exceeding the forecasts provided in ANI's PDS for distributable earnings per ANI Unit and distributions per ANI Unit
- quality of ANI's portfolio and access to investment property through the relationship with Fife Capital Group
- the considerable corporate activity which has taken place in the A-REIT sector over the period outlined above
- the market's perception regarding the outlook for further capitalisation rate compression in Australian industrial properties
- the market's perception regarding the outlook for rental growth rates in Australian industrial properties.

8 Profile of TIX

8.1 Overview

TIX is an A-REIT listed on the ASX. It had a market capitalisation of $333.5 million as at 20 February 2015 and is a constituent of the 300 Index and A-REIT Index.

TIX was established as an unlisted fund in August 2002, with a mandate to acquire and hold a portfolio of industrial properties for a period of 10 years.

In 2007, this mandate was extended to 80 years with an exit mechanism being introduced at the 10 year anniversary of the establishment of TIX, being December 2012. Subsequently, in 2009, TIX unitholders voted to change its constitution, providing TIX the ability to list on the ASX. In preparation for the listing, TIX acquired four properties from Walker Corporation to improve the quality of the property portfolio, which was funded by the issue of convertible notes (360 Notes) to institutional investors. In October 2012, an offer was made to TIX unitholders to redeem their 360 Notes for TIX units, from which 2,610,000 360 Notes elected to redeem and be issued TIX units.

Following this, on 26 March 2013 and 6 May 2013, TIX completed two equity raisings, with $63.7 million of funds raised. The proceeds were partly used to fully repay the remaining $25.9 million of 360 Notes.

On 12 December 2012, TIX was admitted to the ASX via a compliance listing. TIX commenced trading on 13 December 2012 at a unit price of $1.86 per unit.

TIX owns a portfolio of 22 industrial properties located across Australia. TIX is an Australian industrial sector focussed managed investment scheme.

Further details on TIX's property portfolio are provided in Section 8.3 of this report.

TIX's key investment objectives include:

- investing in income producing Australian industrial properties
- providing TIX unitholders with stable distributions
- generating future earnings and distribution growth through contracted rental increases and active asset management
- generating accretive returns through prudent and sustainable capital management
- maintaining a strong corporate governance framework.

Since listing, TIX has undertaken a number of transactions pursuant to its stated strategy, which have included the following:

- between 360 Capital becoming responsible entity for TIX and 30 June 2014, TIX acquired nine industrial properties, for a total purchase price of $237.1 million, a combined WALE of 9.0 years and 100% of area leased. TIX also completed the disposal, during the year ended 30 June 2014, of two non-core assets for $13.9 million with sales being in line with book value

- acquired five properties during the six months to 31 December 2014, with the Zillmere Road, Boondall property settling post balance date, for total purchase price of $157.5 million, a combined WALE of 8.8 years and 100% of area leased. During this period, TIX also completed the disposal of one property for $4.5 million which was at book value
- since listing, TIX completed three equity raisings for a total of $149 million. The placements were for the issued new fully paid ordinary TIX units primarily to institutional investors at prices of $1.80, $2.00 and $2.16 respectively.

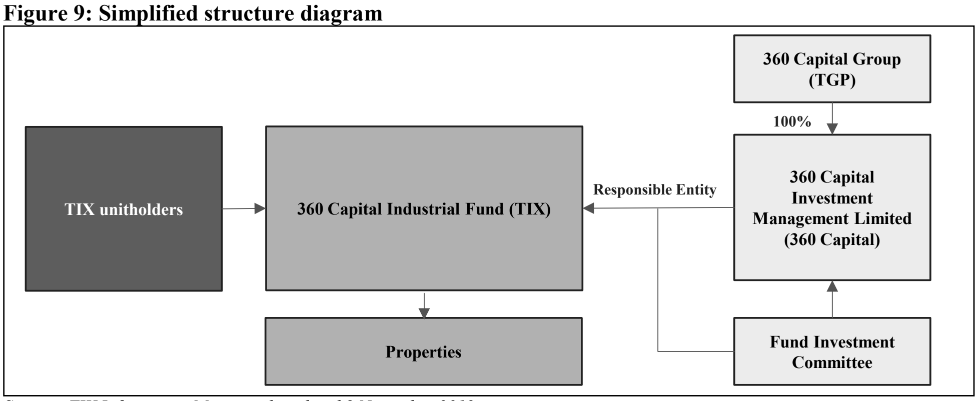
8.2 Operating structure

TIX is a managed investment scheme and is externally managed by 360 Capital Group, with its responsible entity being 360 Capital. 360 Capital, as responsible entity for TIX, holds the assets of TIX and is responsible for the management and operation of TIX.

360 Capital established a Fund Investment Committee to provide updates to the Board of 360 Capital for TIX regarding TIX's performance, risk management and other governance matters.

Summarised below is an overview of TIX's operating structure.

Figure 9: Simplified structure diagram



Source: TIX Information Memorandum dated 8 November 2012

We note that the property management function for TIX's investment property portfolio is outsourced to third party property managers, including Knight Frank, Colliers International and CBRE.

8.2.1 Relationship between TIX and 360 Capital (as responsible entity)

TIX's relationship with its responsible entity, 360 Capital is governed by a Constitution, outlining the main rules governing its operation (TIX Constitution). The key features of the TIX Constitution, are outlined below:

- 360 Capital may issue new TIX units and TIX units of different classes at the price and terms determined in accordance with the TIX Constitution

- subject to the terms of any particular class of TIX unit, a TIX unitholder who is a TIX unitholder on the respective record date will be entitled to share in any distribution on a pro rata basis
- subject to law, 360 Capital has all the powers in respect of TIX which it would have if it was the owner of TIX's assets
- if TIX is wound up, TIX unitholders will be entitled to participate, subject to the terms of any particular class of TIX unit, pro rata in any surplus TIX assets
- 360 Capital and its related bodies corporate may hold TIX units and contract with itself in another capacity
- the TIX Constitution provides that 360 Capital will be entitled to be paid out of the income or capital of TIX certain fees
- 360 Capital as responsible entity for TIX is entitled to be indemnified out of the assets to TIX for any liability incurred by it in properly performing or exercising its powers.

8.2.2 Management and other fees

Under the terms of the TIX Constitution, 360 Capital is entitled to certain fees, including responsible entity fees and operating expense reimbursements. Further information is provided on the applicable fees in the table below.

Table 14: Summary of management and other fees

Fee and cost type	Amount	Payee and timing
Responsible entity fees	0.65%[1] per annum of the gross value of TIX's assets	Payable to the responsible entity quarterly in arrears
Operating expenses	Expenses relating to the proper performance of the responsible entity's duties in connection with TIX, inclusive of GST and is estimated at 0.23% of gross asset value per annum	Ongoing expenses are reimbursable to the responsible entity from TIX's assets when incurred from time to time

Source: Bidder's Statement; TIX Information Memorandum 8 November 2012
Note 1: The responsible entity for TIX has elected to charge a responsible entity fee of 0.60% fee per annum
Note 2: 360 Capital outsources its property and development management functions to third party providers with the fees being generally recoverable through tenant rental agreements

8.3 Property portfolio

As at 31 December 2014, TIX's investment property portfolio consisted of 22 industrial properties with a combined carrying value of $526.0 million and WACR of 8.2%. Its investment properties are located in industrial precincts in Victoria (8), Queensland (6), NSW (5), South Australia (1), Western Australia (1) and the Australian Capital Territory (1) within close proximity to major infrastructure. TIX holds 100% ownership in these properties.

The table below provides a summary of the key statistics of TIX at 31 December 2014.

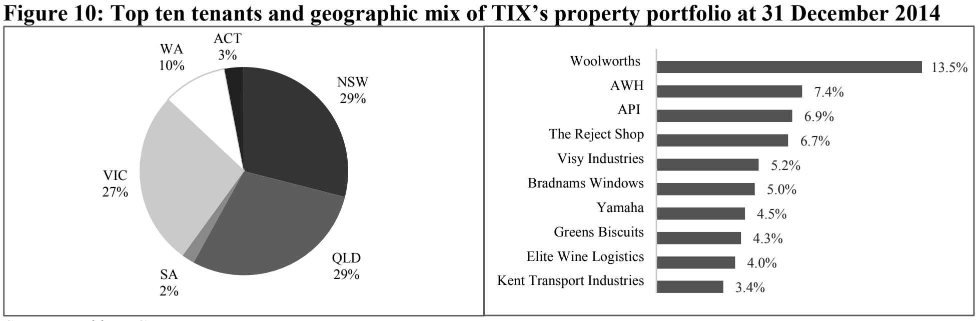
Table 15: TIX snapshot at 31 December 2014

	As at 31 December 2014
Portfolio value ($ million)	$526.0[1]
Portfolio weighted average capitalisation rate (%)	8.2%
Portfolio occupancy	99.9%
Portfolio weighted average lease term by income	5.8
Loan to value ratio[2]	45.3%
Responsible entity fee (p.a. of gross asset value excluding GST)	0.60%

Source: TIX 2015 Half Year Financial Results Presentation 3 February 2015
Note 1: Portfolio value of $526 million includes the settlement of 136 Zillmere Road, Boondall which exchanged 17 December 2014 and settled 16 January 2015
Note 2: Loan to value ratio calculated as interest bearing liabilities divided by total property values, based on most recent external valuations

The geographic mix and top ten tenants of TIX's investment property portfolio, by total income, at 31 December 2014, are illustrated in the figures below. Further details on each of the properties are provided in Appendix 5.

Figure 10: Top ten tenants and geographic mix of TIX's property portfolio at 31 December 2014



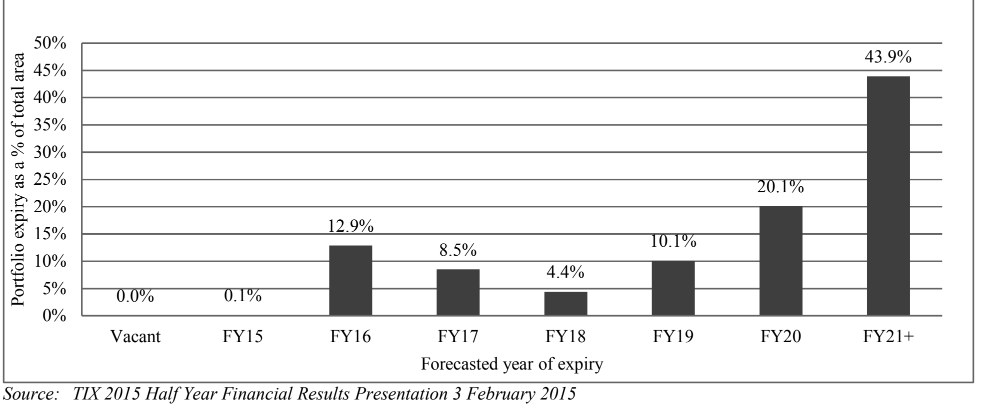
Source: Bidder's Statement

In relation to the property portfolio, we note:

- as at 31 December 2014, the five largest tenants by total leased area represented approximately 40% of total leased area, and include Woolworths, AWH, the Reject Shop, API and Greens
- as at 31 December 2014, the property portfolio had an overall occupancy of 99.9%
- the WALE (by income) was 5.8 years at 31 December 2014.

The forecast vacancy profile of TIX's property portfolio is illustrated in the figure below.

Figure 11: Forecast portfolio vacancy profile (% of total net lettable area)



Source: TIX 2015 Half Year Financial Results Presentation 3 February 2015

In relation to TIX's projected portfolio vacancy profile, we note:

- approximately 21% of TIX's tenant leases are expected to expire in FY16 and FY17
- consistent with TIX's strategy for long-term leases, 43.9% of leases are expected to expire from 2021 onwards.

Acquisition and disposal of investment properties

Since listing, TIX has made a number of acquisitions and disposals pursuant of its stated strategy. Set out in the table is an overview of acquisitions and disposals of investment properties by TIX since June 2012.

Table 16: Investment property acquisitions

Property	Period	Acquisition price ($ millions)	Capitalisation rate (%)	Occupancy (%)	WALE (years)
9-13 Caribou Drive, Direk	Jun-12	9.2	8.75%	100%	7.7
54 Sawmill Circuit, Hume	Jun-12	8.9	8.25%	100%	6.4
1 Ashburn Road, Bundamba	Jun-12	30.3	8.75%	100%	8.0
22 Hawkins Crescent, Bundamba	Jun-12	32.0	8.50%	100%	12.7
69 Studley Court, Derrimut	Jun-13	20.0	8.00%	100%	10.3
457 Waterloo Road, Chullora	Jun-13	17.3	9.25%	100%	9.7
2 Woolworths Way, Warnervale	Jul-14	69.8	8.25%	100%	7.2
21 Jay Street, Mount St John, Townsville	Jul-14	9.6	8.75%	100%	10.0
33-37 Mica Street, Carole Park	Aug-14	23.9	8.00%	100%	14.6
136 Zillmere Road, Boondall	Dec-14	25.0	8.50%	100%	8.7
69 Rivergate Place, Murarrie	Dec-14	27.0	7.50%	100%	8.4
Total		**273.0**	**8.34%**	**100%**	**9.3**

Source: Bidder's Statement; TIX Annual Reports for the years ended 30 June 2010, 2011, 2012, 2013 and 2014; TIX Appendix D – Half Year financial report 2015

Table 17: Investment property disposals

Property	Period	Sale price[1]	Last external independent valuation	Sale price premium / (discount) to external independent valuation	Book value	Sale price premium / (discount) to book value	WALE[2]
		($ million)	($ million)	(%)	($ million)	(%)	(years)
Lot 3, 241 Shellharbour Road, Kemblawarra	Aug-12	8.2	10.0	(18.0)%	8.2	-	2.9
145 & 147 Archerfield Road, Richlands	Oct-12	18.5	21.9	(15.5)%	17.5	5.7%	1.6 / 1.9
28 Gauge Circuit, Canning Vale	Dec-12	2.9	2.9	-	2.9	-	4.0
32 Gauge Circuit, Canning Vale	Dec-12	7.6	7.6	-	7.6	-	2.5
40-48 Howleys Road, Notting Hill VIC	Nov-13	9.3	9.3	-	9.3	-	3.2
223-235 Barry Road, Campbellfield	Apr-14	4.6	6.4	(28.6)%	4.6	(0.7)%	3.5
5-9 Woomera Ave, Edinburgh Parks	Nov-14	4.5	5.0	(10.0)%	4.5	-	0.0
Total		**55.6**	**63.1**	**(11.9)%[3]**	**54.6**	**1.8%[3]**	**2.6[3]**

Source: Target's Statement; Bidder's Statement; KPMG Corporate Finance analysis
Note 1: Sale price represents the gross sale price
Note 2: WALE has been sourced from the Bidder's Statement
Note 3: This represents a weighted average total

In relation to the tables above, we note:

- TIX have recently acquired investment properties which were 100% occupied and with a WALE of 9.3 years for properties acquired over the period from June 2012 to December 2014
- TIX have disposed of eight investment properties over the period from August 2012 to November 2014, with a weighted average discount to external independent valuations of 11.9%, a 1.8% premium to book value, and WALE of 2.6 years.

8.4 Board of directors and senior management

The TIX Board, consists of an independent chairman, three Non-Executive Directors and the Managing Director. The senior management team consists of four members, being the Managing Director, the Chief Investment Officer (CIO), the Chief Financial Officer (CFO), and Company Secretary.

TIX's current Board of Directors and senior management are summarised in the table below.

Table 18: Board of directors

Board members	Senior management
David van Aanholt (Independent Chairman)	Tony Pitt (Managing Director)
Tony Pitt (Managing Director)	Ben James (CIO)
John Ballhausen (Independent Director)	Glenn Butterworth (CFO)
Graham Lenzner (Independent Director)	Alan Sutton (Company Secretary)
Andrew Moffat (Independent Director)	

Source: Bidder's Statement

8.5 Financial performance

The financial performance of TIX for the years ended 30 June 2013 and 2014 and the six months ended 31 December 2014 is summarised below.

Table 19: Financial performance of TIX

For the period ending $'000	30-Jun-13 12 months	30-Jun-14 12 months	31-Dec-14 6 months
Revenue and other income			
Rental income	34,937	37,993	21,584
Finance revenue	233	150	64
Total revenue	**35,170**	**38,143**	**21,648**
Expenses			
Investment property expenses	(7,158)	(7,490)	(3,807)
Management fees	(2,292)	(2,335)	(1,528)
Other administration expenses	(2,645)	(715)	(241)
Finance costs	(17,234)	(8,720)	(4,877)
Net profit before gain/(loss) in fair value of investment properties	**5,841**	**18,883**	**11,195**
Net gain/(loss) in fair value of investment properties	992	24,416	6,916
Net profit for the period attributable to TIX unitholders	**6,833**	**43,299**	**18,111**
Initial and deferred establishment fees forgiven	7,100	-	-
Net gain/(loss) on sale of investment properties	(923)	(577)	(133)
Net gain/(loss) on fair value of derivative financial instruments	5,726	(782)	(2,999)
Loss on termination of derivative financial instruments	(5,100)	-	(236)
Total comprehensive income attributable to TIX unitholders	**13,636**	**41,940**	**14,743**
Earnings per TIX unit for profit attributable to unitholders of TIX:			
Weighted average TIX units outstanding ('000)	54,318[1]	93,268	115,395
Earnings per TIX unit - basic and diluted (cents per TIX unit)[2]	25.1[1]	45.0	12.8
Statistics			
Property rental income growth (%)	*7.2%*	*8.7%*	*nmf*
Operating earnings per TIX unit (cents)	*20.4[1]*	*20.6*	*10.0*
Distributions per TIX unit (cents)	*18.0[1]*	*18.6*	*9.9*
Payout ratio (%)[3]	*88%*	*90%*	*99%*
Interest cover ratio (times)[4]	*2.2*	*3.9*	*4.0*

Source: TIX Annual Reports 2014; TIX Appendix D – Half year financial report 2015; KPMG Corporate Finance analysis
Note 1: In the FY13 TIX accounts, TIX reported its weighted average units outstanding of 51,191 TIX units. In the FY14 accounts, this was reported as 54,318 TIX units for FY13. As such, all FY13 disclosures (both annual report and presentation) use the lower weighted average units outstanding resulting in higher per unit metrics being reported for that period
Note 2: Earnings per unit is calculated by dividing the profit or loss attributable to ordinary unitholders of TIX by the weighted average number of units outstanding during the period. There are no dilutive potential of the units
Note 3: Payout ratio has been calculated as total distributions over operating earnings for the relevant period
Note 4: Interest cover ratio is calculated as net rent received over interest expense incurred on the facility

In relation to the financial performance of TIX, we note the following:

- rental income relates to income generated from investment properties leased to tenants under operating leases calculated on a straight-line basis over the lease term, including deductions for lease incentives granted over the lease term. Where a lease has fixed annual increases, the total rent receivable over the lease is recognised as revenue on a straight-line basis over the lease term, resulting in a greater portion of revenue from the lease being recognised earlier in the lease term
- rental income increased by 8.7% from 30 June 2013 to 30 June 2014. The increase was primarily driven by increases in rental income from the acquisition of $37.3 million of assets and lease contracts incorporating fixed rental increases (82%) and CPI increases (17%) in rental rates. We note that subsequent to the 30 June 2014 balance date, TIX acquired three properties for a total of $103.3 million. Fixed rental increases and asset acquisitions are expected to be the key drivers of increases in rental income for the 2015 financial year
- as a condition of listing on the ASX, TIX's responsible entity was entitled to payments in relation to exit, initial and leasing fees, in the order of $7.1 million and as such, a provision was made for this payment. 360 Capital, as responsible entity for TIX, waived its entitlement to these fees, resulting in the reversal of the provision for initial and deferred establishment fees
- operating expenses predominantly relate to general expenses incurred in the operation of investment properties and fees paid to 360 Capital in the management of the fund. During the year to 30 June 2014, there was an uplift in both property expenses and management fees which were largely driven by the increase in TIX's investment property portfolio size. Further details regarding TIX's responsible entity fees structure are set out in Section 8.2 of this report
- other administration expenses primarily consist of share registry costs and legal and professional fees. The expense noted in the 12 months to 30 June 2013 is largely driven by legal fees in relation to both the listing of TIX and legal proceedings related to the 360 Notes borrowings which were wound up in the 2013 financial year. In addition, TIX incurred significant costs, in the order of $2.5 million, in relation to defending the management challenge by Denison Funds Management in 2013
- in the twelve months to 30 June 2014, TIX had 100% of its investment property portfolio, excluding 223-235 Barry Road, Campbellfield, revalued resulting in a net gain of $24.4 million. In the six months to 31 December 2014, TIX had 70% of its investment property portfolio revalued, resulting in a net gain of $6.9 million
- finance costs relate to interest paid or payable and amortisation of capitalised borrowing costs on debt facilities. During the year to 30 June 2014, finance costs declined by approximately 49%, largely as a result of TIX paying down existing debt facilities from the proceeds of its non-core asset sales, in the order of $13.3 million. Additionally, TIX restructured its loan facility, reducing its facility limit and negotiating lower interest margins on debt. In the six months to 31 December 2014, TIX increased its available limit on its debt facilities to $305 million, further reduced the debt margin and extended the maturity of the facility to 19 December 2017. Further information on TIX's debt facilities is provided in Section 8.7 of this report

- in the six months to 31 December 2014, TIX suffered a loss for accounting purposes of $3.0 million on interest rate swaps, resulting from mark-to-market accounting for changes in interest rates. Further information on TIX's interest rate swaps is provided in Section 8.7 of this report
- under the current income tax legislation, TIX is not liable for Australian income tax as TIX unitholders are presently entitled at year end to the income of the trust estate calculated in accordance with the TIX Constitution and applicable tax law.

8.6 Financial position

The financial position of TIX as at 30 June 2014 and 31 December 2014 is summarised below.

Table 20: Financial position of TIX

As at $'000 unless otherwise stated	30-Jun-14	31-Dec-14
Current assets		
Cash and cash equivalents	5,749	3,041
Receivables	1,830	3,446
Investment properties - held for sale	4,500	-
Total current assets	**12,079**	**6,487**
Non-current assets		
Investment properties	353,800	500,970
Total non-current assets	**353,800**	**500,970**
Total assets	**365,879**	**507,457**
Current liabilities		
Payables and deferred income	2,749	4,457
Distribution payable	4,256	6,202
Total current liabilities	**7,005**	**10,659**
Non-current liabilities		
Borrowings	156,102	225,244
Derivative financial instruments	856	2,999
Total non-current liabilities	**156,958**	**228,243**
Total liabilities	**163,963**	**238,902**
Net assets	**201,916**	**268,555**
Equity		
Issued capital	260,431	324,277
Accumulated losses	(58,515)	(55,722)
Total equity	**201,916**	**268,555**
Statistics		
Total TIX units on issue ('000s)	*91,520*	*122,385*
NTA per unit ($) [1]	*2.21*	*2.19*
Gearing [2]	*42.1%*	*44.4%*
Loan to value ratio [3]	*43.9%*	*45.3%*

Source: TIX Annual Report 2014; TIX Appendix D – Half year financial report 2015; KPMG Corporate Finance analysis
Note 1: NTA per TIX unit calculated as net tangible assets over the total TIX units on issue
Note 2: Gearing for TIX has been calculated as interest bearing liabilities (less capitalised borrowing costs) less cash over total tangible assets (excluding intangibles) less cash.
Note 3: Loan to value ratio calculated as interest bearing liabilities over total property values

In relation to the financial position of TIX, we note the following:

- investment properties are direct property assets held for the purpose of producing rental income, capital appreciation or both. They are initially recorded at cost, including any acquisition costs, and subsequently recorded on a fair value basis. At 31 December 2014, the increase in carrying value of investment properties reflects the acquisition of five properties, including one that settled post balance date, for a total value of $155.3 million, the disposal of one property for $4.5 million and the uplift of $17.5 million in carrying value following the revaluation of 70% of the portfolio. We note the value of the investment properties increased to $526.0 million following the settlement of a property on 16 January 2015
- receivables relate to trade receivables, bad and doubtful trade receivables and prepayment and other receivables which are carried at amounts that approximate their fair value
- the investment property held for sale at 30 June 2014, relates to the 5-9 Woomera Avenue, Edinburgh Parks, South Australia property which was sold on 28 November 2014, with the net proceeds used to repay debt and fund other property acquisitions
- interest bearing liabilities relate to TIX's syndicated debt facility with NAB and Bankwest with a total facility limit of $305 million, increasing from its limit of $180 million at 30 June 2014. As at 31 December 2014, the debt facility had $227 million funds drawn. Further information regarding TIX's interest bearing liabilities is provided in Section 8.7 of this report.
- derivative financial instruments relate to interest rate swap contracts which TIX have entered into to reduce TIX's overall exposure to the impact of moving interest rates. We note that TIX entered into a new $20 million interest rate swap in December 2014. For further details regarding TIX's interest rate swaps, refer to Section 8.7 of this report.

8.7 Interest bearing liabilities

At 30 June 2014, TIX had a $180 million loan facility with NAB, which was subsequently increased to $230 million on 25 July 2014. The refinance was completed to reduce the overall cost of debt, by reducing the margin on debt, and extending the debt term to 31 July 2017.

Following this, on 17 December 2014, TIX amended the debt terms, with the introduction of a new financier, Bankwest, contributing a further $75 million to the available syndicated facility. TIX was able to reduce the debt margin on the additional debt and extend the loan facility to 19 December 2017.

TIX has used the drawn funds, with the combination of equity raised, to support the acquisition of industrial properties.

The key terms of the TIX's debt facility are summarised in the table below.

Table 21: Debt facility

	Total facilities ($ million)	Amount drawn ($ million)	Available facility ($ million)	Maturity (date)	All-in interest cost (%)	Security
Loan facility	305.0	253.0[1]	52.0	Dec-17	4.0%	Secured

Source: TIX Appendix D – Half year financial report 2015; TIX 2015 half year financial results presentation
Note 1: Amount drawn represents the pro forma amount drawn having taken into consideration interest rate swaps

Details of the financial covenants specified under the terms of TIX's debt facility is summarised in the table below.

Table 22: Financial covenants

Financial covenant	Covenant	30-Jun-14	31-Dec-14
Loan value ratio	less than 55%	43.9%	45.3%
Interest cover ratio	greater than 1.6x	3.9x	4.0x

Source: TIX Annual Report 2014; TIX Appendix D – Half year financial report 2015; KPMG Corporate Finance analysis

In relation to the financial covenants, we note:

- the LVR reflects the ratio of TIX's interest bearing liabilities over total property values, based on the most recent external valuations
- at 31 December 2014, TIX's LVR was 45.3%, compared to the 55.0% covenant threshold, consistent with the ratio at 30 June 2014
- the interest cover ratio is a rolling 12 month measure that reflects the ratio of TIX's net rent received divided by interest expense incurred on the facility over the period. At 31 December 2014, the interest cover ratio was 4.0 times, compared to a 1.6 times covenant threshold.

Interest rate swaps

To hedge the interest rate risk on its floating rate interest bearing liabilities, TIX has entered into interest rate swaps. The interest rate swaps are measured at fair value on the date the contract was entered into and are subsequently measured at fair value at each reporting date.

Upon refinancing of TIX's debt facility in July 2014, TIX entered into a $185 million interest rate swap at 2.95%, resulting in an all-in-cost of debt of approximately 4.5%, expiring in July 2017. Subsequently, TIX entered into another $20 million interest rate swap following the debt refinancing completed in December 2014, at a swap rate of 2.62% expiring 19 December 2017.

On 19 January 2015, TIX announced it entered into a new interest rate swap over $210 million of borrowings with NAB for five years expiring in January 2020, in place of its existing $185 million interest rate swap with NAB.

Details of TIX's interest rate swaps are provided in the table below.

Table 23: Interest rate swaps

Type of contract	Expiration	Amount of contract $ million
Interest rate swap 1	Jan-20	210.0
Interest rate swap 2	Dec-17	20.0
Total		**230.0**

Source: TIX Appendix D – Half year financial report 2015

8.8 Distributions

TIX pays quarterly distributions at the end of October, January, March and July. Distributions are paid at the Board's discretion.

On 22 December 2014, TIX announced its estimated quarterly distribution for the December 2014 quarter of 5.0675 cents per TIX unit and confirmed the distribution on 27 January 2015. This reflected a total distribution for the six month period to 31 December 2014, of 9.9 cents per unit (September 2014 distribution of 4.8 cents per TIX Unit). This is above the total distribution for the six months to 30 June 2014 half-year period, of 9.3 cents per unit (4.65 cents per unit per quarter).

Distributions paid by TIX in relation to the periods ended 30 June 2013, 2014 and 31 December 2014 are set out in the table below.

Table 24: Distributions and implied payout ratio and yield

Period ended	30-Jun-13 12 months	30-Jun-14 12 months	31-Dec-14 6 months
Weighted average number of TIX units entitled to distributions ('000)[1]	54,318[4]	93,268	115,395
Total earnings ($ millions)	13,636	41,940	14,743
Total earnings per TIX unit (cents)	25.1[4]	45.0	12.8
Operating earnings ($ millions)	11,092	19,171	11,526
Operating earnings per TIX unit (cents)	20.4[4]	20.6	10.0
Average share price for the period ($)	1.91	2.11	2.39
Distribution per TIX unit (cents)	18.0[4]	18.6	9.9
Payout ratio[2]	88%	90%	99%
Distribution yield[3]	9.4%	8.8%	8.3%

Source: TIX Annual Report for year ended 30 June 2013 and 2014; TIX Appendix D – Half year financial report 2015
Note 1: In July 2013, TIX consolidated its issued units at a 4 to 1 ratio resulting in 217,270,837 TIX units being consolidated to 54,317,709 TIX units
Note 2: Distribution payout ratio calculated as distribution per unit over earnings per unit for the respective period
Note 3: Distribution yield calculated as yearly distribution per unit over average unit price for each period
Note 4: In the FY13 TIX accounts, TIX reported its weighted average units outstanding of 51,191 TIX units. In the FY14 accounts, this was reported as 54,318 TIX units for FY13. As such, all FY13 disclosures (both annual report and presentation) use the lower weighted average units outstanding resulting in higher per unit metrics being reported

In relation to the table above, we note:

- TIX's distribution yield for the years ended 30 June 2013 and 2014 were 9.4% and 8.8% respectively
- for the six months to 31 December 2014, TIX is expected to pay distributions totalling 9.9 cents per TIX unit. TIX provided distribution guidance for the full-year 2015 and 2016 of 20.0 cents per TIX unit and 22.0 cents per TIX unit respectively, representing 8.8% average year-on-year growth. Over the same period, operating earnings per TIX unit, is forecast to grow on average at 3.5% year-on-year
- the distribution payout ratio had increased over the period from 88% during the 12 months to 30 June 2013 to 99% during the six months to 31 December 2014.

8.9 Capital structure

8.9.1 General

The following table sets out the most recent figures on the top 20 TIX unitholders as at 4 August 2014.

Table 25: Top 20 TIX unitholders as at 4 August 2014

	Number of ordinary TIX units	Percentage of issued capital
J P Morgan Nominees Australia Limited	19,098,745	16.89%
360 Capital Investment Management Limited	14,410,863	12.74%
RBC Investor Services Australia Nominees Pty Limited	5,666,604	5.01%
National Nominees Limited	3,572,834	3.16%
RBC Investor Services Australia Nominees Pty Limited	2,676,603	2.37%
Citicorp Nominees Pty Limited	2,209,523	1.95%
HSBC Custody Nominees (Australia) Limited	2,166,398	1.92%
Wyllie Group Pty Ltd	1,388,889	1.23%
Horrie Pty Ltd	1,188,591	1.05%
Wyllie Group Pty Ltd	1,000,000	0.88%
Elecnet (Aust) Pty Ltd	812,500	0.72%
UBS Nominees Pty Ltd	803,093	0.71%
Citicorp Nominees Pty Limited	750,008	0.66%
Sandhurst Trustees Ltd	660,000	0.58%
BNP Paribas Noms Pty Ltd	630,345	0.56%
UBS Wealth Management Australia Nominees Pty Ltd	430,365	0.38%
Standbox No 2 Pty Ltd	400,000	0.35%
Navigator Australia Ltd	383,143	0.34%
Aust Executor Trustees Ltd	370,370	0.33%
TT Investments Ptd Ltd	342,260	0.30%
Total TIX units held by top 20 TIX unitholders	**58,961,134**	**52.14%**
Other TIX unitholders	54,110,868	47.86%
Total TIX units on issue	**113,072,002**	**100.0%**

Source: TIX Annual Report for the year ended 30 June 2014

In relation to the TIX unitholders, we note:

- the top 10 registered TIX unitholders account for approximately 47.2% of TIX units, with the top 20 Unitholders accounting for approximately 52.1% of TIX units
- as at 4 August 2014, institutional investors accounted for approximately 31.2% with the five largest institutional investors (by parent company) holding approximately 28.8% of total outstanding units.

8.9.2 Directors' interests

Set out in the table below is the movement in TIX units held by the directors of TIX as at 31 December 2014 and post 31 December 2014 (directly or indirectly).

Table 26: Director's relevant interest

Name	31 December 2014 equity holding	Movement in TIX units held	Post 31 December 2014 equity holding
David van Aanholt (Independent Chairman)	28,015	573	28,588
Tony Pitt (Managing Director)	698,327	13,450	711,777
John Ballhausen (Independent Director)	91,035	-	91,035
Graham Lenzner (Independent Director)	89,656	1,834	91,490
Andrew Moffat (Independent Director)	98,913	-	98,913
Total equity	**1,005,946**		**1,021,803**

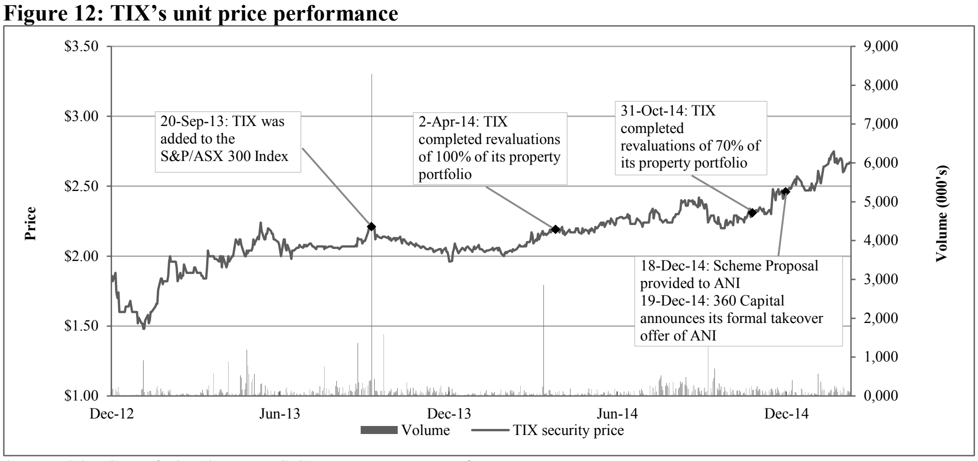
Source: TIX Appendix D – Half year financial report 2015; Bidder's Statement

8.10 TIX unit price performance

8.10.1 Recent trading activity

TIX's unit price history and volume of trading from 12 December 2012 to 20 February 2015 is set out below.

Figure 12: TIX's unit price performance



Source: S&P Capital IQ; ASX; KPMG Corporate Finance analysis

In relation to TIX's unit price performance, we note:

- since listing on 12 December 2012, the closing prices of TIX units have ranged between a low of $1.48 in January 2013 to a high of $2.75 on 2 February 2015. Trends observed in TIX units have largely been consistent with movements in the A-REIT Index, with the exception of the period between December 2012 and March 2013, where TIX units experienced a sharp decline and recovery

- on 6 September 2013, S&P completed the September 2014 quarterly rebalance, whereby TIX had satisfied the relevant criteria to be added to the 300 Index, which was effective after the close of trading on 20 September 2013. As a result, TIX units experienced a significant degree of trading volume, on the effective date, as index funds and other portfolio managers rebalanced their existing portfolios for the addition of TIX units to the ASX 300 Index
- on 2 April 2014, 360 Capital announced that independent valuations as at 1 April 2014 had been completed for 100% of the portfolio (excluding properties held for sale). This resulted in an uplift in the carrying value of the portfolio by $27.6 million, representing an 8.27% increase on December 2013 property valuations
- on 3 November 2014, 360 Capital announced that independent valuations as at 31 October 2014 had been completed for 11 of TIX's properties (representing 70% of the portfolio). This resulted in an uplift in the carrying value of the portfolio by $17.5 million, representing a 5.5% increase on April 2014 property valuations
- on 17 December 2014, ANI announced that a request was made by 360 Capital Group for a copy of the register of ANI for the purposes of calling a unitholders meeting to remove the responsible entity of ANI. Subsequently, TIX confirmed that a Scheme Proposal was provided to ANI on 18 December 2014. On 19 December 2014, 360 Capital announced, as Responsible Entity of TIX, that it had provided ANI with a formal takeover offer to acquire all the units in ANI
- the corporate activity between 6 December 2014 to date indicates fluctuations observed in TIX units, with the Unit price ranging between $2.41 and $2.75 per TIX unit. However, we note that the movement in ANI Units over this period closely matched the movements in the A-REIT Index as the reduction in interest rates, lower Australian dollar and desire by investors for yield stocks has increased the demand for the property sector. The TIX unit price prior to the Announcement Date was $2.49
- TIX's unit price was $2.67 at close of trade on 20 February 2015, representing a 15% increase on its 12-month average close price, $2.31 per TIX unit.

8.10.2 Liquidity

An analysis of the volume of trading in TIX units and the implied VWAP for different periods to Announcement Date and to 20 February 2015 are set out below.

Table 27: Volume of trading in TIX units and implied VWAP pre and post announcement of the Scheme Proposal

Period	Price (low) $	Price (high) $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 20 February 2015						
1 day	2.66	2.68	2.67	0.3	0.1	0.1
1 week	2.63	2.68	2.66	1.4	0.5	0.4
1 month	2.53	2.79	2.67	8.2	3.1	2.5
2 months	2.45	2.79	2.62	13.9	5.3	4.3
Period ended 17 December 2014 (prior to announcement of the Scheme Proposal)						
1 week	2.41	2.50	2.46	1.0	0.4	0.3
1 month	2.28	2.50	2.40	6.0	2.5	2.0
2 months	2.23	2.50	2.35	12.7	5.4	4.4
3 months	2.17	2.50	2.30	25.5	11.1	9.3
6 months	2.17	2.50	2.30	51.7	22.5	19.9

Source: S&P Capital IQ; KPMG Corporate Finance analysis

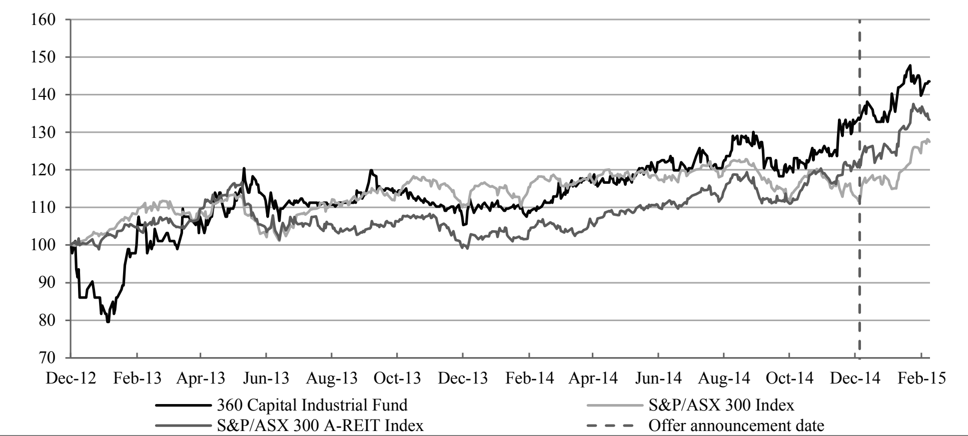
In relation to the VWAP analysis above, we note:

- during the six month period to 17 December 2014, 19.89% of issued TIX units were traded on a cumulative basis
- a large proportion of TIX units are held by 360 Capital, First Samuel and Tribeca Investment Partners Pty Ltd
- the VWAP of TIX units over the two months to 20 February 2015 was $2.62, with a cumulative volume of 5.3 million TIX units being traded during this period.

8.10.3 Relative TIX unit price performance

The figure below illustrates the performance of TIX units over the period from registration to 20 February 2015, relative to the A-REIT Index.

Figure 13: Relative Unit price performance



Source: S&P Capital IQ; KPMG Corporate Finance analysis

TIX is listed on the A-REIT Index, representing approximately 0.3% of the A-REIT Index in terms of market capitalisation.

In relation to TIX's trading price relative to the A-REIT Index and the 300 Index, we note the following observations:

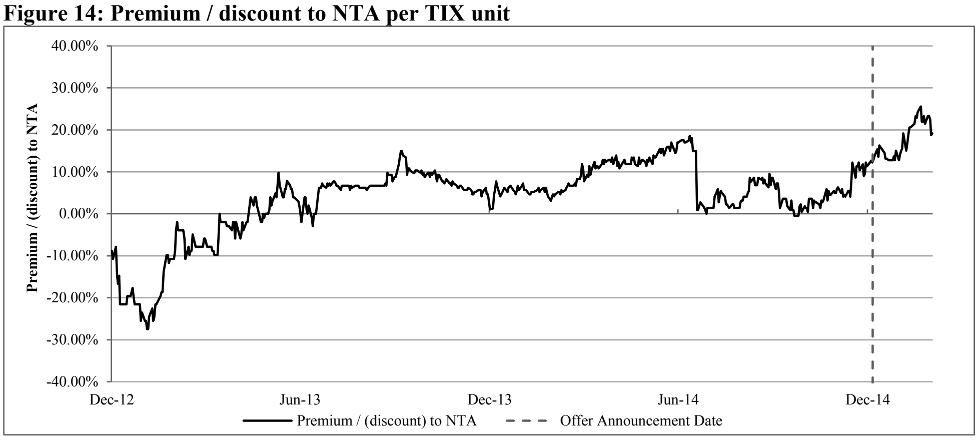
- during the period between December 2012 and March 2013, TIX units experienced a sharp decline in price, which was in part influenced by a qualified audit opinion in the financial results for the year ended 30 June 2012 which were released on 12 December 2012. The auditors had significant uncertainty regarding TIX's ability to remain a going concern, if there was to be a change in TIX responsible entity and the financier acted upon the potential event of default. The decline was followed with a strong recovery in price, back in-line with the A-REIT Index and 300 Index, due to interest rate management initiatives addressing its debt concerns and the release of positive half year financial results
- during the period between March 2013 and August 2014, the performance of TIX's Units has been relatively consistent with the performance of the A-REIT Index and outperformed the 300 Index
- from August 2014 onwards, TIX units have outperformed both the A-REIT Index and 300 Index. The outperformance may been influenced by investment property acquisitions with improvements in WALE during that period, and distribution and earnings upgrade guidance which was ahead of forecast.

An overview of the A-REIT industry and Australian industrial property sector are set out in Appendix 3 of this report.

8.10.4 TIX unit price relative to NTA

The figure below provides a historic comparison of TIX's unit price compared to its NTA per unit over the periods from registration to 20 February 2015.

Figure 14: Premium / discount to NTA per TIX unit



Source: S&P Capital IQ; KPMG Corporate Finance analysis

TIX's units traded at a discount to NTA during the period between December 2012 and May 2013 influenced by the consolidation of TIX units as outlined in Section 8.8 of this report and issue of a qualified audit opinion as outlined in Section 8.10.3 of this report. Subsequent to this period, TIX units have generally traded at a premium to NTA, with discounts being experienced in June 2013 and October 2014.

Based on the NTA recorded at 31 December 2014 of $2.19 per unit, the closing price at 20 February 2015 of $2.67 implied a premium to NTA of 21.9%. The average premium over the six-month period to 20 February 2015 was 9.8%. While difficult to quantify, reasons for the premium likely include the following:

- attractiveness of yield securities given the low Australian interest rate environment
- the lag between property valuations and reported NTA
- the impact of the Offer
- the considerable corporate activity which was taken place in the A-REIT sector over the period outlined above
- the market's perception regarding the outlook for further capitalisation rate compression in Australian industrial properties
- the market's perception regarding the outlook for rental growth rates in Australian industrial properties.

9 Profile of the Combined Group

9.1 Overview

Where the Offer results in the acquisition by TIX of 100% of ANI, the Combined Group, effectively being an expanded TIX will be formed. The Combined Group will be an externally managed domestic and sector focused A-REIT comprising an investment property portfolio of 38 industrial properties across Australia. The operating structure of the Combined Group will be the same as the existing TIX structure, as set out in Section 8.2 of this report.

In terms of market capitalisation, the Combined Group is expected to be one of the largest ASX-listed rent-collecting industrial A-REITs and may result in its inclusion in the S&P/ASX 200 Index.

A summary of the Combined Group's prospective asset portfolio is set out below.

Table 28: Combined Group investment property portfolio

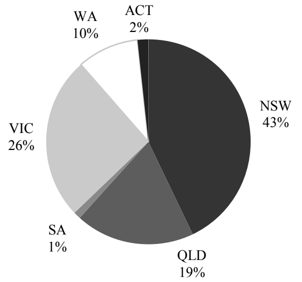
	At 31 December 2014
Number of properties	38
Portfolio value ($ million)	$846.5
NTA per unit	$2.18
Net lettable area (sqm)	698,186
Portfolio weighted average capitalisation rate (%)	8.15%
Portfolio occupancy	99.9%
Portfolio weighted average lease term by carrying value	5.7
Gearing[1]	44.0%
Responsible entity / management fee (per annum of gross asset value)	0.60%

Source: KPMG Corporate Finance analysis
Note 1: Gearing calculated as total interest bearing liabilities (excluding capitalised borrowing costs) less cash over total tangible assets less cash

The fee structure for the Combined Group will be in line with current the TIX fee structure as set out in Section 8.2.2 of this report. In accordance with the TIX Constitution, 360 Capital is entitled to a responsible entity/management fee of 0.65% per annum of the gross value of assets. If 360 Capital decides to change the management fee subject to the maximum limit from 0.60% to 0.65%, it will provide TIX unitholders with 30 days' prior notice. In addition, TIX pays a custodian fee to 360 Capital of 0.05% of gross asset value.

The geographic location of the Combined Group's investment property portfolio as at 31 December 2014, is illustrated in the figure below. Further details on each of the properties held by ANI and TIX are set out in Appendix 5 of this report.

Figure 15: Geographic location of Combined Group's investment property portfolio



Source: KPMG Corporate Finance analysis

9.1.1 Property management

Currently, 360 Capital outsources the property management function of the TIX portfolio to external property management specialists including Knight Frank, Colliers International and CBRE. The Combined Group will maintain the current TIX property management model, and will outsource the property management function in relation to the properties of ANI.

This approach to property management differs from that which is currently employed by Fife Capital Group, which is responsible for this function. In accordance with the PMAs, ANI may terminate Fife Asset Services on 12 months' notice or payment of 12 months' worth of fees, if Fife Funds is no longer the responsible entity of ANI.

9.2 Senior management and Board

The existing senior management team and board members from TIX are expected to continue as the senior management and board for the Combined Group. Further details regarding the composition of TIX senior management team and board members are set out in Section 8.4 of this report. TIX's responsible entity currently consists the same board of Directors as 360 Capital Group.

This structure differs from ANI, where ANI's independent directors have no other directorship roles in Fife Capital Group outside of their independent directorship position on the board of Fife Funds, as responsible entity of ANI.

9.3 Non-core asset sales

360 Capital has identified $47.3 million in non-core asset sales which 360 RE intends to sell within six to 12 months of acquiring ANI. The properties identified as non-core assets are set out in the table below (refer Section 5.5 of the Bidder's Statement for further details).

Table 29: Non-core asset sales

Property	Independent valuation ($ million)	Capitalisation rate (%)	WALE (years)
324-332 Frankston-Dandenon Road, Dandenong South VIC	25.0	8.00%	2.0
49 Temple Drive, Thomastown VIC	13.0	8.75%	1.5
2 Keon Parade, Keon Park VIC	9.3	9.00%	1.5
Total	**47.3**	**8.80%**	**1.8**

Source: Fife Funds

9.4 Impact on earnings and distributions of ANI Unitholders as part of the Combined Group

We have also considered the impact of acceptance of the Offer by ANI Unitholders to their entitlement to FY15 and FY16 EPU and DPU, assuming TIX achieves 100% ownership of ANI. We set out below the EPU guidance provided by ANI relative to EPU per unit applied under the Scrip Ratio.

Table 30: ANI EPU and DPU guidance relative to equivalent in Combined Group

Cents per unit unless otherwise stated	EPU	DPU[1] Bidder's Statement	DPU[2] Second Supple--mentary Bidder's Statement
FY15			
ANI guidance	19.4	18.2	18.2
Combined Group pro forma[3]	21.3	20.2	20.5
ANI equivalent	18.9	18.0	18.2
Accretion / (dilution) to ANI guidance	(0.5)	(0.2)	-
Accretion / (dilution) to ANI guidance (%)	(2.4%)	(1.2%)	0.0%
FY16 - Assuming sales of non-core assets occur on 31 March 2016			
ANI guidance	20.4	19.2	19.2
Combined Group pro forma[3]	22.3	21.3	21.5
ANI equivalent	19.8	19.0	19.2
Accretion / (dilution) to ANI guidance	(0.6)	(0.2)	-
Accretion / (dilution) to ANI guidance (%)	(2.9%)	(1.3%)	0.0%
FY16 - Assuming sales of non-core assets occur on 1 July 2015			
ANI guidance	20.4	19.2	19.2
Combined Group pro forma[3]	21.2	20.1	20.5
ANI equivalent	18.9	17.9	18.2
Accretion / (dilution) to ANI guidance	(1.5)	(1.3)	(1.0)
Accretion / (dilution) to ANI guidance (%)	(7.5%)	(6.6%)	(5.2%)

Source: Target's Statement; KPMG Corporate Finance analysis
Note 1: Combined Group pro forma DPU based on the Bidder's Statement assumes a payout ratio of 95%
Note 2: Combined Group pro forma DPU based on the Second Supplementary Bidder's Statement assumes a payout ratio of 96.5%
Note 3: Combined Group pro forma EPU assumes that cost savings equating to 3bps of gross asset values are achieved, as indicated in the Bidder's Statement

In relation to the ANI's equivalent EPU and DPU relative to guidance, we note:

- ANI EPU guidance is based on distributable earning, which is not materially different from the Combined Group EPU which is on the basis of operating earnings
- the ANI equivalent EPU and DPU based on the Combined Group's estimated, adjusted to reflect an ANI Unitholder's equivalent at the Scrip Ratio of 0.89 TIX units
- the Offer, on all bases assessed, will result in dilution of EPU and DPU for FY15, and a dilution of FY16 EPU for ANI Unitholders, with the level of dilution varying depending on the timing of 'non-core' asset sales
- the Combined Group pro forma EPU assumes that cost savings equating to 3bps of gross asset values are achieved, as indicated in the Bidder's Statement. Should these savings not be achieved, the extent of EPU dilution will be greater
- as outlined in Section 9.3 of this report, 360 Capital has outlined its intention to dispose of three properties that it considers to be 'non-core', and for the purpose of assessing the impact on EPU, has assumed that this occurs on 31 March 2016. The outcome of the disposal will result in dilution of ANI's FY16 EPU by approximately 2.5%
- given the uncertainty as to the timing of the sale of non-core assets, EPU dilution has been calculated assuming that the sale of these assets takes place on 1 July 2015. This scenario demonstrates that the full-year impact on EPU from disposal of these properties would be a dilution of approximately 7.5%. We note, however, that the dilution which results from the sale of these properties could be reduced in the event that the capital proceeds received upon sale are redeployed to acquire other investment properties
- the forecast EPU and DPU figures set out above do not include the reinvestment by ANI Unitholders of the net of tax proceeds from the Cash Payment
- given that DPU is a function of the payout ratio selected by the responsible entity, EPU represents is the more meaningful measure of financial performance. We note that ANI guidance DPU is based on a payout ratio of 95%, whereas Combined Group pro forma DPU (and therefore the ANI equivalent) is based on the Second Supplementary Bidder's Statement released by 360 Capital on 23 February 2015 a payout ratio of 96.5%, which has been increased from the 95% assumed in the Bidder's Statement. The increase in the payout ratio has reduced the dilution in DPU, whilst the dilution in EPU remains.

9.5 Pro forma financial position

The table below reflects the pro forma financial position for the Combined Group as at 31 December 2014 based on information set out in Section 6.4.4 of the Bidder's Statement and Section 7.3 of the Target's Statement (including a description of assumptions and adjustments made).

Table 31: Pro forma financial position

As at 31-Dec-14 $ million unless otherwise stated	Unaudited pro forma TIX stand-alone	Unaudited pro forma ANI stand-alone	Unaudited pro forma Combined Group[1]
Current assets			
Cash	1.0	1.5	2.5
Trad and other recievables	2.2	0.9	3.1
Total current assets	3.2	2.4	5.5
Non-current assets			
Investment properties (including rental guarantees)	526.0	320.0	846.0
Rental guarantees	-	0.1	0.1
Goodwill	-	-	30.3
Total non-current assets	526.0	320.1	876.4
Total assets	**529.2**	**322.5**	**881.9**
Current liabilities			
Trade and other payables	4.5	2.5	6.9
Distribution payables	-	8.3	8.3
Total current liabilities	4.5	10.8	15.1
Non-current liabilities			
Interest bearing liabilities	251.2	113.8	376.5
Derivative financial instruments	0.2	-	0.2
Total non-current liabilities	251.4	113.8	376.7
Total liabilities	**255.9**	**124.6**	**391.8**
Net assets	**273.3**	**197.9**	**490.0**
Equity			
Issued equity	330.5	188.9	557.9
Reserves	-	-	-
Other	-	-	-
Retained earnings	(57.2)	9.0	(67.8)
Total equity	**273.3**	**197.9**	**490.1**
Statistics			
Number of units on issue (million)	*124.9*	*96.3*	*210.6*
NTA per unit ($)[2]	*2.19*	*2.06*	*2.18*
NTA per equivalent ANI Unit ($)[2]	-	-	*1.94*
Gearing[3]	*47.4%*	*35.0%*	*44.0%*
Loan to value ratio[4]	*47.8%*	*35.5%*	*44.5%*

Source: Bidder's Statement; Target's Statement
Note 1: Combined Group pro forma financial position prior to sale of non-core assets
Note 2: NTA per unit calculated as net tangible assets over units on issue
Note 3: Gearing for the Combined Group has been calculated as interest bearing liabilities (less capitalised borrowing costs) less cash over total tangible assets (excluding intangibles) less cash. Gearing as defined by ANI is the interest bearing liabilities less cash divided by total assets less cash
Note 4: Loan to value ratio calculated as interest bearing liabilities over total value of investment properties

In relation to the pro forma financial position for the Combined Group, we note:

- the unaudited pro forma TIX stand-alone 31 December 2014 financial position has been adjusted for events post 31 December 2014 as if they had occurred at 31 December 2014
- the unaudited pro forma ANI stand-alone 31 December 2014 financial position has been adjusted for events that have occurred post 31 December 2014 as if they had occurred at 31 December 2014

- pro forma gearing for the Combined Group is expected to be 44.0% which sits at the top end of selected listed A-REITs. For further detail relating to gearing for comparable A-REITs, refer to Appendix 4 of this report.

The Combined Group pro forma financial position has been prepared on the following basis:

- the Offer completes on 31 December 2014
- the acquisition of 100% of ANI by TIX is consolidated as a business combination
- the sale of the non-core assets occurs post acquisition and for clarity are not in the pro forma numbers.

9.6 Risk profile of the Combined Group

The ANI Unitholders are currently subject to a set of risks associated with the underlying assets and operations of ANI. The acceptance of the Offer, and formation of the Combined Group, will result in ANI Unitholders being subject to the risk profile of the Combined Group.

General risks

According to the intentions of 360 Capital outlined in Section 5 of the Bidder's Statement, the business activities of the Combined Group will involve operating as an externally managed A-REIT, holding a portfolio of industrial property assets. These activities are not fundamentally different to the current activities of ANI and TIX. The general risks which unitholders of the Combined Group will be exposed to are therefore expected to be similar to those which ANI Unitholders are exposed to currently, including general economic and property industry specific risks. These general risks are detailed in Section 8 of the Bidder's Statement and Section 6.8 of the Target's Statement.

Change in risk and operational profile should the responsible entity of ANI be replaced

Should the Bidder succeed in replacing the responsible entity of ANI, Fife Funds, with 360 Capital RE, then a detailed review will be conducted to determine actions and strategies to be undertaken in respect of ANI. This may include discontinuing existing property management, development and other ancillary arrangements. The potential operational changes and risks associated with these changes include the following:

- 360 Capital RE will receive the same management fees as currently paid to Fife Funds, being 0.60% per annum of the gross value of ANI's assets. We note that 360 Capital is currently entitled to a maximum management fee for its role as responsible entity of TIX of 0.65% per annum of the gross value of the assets of TIX during the relevant year. 360 Capital RE is able to change this rate, subject to the maximum limit of 0.65% after providing TIX 65nitholders within 30 days' prior notice
- should existing property management arrangements be discontinued, it is likely that the property manager of the ANI portfolio will be replaced by third party property managers, as is currently the case with the TIX portfolio. With regard to this change we note the following:

  - replacement of existing property managers may result in the loss of existing relationships with tenants. This may diminish the effectiveness in achieving optimal re-leasing outcomes in the future
  - the Bidder's Statement compares the property management fees currently charged by Fife Funds, being 3% of gross income, to the property management fees of TIX which averages 1.3% of gross income across the portfolio. It also notes that there are differences in the proportion of these fees which are recoverable from tenants. It is not clear whether this is a 'like-for-like' comparison as the recoverability of outgoings from tenants is, in many cases, negotiated as part of the broader lease negotiation, meaning that comparing this component in isolation may not provide an appropriate basis upon which to compare the all-in rental income generated from leased properties net of management fees paid
- a change in the responsible entity may change the availability of the development pipeline opportunities. For ANI, under the Co-operation Deed, Fife Capital Group provides ANI with opportunities and has 'built-to-suit' development capability. This source of pipeline opportunities may not be available to the Combined Group. 360 Capital do not have a track record of 'built-to-suit' developments and does not undertake any development activity in its own right with the exception of existing building expansions with pre-commitment from tenants. TIX according to Section 2.5.4 of the Bidder's Statement has an exclusive first right of refusal over the industrial properties developed by Walker Corporation until 2017.

Change in gearing

The pro forma financial position gearing of the Combined Group is 44.0%[24], which is higher than ANI's stated target gearing policy of 25% to 40% and its pro forma financial position gearing as at 31 December 2014 of 35.0%.

The actual financial position gearing of the Combined Group will depend on the extent of asset sales that 360 Capital has stated it intends to make following implementation of the Offer and assumes that TIX acquires 100% of ANI units.

Higher levels of gearing magnify the impact of changes in interest rates, increase the risk of breaching covenants and increases the risk associated with refinancing or repaying debt facilities as they fall due. If debt facilities are unable to be refinanced or repaid when they are due this could lead to equity raisings, asset disposals for a lower market value than could otherwise have been realised, or the entering into of new debt facilities on less favourable terms.

Both ANI and TIX manage exposure to interest rate risk (to varying degrees) by entering into interest rate hedging instruments. Whilst not explicitly stated in the Bidder's Statement, it would appear likely that the Combined Group will manage this risk in a manner similar to that currently adopted by TIX.

[24] Gearing has been calculated prior to sale of non-core assets

Change in portfolio WALE

The WALE of the Combined Group's property portfolio is 5.7[25] years as at 31 December 2014. This compares favourably to the WALE of ANI's portfolio at this date of 4.6 years.

An increase in portfolio WALE reduces the risk associated with lease expiries and the negative impact that this can have on earnings.

Disposal of 'non-core' assets

The Bidder's Statement indicates that 360 Capital RE has identified 'non-core' assets which it will endeavour to sell within six to 12 months of acquiring ANI. The carrying value of these properties as at 31 December 2014 totalled $47.3 million, and had WALEs ranging between 1.5 to 2.0 years.

Whilst the objective of this strategy is to reduce the lease expiry risk within the portfolio, disposal of these properties at low WALEs may increase the risk that they are sold at prices which are below their respective carrying values, including the potential loss of the opportunity to re-lease with a possible re-rating and value uplift.

9.7 Consequences if TIX acquires less than 100% of ANI

Should TIX acquire less than 100% of ANI, remaining ANI Unitholders will be exposed to the following events:

- in the event that a member of the 360 Capital Group is the responsible entity for both ANI and TIX, and ANI remains listed, it is unclear how the responsible entity would manage conflicts between ANI and TIX. The Bidder's Statement outlines that the responsible entity would put in arrangements to deal with this situation but does not specify such arrangements
- if a 360 Capital RE is appointed as responsible entity of ANI, 360 Capital Group would potentially be entitled to receive two fees for managing the same assets. That is a fee would be received for managing ANI based on the value of ANI's gross asset value and a fee may be received for managing TIX based on the value of TIX's gross asset value, including the value of any ANI Units that TIX owns.

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[25] KPMG Corporate Finance calculation based on area (sqm)

10 Financial evaluation of the Offer

10.1 Overview

In our opinion, for the Offer to be fair, it is necessary for the Offer Consideration, on the basis of an acquisition of 100% of ANI[26], including the Cash Payment, to sufficiently compensate ANI Unitholders for:

- the exchange of each ANI Unit for 0.89 TIX units
- the transfer of benefits associated with control of ANI.

In assessing whether the above criteria is satisfied, we consider a 'like-for-like' approach to be appropriate as:

- both ANI and TIX are passive, externally managed REITs, with the properties of each trust being carried at air value (which approximates market value)
- the underlying assets held by each entity have similar characteristics
- ANI's net assets would represent greater than 40% of the assets of the Combined Group, thereby comprising a material proportion of the Combined Group
- ANI Unitholders would similarly hold greater than 40% of the units in the Combined Group, again representing a material proportion
- distortions can arise from mismatches in timing when analysing the trading prices of the unit of each trust.

Our primary approach has been to consider the relative values of ANI and TIX on an adjusted NTA basis as we consider that these values are representative of the underlying value of the assets held by each entity.

We have compared the ratio implied by these relative values to the Scrip Ratio under the Offer Consideration, after adjusting for the Cash Payment.

In order to cross-check the conclusion based on our primary approach, we have also assessed the fairness of the Offer by reference to the recent trading prices of ANI Units and TIX units.

10.2 Adjusted NTA

In assessing the relative values of ANI and TIX, we have applied a SOTP approach. Under this approach, the values of ANI and TIX have been determined based on the aggregate of the market value of underlying properties of each, and adjusted for the capitalised value of corporate overhead costs, other assets and liabilities, and net debt. These values have then been compared on a per unit basis in order to assess whether the value attributable to ANI Unitholders under the Offer is sufficient.

[26] RG 111 requires the assessment of fairness to assume 100% ownership of the target.

10.2.1 NTA

For the purpose of this assessment, we have relied upon the pro forma balance sheets of ANI and TIX as at 31 December 2014, as set out below.

Table 32: NTA

As at $ million	ANI 31-Dec-14 Pro forma	TIX 31-Dec-14 Pro forma
Cash	1.5	1.0
Investment properties	320.4	526.0
Other assets	0.6	2.2
Total assets	**322.5**	**529.2**
Interest bearing liabilities	(113.8)	(251.2)
Other liabilities	(10.8)	(4.7)
Total liabilities	**(124.6)**	**(255.9)**
NTA	**197.9**	**273.3**

Source: Target's Statement; Bidder's Statement

Investment properties

The net asset values of ANI and TIX are largely dependent on the value of the underlying investment properties. The investment properties are carried on the balance sheet at fair value (which approximates market value), based on the Directors' assessment. This assessment takes into account the latest independent valuations[27], which are generally prepared annually, and consider several factors, such as projected rental and vacancy rates, property operating expenses, capital expenditure and interest rates, changes in tenants, changes in competitors, changes in operating costs and any significant adverse changes in legal factors or business climate. In determining the fair value, property valuers typically use a number of methodologies including the capitalisation of net income method, the discounting cash flow method and direct comparison to determine individual property values.

As at 31 December 2014, the carrying value of ANI's property portfolio was $320.4 million (including rental guarantees and costs to complete of $0.4 million and $0.1 million respectively), representing 99.2% of total assets.

KPMG Corporate Finance has relied on the Directors' assessment of fair value and the independent valuations conducted by third party valuers for the purposes of this report, and did not undertake its own valuations of the properties. KPMG Corporate Finance has undertaken a review of the independent valuations for ANI only[28], as set out below.

[27] Refer to Appendix 5 for further detail regarding the property portfolios of ANI and TIX, including the date of the most recent independent valuations for each property.

[28] As typically occurs in a transaction of this nature, we have not had access to TIX's valuation reports.

Table 33: ANI Independent valuation reports reviewed

Property location	Valuer	Value as at 31-Dec-14 ($'000)	% of portfolio
New South Wales			
75 Owen Street, Glendenning	Jones Lang LaSalle's	6,775	2.1%
6 MacDonald Road, Ingleburn	Jones Lang LaSalle's	16,750	5.2%
10 Williamson Road, Ingleburn	CBRE	33,300	10.4%
12 Williamson Road, Ingleburn	CBRE	32,500	10.1%
92-98 Cosgrove Road, Enfield	Jones Lang LaSalle's	36,000	11.2%
30 Clay Place, Eastern Creek	CBRE	15,000	4.7%
74-94 Newton Road, Wetherill Park	Jones Lang LaSalle's	23,900	7.5%
29 Glendenning Road, Glendenning	Jones Lang LaSalle's	32,750	10.2%
52-74 Quarry Road, Erskine Park	CBRE	13,950	4.4%
Victoria			
24-32 Stanley Drive, Somerton	m3property	26,500	8.3%
9 Fellowes Court, Tullamarine	m3property	3,250	1.0%
324-332 Dandenong Road, Dandenong South	m3property	25,000	7.8%
2 Keon Parade, Keon Park	m3property	9,300	2.9%
49 Temple Drive, Thomastown	m3property	13,000	4.1%
Western Australia			
99 Quill Way, Henderson	m3property	16,200	5.1%
23 Selkis Road, Bibra Lake	m3property	16,300	5.1%
Total		**320,475**	**100.0%**

Source: Independent valuation reports

Based on a review of these reports, we have concluded that:

- the property valuers were independent of ANI
- the engagement instructions were appropriate and did not limit the scope of the valuations
- the property valuations were completed by reputable valuation companies and by valuers who have the appropriate qualifications in accordance with the standards of the Australian Property Institute
- the valuation methods used appear to be consistent with those generally applied in the industry, with the valuation conclusions selected having regard to the results of each methodology.

We note our review does not imply that the valuations have been subject to any form of audit or due diligence.

In addition, we note that the valuations:

- assume that the properties are sold on an individual basis (and not sold in one line)
- the property valuations incorporate property management fees in relation to each property net of the recovery of these costs from tenants
- allow for selling costs, in accordance with normal property valuation methodologies.

On this basis, KPMG Corporate Finance considers that the valuations of the investment properties are not unreasonable and are therefore appropriate for use in a net assets based valuation approach.

As at 31 December 2014, and including the Zillmere Road, Boondall property which settled post balance date, the carrying value of TIX's property portfolio was carried at $526.0 million, representing 99.4% of total assets. We note that four properties do not appear to have been independently valued, however, have been acquired recently, with one acquired in July 2014, one in September 2014 and two in December 2014 (refer to Appendix 5 for further details). We have not had access to the independent valuations of the properties held by TIX, are have therefore relied on the carrying values stated in the Bidder's Statement in our assessment of the adjusted NTA value of TIX. We note on 3 November 2014, 360 Capital announced that independent valuations as at 31 October 2014 had been completed for 11 of TIX's property portfolio (representing 70% of the portfolio by value).

Further detail regarding the property portfolios of ANI and TIX, including the date of the most recent independent valuations for each property, is set out in Appendix 5.

Interest-bearing liabilities

At 31 December 2014, interest bearing liabilities are carried at either fair value or amortised cost and KPMG Corporate Finance considers such values reasonable for the purpose of assessing the adjusted NTA of ANI and TIX.

Other assets and liabilities

At 31 December 2014, other assets and liabilities have been recorded at face value and KPMG Corporate Finance considers such values reasonable for the purpose of assessing adjusted NTA of ANI and TIX.

10.2.2 Capitalised overhead costs

ANI and TIX incur ongoing corporate overhead costs which include:

- responsible entity fees and custodian fees
- corporate overheads in relation to share registry fees, administrative fees, professional fees and insurance.

The independent property valuations reflect only costs associated with the management of the properties and do not reflect any corporate overhead costs. We therefore consider it appropriate to adjust the NTA values of ANI and TIX to reflect the capitalised value of these costs.

In assessing the capitalised value of these costs, we have estimated the full year corporate overhead costs for ANI and TIX by reference to the pro forma financial information contained in the Target's Statement, and publicly available information. Our estimate of the costs for ANI and TIX are $2.6 million and $4.7 million respectively. These estimates are based on responsible entity and custodian fees as a percentage of gross asset value and overhead costs for ANI from ANI management, and for TIX in accordance with the Section 10 of the Bidder's Statement.

We have capitalised these estimates at a multiple of 8 times, which is consistent with multiples typically applied for costs of this nature in the context of A-REITs, and consistent with multiples applied in other independent expert reports involving A-REITs. The calculation of the value of capitalised costs is set out below.

Table 34: Capitalised overhead costs

$ million unless otherwise stated	ANI	TIX
Estimated overhead costs (per annum)	2.6	4.7
Capitalisation multiple (times)	8.0	8.0
Capitalised overhead costs	**20.8**	**37.6**

Source: KPMG Corporate Finance analysis

We have assessed the value of capitalised costs for ANI and TIX to be $20.8 million and $37.6 million respectively. We have deducted these amounts from the respective NTA values of each trust.

We note that an acquirer of 100% of ANI would be able to save a certain proportion of corporate overhead expenses, however, given that valuations of ANI and TIX are being prepared on a 'like-for-like' basis, we have not considered such synergies.

10.2.3 Adjusted NTA

We have assessed the adjusted NTA of ANI and TIX on a per unit basis to be $1.84 and $1.89 respectively, as set out below.

Table 35: Adjusted NTA per unit

$ million unless otherwise stated	ANI	TIX
NTA	**197.9**	**273.3**
Less: Capitalised overhead costs	(20.8)	(37.6)
Adjusted NTA	**177.1**	**235.7**
Units on issue (million)	96.3	124.9
Adjusted NTA per unit ($)	**1.84**	**1.89**

Source: KPMG Corporate Finance analysis

10.2.4 Adjusted NTA under the Offer

Should the Offer be accepted, ANI Unitholders will receive the Offer Consideration and Cash Payment (0.89 TIX units and 3 cents per ANI Unit (pre-tax)). In order to assess whether a premium is received by ANI Unitholders under the Offer, we have compared the adjusted NTA per ANI Unit to the adjusted NTA per equivalent ANI Unit based on the Scrip Ratio, together with the Cash Payment.

Table 36: Comparison of adjusted NTA per unit

$ unless otherwise stated	
Adjusted NTA per TIX Unit	1.89
Scrip Ratio (ratio)	0.89
Adjusted NTA per ANI Unit under the Scrip Ratio	**1.68**
Add: Cash Payment per ANI Unit	0.03
Total adjusted NTA and Cash Payment per ANI Unit under the Offer	**1.71**
Adjusted NTA per ANI Unit	1.84
Premium/(Discount)	**(0.13)**
Premium/(Discount) (%)	**(7.0%)**

Source: Target's Statement; Bidder's Statement; KPMG Corporate Finance analysis

The assessment set out above indicates that, the adjusted NTA value per ANI Unit is greater than what will be received under the Offer. This analysis indicates that ANI Unitholders receive no control premium under the Offer.

10.2.5 Premium for control

RG 111 requires that in assessing the fairness of the Offer, it is necessary to consider the extent to which a premium for control may be appropriate.

It is commonly accepted that acquirers of 100% of a business should pay a premium over the value implied by the trading price of a security to reflect their ability to obtain control over the target's strategy and operations, as well as extract synergies from integration. The level of premium observed in takeovers varies, depending largely on the circumstances of the target, competitive tension in the sales process and the level of synergies available. Observations from transaction evidence indicate that takeover premiums are generally in the range of 20 to 35 percent[29] for completed takeovers. In transactions where it was estimated that the combined entity would be able to achieve significant synergies, the takeover premium was frequently estimated to be in excess of 30 percent. Takeover premiums vary significantly and include:

- pure control premium in respect of the acquirer's ability to utilise their control over the cash flows of the target entity
- synergies that an acquirer is able to extract from the acquisition
- desire (or anxiety) for the acquirer to complete the transaction.

In assessing the extent to which a control premium is appropriate in valuing ANI Units, we have considered the following factors:

- ANI is a passive, externally managed REIT, with approximately 99.2% of its assets comprising investment properties. Investment properties typically do not command a significant control premium as the values of the underlying properties are assessed on a control basis, and potential acquirers are generally unable to extract significant synergies from these types of assets. We note, however, that

[29] Based on analysis of transactions between 2000 and 2015 sourced from Connect4

there may be both a portfolio benefit and development opportunity which would not be reflected in the individual carrying values of the properties

- ANI currently incurs annual overhead costs which include responsible entity fees, share registry fees, administrative fees, professional fees and insurance. A proportion of these costs could be saved by an acquirer within the A-REIT sector, thereby representing generally available synergies. Whilst an acquirer may not wish to 'pay away' the entire value of these synergies, it is reasonable to expect that in a control transaction, ANI Unitholders should be compensated to some extent for these synergies. In this regard we note that there is no reduction in the responsible entity fees notwithstanding the scale benefit that will accrue to 360 Capital from the Offer. We note that a number of other listed A-REITs have fee structures whereby the rate at which management fees are charged decreases as the gross asset value of the fund exceed certain levels
- an acquirer would achieve a significant reduction in transaction costs by acquiring the combined ANI property portfolio as opposed to acquiring each of these properties individually. These savings would be due to the effective reduction/non-payment of stamp duty, amounting to approximately $14 million[30] based on the carrying value of ANI's properties at 31 December 2014
- ANI's pro forma gearing of 35.0% is broadly consistent with the gearing ratios of a number of market participants (refer to Appendix 4). An acquirer with an operating strategy which includes a higher target gearing range, as does TIX, can benefit from acquiring an entity with relatively lower gearing as this could potentially increase its borrowing capacity. This represents a potential benefit to an acquirer of ANI, and it may be reasonable for ANI Unitholders to be compensated for this benefit
- the Offer is primarily scrip which increases the risk for ANI Unitholders in realising value should they wish to exit their investment post-transaction, relative to an offer involving entirely cash consideration. Investors typically seek a higher premium to compensate for this increased risk
- the implied premiums paid in control transactions involving A-REITs during 2014 range between 6.4% to 22.8%. These premiums have been calculated based on the one month VWAPs of each target entity prior to announcement of the relevant transaction (or notable corporate activity), as detailed in Appendix 4 of this report.

Given the factors outlined above, we consider it appropriate for a premium for control to apply to ANI. We are of the view that a premium would be applicable to reflect the value attributable to the potential benefits an acquirer is likely to be able to receive by gaining control of ANI.

10.3 Recent trading activity

Given that the units of ANI and TIX are both listed on the ASX, we consider that the recent trading activity in the respective units provides another reference point by which to assess the value of the consideration under the Offer.

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[30] Based on KPMG Corporate Finance analysis of applicable stamp duty costs

We consider that it is important to undertake this assessment given that the externally managed trusts within the A-REIT Index are currently trading at an average premium to NTA of approximately 20%[31].

In undertaking this assessment, we have analysed the recent VWAPs of ANI Units and TIX units as set out below.

Table 37: Recent trading activity of ANI Units

Period	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 20 February 2015				
1 week	2.32	2.72	1.17	1.22
1 month	2.30	14.66	6.37	6.61
2 months	2.29	17.90	7.83	8.13
Period ended 17 December 2014 (prior to announcement of the Scheme Proposal)				
1 week	2.25	2.24	1.00	1.03
1 month	2.17	22.42	10.31	10.71
2 months	2.15	29.00	13.47	13.99
3 months	2.14	53.98	25.27	26.25
6 months	2.10	83.30	39.64	41.22

Source: S&P Capital IQ; KPMG Corporate Finance analysis

Table 38: Recent trading activity of TIX units

Period	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 20 February 2015				
1 week	2.66	1.41	0.53	0.42
1 month	2.67	8.17	3.06	2.46
2 months	2.62	13.92	5.32	4.30
Period ended 17 December 2014 (prior to announcement of the Scheme Proposal)				
1 week	2.46	1.01	0.41	0.34
1 month	2.40	6.02	2.51	2.05
2 months	2.35	12.66	5.39	4.42
3 months	2.30	25.49	11.09	9.31
6 months	2.30	51.71	22.46	19.89

Source: S&P Capital IQ; KPMG Corporate Finance analysis

With regard to the analysis set out above, we note the following:

- The VWAPs of both ANI Units and TIX units increased during the six month period ended 17 December 2014 and the two month period ended 20 February 2015. These increases are consistent with the trend which has occurred in the broader A-REIT Index, which increased by 10.17% and 7.85% during these periods respectively

[31] Refer to Appendix 4 for details of market capitalisation to NTA ratios of the constituents of the A-REIT Index

- the trading activity in ANI Units has consistently been greater than in TIX units in terms of cumulative value, cumulative volume and as a percentage of issued capital
- the VWAPs based on the period subsequent to announcement of the Scheme Proposal, being the first formal public indication to the market of corporate activity involving ANI and one day prior to announcement of the Offer, is likely to reflect a combination of the following factors:
  - market expectations regarding the Offer
  - the announcement and timing of upgraded FY15 earnings guidance and the release of FY16 earnings guidance by ANI and TIX
  - announcement of property revaluations for both TIX and ANI
  - the release of half year results by ANI and TIX.

Based on the above analysis, we have estimated the implied Offer price, including the Cash Payment, with reference to the VWAPs of TIX units. We have compared these implied values to the VWAPs of ANI Units in order to assess the implied premium or discount. This assessment is set out below.

Table 39: Implied Offer premium/discount

Period	TIX VWAP $	Implied Offer price (Scrip Ratio) $	Implied Offer price including Cash Payment $	ANI VWAP $	Implied Offer premium/(discount) incl. Cash Payment %
Period ended 20 February 2015					
1 week	2.66	2.37	2.40	2.32	3.6%
1 month	2.67	2.38	2.41	2.30	4.5%
2 months	2.62	2.33	2.36	2.29	3.3%
Period ended 17 December 2014 (prior to announcement of the Scheme Proposal)					
1 week	2.46	2.19	2.22	2.25	(1.5%)
1 month	2.40	2.14	2.17	2.17	(0.4%)
2 months	2.35	2.09	2.12	2.15	(1.5%)
3 months	2.30	2.05	2.08	2.14	(2.8%)
6 months	2.30	2.05	2.08	2.10	(1.1%)

Source: S&P Capital IQ; KPMG Corporate Finance analysis

With regard to the above, we make the following observations:

- the comparison of VWAPs for the period ended 17 December 2014 implies discounts for each period
- the comparison of VWAPs for the period ended 20 February 2015 implies premiums in the range of 3.3% to 4.5%. If taken at face value, this indicates that a premium is being received by ANI Unitholders under the Offer. However, we note that the following factors also need to be considered:
  - the liquidity in TIX units is low relative to ANI Units. In terms of the percentage of issued capital traded, the percentage traded in ANI Units is between 1.89 to 2.87 times that of TIX units for corresponding periods. We consider that the relatively low liquidity of TIX units reduces the reliability of its trading prices as a measure of value, thereby reducing the achievability and realisation of the implied premiums

- given that the consideration under the Offer is comprised almost entirely of scrip, there is a lower degree of certainty as to the value which will be received by ANI Unitholders relative to an all cash offer. In addition, there is uncertainty as to the extent to which ANI Unitholders will be able to realise the implied premium should they accept the Offer, as the premium received will depend upon market factors such as prevailing market prices, liquidity and market depth of TIX units.

Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Ian Jedlin and Sean Collins. Ian is an Associate of the Institute of Chartered Accountants in Australia and a Senior Fellow of the Financial Securities Institute of Australasia and holds a Master of Commerce from the University of New South Wales. Sean is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Chartered Institute of Securities and Investments in the UK and holds a Bachelor of Commerce degree from the University of Queensland. Both Ian and Sean have a significant number of years' experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Offer is fair and reasonable ANI Unitholders. KPMG Corporate Finance expressly disclaims any liability to any ANI Unitholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Target's Statement or any other document prepared in respect of the Offer. Accordingly, we take no responsibility for the content of the Target's Statement as a whole or other documents prepared in respect of the Offer.

We note that the forward-looking financial information prepared by the Company does not include estimates as to the potential impact of any future changes in taxation legislation in Australia and New Zealand. Future taxation changes are unable to be reliably determined at this time.

Independence

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of ANI for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Target's Statement to be issued to the ANI Unitholders. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Declarations

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (APESB). KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- the Target's Statement
- the Bidder's Statement
- annual reports for the period ended 30 June 2014 and interim financial report for half year 31 December 2014 for ANI
- annual reports for the periods ended 30 June 2012, 2013 and 2014 and interim financial report for the half year ended 31 December 2014 for TIX
- company presentations and ASX announcements of ANI and TIX
- annual reports, company presentations and news releases of comparable companies
- various broker notes in relation to ANI and TIX
- industry reports including:
  - IBISWorld industry reports
  - Colliers research and forecast report – Australia & New Zealand second half year 2014
- data providers including S&P, Capital IQ and Connect 4.

Non-public information provided by ANI:

- Board papers and other internal briefing papers prepared by ANI and their advisers in relation to the Offer
- Other confidential documents, presentations and workpapers
- external property valuations for ANI properties.

In preparing this report, we have held discussions with, and obtained information from, senior management of Fife Capital Group, the IBC and their advisers.

Appendix 3 – Industry overview

ANI is an A-REIT which specialises in the investment in Australian industrial properties.

In order to provide context regarding the current economic and industry factors which are relevant to ANI and TIX, we have set out below an overview of the A-REIT and the Australian industrial property sectors.

A-REIT sector

A-REITs are trust structures that provide security holders with the opportunity to invest in a vehicle which holds investments in property assets, both domestically and internationally.

At 13 February 2015, the market capitalisation of the A-REIT Index was $117.6 billion. The A-REIT Index comprises 27 constituents, with ANI representing approximately 0.2% of the index.

A-REITs invest in a range of properties in various sub-sectors and geographic locations. Investors generally evaluate A-REITs by assessing the security of the income, the quality of the individual properties and tenants, the length of tenant leases, the level of gearing and the quality of management. The relative risk of these elements will generally be reflected in the yield of individual A-REITs.

A-REITs are often sector-specific, concentrating on a particular sector of the property market. A-REITs that invest across several sectors are known as diversified A-REITs. The sectors within property market and the type of properties within each are as follows:

- Industrial: investment in industrial warehouse and distribution properties
- Office: investment in office buildings and office parks
- Residential: investment in residential properties including housing, apartments and student housing properties
- Retail: investment in shopping malls, outlet malls, neighbourhood and community shopping centres
- Hotel: investment in properties that provide accommodation on a room and/or suite basis
- Bulky goods: investment in retail warehouse which contain white goods and hardware.

A-REITs may be able to access tax concessions (such as capital allowances and tax deferral on rental income) which are generally passed onto security holders through tax deferred distributions.

Historical performance

The diagrams below illustrates the relative performance of the A-REIT Index and the ASX 300 Index between the periods from 1 April 2009 to 20 February 2015.

Figure 16: A-REIT Index vs. ASX 300 Index

Source: S&P Capital IQ

The A-REIT Index has performed predominantly in-line with the ASX 300 Index between April 2009 and June 2014. As shown above, the A-REIT Index has outperformed the ASX 300 Index since mid-2014, as low interest rates and tightening of bond and cash rates have resulted in A-REITs benefitting from relatively high yield spreads. In Addition, A-REITs have benefitted from direct asset demand from offshore investors, mergers and acquisitions, and improved structures post recent internalisations.

Industrial property sector

The industrial property sector comprises firms engaging in the ownership and management of a wide range of industrial and commercial properties, such as warehouses and distribution centres, secondary production buildings and factories, logistics centres, agriculture and aquaculture buildings, mineral and resource processing facilities and commercial buildings, such as repair garages, mail sorting centres and petrol stations.

Recent performance

This sector has experienced subdued growth since the last 2000s, due to continued volatility in business confidence and a sluggish manufacturing industry, resulting in weak demand for industrial properties. Sector performance was particularly weak during 2009-10, as developers experienced difficulty in obtaining finance for new projects and demand contracted due to low levels of business confidence.

Moderate improvements to demand side conditions in recent years have driven sector growth with revenue growth in 2013-14 and 2014-15 are estimated to be 2.3% and 4.0% respectively. This improvement is attributed to an increased level of stability in the domestic economy and higher levels of consumer and business confidence, which has driven demand for warehousing, transport and logistics facilities.

The improvement in sector conditions is also evident in the increased level of transactions.

Outlook

IBISWorld estimates that sector revenue will grow at a compound annual growth rate (CAGR) of 2.7% over the five year period through to 2019-20. Demand for industrial processing, storage and distribution premises is expected to be supported by strong growth in merchandise trade, rising business inventories and the expansion of internet-based retailing activity, offsetting the continued tapering of the resources boom. These factors are underpinned by stabilising economic conditions and greater access to finance, encouraging consumer and business expenditure.

Structural change in the retail channel due to strong growth in online retail is forecast to drive demand for warehouse space close to transport links. Major retail chains have a strategic focus on establishing wide presence across online channel, while new entrants are capturing retail market by operating with a warehouse distribution centre only. The demand for logistics channels and warehousing activities drives industrial property demand for both construction and leasing activity.

Competition for assets and development opportunities is expected to increase, with larger participants being able to access local funds and foreign investment to capture a greater portion of market share.

Commercial and industrial property development

The companies in this industry are engaged in the development and construction of Commercial & Industrial non-residential buildings such as offices, factories, retail buildings, recreation buildings, hotels, and other business premises.

Recent performance and outlook

The Australian commercial and industrial property market has returned an estimated growth rate of 1.4% in 2014-15, as investment in these facilities strengthened. This investment has been driven by improving domestic and global consumption, low interest rates and stronger commercial property yields.

Despite this growth, the industry has continued to be impacted by the instability experienced in the global financial markets in the late 2000s, with annualised industry growth projected to remain flat for the five year period through 2014-15. The weakened demand for commercial buildings and the winding back of public spending on institutional buildings over this period has significantly reduced profit margins for operators in this industry. IBISWorld predicts that the value of work done in the commercial and industrial building market currently remains 21.4% below the record cyclical peak in 2007-08.

Higher occupancy rates and solid growth in Australia's labour force and household consumption are predicted to continue the growth pattern experienced over the past year, with IBISWorld forecasting growth at an annualised rate of 3.3% over the five years through 2019-20. This growth will primarily be driven by a resurgence in commercial building construction (notably hotels and office developments), as a result of low interest rate and improved liquidity conditions.

Appendix 4 – Market evidence

Comparable companies

The following table sets out the gearing for the A-REIT Index constituents, as at the latest reporting date.

Table 40: Gearing analysis for comparable companies

	Net debt[1] ($ million)	Total assets[2] ($ million)	Gearing[3] (%)
Australian Industrial REIT	112.3	321.0	35.0%
360 Capital Industrial Fund	222.2	504.4	44.4%
Industrial REITs			
BWP Trust	430.0	1,904.9	22.6%
Goodman Group	1,800.0	9,044.0	19.9%
Industria REIT	133.9	407.6	32.8%
Diversified REITs			
Abacus Property Group	464.4	1,859.0	25.0%
Astro Japan Property Group	468.4	946.3	49.5%
Charter Hall Group[4]	n/a	n/a	31.0%
DEXUS Property Group	2,917.5	9,736.8	30.0%
GPT Group	2,345.5	9,489.0	24.7%
Growthpoint Properties Australia	788.0	2,198.3	35.8%
Mirvac Group	2,492.8	9,962.3	25.0%
Stockland	2,748.0	12,419.0	22.1%
Office REITs			
Cromwell Property Group	983.9	2,352.1	41.8%
GDI Property Group Limited	154.6	725.3	21.3%
Investa Office Fund	931.9	3,130.2	29.8%
Retail REITs			
Charter Hall Retail REIT	601.0	1,925.0	31.2%
Federation Centres	1,153.5	4,988.1	23.1%
Novion Property Group	2,813.0	9,370.8	30.0%
Scentre Group	11,165.0	29,656.0	37.6%
Shopping Centres Australasia Property Group	663.0	1,859.3	35.7%
Westfield Corporation[5]	6,604.0	18,818.0	35.1%
Other REITs			
Arena REIT	120.8	371.3	32.5%
Folkestone Education Trust	154.8	518.1	29.9%
Ingenia Communities Group[6]	85.5	324.3	26.4%
Hotel Property Investments	219.8	498.3	44.1%
National Storage REIT[7]	104.7	349.5	30.0%
Low			**19.9%**
High			**49.5%**
Median			**30.0%**

Source: Company financial statements; S&P Capital IQ; KPMG Corporate Finance analysis
Note 1: Net debt calculated as total interest bearing liabilities less cash
Note 2: Total assets calculated as total assets less cash
Note 3: Gearing calculated as net debt over total assets, as defined in Note 1 and 2
Note 4: Calculated by incorporating Charter Hall's proportional share of total assets (net of cash) and debt (net of cash) of the funds in which it invests
Note 5: Values are in USD
Note 6: Total assets excludes resident loans
Note 7: Gearing calculated post balance date settlements

Comparable transactions

In assessing our valuation of ANI we have considered transactions involving comparable companies.

Between 2009 and 2011, market conditions for REITs were particularly challenging with limited access to debt and equity funding, declines in property values and generally weaker economic conditions. As a result, a number of transactions took place under financially distressed situations for the target. More recently, REITs have undertaken numerous strategic initiatives, for example divestment of non-core assets, internalising management and other refocusing strategies, which have led to stabilising market conditions and increases in investment.

Outlined in the table below is a summary of a number of transactions which have taken place since 2009 involving A-REITs and sets out the premium or discount to NTA and the one month VWAPs of the target entities prior to announcement of the transaction (or notable corporate activity).

Table 41: Comparable transaction evidence

Date	Target	Consideration ($ millions)	Premium/ (discount) to NTA[1]	Premium/ (discount) to VWAP[2]
Nov 2014	Folkestone Social Infrastructure Trust	70.2	14.0%	15.4%
Oct 2014	Mirvac Industrial Trust	77.6	16.1%	22.8%
Jun 2014	Australand Property Group	2,606.5	21.7%	14.6%
Apr 2014	Challenger Diversified Property Group	586.6	1.1%	6.4%
Dec 2013	Commonwealth Property Office Fund	2,910.0	5.2%	14.8%
Apr 2012	Thakral Holdings Ltd	507.0	(15.6)%	32.3%
Jan 2012	Charter Hall Office REIT	1,228.4	(3.9)%	22.9%
Jan 2012	Abacus Storage Fund	132.0	(8.2)%	n/a
Apr 2011	Valad Property Group	209.0	(22.1)%	52.0%
Apr 2011	Rabinov Property Trust	50.0	(4.3)%	35.8%
Dec 2010	ING Industrial Fund	1,395.0	(1.5)%	11.9%
Jul 2010	MacarthurCook Industrial Property Fund	43.3	(32.1)%	46.7%
Apr 2010	Westpac Office Trust	417.0	3.1%	14.2%
Oct 2009	Mirvac Real Estate Investment Trust	373.0	(29.9)%	56.0%
Low		43.3	(32.1)%	6.4%
High		2,910.0	21.7%	56.0%
Mean		757.5	(4.0)%	26.6%
Median		395.0	(2.7)%	22.8%

Source: Company financial statements, announcements and related independent expert reports; S&P Capital IQ; Thomson Reuters; KPMG Corporate Finance analysis
Note 1: NTA from last reported financial result for each target company
Note 2: One month VWAP prior to announcement of the transaction or notable corporate activity

A brief description of each transaction is outlined below.

Merger of Folkestone Social Infrastructure Trust with Folkestone Education Trust

On 13 November 2014, Folkestone Real Estate Management Limited, in its capacity as responsible entity of Folkestone Social Infrastructure Trust (FST), announced a merger by way of a trust scheme that would result in Folkestone Education Trust (FET) acquiring 100% of the units in FST. The offer consideration included a cash component of $0.675 per FST unit held and 1.32 securities in FET for every one FST unit held. FST primarily invests in properties within the early education, government and healthcare sectors. As at 30 June 2014, FST reported $116.1 million in total assets.

Acquisition of Mirvac Industrial Trust by AustFunding Pty Limited

On 19 September 2014, Mirvac Funds Management Limited (MFML), the responsible entity of Mirvac Industrial Trust (MIX) announced that it had agreed to a transaction whereby AustFunding Pty Limited would acquire all of the units of MIX via a trust scheme. The offer consideration was cash consideration of $0.214 per unit. The principal activity of MIX is the ownership of an industrial property portfolio in the greater Chicago metropolitan region in the US. As at 30 June 2014, MIX held gross assets of $192.0 million.

Acquisition of Australand Property Group by Frasers Centrepoint Limited

On 4 June 2014, Australand Property Group (Australand) received a conditional proposal from Frasers Centrepoint Limited for the acquisition of all of Australand's securities. The offer consideration was $4.48 per security for a total of $2.6 billion. Australand is a diversified REIT that is involved in property investment and development, property trust management and property management. Its primary focus is around commercial and industrial sectors with some focus on residential development. Australand's property investment division was comprised of 68 industrial and office assets located mostly in Melbourne, Sydney and Brisbane.

Acquisition of Challenger Diversified Property Group by Challenger Life Company Limited

On 11 April 2014, Challenger Australia Listed Property Holding Trust, a related entity of Challenger Life Company Limited, announced an off-market takeover offer for all units of Challenger Diversified Property Group (CDI), for cash consideration of $2.74 per unit. CDI is a diversified REIT with interest in 27 office, retail and industrial properties located in Australia and France. CDI also holds the lease on Sydney's Domain car park and engages in property development activities. CDI is largely a passive investment vehicle, with the majority of earnings generated from its investment properties. As at 31 December 2013, CDI had total asset value of $888 million. CDI's property portfolio is diversified across the office (59%), retail (19%), industrial (18%) and hi-tech office (4%) sectors predominantly focussed in Victoria, NSW and ACT.

Acquisition of Commonwealth Property Office Fund by DEXUS Property Group and CPPIB

On 11 December 2013, DEXUS Property Group, in conjunction with CPPIB, announced its intention to make a conditional off-market takeover offer for all of the outstanding units in Commonwealth Property Office Fund (CPA) for cash and scrip consideration for approximately $1.24 per CPA unit. As at 31 December 2013, CPA had 25 office assets with a total value of $3.8 billion and WACR of 7.3%. CPA's property portfolio was concentrated in NSW and Victoria, comprising 46.0% and 30.7% of the total portfolio value respectively.

Acquisition of Thakral Holdings Limited by Brookfield Asset Management Inc.

On 19 April 2012, Brookfield Asset Management Inc (Brookfield) announced a takeover offer of Thakral Holdings Limited (Thakral) at $0.70 per stapled security. On the same date, Brookfield enforced security under debentures which provided Brookfield with a relevant interest in 38.6% of Thakral. The offer was unanimously recommended by directors to reject the Brookfield offer. On 22 August 2012, Brookfield and Thakral entered into an implementation deed whereby Brookfield agreed to increase its offer to $0.81 per stapled security if it became entitled to 90% of Thakral securities, which occurred on 11 September 2012. Thakral's primary activity was investment in hotel, leisure, retail and commercial properties and the management of hotels in Australia. In addition, Thakral was engaged in property development activities. For the year ended 30 June 2012, Thakral's revenue comprised 79% from hotel, retail and commercial investments, and 21% from property development activities.

Acquisition of Charter Hall Office REIT by a Consortium including Charter Hall Group

On 3 January 2012, the Charter Hall Office REIT's (CQO) independent directors announced they had entered into a scheme implementation agreement with a consortium including Charter Hall Group, under which CQO, would receive a cash payment of $2.49 per CQO unit. CQO invests predominantly in high grade office buildings and at 31 December 2011, had an Australian property portfolio with total value of $1.8 billion, geographically diversified across NSW, Victoria, Queensland, South Australia and the ACT.

Merger of Abacus Storage Fund with Abacus Property Group

On 13 January 2012, Abacus Property Group (APG) announced its intention to merge with Abacus Storage Fund (Abacus). APG is an internally managed listed stapled entity, with exposure to a diversified portfolio of commercial, retail and industrial property, mortgage investments and property development ventures and property funds management activities. Abacus is an unlisted stapled entity and is one of the largest participants in the Australasian self-storage sector, owning a portfolio of 41 self-storage facilities with 30 in Australia and 11 in New Zealand and a commercial property with total value of approximately $332 million. Abacus' income was generated from storage rental income, which is subject to fluctuations as a result of the short term nature of the contracts. As such, the discount to NTA in part reflected this inherent risk in Abacus' income stream.

Acquisition of Valad Property Group by Blackstone Real Estate Advisors LLC

On 29 April 2011, Valad Property Group (Valad) announced that it had entered into a scheme of arrangement with Blackstone Real Estate Advisors LLC to acquire all of the issued shares in Valad for $1.80 per Valad security. At 31 December 2013, Valad's property portfolio consisted of 27 properties, valued at $569 million in across the office (31%), industrial (28%), bulky goods (24%) and hotel and residential sectors in Australia (88%) and New Zealand (12%).

Acquisition of Rabinov Property Trust by Growthpoint Properties Australia

On 13 April 2011, Growthpoint Properties Australia and Rabinov Property Trust (Rabinov) jointly announced an off-market takeover by Growthpoint Properties Australia for 100% of Rabinov via a scrip offer. Rabinov is a diversified property investment vehicle which, as at 31 December 2010, had a portfolio of 12 properties valued at $235 million comprising office (69.8%), industrial (28.3%) and retail

(2.1%) properties. Properties were spread across Australia, however were heavily concentrated in Victoria, constituting 70.6% of the property portfolio.

Acquisition of ING Industrial Fund by a Consortium led by Goodman Group

On 24 December 2010, ING Industrial Fund (ING) announced that it had entered into an implementation agreement with Goodman Group and a Consortium, to acquire all units in ING for cash consideration of $0.546 per ING unit. ING develops, owns and manages diversified portfolio of industrial properties and business parks, and as at 31 December 2013, had a portfolio of 61 properties valued at $2.5 billion, WALE of 4.5 years and a portfolio WACR of 8.4%.

Acquisition of MacarthurCook Industrial Property Fund by CommonWealth REIT

On 12 July 2010, MacarthurCook Industrial Property Fund (Macarthur) announced that it had received a proposal from CommonWealth REIT to acquire all units in Macarthur for cash consideration of $0.44 per unit. Macarthur, an unlisted property fund had, as at 30 June 2010, a portfolio of 10 industrial properties valued at $106.1 million across Australia and WALE of 4.6 years.

Acquisition of Westpac Office Trust by Mirvac Group

On 28 April 2010, Westpac Office Trust (WOT) announced it had entered into a scheme implementation agreement with Mirvac Group in relation to an offer by Mirvac Group to acquire all WOT units and instalment receipts for cash or scrip. At 31 December 2009, WOT had a portfolio of 7 properties with a total value of $1.1 billion, WALE of 8.7 years and portfolio WACR of 7.39%. Sydney CBD properties comprised the majority of WOT's property portfolio value, representing 62% of the total portfolio value.

Acquisition of Mirvac Real Estate Investment Trust by Mirvac Group

On 12 October 2009, Mirvac Real Estate Investment Trust (Mirvac REIT) announced that it had received a proposal from Mirvac Group to acquire all the issued units in Mirvac REIT for scrip, or a combination of cash and scrip. As at 30 June 2009, Mirvac REIT had a total portfolio value of $1.0 billion across the retail (36%), commercial (31%), industrial (17%) and hotel (16%) sectors and a WALE of 4.8 years. At the time, Mirvac REIT was in financial distress.

Appendix 5 – Investment property portfolio

ANI property portfolio

Table 42: ANI property portfolio

As at 31 December 2014 Property	Independent value ($ million)	Date of last external valuation	Capitalisation rate (%)	WALE[1]	Gross building area (sqm)
New South Wales					
75 Owen Street, Glendenning	6.8	Dec-14	7.75%	4.0	4,600
6 Macdonald Road, Ingleburn	16.8	Dec-14	7.75%	3.7	12,375
10 Williamson Road, Ingleburn	33.3	Dec-14	8.00%	4.0	27,260
12 Williamson Road, Ingleburn	32.5	Dec-14	7.50%	8.2	25,666
92-98 Cosgrove Road, Enfield	36.0	Dec-14	8.25%	4.2	33,863
30 Clay Place, Eastern Creek	15.0	Dec-14	7.00%	10.9	6,012
74-94 Newton Road, Wetherill Park	23.9	Dec-14	9.25%	1.5	17,044
29 Glendenning Road, Glendenning	32.8	Dec-14	7.25%	13.9	21,298
52-74 Quarry Road, Erskine Park	14.0[2]	Dec-14	7.75%	6.0	8,867
Victoria					
24-32 Stanley Drive, Somerton	26.5	Dec-14	8.25%	3.5	24,350
9 Fellowes Court, Tullamarine	3.3	Dec-14	8.00%	2.0	4,072
324-332 Dandenong Road, Dandenong Sou	25.0	Dec-14	8.00%	2.0	28,316
2 Keon Parade, Keon Park	9.3	Dec-14	9.00%	1.5	13,125
49 Temple Drive, Thomastown	13.0	Dec-14	8.75%	1.5	13,438
Western Australia					
99 Quill Way, Henderson	16.2	Dec-14	9.00%	3.2	16,419
23 Selkis Road, Bibra Lake	16.3	Dec-14	9.50%	2.5	18,235
Total	**320.5**		**8.12%**	**4.6**	**274,940**

Source: ANI Interim Financial Report 2015
Note 1: WALE is the weighted average lease expiry for the respective property
Note 2: Includes $0.1 million cost complete as at 31 December 2014

TIX property portfolio

Table 43: TIX property portfolio

As at 31 December 2014 Property	Independent valuation ($ million)	Date of last external valuation	Capitalisation rate (%)	WALE[1] (years)	Area (sqm)
Victoria					
102-128 Bridge Road, Keysborough	28.2	Oct-14	8.25%	3.2	24,617
500 Princes Highway, Noble Park	20.0	Apr-14	8.75%	1.1	13,789
6 Albert Street, Preston	24.6	Oct-14	8.25%	4.2	20,531
14-17 Dansu Court, Hallam	15.7	Oct-14	8.00%	4.2	17,070
12-13 Dansu Court, Hallam	13.1	Oct-14	8.00%	3.1	11,542
33-59 Clarinda Road, South Oakleigh	10.1	Jun-14	9.25%	1.0	10,903
39-45 Wedgewood Road, Hallam	8.5	Apr-14	8.25%	1.1	10,631
69 Studley Court, Derrimut	20.4	Apr-14	7.50%	5.0	14,319
Queensland					
22 Hawkins Crescent, Bundamba	39.0	Oct-14	7.75%	9.9	18,956
1 Ashburn Road, Bundamba	35.0	Oct-14	8.00%	5.1	26,628
21 Jay Street, Townsville	9.6	n/a	8.75%	10.5	4,726
33-37 Mica Street, Carole Park	23.9	n/a	8.00%	14.7	18,613
69 Rivergate Place, Murrarie	27.0	n/a	7.50%	8.4	11,552
136 Zillmere Road, Boondall[2]	25.0	n/a	8.50%	8.7	16,053
New South Wales					
60 Marple Avenue, Villawood	20.0	Apr-14	8.75%	2.4	18,493
37-51 Scrivener Street, Warwick Farm	23.5	Oct-14	9.00%	3.5	27,599
8 Penelope Crescent, Arndell Park	14.5	Apr-14	8.50%	1.4	11,420
457 Waterloo Road, Chullora	21.9	Oct-14	7.50%	13.2	16,051
2 Woolworths Way, Warnervale	72.0	Oct-14	8.00%	6.6	54,533
Other states					
9-13 Caribou Drive, Direk	9.6	Apr-14	8.50%	4.8	7,023
310 Spearwood Avenue, Bibra Lake	50.0	Oct-14	8.50%	3.9	59,508
54 Sawmill Circuit, Hume	14.5	Oct-14	7.75%	7.2	8,689
Total investment property portfolio	**526.0**		**8.2%**	**5.8**	**423,245**

Source: TIX Appendix D – Half year financial report 2015
Note 1: WALE is the weighted average lease expiry for the respective property
Note 2: Settled post 31 December 2014

Appendix 6 – Valuation methodology

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business ('maintainable earnings') and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of shares. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en bloc (100 percent) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Discounted cash flow

Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted (the Discount Rate) should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the Weighted Average Cost of Capital (WACC), reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values. A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.

Appendix 7 – Glossary

Definitions

Abbreviation	Description
360 Capital	360 Capital Investment Management Limited (ACN 133 363 185, AFSL 340 304)
360 Capital Group	Means the 360 Capital Group comprising 360 Capital Group Limited (ABN 18 113 569 136) and 360 Capital as responsible entity of the 360 Capital Investment Trust (ARSN 104 552 598), stapled together and listed on ASX
360 RE	A responsible entity from the 360 Capital Group
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 Capital as responsible entity of Australian Industrial REIT
ANI Unit	Means one fully paid ordinary unit in ANI
ANI Unitholder	The holder of an ANI Unit
Announcement Date	19 December 2014
A-REIT	Australian Real Estate Investment Trust
A-REIT Index	S&P/ASX 300 A-REIT Index
ASIC	Australian Securities and Investments Commission
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
ATO	Australian Taxation Office
Bidder	360 Capital 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
Cash Payment	Means a cash payment of $0.03 per ANI Unit which 360 Capital has agreed to make to ANI Unitholders which have accepted the Offer and are entitled to receive the Offer Consideration if either of the Cash Payment Conditions are satisfied and subject to the further terms set in section 9.3 of the Bidder's Statement
Cash Payment Condition	Will be satisfied if either: • the Bidder received acceptances under the Offer in respect of more than 50% of the ANI Units; or • a member of the 360 Capital Group is appointed as responsible entity of ANI, on or before the day before the last day of the Offer Period
CGT	Capital gains tax
Combined Group	The Bidder and its controlled entities following completion of the Offer and unless the context otherwise requires assumes the Bidder acquires 100% of ANI
Condition	A condition of the Offer set out in Appendix 1 of the Bidder's Statement
Corporations Act or the Act	Corporations Act 2001 (Cth)
Fife Capital 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

Abbreviation	Description
Independent Board Committee or IBC	Committee comprising the Independent Directors that was given responsibility for considering the Offer
Independent Directors	Rod Pearse, Michael Allen and Peter Dransfield
IPO	The initial public offering of units in ANI in November 2013
NTA	Net tangible assets
Offer	The takeover offer by the Bidder for ANI Units under Chapter 6 of the Corporations Act, as described in the Bidder's Statement
Offer Period	The period during which the Offer will remain open for acceptance in accordance with section 11.3 of the Bidder's Statement
Offer Consideration	The consideration offered under the Offer which, as at the date of this Target's Statement, is 0.89 TIX units for each ANI Unit
Offer Terms	The formal terms of the Offer as set out in section 11 of the Bidder's Statement, as amended
Record Date	The date set by the Bidder under Section 633(2) of the Corporations Act
REIT	Real Estate Investment Trust
Responsible Entity or Fife Capital	Fife Capital Funds Limited as responsible entity of Australian Industrial REIT
Related Body Corporate	Has the meaning given in the Corporations Act
Related Entity	Has the meaning given in the Corporations Act
Relevant Interest	Has the meaning given in the Corporations Act
Scrip Ratio	0.89 TIX units for every on ANI Unit
TAP	Terra Australis Property Fund
Takeovers Panel	The Australian Takeovers Panel
Target's Statement	This target's statement dated 26 February 2015
TIX	360 Capital Industrial Fund (ARSN 099 680 252)
TIX unit	A fully paid unit in TIX
VWAP	Volume weighted average price
WALE	Weighted average lease term to expiry

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PART TWO – FINANCIAL SERVICES GUIDE

Dated 26 February 2015

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd **ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) **(KPMG Corporate Finance)** and Ian Jedlin as an authorised representative of KPMG Corporate Finance **(Authorised Representative)**, authorised representative number 404177, and Sean Collins as an authorised representative of KPMG Corporate Finance, authorised representative number 404189.

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representative and how they can be contacted
- the services KPMG Corporate Finance and its Authorised Representative are authorised to provide
- how KPMG Corporate Finance and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and the compensation arrangements that KPMG Corporate Finance has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Corporate Finance.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Corporate Finance and the Authorised Representative are authorised to provide

KPMG Corporate Finance holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services;
- securities, and
- superannuation,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representative's responsibility to you

KPMG Corporate Finance has been engaged by Fife Capital Group (Client) to provide general financial product advice in the form of a Report to be included in Target's Statement (Document) prepared by Australian Industrial REIT in relation to the Offer for 360 Capital to acquire all units in Australian Industrial REIT (Transaction).

You have not engaged KPMG Corporate Finance or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Corporate Finance nor the Authorised Representative are acting for any person other than the Client.

KPMG Corporate Finance and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Corporate Finance has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report. You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Corporate Finance may receive and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance $250,000 for preparing the Report. KPMG Corporate Finance and its officers, representatives, related

entities and associates will not receive any other fee or benefit in connection with the provision of the Report. KPMG Corporate Finance officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Corporate Finance's representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.
Further details may be provided on request.

Referrals

Neither KPMG Corporate Finance nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's Independent Directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representative and not by the KPMG Partnership.
From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.
KPMG entities have provided, and continue to provide, a range of tax and advisory services to the Client for which professional fees are received. Over the past two years professional fees in the order of $10,010 have been received from the Client. None of those services have related to the Offer or alternatives to the Offer.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

<u>Internal complaints resolution process</u>

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.
Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

<u>External complaints resolution process</u>

If KPMG Corporate Finance or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address:	Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone:	1300 78 08 08
Facsimile:	(03) 9613 6399 Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Corporate Finance or the Authorised Representative using the contact details:
KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Ian Jedlin
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7000

B. Key announcements

Annexure B. Key announcements

Date	Description
24 February 2015	TIX letter to ANI Unitholders - Dates corrected
23 February 2015	TIX: Second Supplementary Bidders Statement
23 February 2015	TIX Letter to ANI Unitholders
17 February 2015	TIX: Dispatch of Bidders Statement ANI
17 February 2015	TIX: Replacement TIX Presentation for Proposed ANI Takeover
17 February 2015	Chairman's Letter, FY16 Guidance & Update on TIX Offer
13 February 2015	TIX: Marked Up Replacement Bidders Statement ANI
13 February 2015	TIX: Replacement Bidders Statement ANI
13 February 2015	Supplementary Bidders Statement from TIX
10 February 2015	Dec 2014 Interim Results Presentation
10 February 2015	Dec 2014 Interim Results Announcement
10 February 2015	Appendix 4D & Interim Financial Report
6 February 2015	Chairman's Letter to Unitholders
4 February 2015	TIX: Advice as to Register Date (ANI)
4 February 2015	TIX: TIX Presentation-Proposed ANI Takeover
4 February 2015	Change in substantial holding from TIX
3 February 2015	TIX Offer Update and Bidders Statement
30 January 2015	TIX: Update to Bidder's S/ment and HY15 Fin Results Release
28 January 2015	Earnings, Distribution and Capital Management Update
14 January 2015	December 2014 Property Valuations
5 January 2015	TIX: Amendment to Formal Off Market Takeover Offer for ANI
5 January 2015	Review of 360 Capital Industrial Fund Scheme Proposal
30 December 2014	Change in substantial holding
30 December 2014	Notice of change of interests of substantial holder
22 December 2014	December 2014 Distribution Estimate
19 December 2014	Unsolicited off-market all scrip takeover offer
19 December 2014	TIX: FORMAL TAKEOVER FOR ANI
18 December 2014	Ceasing to be a substantial holder from AMP
18 December 2014	TIX: confirms proposal to acquire ANI
18 December 2014	TGP: 360 Capital confirms offer for ANI Responsible Entity
18 December 2014	Unsolicited, indicative non-binding proposal
17 December 2014	Unitholder request received
16 December 2014	360 Capital increases its stake in ANI
8 December 2014	Change in substantial holding from BTT
8 December 2014	Change in substantial holding from WBC

Date	Description
5 December 2014	TGP: Becoming an Initial Substantial Holder
7 November 2014	Becoming a substantial holder from AMP
5 November 2014	Change in substantial holding from WBC
5 November 2014	Change in substantial holding from BTT
29 October 2014	Ceasing to be a substantial holder from AMP
25 September 2014	JPMorgan Conference Moving on Up – New Index Entrants
10 September 2014	Acquisition of Erskine Park Property
5 September 2014	S&P DJ Indices Announces September Quarterly Rebalance
3 September 2014	Change of Director's Interest Notice – John Hudson
3 September 2014	Change of Director's Interest Notice – Michael Allen
3 September 2014	Change of Director's Interest Notice – Rod Pearse
29 August 2014	Appendix 3B
20 August 2014	2014 Annual Report
20 August 2014	Notice for the purpose of Subdivision 12-H
20 August 2014	FY14 Results Presentation
20 August 2014	2014 Annual Results

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