



27 March 2015

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

Dear Sir/Madam

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

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

Yours faithfully

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

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

Keir Barnes
Chief Financial Officer & Company Secretary

27 March 2015

Dear Unitholder,

On 24 March 2015, Fife Capital Funds Limited ("**Responsible Entity**"), the responsible entity for the Australian Industrial REIT ("**ANI**" or the "**Fund**") received the Third Supplementary Bidder's Statement from 360 Capital Investment Management Limited ("**360 Capital**") in its capacity as responsible entity of 360 Capital Industrial Fund ("**TIX**") in relation to TIX's unsolicited off-market predominately scrip takeover offer to acquire all the units in ANI (the "**Offer**"). The Third Supplementary Bidder's Statement updates the Offer terms including the consideration offered in relation to the Offer and extended the offer period to 15 April 2015 ("**Updated Offer**").

The independent board committee ("**IBC**") comprising myself as Independent Chairman and independent directors Michael Allen and Peter Dransfield are undertaking a detailed review of the Third Supplementary Bidder's Statement and the Updated Offer, in conjunction with our advisers.

The IBC continues to have concerns about a number of elements of the Updated Offer, including the following:

- unsatisfactory financial outcomes for ANI Unitholders;
- no compelling or certain premium offered;
- change in risk profile on change of management; and
- 360 Capital Group has unsatisfactory governance arrangements.

The Responsible Entity will prepare a Supplementary Target's Statement in relation to the Updated Offer which will set out our formal response to the Updated Offer, including our recommendation to Unitholders and intentions with respect to our own ANI Units. The Responsible Entity, through the IBC, has also requested KPMG Corporate Finance to update the independent expert's report included in the Target's Statement for your benefit in relation to the Updated Offer. The Supplementary Target's Statement, including the supplementary Independent Expert's Report, is expected to be lodged with ASIC and released to ASX by 2 April 2015.

Your Directors advise you to take no action in relation to the Updated Offer until the issue of ANI's Supplementary Target's Statement. The Updated Offer is not scheduled to close until 15 April 2015 (unless extended). As such there is no imperative to accept the Updated Offer before the issue of the Supplementary Target's Statement.

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

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



Rod Pearse OAM

Independent Chairman

Fife Capital Funds Limited

as responsible entity of the Australian Industrial REIT