

ASX Release

21 September 2015

Indicative, non-binding cash proposal to acquire all units in ANI

Fife Capital Funds Limited ("**Fife Funds**" or "**Responsible Entity**"), the responsible entity for the Australian Industrial REIT ("**ANI**" or the "**Fund**") announces that it has received an indicative, non-binding cash proposal from a credible consortia of offshore listed investors with an aggregate market capitalisation in excess of A\$3 billion ("**Offeror**") to acquire all units in ANI (the "**Proposal**").

The Proposal is for cash consideration of \$2.40 for every ANI unit. The Proposal is incomplete and subject to a number of conditions and there is no guarantee that any transaction will ultimately be put to ANI unitholders. The Proposal is not capable of being implemented prior to 28 September 2015, which is the scheduled closing date of the takeover offer from 360 Capital Investment Management Limited in its capacity as responsible entity for the 360 Capital Industrial Fund ("**TIX**").

The IBC considers that the Proposal is superior to the TIX Offer, and has sufficient merit to warrant further engagement with the Offeror. The IBC intends to provide the Offeror with access to due diligence information to enable the Proposal to be further progressed.

The Offeror has indicated in the Proposal that a number of pre-conditions need to be satisfied before a formal binding offer will be made, including:

- satisfactory completion of due diligence
- confirmation of the availability of debt funding and confirmation from ANI's lenders that existing loan facilities can be relied upon following a change of control
- the entering into of an implementation agreement including terms that the IBC unanimously recommends the offer, customary deal protections and exclusivity arrangements (including a break fee)
- Offeror Board approvals
- the directors of the Responsible Entity indicating publicly they would accept the offer in the absence of a superior proposal

The Proposal states that the terms of any formal binding offer would include the following conditions:

- Regulatory approvals
- Minimum acceptance condition: the Offeror acquiring at least 50.1% of total outstanding ANI units on issue
- No matter, change, condition occurs which has or is reasonably likely to have a material adverse effect
- Any change of control consents being obtained
- No regulatory action which restrains, impedes, prohibits or otherwise materially adversely impacts on the making of the offer and the acquisition of the ANI units
- No prescribed occurrences occur between the announcement date and the close of the offer

No action is required by ANI unitholders at this time.

The IBC continues to recommend that ANI unitholders reject the TIX offer and ignore all correspondence received from TIX.

The Responsible Entity will provide further updates to the market as appropriate.

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

– ENDS –

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About the Australian Industrial REIT (ASX: ANI)

ANI is an Australian real estate investment trust that offers investors exposure to a quality portfolio of industrial properties. ANI owns 16 properties which are independently valued at approximately \$330.1 million located across Sydney, Melbourne and Perth. The Fund's earnings are underpinned by the portfolio's long average lease term, with leases to a range of quality tenants.