

AUSTRALIAN INDUSTRIAL REIT

14 October 2015

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

Dear Sir/Madam

Australian Industrial REIT – Chairman’s Letter to ANI Unitholders

Please find attached letter from the Chairman which will be dispatched to Australian Industrial REIT (ASX: ANI) unitholders.

Yours faithfully

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



Susan Vuong
Company Secretary

14 October 2015

Dear ANI unitholder,

360 Capital Industrial Fund has obtained control of Australian Industrial REIT

On 9 October 2015, the independent directors of Fife Capital Funds Limited ("**Fife Funds**"), the responsible entity for the Australian Industrial REIT ("**ANI**") recommended that ANI unitholders accept the off-market takeover offer for ANI ("**TIX Offer**") made by 360 Capital Investment Management Limited ("**360 CIML**") as responsible entity for the 360 Capital Industrial Fund ("**TIX**") or sell their ANI units on-market. Since the takeover offer was first announced by TIX in December 2014, the consideration offered by TIX has increased from 0.89 TIX units per ANI unit to 0.90 TIX units and \$0.245 in cash per ANI unit.

On 13 October 2015, TIX announced that it had received acceptances of the TIX Offer which gave it voting power in ANI of 74.89%. As a result of TIX's voting power increasing to more than 50%, the closing date of **the TIX Offer has been automatically extended until 5.00pm on 26 October 2015** (unless further extended).

Independent directors recommend you accept the TIX Offer or sell on-market

The Independent Directors of Fife Funds, together with Non-executive Director John Hudson, reiterate their recommendation that ANI unitholders accept the TIX Offer immediately or sell on-market. To accept the TIX Offer you should follow the instructions on page 7 of the Fifth Supplementary Target's Statement released to ASX after-market on 9 October 2015.

Subsequent to the release of the Fifth Supplementary Target's Statement, each of the directors of Fife Funds has either sold or intends to sell all of their ANI units on-market.

Meeting of unitholders to consider the appointment of a 360 Capital entity as responsible entity of ANI

On 28 September 2015, 360 CIML called a meeting of ANI unitholders to consider replacing Fife Funds as responsible entity of ANI with a member of the 360 Capital Group, 360 Capital ANI Management Limited ("**360 CAML**") (the "**RE Replacement Resolutions**"). The meeting of ANI unitholders to consider the RE Replacement Resolutions will be held at 10.00am (Sydney time) on Monday, 26 October 2015 (the "**Meeting**").

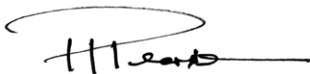
As 360 CIML will hold more than 50% of all ANI units at the time of the Meeting, 360 CIML will be able to determine the outcome of the RE Replacement Resolutions irrespective of the votes cast by other ANI unitholders.

As your vote will not change the outcome of the RE Replacement Resolutions, the Independent Directors consider that there is **no reason for ANI unitholders to attend the Meeting or submit a proxy form** in relation to the Meeting.

The directors of Fife Funds have acted as the stewards for your investment in ANI since ANI listed on the ASX on 21 October 2013, at an initial public offer (“**IPO**”) price of \$2.00 per unit. Since then, we have overseen the payment of distributions totalling 29.6 cents per ANI unit, exceeding the forecast distributions at the time of the IPO. Taking into account the implied value of the TIX Offer of \$2.37 (based on TIX’s closing price of \$2.36 on 13 October 2015), Fife Funds has delivered a total return of over 33% to ANI investors since listing.

On behalf of the directors of Fife Funds I would like to take this opportunity to thank you for your support of Fife Funds and ANI.

Yours faithfully

A handwritten signature in black ink, appearing to read 'R. Pearse', with a large, sweeping loop at the end.

Rod Pearse OAM

Independent Chairman

Fife Capital Funds Limited

as responsible entity of the Australian Industrial REIT