6 October 2015

The Manager
Company Announcements Office
ASX Limited
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)

In accordance with section 647(3)(b) of the *Corporations Act 2001* (Cth) please find attached a copy of the fourth supplementary target's statement supplementing the target's statement dated 26 February 2015, as supplemented by the first supplementary target's statement dated 30 March 2015, second supplementary target's statement dated 31 March 2015 and third supplementary target's statement dated 21 September 2015 (**Fourth Supplementary 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**).

The attached Fourth Supplementary Target's Statement has been sent to the Bidder and lodged with the Australian Securities and Investments Commission today.

Yours faithfully

Susan Vuong
Company Secretary

AUSTRALIAN INDUSTRIAL REIT

Fourth Supplementary Target's Statement

This Fourth Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement dated 26 February 2015 issued by Fife Capital Funds Limited (ACN 130 077 735) as responsible entity of Australian Industrial REIT (ARSN 165 651 301) and its first supplementary target's statement dated 30 March 2015, second supplementary target's statement dated 31 March 2015 and third supplementary target's statement dated 21 September 2015 in response to the unsolicited off-market, predominantly 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).

WAIT FOR POSSIBLE CASH OFFER OF $2.40

YOU SHOULD CAREFULLY MONITOR DEVELOPMENTS OVER THE COMING DAYS AND THE SCHEDULED CLOSING DATE OF THE REVISED TIX OFFER AND AWAIT ANY FURTHER RECOMMENDATION FROM THE IBC

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

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 updated takeover offer from 360 Capital Industrial Fund (the Revised TIX 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 fourth supplementary target's statement ("**Fourth Supplementary Target's Statement**") to the target's statement dated 26 February 2015 ("**Target's Statement**") issued by Fife Capital Funds Limited as responsible entity of Australian Industrial REIT under Part 6.5 of the Corporations Act and lodged with the Australian Securities and Investments Commission ("**ASIC**") on 26 February 2015, as supplemented by the First Supplementary Target's Statement lodged with ASIC on 30 March 2015, the Second Supplementary Target's Statement lodged with ASIC on 31 March 2015 and the Third Supplementary Target's Statement lodged with ASIC on 21 September 2015, in relation to the Revised TIX Offer made pursuant to the Fourth Supplementary Bidder's Statement which was served on ANI by the Bidder on 28 September 2015 (supplementing the original bidder's statement lodged with ASIC on 3 February 2015) (hereinafter referred to as the "**Bidder's Statement**") and the first supplementary bidder's statement dated 13 February 2015, the second supplementary bidder's statement dated 23 February 2015 and the third supplementary bidder's statement dated 24 March 2015.

This Fourth Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement and the First Supplementary Target's Statement dated 30 March 2015, the Second Supplementary Target's Statement dated 31 March 2015 and the Third Supplementary Target's Statement dated 21 September 2015.

Defined terms

Unless the context otherwise requires, defined terms in this Fourth Supplementary Target's Statement have the same meaning as in the Target's Statement. This Fourth Supplementary Target's Statement prevails to the extent of any inconsistency with the Target's Statement and the First, Second or Third Supplementary Target's Statements.

Disclaimer regarding forward looking statements

This Fourth Supplementary 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 Fourth Supplementary Target's Statement with their consent or any person involved in the preparation of this Fourth Supplementary 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 Fourth Supplementary Target's Statement reflect views held only as at the date of this Fourth Supplementary Target's Statement.

Maps and diagrams

Any diagrams, charts, graphs and tables appearing in this Fourth Supplementary 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 Fourth Supplementary Target's Statement.

ASIC and ASX disclaimer

A copy of this Fourth Supplementary 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 Fourth Supplementary Target's Statement.

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 Revised TIX 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).

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

Key dates	
Date of TIX Offer	17 February 2015
Date of Target's Statement	26 February 2015
Date of First Supplementary Target's Statement	30 March 2015
Date of Second Supplementary Target's Statement	31 March 2015
Date of Third Supplementary Target's Statement	21 September 2015
Date of Fourth Supplementary Target's Statement	6 October 2015
Close of Offer Period (unless further extended by TIX)	12 October 2015

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CHAIRMAN'S LETTER

Dear ANI unitholder,

THE INDEPENDENT DIRECTORS RECOMMEND YOU WAIT FOR THE POSSIBLE CASH OFFER OF $2.40 PER ANI UNIT

THE INDEPENDENT EXPERT HAS CONCLUDED THE REVISED TIX OFFER IS FAIR AND REASONABLE IN THE ABSENCE OF A SUPERIOR OFFER

On 21 September 2015, Fife Capital Funds Limited ("**Fife Funds**") as responsible entity of Australian Industrial REIT ("**ANI**") announced that it had received an indicative, non-binding all cash proposal from a credible consortium of offshore listed investors to acquire all ANI units.

Following this, on 22 September 2015, 360 Capital Investment Management Limited ("**360 Capital RE**") as responsible entity of 360 Capital Industrial Fund ("**TIX**") announced changes to its existing off-market takeover offer, including an extra 10 cents per unit cash consideration payable by TIX and removal of the conditions relating to the 10 cents per unit cash payment from 360 Capital Group ("**Revised TIX Offer**"). Consequently, the Revised TIX Offer comprises:

- 0.90 TIX units per ANI unit; plus
- 24.5 cents per ANI unit in cash (14.5 cents from TIX and 10 cents from 360 Capital Group).

Based on the closing price of TIX units on 5 October 2015 of $2.34, the implied value of the Revised TIX Offer is $2.351 per ANI unit. This compares to the closing price of ANI units on 5 October 2015 of $2.38. The closing date of the Revised TIX Offer is 12 October 2015 (unless extended), and ANI unitholders who accept by that date will be entitled to receive the TIX quarterly distribution equivalent to 4.8 cents per ANI unit. Inclusive of this distribution, ANI unitholders would receive approximately $2.399 for every ANI unit held.

360 Capital RE may extend the closing date of the Revised TIX Offer at any time prior to 5.00pm on 12 October 2015. While 360 Capital RE has extended the closing date 8 times since March 2015, there is no guarantee that the scheduled closing date of the Revised TIX Offer will be extended beyond 12 October 2015.

On 28 September 2015, 360 Capital RE convened a meeting of unitholders of ANI to be held on 26 October 2015 to replace Fife Funds as the responsible entity of ANI with 360 Capital ANI Management Limited ("**360 CAML**") and issued an explanatory memorandum for that meeting ("**Meeting Explanatory Memorandum**"). 360 Capital RE previously requisitioned a meeting of unitholders of ANI to replace the responsible entity of ANI with 360 CAML. That meeting was held on 25 May 2015, with independent unitholders of ANI overwhelmingly voting against the resolutions put forward by 360 Capital RE.

On 5 October 2015, the offshore listed investors, Redefine Properties Limited ("**Redefine**") and the Pivotal Fund Limited ("**Pivotal**") (together the "**Consortium**"), made a further indicative, non-binding proposal for an all-cash off-market takeover offer to acquire all ANI units for $2.40 cash per ANI unit (the "**Possible Cash Offer**").

Since the Possible Cash Offer was first announced on 21 September 2015, the Consortium has been progressing its due diligence investigations and has been focused on satisfying the pre-conditions to a binding formal offer. The Consortium has stated that it expects all remaining pre-conditions can be satisfied by 9 October 2015 and subject to the satisfaction of those pre-conditions it is proposing to release a Bidder's Statement prior to 24 October 2015.

The IBC notes that one of the Consortium's pre-conditions is the agreement of a market standard break fee. The IBC has given no assurance that a break fee will be provided and will be discussing this with the Consortium and its advisers in the coming days.

It is not expected that the Possible Cash Offer will be open for acceptances before 12 October 2015 which means the Revised TIX Offer may close before the Possible Cash Offer is received. The Possible Cash Offer would be subject to a number of conditions, including a 50.1% minimum acceptance condition and Australian foreign investment approval and South African Reserve Bank approval. Further details regarding the conditions of the Possible Cash Offer are provided in section 1.2.

The IBC considers the Possible Cash Offer would be superior to the Revised TIX Offer

The Independent Board Committee ("**IBC**") of Fife Funds recommend that you wait to see if the Possible Cash Offer becomes more certain and capable of acceptance. The IBC considers it would be in the interests of all ANI unitholders that TIX does not receive further acceptances under the Revised TIX Offer so that the Possible Cash Offer becomes available and capable of acceptance.

The Possible Cash Offer would provide a more attractive and certain value outcome

- The Possible Cash Offer consideration of $2.40 per ANI unit is comparable to the implied value of the Revised TIX Offer of $2.399 per ANI unit noted above
- The form of consideration under the Possible Cash Offer, being 100% cash, provides ANI unitholders with a more certain value outcome relative to the Revised TIX Offer, which comprises approximately 88% TIX scrip

100% cash consideration would allow ANI unitholders complete freedom of choice to reinvest

- The Possible Cash Offer provides ANI unitholders with the flexibility to reinvest the cash consideration received, having regard to each individual's risk profile, investment strategy and tax position

Concerns remain in respect of the TIX portfolio and 360 Capital Group capability and strategy

- ANI's strategy differs materially from TIX's strategy and the Revised TIX Offer does not address any of the issues which were raised in the Target's Statement with respect to TIX's investment criteria, portfolio strategy and pipeline

360 Capital Group has unsatisfactory governance arrangements

- The absence of a dedicated board for TIX separate to 360 Capital Group is considered to be a serious governance failing
- In the instance where TIX and ANI remain separately listed and 360 CAML is appointed as responsible entity of ANI, the IBC also has concerns as the nominated independent directors lack relevant real estate experience and the identity of the proposed dedicated fund manager is still unknown
- Despite the concerns around governance being raised by the IBC in the Target's Statement and Second Supplementary Target's Statement, TIX has not materially changed its governance arrangements

Independent Directors' Recommendation

For these reasons, the Independent Directors of Fife Funds, together with Non-executive Director John Hudson, recommend that ANI unitholders **not accept the Revised TIX Offer at this time**. Allan Fife, the Managing Director of Fife Funds, is an ultimate owner of Fife Funds and has elected not to make a recommendation.

There is a risk that the Revised TIX Offer expires and that the Possible Cash Offer does not become available. In this situation you could suffer loss if you did not accept the Revised TIX Offer. You should carefully monitor developments over the coming days, the scheduled closing date of the Revised TIX Offer and await any further recommendation from the IBC.

Each of the Directors of Fife Funds, including Allan Fife, intend not to accept the Revised TIX Offer at this time in respect of the units they own in ANI.

Independent Expert's Conclusion

The Independent Expert, KPMG Corporate Finance, has concluded that **the Revised TIX Offer is fair and reasonable in the absence of a superior offer.** The Independent Expert has stated that it is of the opinion that whilst the Possible Cash Offer provides greater certainty as to value, the non-binding nature and the conditions of the Possible Cash Offer means that the Independent Expert cannot conclude that it is a superior proposal.

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

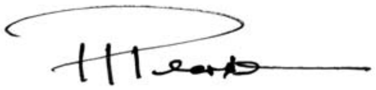
Conclusion

This Fourth Supplementary Target's Statement sets out the Responsible Entity's response to the Revised TIX Offer.

I would encourage you to read this Fourth Supplementary 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 Revised TIX Offer.

The IBC has separately released an explanatory statement in response to the Meeting Explanatory Memorandum, recommending ANI Unitholders **VOTE AGAINST** the resolutions proposed by 360 Capital RE.

The Responsible Entity will keep you informed if there are any material developments with respect to the Revised TIX Offer. Announcements relating to the Revised TIX 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

INDEPENDENT DIRECTORS' RECOMMENDATION: WAIT FOR THE POSSIBLE CASH OFFER

Each of your Independent Directors together with Non-executive Director John Hudson recommends that ANI Unitholders not accept the Revised TIX Offer at this time.

There is a risk that the Revised TIX Offer expires and that the Possible Cash Offer does not become available. In this situation you could suffer loss if you did not accept the Revised TIX Offer. You should carefully monitor developments over the coming days, the scheduled closing date of the Revised TIX Offer and await any further recommendation from the IBC.

Given Allan Fife's interest in the outcome as described in Section 3.1 of the Target's Statement, he makes no recommendation in relation to the Revised TIX Offer.

Each of the Directors including Allan Fife intends not to accept the Revised TIX Offer at this time in relation to the ANI Units that they hold.

HOW TO FOLLOW THE INDEPENDENT DIRECTORS' RECOMMENDATION

To FOLLOW THE INDEPENDENT DIRECTORS' RECOMMENDATION you should:

- DO NOTHING AT THIS TIME and take NO ACTION in relation to all documents sent to you by TIX in relation to the Revised TIX Offer; and
- CAREFULLY MONITOR DEVELOPMENTS OVER COMING DAYS including announcements by the IBC and the scheduled closing date of the Revised TIX Offer.

If you have any queries in relation to the Revised TIX 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).

1 KEY REASONS TO WAIT FOR THE POSSIBLE CASH OFFER

1.1 The Revised TIX Offer

On 22 September 2015 360 Capital RE as responsible entity of TIX announced changes to the TIX Offer, including an extra 10 cents per unit cash consideration payable by TIX, removal of the conditions relating to the 10 cents per unit cash payment from 360 Capital Group and extension of the offer period to 5pm (Sydney time) on 12 October 2015. Consequently the Revised TIX Offer comprises:

- 0.90 TIX units per ANI unit; plus
- 24.5 cents per ANI unit in cash

(14.5 cents from TIX and 10 cents from 360 Capital Group)

ANI unitholders who accept by 12 October 2015 will be entitled to receive the TIX quarterly distribution equal to 4.8 cents per ANI unit.

On 28 September 2015, 360 Capital RE convened a meeting of unitholders of ANI to be held on 26 October 2015 to replace Fife Funds as the responsible entity of ANI with 360 CAML and issued the Meeting Explanatory Memorandum.

1.2 The Possible Cash Offer

On 21 September 2015, Fife Funds announced the receipt of an indicative, non-binding cash proposal from a credible consortium of offshore listed investors to acquire all units in ANI. On 5 October 2015, the Consortium made a further indicative, non-binding proposal for an all-cash off-market takeover offer to acquire all ANI units for $2.40 cash per ANI unit (the "**Possible Cash Offer**").

Since the Possible Cash Offer was first announced on 21 September 2015, the Consortium has been progressing its due diligence investigations and has been focused on satisfying the pre-conditions to a binding formal offer. The Consortium has stated that it expects all remaining pre-conditions can be satisfied by 9 October 2015 and subject to the satisfaction of those pre-conditions it is proposing to release a Bidder's Statement prior to 24 October 2015.

The remaining pre-conditions are:

- IBC Support:
  - the IBC undertakes to unanimously recommend the Consortium's offer to ANI unitholders and agrees to typical deal protection and exclusivity arrangements, including a market standard break fee (the IBC notes that it has given no assurance that a break fee will be provided and will be discussing this with the Consortium and its advisers in the coming days); and
  - the directors of the IBC indicating publicly that they will accept the Consortium's offer, in respect of all units that they hold or control, in the absence of a superior offer.
- Due diligence:
  - satisfactory completion of financial due diligence. Pivotal and Redefine have advised that they have substantially completed financial due diligence which is expected to be finalised imminently; and
  - satisfactory completion of a limited legal and technical confirmatory due diligence review and property inspections. A team from Pivotal and Redefine is currently in Australia conducting physical asset due diligence.

In addition, if the Possible Cash Offer is made, the Consortium has advised that it would be subject to the following conditions, subject to the outcome of the confirmatory due diligence:

- regulatory approvals being Australian Foreign Investment Review Board approval and South African Reserve Bank approval for the Consortium to acquire 100% of ANI;
- minimum acceptance condition of the Consortium 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 on ANI;
- no regulatory action which restrains, impedes, prohibits or otherwise materially adversely impacts on the making of the offer and the acquisition of ANI units; and
- no prescribed occurrences occur prior to the close of the offer.

The Consortium have advised that if the Possible Cash Offer is successful they propose to retain Fife Funds as responsible entity of ANI.

If you accept the Revised TIX Offer you will lose the opportunity that may arise to participate in the Possible Cash Offer.

1.3 Independent Expert's assessment

The Independent Expert has concluded the Revised TIX Offer is fair and reasonable in the absence of a superior offer. The Independent Expert has stated that it is of the opinion that whilst the Possible Cash Offer provides greater certainty as to value, the non-binding nature and the conditions of the Possible Cash Offer means that the Independent Expert cannot conclude that it is a superior proposal.

1.4 Key reasons to wait for the Possible Cash Offer

The IBC considers the Possible Cash Offer would be superior to the Revised TIX Offer for the following reasons:

1. The Possible Cash Offer would provide a more attractive and certain value outcome;
2. 100% cash consideration allows ANI unitholders complete freedom of choice to reinvest;
3. Concerns remain in respect of the TIX portfolio and 360 Capital Group capability and strategy; and
4. 360 Capital Group has unsatisfactory governance arrangements.

ANI unitholders must balance the certainty afforded by the unconditional Revised TIX Offer against the current uncertainties associated with the Possible Cash Offer which the IBC considers would be superior if it becomes more certain and capable of acceptance. The Revised TIX Offer is currently scheduled to close at 5pm (Sydney time) on 12 October 2015, unless extended. There is a risk that if you do not accept the Revised TIX Offer before it closes and the Possible Cash Offer is not made or its conditions are not satisfied there may be no takeover offer available for acceptance. There is also a risk if you remain an ANI unitholder that the responsible entity will be changed at the meeting on 26 October 2015.

If the Revised TIX Offer closes and the Possible Cash Offer is not made or its conditions are not satisfied it can be expected that the price of units traded on ASX will be less than the value implied by the Revised TIX Offer and there can be no certainty that TIX would subsequently offer to acquire ANI units at values reflecting the Revised TIX Offer. In this situation you could suffer loss if you did not accept the Revised TIX Offer.

Notwithstanding these risks the IBC recommends that you wait to see if the Possible Cash Offer becomes more certain and capable of acceptance before the expiry of the Revised TIX Offer which is the current intention of the directors in respect of their own ANI units. The IBC considers it would be in the interests of all ANI unitholders that TIX does not receive further acceptances under the Revised TIX Offer so that the Possible Cash Offer becomes available and capable of acceptance.

You should carefully monitor developments over the coming days, the scheduled closing date of the Revised TIX Offer and await any further recommendation from the IBC. You should carefully assess how you could put yourself in a position to accept the Revised TIX Offer before 5pm (Sydney time) on 12 October 2015 if circumstances change and the IBC recommends that you accept the Revised TIX Offer before its currently scheduled closing time.

On 6 October 2015, TIX announced that it and its associates have a relevant interest of 36.07% of ANI. If TIX were to receive acceptances under the Revised TIX Offer such that its unitholding exceeds 50% of the ANI units on issue that would trigger an automatic extension of the offer period for the Revised TIX Offer by 14 days from the date that event occurred.

1.4.1 The Possible Cash Offer would provide a more certain premium for ANI unitholders relative to the Revised TIX Offer

In the view of the IBC, the all-cash consideration under the Possible Cash Offer would provide ANI unitholders with an attractive value proposition and more certainty in relation to the value of consideration than the Revised TIX Offer, which is predominantly TIX scrip.

The below table illustrates the consideration for each ANI unit under the Possible Cash Offer and the Revised TIX Offer.

Consideration per ANI unit	Possible Cash Offer	Revised TIX Offer
Scrip ratio	na	0.90 TIX units
Implied value of scrip consideration (based on the close price of TIX units on 5 October 2015 of $2.34)	na	$2.106
Cash consideration	$2.40	$0.245
Total consideration	**$2.40**	**$2.351**
Distribution entitlements per ANI unit	$0	$0.048[1]
Total value received	$2.40	$2.399
Proportion of total value that is cash	***100%***	***12%***

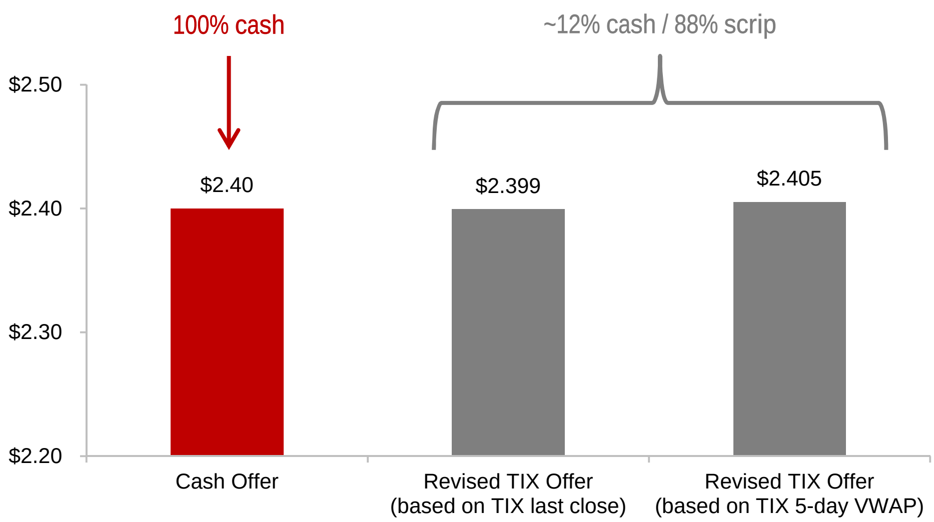
[1] This distribution will only be received if the Revised TIX Offer is accepted before 12 October 2015.

The above table illustrates that the value of the Possible Cash Offer and the implied total value of consideration under the Revised TIX Offer are comparable, based on the close price of TIX units on 5 October 2015 of $2.34.

The value received under the Revised TIX Offer remains predominantly TIX scrip (approximately 88% of the total value received), and provides an uncertain value outcome for ANI unitholders. The IBC has concerns over the implied value of TIX scrip as:

- The TIX unit price is subject to market volatility with the TIX price falling 3.3% from $2.42 on 22 September 2015 when TIX announced the Revised TIX Offer, to $2.34 on 5 October 2015; and
- ANI unitholders who do not wish to hold TIX units may incur a discount on the sale of TIX units due to the relatively low trading liquidity of TIX units. TIX is 48% less liquid than the S&P/ASX 300 A-REIT Index on a relative basis[2].

Total value received under the Possible Cash Offer vs. the Revised TIX Offer for different TIX unit prices[3]



Premium to ANI's close of $2.26 on 18 September 2015[4]	**6.2%**	**6.2%**	**6.4%**
Premium to ANI's NTA of $2.13 as at 30 June 2015	**12.7%**	**12.6%**	**12.9%**

Source: IRESS as at 5 October 2015

1.4.2 Total flexibility to reinvest cash consideration

The 100% cash consideration received under the Possible Cash Offer would provide ANI unitholders with the flexibility to reinvest the cash consideration received, having regard to each individuals risk profile, investment strategy and tax position. The IBC considers that this would provide a superior outcome relative to the Revised TIX Offer, where approximately 88% of the value is in the form of TIX units. As indicated in the previously issued Target's Statement and Second Supplementary Target's Statement, the IBC has expressed concerns relating to TIX which are further explained in Sections 1.4.3 and 1.4.4.

1.4.3 Concerns with TIX portfolio and 360 Capital Group capability and strategy

ANI's strategy differs materially from TIX's strategy and the Revised TIX Offer does not address any of the following issues which were raised in the Target's Statement:

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2. The cumulative value traded over the 12 months to 5 October 2015 as a percentage of average market capitalisation is 32% for TIX compared to 80% for the S&P/ASX 300 A-REIT Index.

3 Inclusive of distribution entitlements of 4.8 cents per under the Revised TIX Offer

4. Last day trading prior to the announcement of the indicative, non-binding cash proposal.

Issue	Previous TIX Offer	Revised TIX Offer
Investment criteria	• Majority of TIX properties would not meet ANI's strict investment criteria	No change
Property management	• Fife Capital Group undertakes property management allowing it to maintain direct relationships and day-to-day dealings with all ANI tenants vs. TIX outsourcing to third parties	No change
Portfolio management	• ANI focus on proactively re-leasing assets with short WALEs and maintaining close tenant relationships vs. TIX selling assets with short WALEs at a c.12% discount to last external valuation	No change
Built-to-suit development pipeline	• Track record of built-to-suit development and significant pipeline vs. TIX's uncertain development pipeline	No change
Capital management	• ANI's target gearing range of 25% – 40% vs. TIX 35% – 50% • Pro forma Gearing significantly higher than ANI's stand-alone Gearing	Pro forma 30 June 2015 Gearing of the Combined Group of 42.9%[5] is still above ANI's target range and ANI's stand-alone Gearing of 34.4% as at 30 June 2015[6]

1.4.4 360 Capital Group has unsatisfactory governance arrangements

360 Capital Group's proposed amendments to governance arrangements still do not resolve the conflict concerns raised previously in the Target's Statement and Second Supplementary Target's Statement:

Issue	Previous TIX Offer	Revised TIX Offer
Conflicts between TIX and 360 Capital Group	Each of the directors of the responsible entity of TIX are also directors of 360 Capital Group	**No change** The IBC considers that the absence of a dedicated board for TIX separate to 360 Capital Group is a serious governance failing
Conflicts between ANI and TIX (if TIX does not acquire 100% of ANI and a 360 Capital Group member is appointed as the responsible entity of ANI)	If ANI and TIX both remain listed on the ASX, and are managed by 360 Capital Group entities, then a number of conflict issues would arise relating to the allocation of: • investment opportunities; • potential tenants; and • potential investors where they are suitable for both ANI and TIX.	TIX has proposed a dedicated fund manager and dedicated responsible entity (360 CAML) to be appointed to ANI with a majority independent board from 360 Capital Group, however the IBC still has concerns regarding: • the nominated independent directors of 360 CAML lack **relevant real estate experience** based on information disclosed by TIX; • the **identity of the ANI fund manager still remains unknown**, and ANI unitholders are unable to assess the individual's expertise and suitability for the role; and • the management protocols disclosed in the Meeting Explanatory Memorandum mean that ANI and TIX would compete for investment opportunities, potential tenants and potential investors.

5. Based on TIX's Fourth Supplementary Bidder's Statement.

6. Gearing defined as interest bearing liabilities (excluding capitalised borrowing costs) less cash divided by total tangible assets (excluding goodwill) less cash.

2 Additional Information

Consents

Consents to inclusion of a statement

- Each of the persons listed below has given and has not, before the lodgement of this Fourth Supplementary Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Fourth Supplementary Target's Statement that are specified below in the form and context in which the statements are included and to all references in this Fourth Supplementary 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) – to be named as Independent Expert, and to inclusion of the supplementary Independent Expert's Report and statements said to be based on statements made in the supplementary Independent Expert's Report;
- Each Director – to be named in this Fourth Supplementary Target's Statement and to the inclusion of statements made by them.

Consents to be named

- King & Wood Mallesons has given and has not, before the date of this Fourth Supplementary Target's Statement, withdrawn its consent to the inclusion of its name in this Fourth Supplementary 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 Fourth Supplementary Target's Statement, withdrawn their consent to the inclusion of their name in this Fourth Supplementary Target's Statement as financial advisers to ANI.

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 Fourth Supplementary Target's Statement:

- does not make, or purport to make, any statement in this Fourth Supplementary Target's Statement or any statement on which a statement in this Fourth Supplementary 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 Fourth Supplementary 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 Fourth Supplementary 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 Fourth Supplementary Target's Statement with the consent of that party.

Date of Fourth Supplementary Target's Statement

This Fourth Supplementary Target's Statement is dated 6 October 2015, which is the date on which it was lodged with ASIC.

Approval of Fourth Supplementary Target's Statement

This Fourth Supplementary Target's Statement has been approved by a resolution passed by the Independent Directors.

Dated 6 October 2015

Allan Fife
Managing Director
Fife Capital Funds Limited
as responsible entity of the Australian Industrial REIT

Annexure A – Supplementary Independent Expert's Report

KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
Australian Financial Services Licence No. 246901
10 Shelley Street
Sydney NSW 2000

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DX: 1056 Sydney
www.kpmg.com.au

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

6 October 2015

Dear Independent Directors

SECOND SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE

PART ONE – SECOND SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT

1 Introduction

On 22 September 2015, 360 Capital Investment Management Limited (360 Capital), as responsible entity for 360 Capital Industrial Fund (TIX) announced revised terms of its Updated Offer (Updated Offer) [1]to acquire all the outstanding units in Australian Industrial REIT (ANI or the Fund) (Revised Offer). Subsequently, a Fourth Supplementary Bidder's Statement was issued on 28 September 2015.

The Revised Offer comprises for each unit in ANI (ANI Unit)

- 0.90 TIX units (Scrip Ratio)
- a cash payment of 24.5 cents[2] (the Cash Payment).

ANI Unitholders who accept the offer prior to 12 October 2015 will qualify for TIX's 30 September 2015 quarter distribution amounting to 4.84 cents[3] per ANI Unit.

The Revised Offer period has also been extended, and will close at 5.00pm (Sydney time) on Monday 12 October 2015 (unless further extended).

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[1] An off-market all scrip takeover offer to acquire all the outstanding ANI Units as detailed in the Third Supplementary Bidder's Statement dated 24 March 2015
[2] This includes the cash payment of 10.0 cents from 360 Capital Group Limited (360 Capital Group) which is now unconditional and 14.5 cents from TIX
[3] Based on TIX's quarterly distribution for the period ending 30 September 2015 of 5.38 cents per TIX unit

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance), as requested by the Independent Board Committee of Fife Capital Funds Limited (Fife Funds) (the IBC), prepared an Independent Expert's Report (IER) in relation to the Original Offer[4]. The IER dated 26 February 2015, concluded that, having assessed the Original Offer, we considered the Original Offer was neither fair nor reasonable to ANI Unitholders. Subsequently, KPMG Corporate Finance were also requested to consider whether our opinion in relation to the Updated Offer had changed as a consequence of the Updated Offer. Our Supplementary Independent Expert's Report dated 31 March 2015 remained neither fair nor reasonable.

The IBC of Fife Funds has requested KPMG Corporate Finance to now consider whether our opinion in relation to the Original Offer and the Updated Offer has changed as a consequence of the Revised Offer.

As part of forming our opinion we have considered the indicative, non-binding cash proposal received by ANI from an offshore consortia of $2.40 for every ANI unit (the Possible Cash Offer)[5].

This Second Supplementary Independent Expert's Report sets out the opinion of KPMG Corporate Finance as to the merits or otherwise of the Revised 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 (including the IER), the Second Supplementary Target's Statement and the Fourth Supplementary Target's Statement provided to ANI Unitholders in relation to the Revised Offer.

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

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

2 Requirement for our report

There is no statutory requirement for an IER to be prepared in relation to the Revised 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 this report are set out in Section 6.2 of the IER dated 26 February 2015.

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[4] An off-market all scrip takeover offer to acquire all the outstanding ANI Units as detailed in the Bidder's Statement dated 3 February 2015 and the Second Supplementary Bidder's Statement dated 23 February 2015.
[5] An initial indicative non-binding proposal was received on 21 September 2015, with an update on 5 October 2015.

3 Opinion

In our opinion, having assessed the Revised Offer, we consider the Revised Offer[6] **is fair and reasonable to ANI Unitholders, in the absence of a superior offer.**

In arriving at this opinion, which is changed from that in relation to both the Original Offer and the Updated Offer, we consider the Revised Offer should continue to be evaluated on a 'like-for-like' basis. Accordingly, we have:

- assessed whether the Revised Offer is fair on the basis of the underlying values of both ANI and TIX, the terms of the Revised Offer, the implied control premium being paid and whether the Possible Cash Offer is superior. We have formed the view that the Possible Cash Offer is not superior primarily because at this stage it is not a binding offer and has increased conditionality particularly with respect to the 50.1% acceptance condition
- assessed the reasonableness of the Revised Offer including its advantages and disadvantages, and the consequences of not accepting the Revised Offer.

TIX has extended and or revised its original proposal eight times since 18 December 2014 when an unsolicited, indicative, non-binding proposal was received from 360 Capital. Our Supplementary IER was dated 31 March 2015, given the length of time since that report, which has seen the release of 30 June 2015 financial results for both ANI and TIX, it has been necessary to revise the analysis previously prepared.

In assessing the fairness of the Revised 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. This is a departure from the standard approach. Under a standard approach we would have compared the pre-transaction value of an ANI Unit on a control basis with the minority value of TIX's post transaction scrip and the value of the Cash Payment. We consider this approach was not appropriate given:

- the similar nature of the underlying assets held by ANI and TIX
- the relatively similar size of each trust, which would potentially result in ANI Unitholders holding approximately 40.9% of the Combined Group. As such, the underlying value of the assets would materially impact the trading price of the Combined Group and therefore would need to be compared on a similar basis
- they are both externally managed REITs.

As a secondary approach, we have also assessed the fairness of the Revised Offer by reference to recent trading prices of the units of each trust by reference to recent A-REIT market transactions.

In assessing the Revised 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.

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[6] Assuming 100% ownership of ANI.

Our analysis indicates that the premium being received is between 6.1% and 10.8%. This compares to premiums in the sector in recent transactions which range from 6.4% to 22.8%[7]. Having regard to the characteristics of ANI, including that it is a passive REIT with an external manager, we consider the premium to be sufficient and therefore the Revised Offer, in isolation of any other proposal, is fair.

However, it also necessary to consider any genuine offers received having regards to guidance issued by the Australian Securities and Investments Commission (ASIC) under Regulatory Guide 111 (RG 111). In this respect we have compared the Possible Cash Offer of $2.40 per ANI Unit to the Revised Offer having regard to the consideration and conditions of each. The key differences between these offers are:

- the Possible Cash Offer is not a binding offer as at the date of this report and no dates have been provided for when the offer would be capable of acceptance whereas the Revised Offer is capable of immediate acceptance and closes on 12 October 2015 (unless extended)
- the Revised Offer has no conditions whereas the Possible Cash Offer is subject to various conditions
- the Possible Cash Offer provides certainty of value whereas the scrip based nature of the Revised Offer provides less certainty
- the Possible Cash Offer provides an exit to ANI Unitholders, whereas the Revised Offer will expose ANI Unitholders to future operating risks associated with a change in manager, operational, and governance arrangements
- potential partial roll-over Capital Gains Tax (CGT)[8] relief is not available under the Possible Cash Offer.

Having considered these matters, we are of the opinion that whilst the Possible Cash Offer provides greater certainty as to value, the non-binding nature and the conditions of the Possible Cash Offer means that we cannot conclude that it is a superior proposal. Accordingly, we consider the Revised Offer to be fair.

Our analysis of the fairness of the Revised Offer is detailed further in Section 3.1 below.

In accordance with RG 111, an offer is reasonable if it is fair. As we have assessed the Revised Offer to be fair, this would imply that it is reasonable. However, irrespective of the statutory obligation to conclude that the Revised Offer is reasonable, we have considered a range of other factors which are relevant to assessing the reasonableness of the Revised Offer. On balance, there are no compelling factors that do not support a conclusion that the Revised Offer is reasonable. These factors include:

- the Revised Offer is unconditional and capable of immediate acceptance
- the Combined Group provides certain benefits such as increased size and market position

[7] Refer Table 15 in Appendix 3 of this report

[8] Potential CGT relief only arises where TIX acquires greater than 80% of all ANI Units

- the Revised Offer provides ANI Unitholders an entitlement to the September 2015 quarterly distribution of TIX
- the risks of the Combined Group will differ given proposed changes in management, operational and governance arrangements
- assuming TIX achieves 100% ownership of ANI, ANI Unitholders will experience a dilution in EPU for the year ending 30 June 2016 (FY16) of 1.6%
- a reduction in pro forma NTA per unit as at 30 June 2015 from $2.13 per ANI Unit to the equivalent of $2.01 per equivalent ANI Unit
- a material increase in pro forma gearing as at 30 June 2015 from 34.2% for ANI to 42.9% for the Combined Group
- the general tax implications associated with the Revised Offer. Specifically, ANI Unitholders may be eligible for CGT roll-over relief[9] in respect of the scrip portion of the Revised Offer.

There are also other matters which ANI Unitholders should consider including:

- in the event the Possible Cash Offer does proceed then by accepting the Revised Offer ANI Unitholders will not be able to benefit from the greater certainty as to value in relation to that offer
- the remaining transaction costs associated with the Revised Offer are estimated to be approximately $5.1 million for the Combined Group, with $2.5 million committed by ANI irrespective of the acceptance of the Revised Offer.

Our analysis of the reasonableness of the Revised Offer is detailed further in Section 3.2 below. The decision to accept the Revised Offer, or not, is a matter for individual unitholders based on their views as to value, expectations about future market conditions and their particular circumstances including investment strategy and portfolio, risk profile and tax position. ANI Unitholders should consult their own professional adviser, if in doubt, regarding the action they should take in relation to the Revised Offer.

3.1 Assessment of the fairness of the Revised Offer

KPMG Corporate Finance has assessed the Revised Offer as fair to ANI Unitholders. In forming this view we have examined the Revised Offer based on:

- a comparison of the sum of the parts (SOTP) value[10] per ANI Unit to the equivalent value per ANI Unit under the Revised Offer, together with the Cash Payment
- a comparison of the trading prices of ANI Units and TIX units under the Revised Offer, together with the Cash Payment
- a comparison of the Revised Offer with the Possible Cash Offer.

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[9] Potential CGT relief only arises where TIX acquires greater than 80% of all ANI Units

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

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. We note that the adjusted NTA does not include any specific adjustment for a control premium through benefits and savings that an acquirer might achieve, although the underlying values of each property represent 'control values'. Details of the adjustments made to NTA in arriving at our assessed value range are provided in Section 7.2 of this report.

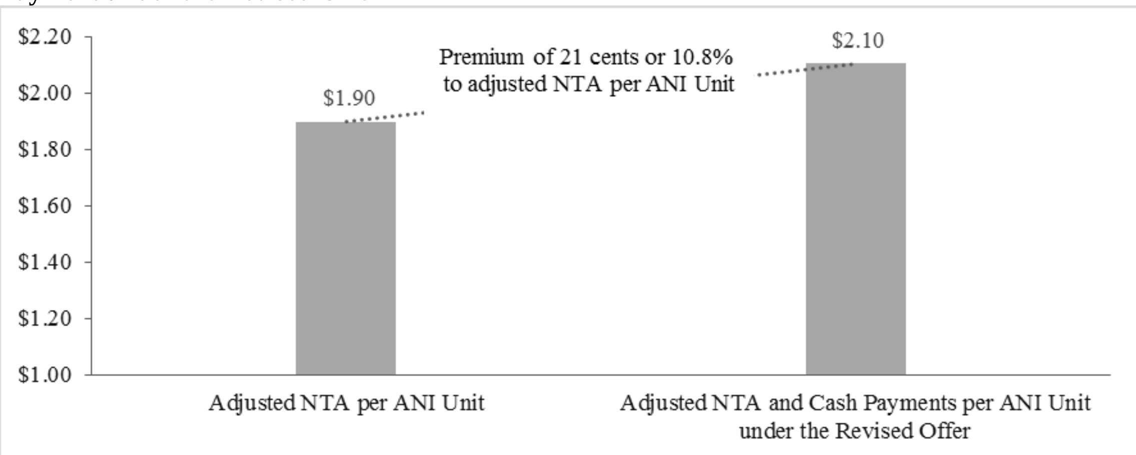
Based on this approach, we have assessed that on an adjusted NTA basis, the value attributable to the Revised Offer and Cash Payment (0.90 TIX units and 24.5 cents per ANI Unit) is $2.10, which represents a 21 cent (or 10.8%) premium to the adjusted NTA per ANI Unit of $1.90. On this basis, we consider the Revised Offer to be 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 Revised Offer

$ unless otherwise stated	
Adjusted NTA per TIX Unit	2.07
Scrip Ratio (ratio)	0.90
Adjusted NTA per ANI Unit under the Scrip Ratio	**1.86**
Add: Cash Consideration	0.245
Total adjusted NTA and Cash Payment per ANI Unit under the Revised Offer	**2.10**
Adjusted NTA per ANI Unit	1.90
Premium	**0.21**
Premium (%)	**10.8%**

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 Revised Offer



Source: KPMG Corporate Finance analysis

Importantly, we note that the adjusted NTA and Cash Payment per ANI Unit under the Revised Offer 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.

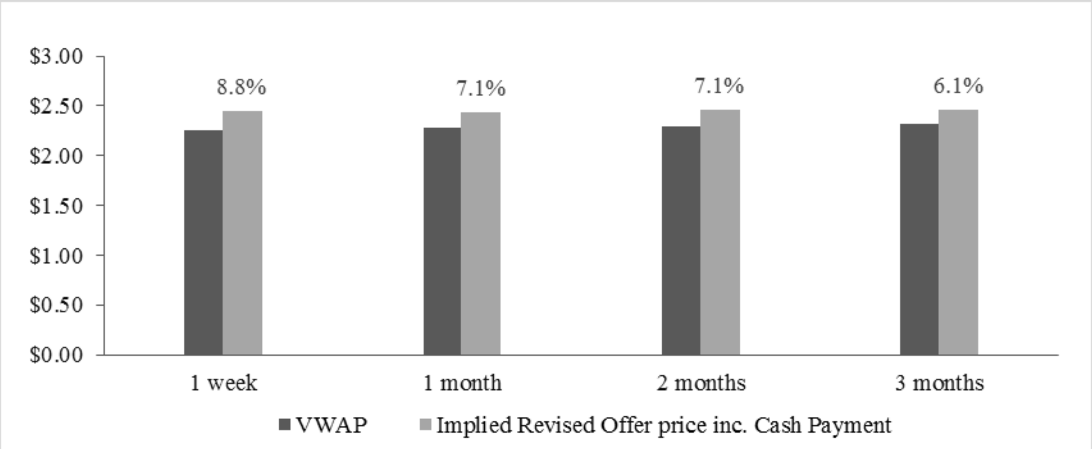
The level of premium however is also impacted as:

- ANI is a passive externally managed REIT
- the underlying value of each property represents a 'control value', as these values have been determined based on the full underlying cash flows of each property, thereby reflecting the value of a 100% interest.

Refer to Section 7.4 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 Revised 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 Revised 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 18 September 2015 implies a premium for each period under the Revised Offer
- the premiums are in the range of 6.1% to 8.8%. We note that it is also important to consider these premiums in the context of the:

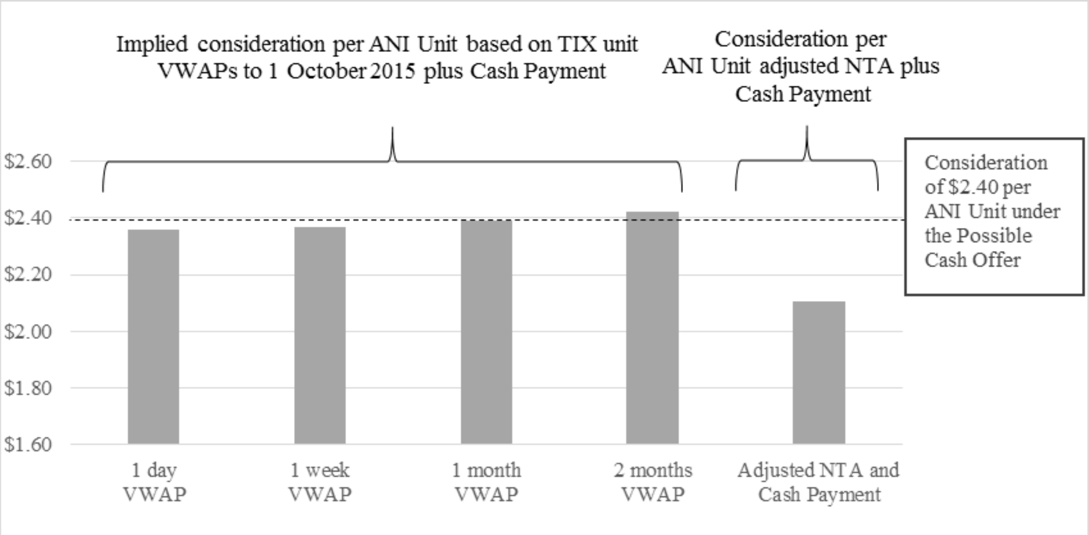
- low liquidity in TIX units which reduces the reliability of its trading prices as a measure of value, thereby reducing the confidence in the implied premiums
- uncertainty as to the extent to which ANI Unitholders will be able to realise the implied premium should they accept the Revised Offer, as the premium which is realised will ultimately depend on the demand relative to the price levels of TIX units and there is a risk that TIX's unit price will fall in the absence of the current corporate activity
- the implied premiums paid in control transactions involving A-REITs during 2014 and 2015 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 3 of this report.

In our view, the comparison of recent trading activity in ANI Units and TIX units demonstrates that the Revised Offer provides ANI Unitholders with a sufficient premium. Details of this approach are provided in Section 7.3 of this report.

According to RG111, the Revised Offer should be considered fair to ANI Unitholders if the consideration offered is equal to, or greater than, the assessed value of ANI Units which are the subject of the Revised Offer. As our analysis indicates that the Revised Offer provides a premium, which we consider is sufficient to ANI Unitholders, **we consider the Revised Offer to be fair.**

Given the existence of the Possible Cash Offer, in accordance with RG 111.69, we are required to consider whether this represents a superior proposal to the Revised Offer. In order to make this assessment, we have compared the implied consideration under the Revised Offer and the consideration under the Possible Cash Offer. This analysis is set out below.

Figure 3: Comparison of consideration under the Revised Offer and the Possible Cash Offer



Source: KPMG Corporate Finance analysis

As the consideration under the Possible Cash Offer falls at the upper end of the implied consideration range of the Revised Offer, both could be considered fair. In arriving at our opinion as to which offer represents the superior proposal, we have therefore considered other factors such as the certainty and conditionality associated with each.

These factors are summarised below.

Table 2: Comparison of the key terms of the Revised Offer and the Possible Cash Offer

	Revised Offer	Possible Cash Offer
Form of consideration	Predominantly scrip Uncertainty associated with ultimate value able to be realised by ANI Unitholders Uncertainty due to relatively low liquidity in TIX	100% cash Certainty regarding the value to be received by ANI Unitholders
Conditionality	Unconditional and capable of acceptance	Not a binding offer Not currently capable of acceptance 50.1% minimum acceptances Other typical conditions including regulatory approval and market standard break fee
Offer end date	12 October 2015, unless extended	To be determined
Tax implications	Potential eligibility for CGT roll-over relief in respect of the scrip portion of the Revised Offer where over 80% acceptance	No CGT roll-over relief available
Distribution	Entitled to the September 2015 quarterly TIX distribution	No distribution entitlement

Source: Fourth Supplementary Bidder's Statement; Indicative non-binding proposal letter dated 5 October 2015

Having considered the above factors, we note the following:

- the Possible Cash Offer is not a binding offer as at the date of the report
- the Possible Cash Offer is subject to a market standard break fee if the offer does not proceed
- the Possible Cash Offer has certainty of value which is preferable by comparison to the uncertain value of the TIX scrip as the TIX scrip will vary given current market volatility. In addition, TIX's relative low trading liquidity may result in a discount on sale should a significant number of ANI unitholders wish to sell post acceptance
- the Possible Cash Offer includes a minimum acceptance condition of 50.1% of the total outstanding ANI Units on issue. This condition creates a high degree of uncertainty regarding whether the offer will be completed due to TIX and its associates' unitholding at 5 October 2015 of 36.07% of ANI, which means that the 50.1% condition requires 78.4% of the remaining ANI Unitholders to accept
- the Revised Offer closes on 12 October 2015 such that there is a risk that ANI Unitholders who do not accept the Revised Offer and wait for the Possible Cash Offer, or where the Possible Cash Offer does not achieve its minimum acceptance condition, will lose the opportunity to benefit from either

offer. We note, however, that TIX has a history of extending its offer[11], and the other conditionality of the Possible Cash Offer which relates to regulatory approvals are not seen as significant issues or unlikely to be achieved

- there is no CGT rollover relief for the Possible Cash Offer whereas CGT rollover relief is available on scrip component for an ANI Unitholder.

Having regard to the matters set out above we are of the view that the Possible Cash Offer, in its current form, does not represent a superior proposal.

3.2 Assessment of the reasonableness of the Revised 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 Revised Offer, which include:

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

Given the length of time since our IER and Supplementary IER we consider it appropriate to consider all the reasonableness matters rather than only those matters which have changed.

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

3.2.1 Advantages of the Revised Offer

The principal advantages of the Revised Offer include:

Unconditional and capable of immediate acceptance

The Revised Offer has no minimum acceptance conditions with TIX declaring the offer unconditional on 6 May 2015. As such it is capable of immediate acceptance.

Entitlement to TIX quarterly distribution

ANI Unitholders who accept the Revised Offer will also receive the TIX September 2015 quarterly distribution expected to be 4.84 cents (per ANI Unit equivalent), however, they will forgo the ANI December 2015 half yearly distribution which is expected to be 9.6 cents per ANI Unit.

A larger Combined Group provides certain benefits

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

[11] This has occurred 8 times since 18 December 2014

- 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. We note that over the last 3 months the trading activity in TIX units has consistently been greater than ANI Units in terms of cumulative value, cumulative volume and as a percentage of issued capital. This is not unexpected given TIX's shareholding in ANI
- 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.

3.2.2 Disadvantages of the Revised Offer

The principal disadvantages of the Revised Offer include:

Lack of certainty of price and outcome for ANI Unitholders

As consideration under the Revised Offer is primarily scrip, there is greater uncertainty as to its future value by comparison to a cash offer. 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 Revised Offer in the foreseeable future, particularly if they wish to sell a sizeable holding or many unitholders seek to sell their holdings within a similar timeframe. During the 3-month period to 18 September 2015, on a cumulative basis, only 6% of issued units were traded. Although we note that the Combined Group is expected to have an expanded market capitalisation and therefore there is potential for improved liquidity post-completion.

We note that the Cash Payment[12] does not mitigate this risk as, although its value is certain, it represents a relatively small proportion of the consideration under the Revised Offer.

A reduction in earnings per unit (EPU)

Accepting the Revised Offer, assuming TIX achieves 100% ownership of ANI, will result in a reduction in EPU for FY16 of 1.6%.

[12] The Cash Payment includes 10.0 cents from 360 Capital which is now unconditional and 14.5 cents from TIX

We note that the reduction in EPU excludes the reinvestment of the net of tax proceeds from the Cash Payment of 24.5 cents per ANI Unit.

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 $2.13 as at 30 June 2015 to $2.01 per equivalent ANI Unit, based on the NTA as at 30 June 2015 for the Combined Group[13]. This represents a reduction of NTA of 5.6%.

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 Revised Offer will result in the Combined Group's gearing being approximately 42.9%[14].

Relative to ANI's current gearing of 34.2%, as at 30 June 2015, 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 which would be likely to increase under the Revised Offer given the increased cash component
- 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.

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.

[13] Refer Section 4.5 of the Fourth Supplementary Bidder's Statement. The NTA of the Combined Group excludes the full impact of the 10.0 cents Cash Payment before tax from 360 Capital and includes the 14.5 cents Cash Payment from TIX

[14] Refer to TIX's Fourth Supplementary Bidder's Statement Section 4.3

We note at the last unitholder meeting held on 25 May 2015 that 98%[15] of ANI Units (excluding TIX) voted on the proposal supported Fife Funds being retained as responsible entity of ANI.

Transaction costs

The total remaining transaction costs in relation to the Revised Offer will be approximately $5.1 million for the Combined Group. Approximately $2.5 million will have been committed by ANI, irrespectively of the acceptance of the Revised Offer.

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

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 Revised 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.[16]

Distributions per unit (DPU)

The pro forma FY16 DPU from the Combined Group is expected to increase 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 4.4 of the Fourth Supplementary Bidder's Statement.

This is achieved through a payout ratio for the Combined Group of 97.0%, which compares to ANI's current payout ratio of 94%.

Change in manager

In the event that TIX achieves acceptances under the Revised Offer in excess of 50% or 360 Capital is successful in having Fife Funds replaced as responsible entity of ANI at the meeting of ANI Unitholders on 26 October 2015, ANI Unitholders will be exposed to a different manager in 360 Capital ANI Management Limited (360 CAML).

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.

The key changes in having 360 CAML 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 discontinues ANI's existing property management arrangements it would require ANI to give 12 months' notice or pay a termination fee to the manager

[15] Including TIX, 59.8% of ANI Units supported Fife Funds being retained as the responsible entity

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

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 TIX has proposed:
  - a dedicated responsible entity to be appointed to ANI with a majority of independent directors that are not executives or directors of any other 360 Capital Group entity
  - an appropriate conflict management protocols to manage potential conflicts between the interests of ANI and TIX
  - a dedicated ANI Fund manager.

However, we note that at the time of this report, ANI have raised concerns including[17]:

- potential conflict issues in relation to investment opportunities, potential tenants and potential investors
- the effectiveness of the proposed 360 Capital ANI Management Limited board and unknown fund managers to represent ANI Unitholders' interest is uncertain
- the lack of clear strategy.

Improved Weighted Average Lease Expiry (WALE)

The Combined Group results in a slightly improved WALE from 4.9 years for ANI's portfolio to 5.0 years for the expanded portfolio. The increase in WALE reduces the short term risk associated with re-leasing.

Taxation implications for Australian tax resident ANI Unitholders

The Australian tax implications of the Revised 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.

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 Revised 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 Revised Offer, ANI Unitholders that have accepted the Revised Offer will be required to pay CGT on any gain in the

[17] ANI Explanatory Statement in response to the Notice of Meeting

disposal of the ANI Units under the Revised 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[18].

Ineligible Foreign Unitholders will not receive TIX units under the Revised 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:

- the Sale Nominee will participate in the Revised Offer, after the implementation of the Revised 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.

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

In the event that TIX does not acquire a relevant interest in 90% or more ANI Units and does not proceed to compulsory acquisition, ANI will continue to operate in its current form and be listed on the ASX subject to whether the Possible Cash Offer proceeds and the ultimate level of acceptances under both offers. In this respect:

- ANI Unitholders will continue to own units in ANI, the advantages, disadvantages and risks of the Revised 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 Revised Offer and/or the Possible Cash Offer. However, to the extent it is, there is the potential that

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

the unit price may rise or fall if the Revised Offer is not accepted. For continuing ANI Unitholders, the value of their investment will be impacted by ANI's future performance.

- 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.
- ANI in the short term will continue to operate in its present form continuing its relationship with Fife Funds as its external manager subject to the results of the unitholder meeting to be held on 26 October 2015, convened by 360 Capital, where it is seeking to replace Fife Funds as the responsible entity of ANI with 360 CAML. The replacement of the responsible entity requires a 50% vote of those unitholders present and voting, we note TIX and its associates currently holds 36.07%[19] 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 entities 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 CAML is appointed responsible entity of ANI, 360 CAML will waive up to 50% of the management fees in ANI
- roll-over relief will not be available to the Australian tax residents who hold their ANI Units on capital account where TIX acquires less than 80% of all ANI Units
- 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. We note that since February 2015, the liquidity of ANI has declined as TIX and its associates have gradually increased its interest in ANI to its current holding of 36.07%[19]
- 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 4.5 of the Fourth Supplementary Bidder's Statement
- on the partial acquisitions[20] of ANI by TIX, ANI Unitholders will experience an EPU dilution. This impact on earnings excludes the reinvestment of the net of tax proceeds from the Cash Payment per ANI Units.

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 Revised 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 Revised Offer is a matter for individuals based on, amongst other things, their risk profile,

[19] Unitholding in ANI by TIX and its associates on 5 October 2015

[20] Partial acquisitions represent a 50.1% ownership case of ANI Units by TIX

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 Revised 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 Revised 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 Fourth Supplementary 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
Authorised Representative

Sean Collins
Authorised Representative

Contents

5 The Revised Offer

5.1 Overview of the offers received

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 was 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.

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 the Replacement Bidder's Statement was issued.

On 24 March 2015, a Third Supplementary Bidder's Statement was issued. The Updated Offer comprised:

- 0.90 TIX units for each ANI Unit
- a cash payment of 4.5 cents which was in lieu of the TIX March 2015 quarterly distribution.

Separately, a cash payment of 10 cents per ANI Unit was to be paid by 360 Capital subject to satisfaction of the cash payment condition[21] (Revised Cash Payment). Whilst the Updated Offer was to close on 15 April 2015 it was subsequently extended such that the last stated closing date was 28 September 2015.

On 21 September 2015, Fife Capital announced it had received an indicative, non-binding cash proposal to acquire all units in ANI for a cash consideration of $2.40 for each ANI Unit from a consortium of offshore listed investors (the Cash Proposal). The Cash Proposal was incomplete and subject to a number of conditions.

On 22 September 2015, 360 Capital as responsible entity for TIX announced the Revised Offer and subsequently on 28 September 2015 issued a Fourth Supplementary Bidder's Statement, extending the Revised Offer to 5.00pm (Sydney time) on 12 October 2015. In addition on 28 September 2015, 360 Capital convened a meeting of unitholders of ANI to be held on 26 October 2015 to replace Fife Funds as the responsible entity of ANI with 360 CAML and issued an explanatory memorandum for that meeting.

On 5 October 2015, the offshore listed investors, Redefine Properties Limited (Redefine) and The Pivotal Fund Limited (Pivotal) (together the Consortium), provided an update to the prior announcement as to their indicative non-binding proposal to acquire all ANI Units (the Possible Cash Offer).

[21] Payment of the Revised Cash Payment was subject to the satisfaction of the cash payment condition, which was payable only if TIX received more than 50% acceptances or if a member of the 360 Capital Group was appointed as the responsible entity of ANI before the Updated Offer closes.

The Possible Cash Offer comprises $2.40 cash per ANI Unit (the Cash Offer Price). The Cash Offer Price is based on the assumption that there is no distribution declared or paid prior to, or during the offer period.

There are a number of pre-conditions and conditions associated with the Possible Cash Offer. The pre-conditions are required to be satisfied prior to the announcement of a binding offer. The Consortium's expectations are that all pre-conditions will be satisfied by 9 October 2015.

The pre-conditions include:

- IBC support which requires the IBC to unanimously recommend the Possible Cash Offer to ANI Unitholders and agree to typical deal protection and exclusivity arrangements (including a market standard break fee). Also the Directors of the IBC indicating they will accept the Possible Cash Offer, in respect of all their units that they hold or control, in the absence of a superior offer
- satisfactory completion of financial due diligence and completion of a limited legal and technical confirmatory due diligence review and property inspections.

The Possible Cash Offer will be subject to the following conditions:

- regulatory approval for the Consortium to acquire 100% of ANI including Australian Foreign Investment Review Board approval, and South African Reserve Bank approval. It is not envisaged any issues will arise in achieving these approvals
- minimum acceptance condition with acceptance of the Possible Cash Offer from at least 50.1% of the total outstanding ANI Units on issue
- no matter, change, condition occurring which has or is reasonably likely to have a material adverse effect on ANI
- no regulatory action which restrains, impedes, prohibits or otherwise materially adversely impacts on the Possible Cash Offer
- no prescribed occurrences occur prior to the close of the Possible Cash Offer.

5.2 Terms of the Revised Offer

Under the terms of the Revised Offer, it is proposed that eligible ANI Unitholders[22], who accept the Revised Offer will receive for each ANI Unit:

- 0.90 TIX units
- a cash payment of 14.5 cents from TIX
- an additional cash payment of 10 cents from 360 Capital which is now unconditional.

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

ANI Unitholders who accept the offer prior to 12 October 2015 will qualify for TIX's September 2015 quarter distribution amounting to 4.84 cents per ANI Unit.

TIX's Revised Offer is also unconditional, with the previous condition relating to the cash payment now waived.

The Revised Offer period has also been extended, and will close at 5.00pm (Sydney time) on 12 October 2015 (unless further extended or withdrawn) (Revised Offer Period).

TIX's intention

The Fourth Supplementary Bidder's Statement does not provide any updates as to TIX's intentions. Previously, as part of the Bidder's Statement, 360 Capital outlined its intentions in the event of acquiring a relevant interest in 90% or more of ANI's Units on issue. In this event, 360 Capital 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)
- consider discontinuing existing property management, development management and other ancillary arrangements[23]
- seek to sell three properties with the current carrying value of $49 million[24]
- 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 CAML 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.

In the event that TIX retains a relevant interest of less than 90% of the ANI Units, it intends to seek the removal of Fife Funds and the appointment of 360 CAML as responsible entity of ANI. TIX also announced on 25 September 2015 that a meeting of ANI would be held on 26 October 2015 for the purpose of removing Fife Funds as the responsible entity of ANI.

Where TIX retains a relevant interest in less than 90% of ANI and where 360 CAML is appointed as the responsible entity of ANI, TIX has previously indicated that it intends to:

- invite 360 CAML 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,

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

[24] See Section 7 of the Target's Statement, updated for carrying values at 30 June 2015

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 $49 million[23]
- 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
- 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 CAML will receive the same management fees as currently paid to Fife Funds.

5.3 Costs of the Revised Offer

The total remaining transaction and implementation costs in relation to the Revised Offer are estimated to be approximately $5.1 million[25] being $1.9 million for ANI and $3.2 million for TIX where 100% ownership is achieved. Approximately $2.5 million will be incurred by ANI whether the Revised Offer is accepted or not.

[25] Refer to Section 4.5 of the Fourth Supplementary Bidder's Statement

6 Profile of the Combined Group

6.1 Overview

Where the Revised 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 37 industrial properties across Australia. The operating structure of the Combined Group will be the same as the existing TIX 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.

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 3: Combined Group investment property portfolio

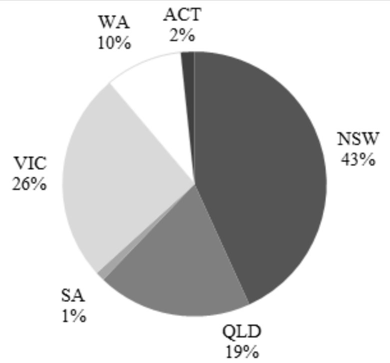
	At 30 June 2015
Number of properties	42
Portfolio value ($ million)	$874.0
NTA per unit	$2.23
Net lettable area (sqm)	698,199
Portfolio weighted average capitalisation rate (%)	7.90%
Portfolio occupancy	99.8%
Portfolio weighted average lease term by carrying value	5.5
Gearing[1]	42.9%
Responsible entity / 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 the IER dated 26 February 2015. 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 30 June 2015, is illustrated in the figure below. Further details on each of the properties held by ANI and TIX are set out in Appendix 4 of this report.

Figure 4: Geographic location of Combined Group's investment property portfolio



Source: KPMG Corporate Finance analysis

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 Property Management Agreements (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.

6.2 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. TIX's responsible entity currently consists of 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.

6.3 Non-core asset sales

360 Capital has identified $49 million in non-core asset sales which 360 CAML intends to sell within six to 12 months of acquiring ANI. Further details of the non-core asset sales are in Section 5.5 of the Bidder's Statement. The Fourth Supplementary Bidder's Statement does not provide an update on 360 Capital RE's intention with regard to any assets of ANI which it considers to be 'non-core'.

6.4 Impact on earnings and distributions of ANI Unitholders as part of the Combined Group

We have considered the impact of acceptance of the Revised Offer by ANI Unitholders on their entitlement to FY16 EPU and DPU, assuming TIX achieves 100% ownership of ANI. We set out below the FY16 EPU and DPU guidance provided by ANI relative to EPU and DPU per unit applied under the Scrip Ratio.

Table 4: ANI EPU and DPU guidance relative to equivalent in Combined Group

Cents per unit unless otherwise stated	EPU	DPU
FY16		
ANI guidance	20.4	19.2
Combined Group pro forma[1,2]	22.3	21.6
ANI equivalent	20.1	19.4
Accretion / (dilution) to ANI guidance	(0.3)	0.2
Accretion / (dilution) to ANI guidance (%)	(1.6%)	1.0%

Source: Fourth Supplementary Bidder's Statement; KPMG Corporate Finance analysis
Note 1: 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
Note 2: Combined Group pro forma DPU based on the Fourth Supplementary Bidder's Statement assumes a payout ratio of 97%

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 0.90 TIX units
- the Revised Offer will result in dilution of FY16 EPU and an accretion of FY16 DPU for ANI Unitholders
- 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
- the non-core asset sales as described in Section 5.5 of the Bidder's Statement have not been assumed
- 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 impacted by the payout ratio selected by the responsible entity, we consider that EPU represents the more meaningful measure of financial performance. We note that the Combined Group guidance DPU is based on a payout ratio of 97% (ANI guidance reflects a payout ratio of approximately 94%), which has been increased from the 95% assumed in the Bidder's Statement. The increase in the payout ratio has resulted in an accretion in DPU, whilst the dilution in EPU remains.

6.5 Pro forma financial position

The table below reflects the pro forma financial position for the Combined Group as at 30 June 2015 based on information set out in Section 4.5 of the Fourth Supplementary Bidder's Statement (including a description of assumptions and adjustments made).

Table 5: Pro forma financial position

As at 30-Jun-15 $ million unless otherwise stated	Audited TIX stand-alone	Audited ANI stand-alone	Unaudited pro forma Combined Group
Current assets			
Cash	6.3	0.1	6.4
Trade and other recievables	4.2	0.9	2.1
Rental guarantees	-	0.1	0.1
Investment properties held for sale	10.5		-
Total current assets	21.0	1.2	8.7
Non-current assets			
Investment properties	533.4	329.9	863.3
Rental guarantees	-	0.1	0.1
Investment in ANI	68.8		
Goodwill	-	-	18.6
Total non-current assets	602.2	330.0	882.0
Total assets	**623.2**	**331.1**	**890.7**
Current liabilities			
Trade and other payables	4.1	3.2	7.3
Distribution payables	9.2	9.2	15.5
Total current liabilities	13.4	12.4	22.9
Non-current liabilities			
Interest bearing liabilities	251.7	113.3	375.5
Derivative financial instruments	1.6	0.3	1.9
Total non-current liabilities	253.3	113.6	377.4
Total liabilities	**266.7**	**126.1**	**400.2**
Net assets	**356.5**	**205.1**	**490.5**
Equity			
Issued equity	398.6	188.9	541.1
Reserves	-	(2.3)	(2.3)
Other	-	-	-
Retained earnings	(42.1)	18.4	(48.4)
Total equity	**356.5**	**205.1**	**490.5**
Statistics			
Number of units on issue (million)	*152.5*	*96.3*	*212.0*
NTA per unit ($) [1]	*2.34*	*2.13*	*2.23*
NTA per equivalent ANI Unit ($) [1]	-	-	*2.01*
Gearing [2]	*40.0%*	*34.2%*	*42.9%*
Loan to value ratio [3]	*40.8%*	*34.5%*	*42.5%*

Source: Fourth Supplementary Bidder's Statement; Note, Table may not cast due to rounding
Note 1: NTA per unit calculated as net tangible assets over units on issue
Note 2: 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 3: 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 audited 30 June 2015 financial position for TIX and ANI has been adopted on a stand-alone basis
- pro forma gearing for the Combined Group is expected to be 42.9% which sits at the top end of selected listed A-REITs. For further detail relating to gearing for comparable A-REITs, refer to Appendix 3 of this report.

The Combined Group pro forma financial position has been prepared on the following basis:

- the Revised Offer completed on 30 June 2015
- the acquisition of 100% of ANI by TIX is consolidated as a business combination
- the sale of the non-core assets as described in Section 5.5 of the Bidder's Statement has not been assumed
- assumes the cash payment of the 14.5 cents by TIX
- TIX appoints 360 CAML as the responsible entity of ANI.

6.6 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 Revised 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 Unitholders with 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 does 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 42.9%[26], which is higher than ANI's stated target gearing policy of 25% to 40% and its financial position gearing as at 30 June 2015 of 34.2%.

The actual financial position gearing of the Combined Group will ultimately depend on the extent of any asset sales that 360 Capital intends to make following implementation of the Revised 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.

[26] Gearing has been calculated prior to sale of non-core assets

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 Fourth Supplementary 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.

Change in portfolio WALE

The WALE of the Combined Group's property portfolio is 5.0[27] years as at 30 June 2015. This is slightly favourable to the WALE of ANI's portfolio at this date of 4.9 years.

An increase in portfolio WALE reduces the risk associated with lease expiries and the negative impact that this can have on earnings.

Governance arrangements

For the Combined Group, TIX has proposed where it holds less than 100% of ANI[28] and successfully changes the responsible entity of ANI:

- a dedicated responsible entity to be appointed to ANI with an independent board with a majority of independent directors that are not executives or directors of any other 360 Capital Group entity
- an appropriate conflict management protocols to manage potential conflicts between the interests of ANI and TIX
- a dedicated ANI Fund manager.

However, we note that the identity of the fund manager has not been disclosed at the time of this report.

Disposal of 'non-core' assets

Section 5.5 of 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 Fourth Supplementary Bidder's Statement does not provide an update on 360 Capital RE's intention with regard to any assets of ANI which it considers to be 'non-core'.

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[27] KPMG Corporate Finance calculation based on area (sqm)

[28] See Third Supplementary bidder's Statement page 3

7 Financial evaluation of the Revised Offer

7.1 Overview

In our opinion, for the Revised Offer to be fair, it is necessary for the Revised Offer Consideration, on the basis of an acquisition of 100% of ANI[29], to sufficiently compensate ANI Unitholders for:

- the exchange of each ANI Unit for 0.90 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 fair 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 hold approximately 40.9% 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. REIT's are commonly valued by reference to net asset values as investment properties are generally carried at market value. Other assets or liabilities that are not carried at market value are adjusted to market value.

We have compared the ratio implied by these relative values to the Scrip Ratio under the Revised 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 Revised Offer by reference to the recent trading prices of ANI Units and TIX units.

7.2 Adjusted NTA

In assessing the relative values of ANI and TIX, we have applied a sum-of-the-parts (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

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[29] RG 111 requires the assessment of fairness to assume 100% ownership of the target.

unit basis in order to assess whether the value attributable to ANI Unitholders under the Revised Offer is sufficient.

7.2.1 NTA

For the purpose of this assessment, we have relied upon the audited balance sheets of ANI and TIX as at 30 June 2015, as set out below.

Table 6: NTA

As at $ million	ANI 30-Jun-15	TIX 30-Jun-15
Cash	0.1	6.3
Investment property - held for sale	0.0	10.5
Investment properties	330.1	533.4
Investment in ANI	0.0	68.8
Other assets	0.9	4.2
Total assets	**331.1**	**623.2**
Interest bearing liabilities	(113.3)	(251.7)
Other liabilities	(12.7)	(14.9)
Total liabilities	**(126.1)**	**(266.7)**
NTA	**205.1**	**356.5**

Source: ANI Annual Report 2015; TIX Annual Report 2015

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[30], 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 30 June 2015, the carrying value of ANI's property portfolio was $330.1 million (including rental guarantees of $0.2 million), representing 99.7% of total assets.

KPMG Corporate Finance has relied on the Directors' assessment of fair value and the independent valuations conducted by independent valuers for the purposes of this report, and did not undertake its own valuations of the properties. With regard to the carrying values of the properties held by ANI at 30 June 2015 we note:

[30] 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.

- the carrying values of seven properties held by ANI (representing 48.4% of the portfolio by value) were based on third party valuations dated 30 June 2015
- the latest independent valuations for the remaining nine properties (representing 51.6% of the portfolio by value) were dated 31 December 2014. The carrying values of these properties at 30 June 2015 are based on Directors' internal valuations which are higher than the most recent independent valuations, resulting in a total increase in the carrying value of these properties of $3.5 million (representing an increase of 2.1%). The rationale for the Directors' internal valuations being higher than the most recent independent valuations is attributable to a combination of income growth and tightening in capitalisation rates.

In preparing our IER dated 26 February 2015, we reviewed the independent valuation reports dated 31 December 2014 for each property in the ANI portfolio. In preparing this report KPMG Corporate Finance has undertaken a review of the independent valuation reports dated 30 June 2015 for ANI only[31], as set out below.

Table 7: ANI independent valuation reports reviewed

Property location	Valuer	Last external valuation date	Book value 30-Jun-15 ($'000)	% of portfolio
New South Wales				
10 Williamson Road, Ingleburn	Jones Lang LaSalle	Jun-15	35,000	10.6%
29 Glendenning Road, Glendenning	CBRE	Jun-15	34,500	10.5%
74-94 Newton Road, Wetherill Park	CBRE	Jun-15	24,100	7.3%
Victoria				
324-332 Frankston-Dandenong Road, Dandenong South	m3property	Jun-15	26,000	7.9%
49 Temple Drive, Thomastown	m3property	Jun-15	13,000	3.9%
2 Keon Parade, Keon	m3property	Jun-15	10,000	3.0%
Western Australia				
23 Selkis Road, Bibra Lake	m3property	Jun-15	17,100	5.2%
Total			**159,700**	**48.4%**

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.

[31] As typically occurs in a transaction of this nature, we have not had access to TIX's valuation reports.

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 30 June 2015, and including the Clarina Road, South Oakleigh property which settled post balance date, the carrying value of TIX's property portfolio was $543.9 million, representing 87.3% of total assets. We have not had access to the independent valuations of the properties held by TIX, and have therefore relied on the carrying values stated in the TIX's Annual Report for the year ended 30 June 2015.

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 30 June 2015, 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.

Investment in ANI

At 30 June 2015, the 30.2 million (31.3%) ANI Units held by TIX were carried at $2.28 per unit, being the market closing price on the ASX. KPMG Corporate Finance considers this value to be reasonable for the purpose of assessing the adjusted NTA of TIX.

7.2.2 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 $2.8 million and $5.2 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 at 0.83% of gross asset value[32].

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 8: Capitalised overhead costs

$ million unless otherwise stated	ANI	TIX
Estimated overhead costs (per annum)	2.8	5.2
Capitalisation multiple (times)	8.0	8.0
Capitalised overhead costs	**22.3**	**41.6**

Source: KPMG Corporate Finance analysis

We have assessed the value of capitalised costs for ANI and TIX to be $22.3 million and $41.6 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. As such we note that the values above are not a 'control' value.

7.2.3 Adjusted NTA

We have assessed the adjusted NTA of ANI and TIX on a per unit basis to be $1.90 and $2.07 respectively, as set out below.

Table 9: Adjusted NTA per unit

$ million unless otherwise stated	ANI	TIX
NTA	**205.1**	**356.5**
Less: Capitalised overhead costs	(22.3)	(41.6)
Adjusted NTA	**182.8**	**314.9**
Units on issue (million)	96.3	152.5
Adjusted NTA per unit ($)	**1.90**	**2.07**

Source: KPMG Corporate Finance analysis

7.2.4 Adjusted NTA under the Revised Offer

Should the Revised Offer be accepted, ANI Unitholders will receive the Revised Offer Consideration (0.9 TIX units and 24.5 cents per ANI Unit (pre-tax)). In order to assess whether a premium is received by

[32] In accordance with the Section 10 of the Bidder's Statement

ANI Unitholders under the Revised 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 10: Comparison of adjusted NTA per unit

$ unless otherwise stated	
Adjusted NTA per TIX Unit	2.07
Scrip Ratio (ratio)	0.90
Adjusted NTA per ANI Unit under the Scrip Ratio	**1.86**
Add: Cash Consideration	0.245
Total adjusted NTA and Cash Payment per ANI Unit under the Revised Offer	**2.10**
Adjusted NTA per ANI Unit	1.90
Premium	**0.21**
Premium (%)	**10.8%**

Source: Fourth Supplementary Bidder's Statement; KPMG Corporate Finance analysis

The above comparison demonstrates that the Revised Offer Consideration provides ANI Unitholders with a premium to the adjusted NTA per ANI Unit of 10.8%.

7.3 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 Revised Offer.

We consider it important to undertake this assessment given that the externally managed trusts within the A-REIT Index are currently trading at a median premium to NTA of approximately 9.9%[33].

In undertaking this assessment, we have analysed the recent VWAPs of ANI Units and TIX units during the period up to 18 September 2015, being the date prior to announcement by ANI of an indicative, non-binding cash proposal, as set out below.

Table 11: Recent trading activity of ANI Units

Period	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 18 September 2015				
1 week	2.25	0.60	0.26	0.28
1 month	2.28	2.56	1.13	1.17
2 months	2.30	5.48	2.39	2.48
3 months	2.32	9.07	3.92	4.07

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

33 Refer to Appendix 3 for details of premium/discount to NTA ratios of the externally managed constituents of the A-REIT Index

Table 12: Recent trading activity of TIX units

Period	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 18 September 2015				
1 week	2.45	0.72	0.30	0.19
1 month	2.43	7.36	3.02	1.96
2 months	2.46	16.95	6.89	4.49
3 months	2.46	22.75	9.25	6.04

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

With regard to the analysis set out above, we note that the trading activity in TIX units has generally consistently been greater than ANI Units in terms of cumulative value, cumulative volume and as a percentage of issued capital. This is not unexpected given TIX's shareholding.

In order to assess whether the Revised Offer Consideration provides a premium to ANI Unitholders, we have estimated the implied value of this consideration by reference to the VWAPs of TIX units, and compared these values to VWAPs of ANI Units for corresponding periods. This analysis is set out below.

Table 13: Implied Revised Offer premium

Period	TIX VWAP $	Implied Revised Offer price (Scrip Ratio) $	Implied Revised Offer price inc. Cash Payment $	ANI VWAP $	Implied Revised Offer premium inc. Cash Payment %
Period ended 18 September 2015					
1 week	2.45	2.20	2.45	2.25	8.8%
1 month	2.43	2.19	2.44	2.28	7.1%
2 months	2.46	2.21	2.46	2.30	7.1%
3 months	2.46	2.21	2.46	2.32	6.1%

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

The comparison of VWAPs for the period ended 18 September 2015 imply premiums under the Revised Offer in the range `of 6.1% to 8.8%.

We note that since announcement of the Revised Offer on 22 September 2015, the trading price of ANI Units have broadly tracked the implied value of the Revised Offer.

In assessing the implied Revised Offer premium, it is important to consider the uncertainty associated with the scrip based nature of the consideration. Given that the Revised Offer Consideration is primarily scrip based, there is a greater degree of uncertainty associated with the value which will ultimately be received by ANI Unitholders relative to an all cash proposal. The extent to which ANI Unitholders will be able to realise the implied premium, should they accept the Revised Offer, will depend upon market factors such as prevailing market prices, liquidity and market depth of TIX units.

7.4 Premium for control

RG 111 requires that in assessing the fairness of the Revised 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[34] 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 99.7% 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 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 Revised 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[35] based on the carrying value of ANI's properties at 31 December 2014

[34] Based on analysis of transactions between 2000 and 2015 sourced from Connect4

[35] Based on KPMG Corporate Finance analysis of applicable stamp duty costs

- ANI's gearing as at 30 June 2015 of 34.2%[36] 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 Revised 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 Revised 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 and 2015 range between 6.4% and 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 3 of this report
- the externally managed trusts within the A-REIT Index are currently trading at a median premium to NTA of approximately 9.8%[37].

Given the factors outlined above, we consider it appropriate for a control premium 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.

In our view, any premium should be at the lower end of the observable range given that ANI is a passive, externally managed REIT. The premiums under the Revised Offer based on the adjusted NTA and VWAP analysis set out in Sections 7.2 and 7.3 of this report, range from 6.1% to 10.8% and in our opinion are sufficient and support a fairness opinion.

[36] Based on interest bearing liabilities less cash divided by total assets less cash (ANI FY15 Results Presentation)
[37] Refer to Appendix 3 for details of premium/discount to NTA ratios of the externally managed constituents of the A-REIT Index

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 Fourth Supplementary Target's Statement or any other document prepared in respect of the Revised Offer. Accordingly, we take no responsibility for the content of the Fourth Supplementary Target's Statement as a whole or other documents prepared in respect of the Revised Offer.

We note that the forward-looking financial information prepared by ANI 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 Fourth Supplementary 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 Fourth Supplementary Target's Statement
- the Fourth Supplementary Bidder's Statement
- annual report for the year ended 30 June 2015 for ANI
- annual report for the year ended 30 June 2015 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
- 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 Revised 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 – Market evidence

Comparable companies

The following table sets out the gearing for the A-REIT Index constituents, as at the latest reporting date.

Table 14: Gearing analysis for comparable companies

	Net debt[1] ($ million)	Total assets[2] ($ million)	Gearing[3] (%)
Australian Industrial REIT	100.2	296.8	33.8%
360 Capital Industrial Fund	247.0	507.5	48.7%
Industrial REITs			
BWP Trust	463.9	1,926.0	24.1%
Goodman Group	2,025.8	10,402.2	19.5%
Industria REIT	135.9	404.9	33.6%
Diversified REITs			
Abacus Property Group	505.7	2,162.6	23.4%
Astro Japan Property Group	476.7	945.5	50.4%
Charter Hall Group[4]	n/a	n/a	31.4%
DEXUS Property Group	2,874.8	9,985.6	28.8%
GPT Group	2,903.8	10,159.1	28.6%
Growthpoint Properties Australia	883.6	2,226.5	39.7%
Mirvac Group	2,611.3	10,003.9	26.1%
Stockland	3,395.0	15,166.0	22.4%
Office REITs			
Cromwell Property Group	1,073.8	2,397.7	44.8%
GDI Property Group Limited	322.0	740.0	43.5%
Investa Office Fund	1,005.2	3,150.5	31.9%
Retail REITs			
Charter Hall Retail REIT	656.8	2,090.1	31.4%
Federation Centres	4,190.4	9,715.6	43.1%
Scentre Group	12,696.3	31,411.8	40.4%
Shopping Centres Australasia Property Group	673.4	1,868.3	36.0%
Westfield Corporation[5]	5,141.8	17,487.3	29.4%
Other REITs			
Arena REIT	120.3	403.6	29.8%
Folkestone Education Trust	196.6	518.5	37.9%
Ingenia Communities Group[6]	213.5	568.0	37.6%
Hotel Property Investments	248.7	537.3	46.3%
National Storage REIT[7]	207.3	514.7	40.3%
Low			**19.5%**
High			**50.4%**
Median			**33.7%**

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

The following table sets out the premium/discount to NTA for the externally managed A-REIT Index constituents, as at the latest reporting date.

Table 15: Premium/discount to NTA

	Premium / (discount) to NTA
360 Capital Industrial Fund	0.4%
Astro Japan Property Group	(17.7)%
Australian Industrial REIT	10.3%
Charter Hall Retail REIT	14.8%
Folkestone Education Trust	9.9%
Hotel Property Investments	22.7%
Industria REIT	(1.2)%
Ingenia Communities Group	9.3%
Investa Office Fund	9.9%
National Storage REIT	36.4%
Low	**(17.7)%**
High	**36.4%**
Median	**9.9%**

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

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 16: Comparable transaction evidence

Date	Target	Consideration ($ millions)	Premium/ (discount) to NTA[1]	Premium/ (discount) to VWAP[2]
Jun 2015	Novion Property Group	8,045.5	29.4%	15.7%
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		8,045.5	29.4%	56.0%
Mean		1,243.4	(1.8)%	25.8%
Median		417.0	(1.5)%	19.3%

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 which occurred subsequent to November 2014 is outlined below. For descriptions of transactions prior to this date, refer to our IER dated 26 February 2015.

Merger of Novion Property Group and Federation Centres

On 3 February 2015, Novion Property Group (NVN) announced its intention to enter into a merger implementation agreement with Federation Centres (FDC). As part of the transaction, each NVN security was offered 0.8225 FDC securities. Pursuant to the deal NVN securityholders owned 64 percent of the merged entity. NVN is an internally managed integrated retail property group listed on the ASX. It is a stapled entity comprising Novion Limited and Novion Trust and had $14.9 billion of retail assets under management, including a $9.1 billion directly owned investment portfolio at the time of the transactions.

Appendix 4 – Investment property portfolio

ANI property portfolio

Table 17: ANI property portfolio

As at 30 June 2015 Property	Book value ($ million)	Independent value ($ million)	Date of last external valuation	Capitalisation rate (%)	WALE[1]	Gross building area (sqm)
New South Wales						
92-98 Cosgrove Road, Enfield NSW	36.5	36.0	Dec-14	8.00%	3.7	33,863
10 Williamson Road, Ingleburn NSW	35.0	35.0	Jun-15	7.75%	3.5	27,260
29 Glendenning Road, Glendenning NSW	34.5	34.5	Jun-15	7.00%	13.4	21,298
12 Williamson Road, Ingleburn NSW	33.0	32.5	Dec-14	7.50%	8.2	25,666
74-94 Newton Road, Wetherill Park NSW	24.1	24.1	Jun-15	8.00%	1.0	17,044
6 Macdonald Road, Ingleburn NSW	17.5	16.8	Dec-14	7.50%	3.2	12,375
30 Clay Place, Eastern Creek NSW	15.4	15.0	Dec-14	6.75%	10.4	6,012
52-74 Quarry Road, Erskine Park NSW	14.4	14.0	Dec-14	7.50%	5.4	8,867
75 Owen Street, Glendenning NSW	7.0	6.8	Dec-14	7.50%	3.5	4,600
Victoria						
24-32 Stanley Drive, Somerton VIC	27.0	26.5	Dec-14	8.00%	3.0	24,350
324-332 Frankston-Dandenong Road, Dandenong South VIC	26.0	26.0	Jun-15	7.75%	3.5	28,316
49 Temple Drive, Thomastown VIC	13.0	13.0	Jun-15	8.75%	1.0	13,438
2 Keon Parade, Keon VIC	10.0	10.0	Jun-15	8.75%	12.8	13,125
9 Fellowes Court, Tullamarine VIC	3.4	3.3	Dec-14	8.00%	1.5	4,072
Western Australia						
23 Selkis Road, Bibra WA	17.1	17.1	Jun-15	9.25%	2.0	18,235
99 Quill Way, Henderson WA	16.2	16.2	Dec-14	9.00%	2.7	16,419
Total	**330.1**	**326.6**		**7.85%**	**4.9**	**274,940**

Source: ANI Financial Report 2015
Note 1: WALE is the weighted average lease expiry for the respective property

TIX property portfolio

Table 18: TIX property portfolio

As at 30 June 2015 Property	Independent valuation ($ million)	Date of last external valuation	Capitalisation rate (%)	WALE[1] (years)	Area (sqm)
Victoria					
69 Studley Court, Derrimut	21.0	Apr-14	7.50%	4.6	14,365
102-128 Bridge Road, Keysborough	29.2	Mar-15	8.00%	2.7	24,614
500 Princes Highway, Noble Park	20.0	Apr-14	8.75%	0.8	13,789
6 Albert Street, Preston	25.4	Mar-15	8.00%	3.7	20,532
12-13 Dansu Court, Hallam	13.7	Mar-15	7.75%	2.6	11,541
14-17 Dansu Court, Hallam	16.3	Mar-15	7.75%	3.7	17,070
39-45 Wedgewood Road, Hallam	8.5	Apr-14	8.25%	1.7	10,631
33-59 Clarinda Road, Oakleigh South	10.5	Jun-14	9.25%	0.5	10,903
Queensland					
136 Zillmere Road, Boondall	26.3	Mar-15	8.25%	8.2	16,053
69 Rivergate Place, Murrarie	28.3	Mar-15	7.25%	7.9	11,522
33-37 Mica Street, Carole Park	25.5	Mar-15	7.50%	14.2	18,613
21 Jay Street, Mount St John, Townsville	10.2	Mar-15	8.25%	10.0	4,726
22 Hawkins Crescent, Bundamba	40.5	Mar-15	7.50%	9.4	18,956
1 Ashburn Road, Bundamba	35.0	Oct-14	8.00%	4.6	26,628
New South Wales					
2 Woolworths Way, Warnervale	76.5	Mar-15	7.50%	6.1	54,533
457 Waterloo Road, Chullora	24.3	Mar-15	7.00%	12.7	16,051
60 Marple Avenue, Villawood	20.0	Apr-14	8.75%	1.9	18,493
37-51 Scrivener Street, Warwick Farm	24.7	Mar-15	8.50%	3.0	27,599
8 Penelope Crescent, Arndell Park	14.5	Apr-14	8.50%	0.9	11,420
Other states					
310 Spearwood Avenue, Bibra Lake	50.0	Oct-14	8.50%	3.4	59,508
9-13 Caribou Drive, Direk	9.8	Mar-15	8.25%	4.3	7,023
54 Sawmill Circuit, Hume	14.5	Oct-14	7.75%	6.7	8,689
Total investment property portfolio	**544.6**		**7.95%**	**5.3**	**423,259**

Source: TIX Financial Report 2015
Note 1: WALE is the weighted average lease expiry for the respective property

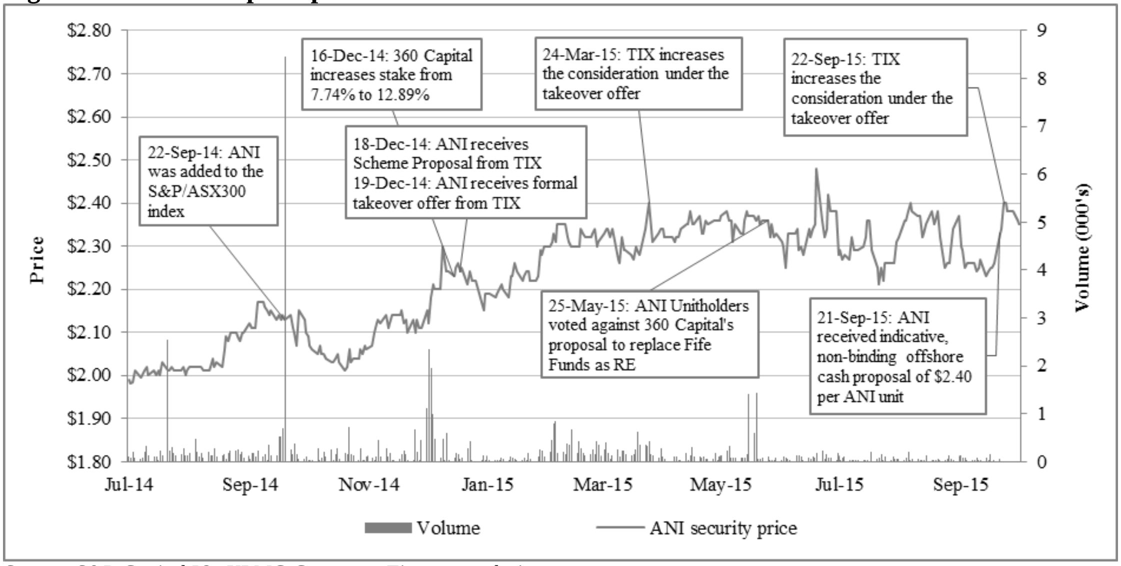
Appendix 5 – Unit price performance

ANI Unit price performance

Recent trading activity

The price history and volume of trading of ANI Units from 1 July 2014 to 1 October 2015 is set out below.

Figure 5: ANI's Unit price performance



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

In relation to ANI's Unit price performance, we note:

- the corporate activity since 6 December 2014 indicates fluctuations observed in ANI Units, with the unit price ranging between $2.20 and $2.48 per ANI Unit. However, we note that the movement in ANI Units over this period broadly followed 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 26 February 2015 ANI released a target statement recommending to reject the offer made by 360 Capital Investment Management Limited
- on 24 March 2015 TIX increased the consideration under its offer to 0.90 TIX Units, cash of 4.5 cents as the consideration under the and a conditional cash payment from 360 Capital of 10.0 cents
- on 25 May 2015 ANI Unitholders voted against 360 Capital's proposed resolutions to remove Fife Funds as the responsible entity of ANI and appoint with an entity within the 360 Capital Group. These resolutions were rejected, with 98% of non-TIX associated unitholders voting against the proposal
- on 21 September 2015 an indicative, non-binding offshore cash proposal of $2.40 for every ANI share was received from a consortia of offshore listed investors

- on 22 September 2015 an increased proposal from TIX of $2.43 relative implied value per ANI Unit was received. The offer comprised of 0.90 TIX Units per ANI Unit, 14.5 cents cash per ANI Unit and 10.0 cents per ANI Unit additional cash payable by 360 Capital Group
- ANI's Unit price was $2.35 at close of trade on 1 October 2015.

Liquidity

An analysis of the volume of trading in ANI Units and the implied VWAP for different periods to the last trading day before the announcement of the Cash Proposal on 21 September 2015 are below.

Table 19: Volume of trading in ANI Units and implied VWAP pre announcement of the Cash Proposal

Period	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 18 September 2015				
1 week	2.25	0.60	0.26	0.28
1 month	2.28	2.56	1.13	1.17
2 months	2.30	5.48	2.39	2.48
3 months	2.32	9.07	3.92	4.07

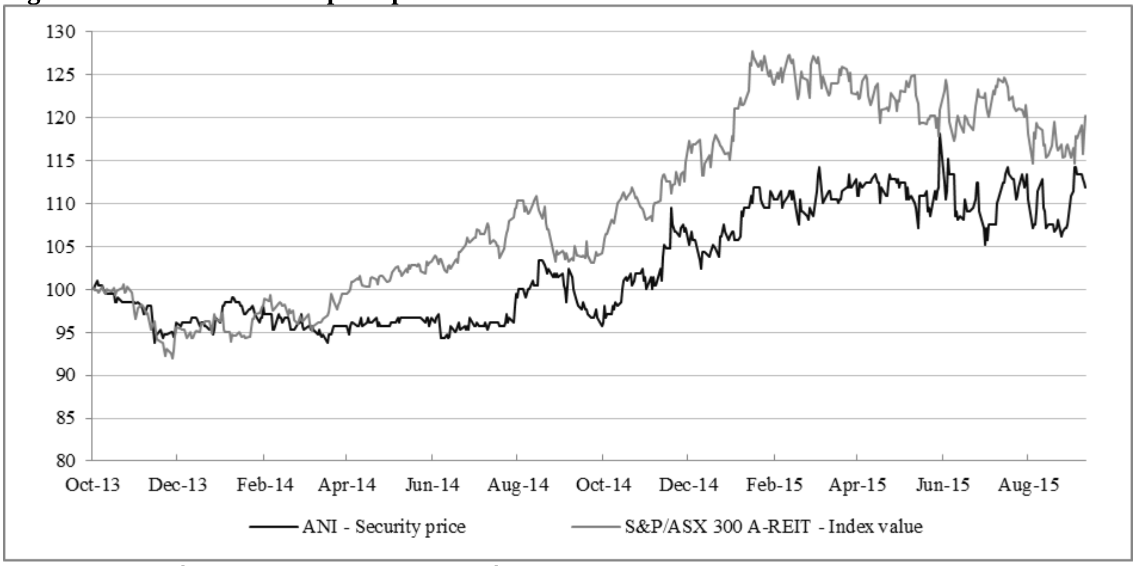
Source: S&P Capital IQ; KPMG Corporate Finance analysis

In relation to the above, we note that during the three month period prior to the announcement of the Cash Proposal, 4.07% of issued securities were traded. This represents a decrease in liquidity relative to the VWAPs identified in our IER dated 26 February 2015, which is likely due to the reduced number of freely traded shares as a consequence of TIX and its associates gradually acquiring an interest in ANI which at 5 October 2015 was 36.07%.

Relative ANI Unit price performance

The figure below illustrates the performance of ANI Units over the period from 21 October 2013 to 1 October 2015, relative to the S&P 300 A-REIT Index

Figure 6: Relative ANI Unit price performance



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

ANI represented approximately 0.2% of the A-REIT Index in terms of market capitalisation as at 1 October 2015, with the top five constituents representing approximately 64%.

In relation to ANI's unit price performance relative to the A-REIT Index, we note the following:

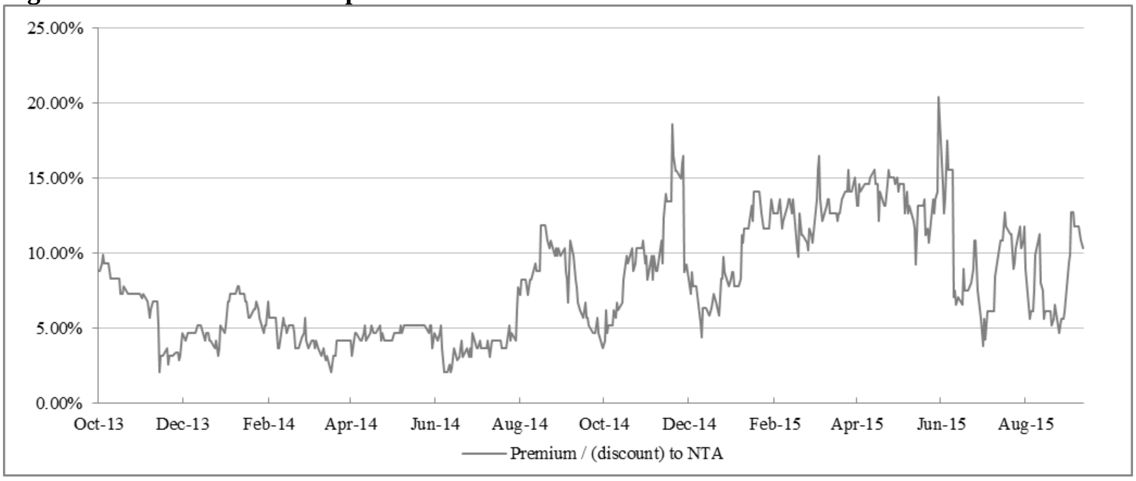
- during the period illustrated above, ANI Units have underperformed the A-REIT Index by approximately 8.3%
- the relative performance of ANI Units has been impacted by the corporate activity which ANI has been involved in since December 2014. This activity contributed to periods of outperformance in December 2014 and September 2015, which has brought the overall performance of ANI Units closer to the performance of the A-REIT Index.

An overview of the A-REIT industry and Australian industrial property sector are set out in Appendix 3 of our IER dated 26 February 2015.

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 1 October 2015.

Figure 7: 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 20.4% during the period.

Based on the NTA recorded at 30 June 2015 of $2.13 per ANI Unit, the closing price at 1 October 2015, implied a premium to NTA of 10.3%. While difficult to quantify, reasons for the premium likely include the following:

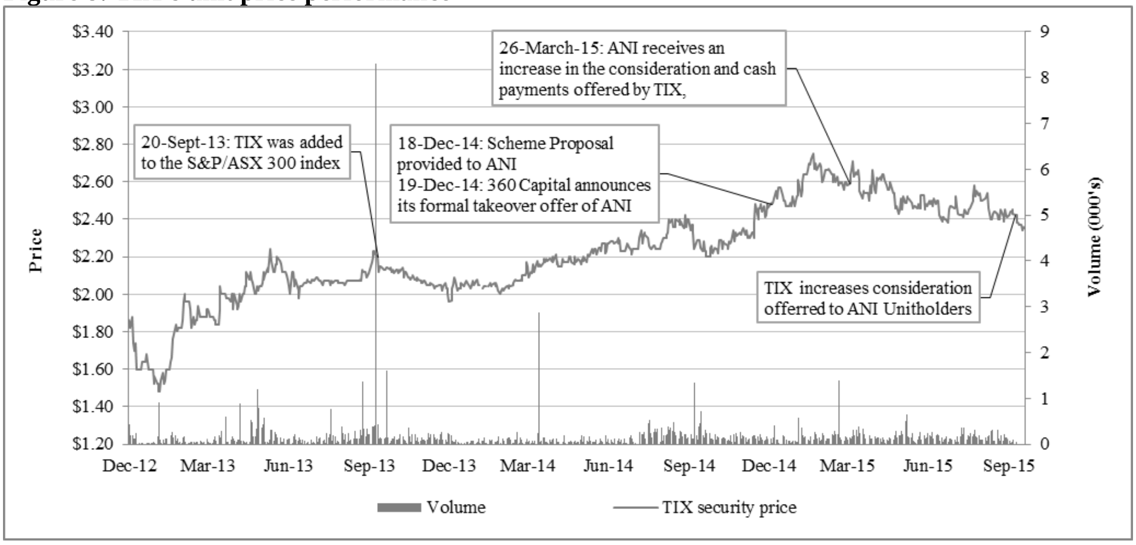
- attractiveness of yield securities given the low Australian interest rate environment
- the lag between property valuations and reported NTA
- ANI's strategic goal to provide regular distributions to ANI Unitholders and ANI's ability in exceeding the forecasts provided in ANI's PDS for distributable 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.

TIX unit price performance

Recent trading activity

TIX's unit price history and volume of trading from 12 December 2012 to 1 October 2015 is set out below.

Figure 8: 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 March 2015, 360 Capital announced that independent valuations as at 31 March 2015 had been completed for 13 of TIX's properties (representing 63% of the portfolio). This resulted in an uplift in the carrying value of the portfolio by $17.5 million, representing a 5.3% increase on October 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
- on 24 March 2015 TIX proposed an increase the consideration and cash payments offered to ANI to 0.90 TIX Units, cash of 4.5 cents as consideration and a Cash Payment of 10.0 cents, subject to the satisfaction of Cash Payment Conditions. The implied value of the Offer inclusive of the Cash Payment was $2.542 per ANI Unit
- on 22 September 2015 TIX increased the proposal for ANI to a relative implied value per ANI Unit of $2.43.[38] The offer comprised of 0.90 TIX Units per ANI Unit, 14.5 cents cash per ANI Unit, and an additional 10.0 cents per ANI Unit to be paid by 360 Capital. ANI Unitholders were also entitled to 4.84 cents cash per ANI Unit being the TIX September distribution
- the corporate activity since 6 December 2014 has influenced the fluctuations in TIX unit prices, with the unit price ranging between $2.38 and $2.75. The TIX unit price prior to the Announcement Date was $2.43.

Liquidity

An analysis of the volume of trading in TIX Units and the implied VWAP for different periods to the last trading day before the announcement of the Cash Proposal on 21 September 2015.

Table 20: Volume of trading in TIX Units and implied VWAP pre announcement of the offshore cash proposal

Period	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
Period ended 18 September 2015				
1 week	2.45	0.72	0.30	0.19
1 month	2.43	7.36	3.02	1.96
2 months	2.46	16.95	6.89	4.49
3 months	2.46	22.75	9.25	6.04

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

In relation to the above, we note that during the three month period prior to the announcement of the Cash proposal, 4.07% of issued securities were traded. This represents a decrease in liquidity relative to the VWAPs identified in our IER dated 26 February 2015. This is likely due to the reduced number of freely

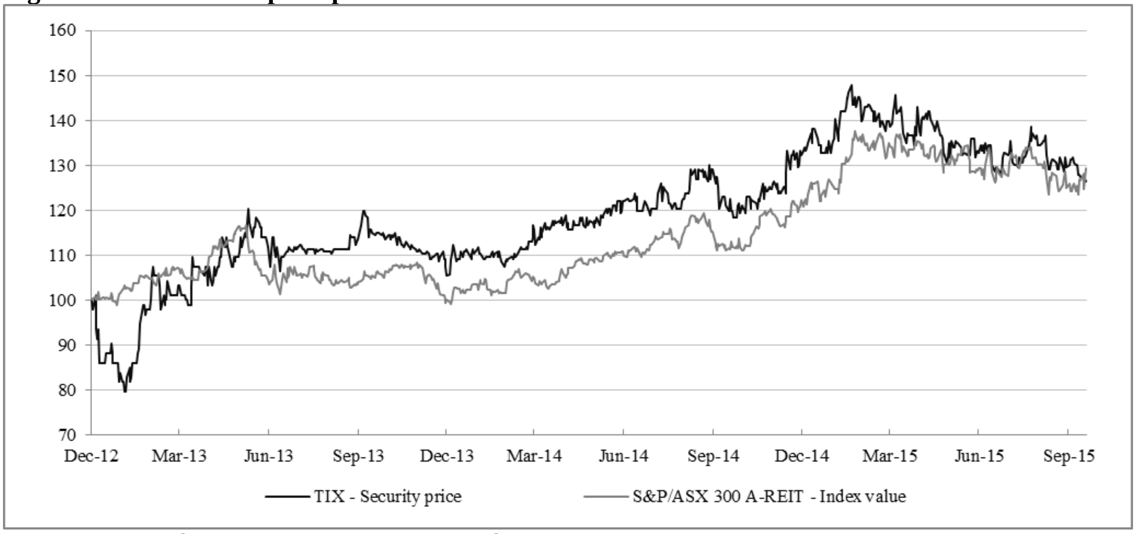
[38] Based on TIX's closing price of $2.42 on 22 September 2015

traded shares as a consequence of TIX and its associates gradually acquiring an interest in ANI which at 5 October 2015 totalled 36.07%.

Relative TIX unit price performance

The figure below illustrates the performance of TIX units over the period from listing to 1 October 2015, relative to the A-REIT Index.

Figure 9: Relative unit price performance



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

TIX is listed on the A-REIT Index, representing approximately a 0.32% weighting on the A-REIT Index.

In relation to TIX's trading price relative to the A-REIT 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.

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 1 October 2015.

Figure 10: 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 and issue of a qualified audit opinion. 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 30 June 2015 of $2.34 per unit, the closing price at 1 October 2015 of $2.35 implied a premium to NTA of 0.9%. 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.

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PART TWO – FINANCIAL SERVICES GUIDE

Dated 6 October 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 Revised 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 Funds Limited (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 Revised 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 $100,000 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 Revised Offer or alternatives to the Revised 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

Internal complaints resolution process

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.

External complaints resolution process

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:
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