

360 Capital Industrial Fund



3 June 2015

TIX Offer Extended to 10 June 2015

360 Capital Investment Management Limited (360 Capital) as responsible entity for the 360 Capital Industrial Fund (Bidder) refers to the off-market takeover bid (TIX Offer) which it has made for all the units in Australian Industrial REIT (ANI).

The Bidder has extended the TIX Offer until 5.00pm (AEST) on 10 June 2015.

We enclose copies of the following documents sent today to ANI Unitholders in relation to the extension:

- a letter;
- Section 650D(1) Notice; and
- a flyer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Alan Sutton'.

Alan Sutton
Company Secretary
360 Capital Investment Management Limited

More information on the TIX Offer can be found on the ASX's website at www.asx.com.au using the Fund's ASX code "TIX", on the Fund's website www.360capital.com.au, or by calling the TIX Offer Information Line on 1800 247 697 (callers in Australia) or +61 2 8024 1189 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

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About 360 Capital Industrial Fund (ASX code TIX)

360 Capital Industrial Fund is an ASX-listed Fund focused on passive rent collecting from warehouse and logistics properties in Australia in the \$10.0 million plus range. The Fund has strong, defensive, income-focused investment fundamentals via a diversified \$544 million portfolio of 22 quality assets, a weighted average lease expiry of 5.8 years, occupancy of 99.9%, distributions tax deferred at approximately 50% to 60% and a forecast FY15 distribution of 21.0cpu. The Fund is externally managed by 360 Capital Group, a leading ASX-listed real estate investor and fund manager that operates under a transparent fee structure and is the largest unitholder in the Fund to ensure ongoing alignment of interests with Unitholders.

About 360 Capital Group (ASX code TGP)

360 Capital Group is an ASX-listed, property investment and funds management group concentrating on strategic investment and active investment management of property assets. The company actively invests in direct property assets, property securities and various corporate real estate acquisitions within Australian real estate markets on a private equity basis. 360 Capital Group's 21 full time staff have significant property, funds and investment management experience. 360 Capital Group manages nine investment vehicles holding assets valued at over \$1.1 billion on behalf of over 8,300 investors and has over \$177 million worth of co-investments across the 360 Capital Group.

Dear Fellow ANI Unitholder,

- TIX has increased its forecast FY15 earnings and distributions by 7.5% and 5.0% respectively
- ANI Unitholders accepting the TIX Offer will be entitled to receive:
 - TIX June quarter forecast distribution of 6.07 cents per TIX Unit
 - 4.5 cents cash per ANI Unit

That is, if you accept the TIX Offer, you will be entitled to receive 10.0 cents per equivalent ANI Unit compared to 9.6 cents per ANI Unit if you remain an ANI Unitholder for the June distribution.

- In addition if acceptances into the TIX Offer reach 50% you will be entitled to receive:
 - 10.0 cents cash per ANI Unit

TIX Offer Extended to 10 June 2015

360 Capital Investment Management Limited (360 Capital) as responsible entity for the 360 Capital Industrial Fund (Bidder or TIX) is pleased to make the following announcement in relation to its off-market takeover bid (TIX Offer) which it has made for all the units in Australian Industrial REIT (ANI).

- The TIX Offer has been extended to 5.00pm (AEST) on 10 June 2015 to enable you to accept the TIX Offer;
- TIX owns approximately 31% of ANI and is the largest Unitholder in ANI with a circa \$68 million investment and its interests are fully aligned with yours to maximise the value of ANI's portfolio and;
- The TIX Offer is unconditional meaning when you accept the TIX Offer you will receive 0.90 TIX units and 4.5 cents cash for each ANI Unit you own within five business days of valid acceptance.

Benefits of the TIX Offer

	ANI Standalone		Combined Group ¹
FY16 Distribution	19.2cpu	↑ 5.7%	20.3cpu ²
FY16 Earnings	20.4cpu	↑ 2.9%	21.0cpu ²
NTA per Unit	\$2.01 ³	↑ 5.5%	\$2.12
Gearing	36%	↑	40% ⁴
Implied value ⁵	\$2.31	↑ 2.2%	\$2.36

1. Assumes TIX acquires 100% of ANI and is represented as an equivalent ANI Unit

2. Assuming reinvestment of the Cash Payment of 10.0 cents per ANI Unit into the Combined Group at \$2.21 (based on the closing price of TIX Units on 1 June 2015 of \$2.46)

3. Target Statement NTA of \$2.06 per Unit less ANI transaction costs of \$4.4m

4. Post sale of Non-Core Assets – refer to section 5.5 of the Bidder's Statement

5. Implied Value of the TIX Offer inclusive of the 4.5 cents per ANI Unit cash payment by TIX and the 10.0 cents per ANI Unit cash payment by 360 Capital and based on the closing price of ANI and TIX Units in 1 June 2015

Results of ANI Unitholder Meeting

A meeting of ANI Unitholders was held on 25 May 2015 in which ANI Unitholders were asked to consider the removal of Fife Capital Funds Limited as Responsible Entity of ANI and replacing it with 360 Capital ANI Management Limited (360CAML). The results of the meeting were as follows:

Votes For: 40.2%

Votes Against: 59.8%

We note that of the 59.8% units which were voted against the resolutions, approximately 21% were cast by entities associated with ANI's appointed corporate advisors who are receiving substantial fees (in excess of \$4.4m in total) for services to ANI including in the defence of the TIX Offer. Accordingly, ANI's statement in respect of the results of the meeting was misleading.

How to Accept the TIX Offer

To accept the TIX Offer, please sign and return the enclosed Acceptance Form using the enclosed replied paid envelope, as per the instructions on page 5 of the Bidder's Statement or the Acceptance Form so that your acceptance may be processed before 5.00pm (AEST) on 10 June 2015.

Further details can be found on the ASX's website at www.asx.com.au using the Fund's ASX code "TIX", on the Fund's website www.360capital.com.au, or by contacting the TIX Offer Information Line on 1800 247 697 (callers in Australia or +61 2 8024 1189 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

Yours sincerely,



David van Aanholt

Independent Chairman

360 Capital Investment Management Limited as responsible entity for the 360 Capital Industrial Fund

Corporations Act 2001 (Cth)

Section 650D(1)

Notice of variation of offers - Extension of offer period

TO: Australian Securities & Investments Commission (**ASIC**)

Fife Capital Funds Limited in its capacity as responsible entity of Australian Industrial REIT (**ANI**)

AND TO: In accordance with section 650D(2), to those ANI Unitholders who have not accepted the TIX Offer.

Reference is made to:

- (a) the offers dated 17 February 2015 from 360 Capital Investment Management Limited as responsible entity for the 360 Capital Industrial Fund (**Bidder**) for all the units in ANI (**TIX Offer**); and
- (b) the replacement bidder's statement dated 13 February 2015 in relation to the TIX Offer (**Bidder's Statement**).

Unless otherwise specified, terms used in this notice have the same meaning as in the Bidder's Statement.

Extension of offer period

The Bidder hereby gives notice under section 650D(1) of the Corporations Act that the TIX Offer is varied by extending the period during which the TIX Offer remains open for acceptance until **5:00pm (AEST) on 10 June 2015**.

ASIC lodgement

A copy of this notice was lodged with ASIC on 3 June 2015. ASIC takes no responsibility for the contents of this notice.

Approval

In compliance with ASIC Class Order 13/521, this notice has been approved by a unanimous resolution passed by the directors of Bidder.

Signed by,



David van Aanholt
Independent Chairman
360 Capital Investment Management Limited
Date: 3 June 2015

WHY SHOULD YOU ACCEPT NOW

ACCEPT TIX OFFER¹:

Your FY16 distribution will increase to
19.4cpu

You may also receive an additional
10.0cpu from TGP if the TIX Offer is
successful²

STAY WITH ANI:

Your FY16 distribution will only be
19.2cpu

ANI ongoing distributions are at risk

“TIX owns approximately 31% of ANI – our goal has been and remains to merge TIX and ANI to create value for all Unitholders.”

If you become a TIX Investor:

- ✓ TIX has increased its FY15 earnings and distributions
- ✓ TIX continues to focus on growing distributions, which have increased at average of 9.6% per annum over past four years
- ✓ TIX Offer for ANI is earnings, distribution and NTA accretive for ANI Unitholders
- ✓ TIX's modern portfolio will provide Unitholders with continued outperformance with a fully aligned manager focused on creating unitholder value, not increasing management fees
- ✓ TIX owns approximately 31.0% of ANI and is aligned with fellow ANI Unitholders

If you stay with ANI:

- ✗ We expect Fife Funds to undertake a dilutive capital raising to protect its management fees at the expense of ANI Unitholder value – it has already appointed capital market advisors
- ✗ ANI distributions are at significant risk and may not be sustainable post FY16 as a result of lease expiry in over 50% of the portfolio shortly thereafter
- ✗ Fife Funds has already committed to spend a significant amount of ANI's 2015 profits on advisors to defend its management rights - \$4.4million (5.0 cents per Unit) – How much more of your investment will Fife Funds spend to defend its management fees?
- ✗ To meet ANI's June distribution, Fife Funds will need to draw down debt, increasing ANI borrowings
- ✗ Votes cast by persons associated with Fife's advisors (who are paid out of your investment and who stand to receive substantial fees if the TIX Offer is unsuccessful) accounted for 21% of votes against 360 Capital's proposal to change ANI's manager
- ✗ 40.2% of Units were voted in favour of 360 Capital becoming ANI's manager and the proposed 50% reduction in management fees
- ✗ If the TIX Offer lapses, ANI's Unit price is likely to fall
- ✗ ANI has become illiquid and may be removed from the S&P/ASX300 Index

1: Amounts based on announced distribution guidance for TIX (ANI equivalent Unit basis) and ANI.

2: The cash payment is subject to satisfaction of the Cash Payment Condition which includes where 50% of the ANI units are accepted into the TIX Offer.