AUSTRALIAN INDUSTRIAL REIT

ASX Release

13 November 2013

Acquisition of Glendenning Property and Unit Purchase Plan

Fife Capital Funds Limited ("**Responsible Entity**"), the responsible entity for the Australian Industrial REIT (the "**Fund**"), today announces the acquisition of an industrial property at Glendenning, NSW for $29.5 million[1]. The acquisition delivers on the Fund's strategy and investment objectives to invest in quality industrial properties that provide rental income underpinned by leases to reputable tenants with income growth derived from fixed and/or CPI linked rental increases.

The Fund has existing debt facilities in place to fully fund the purchase and all acquisition costs. However, the Responsible Entity intends to offer unitholders the opportunity to subscribe for additional units via a Unit Purchase Plan ("**UPP**") and Distribution Reinvestment Plan ("**DRP**") for the June 2014 distribution.

Based on the anticipated funding structure for the acquisition, forecast distributions to 31 December 2014 are expected to remain at the levels disclosed in the Fund's Product Disclosure Statement, dated 2 October 2013 ("**PDS**").

Property acquisition

The Fund has exchanged unconditional contracts to acquire an industrial property located in Glendenning, NSW for $29.5 million[1]. The property is strategically located in the established industrial suburb of Glendenning, 35 radial kilometres west of the Sydney CBD and 18 kilometres west of the Parramatta CBD.

The property is fully leased to Green's General Foods Pty Limited ("**Green's**") for an initial term of 15 years from the date of exchange, with two options of five years each. Green's is an Australian owned company established in 1978 that produces and distributes food products under the brand names of Green's, Lowan, Poppin, Basco and Lolly Gobble Bliss Bombs.

Key metrics for the acquisition include:

- Purchase price: $29.5 million[1]
- Initial yield: 7.9%[2]
- Weighted average lease expiry ("**WALE**"): 15 years
- Occupancy: 100%
- Rent increases: 3.25% per annum with a market review on exercise of each option with a minimum increase of 3.25% and a maximum increase of 8.0%

The Managing Director of the Responsible Entity, Mr Allan Fife, said: "The acquisition delivers on our strategy to acquire high quality industrial property located in close proximity to major infrastructure. The long lease of the property combined with its fixed rental increases of 3.25% per annum supports the stable earnings and distribution growth strategy of the Fund."

The acquisition has the following impact on the Fund's key metrics:

- Increases the size of the property portfolio to $205.3 million
- Increases the WALE of the portfolio from 5.8 years to 7.0 years[3]

[1] Excludes acquisition costs.

[2] Based on the annualised rent at acquisition date payable by the tenant to the Fund (excluding recovery of any outgoings) and excludes any acquisition costs.

[3] As at 30 November 2013, including the effect of rental guarantees disclosed in the PDS dated 2 October 2013.

- Tightens the portfolio's initial yield from 9.0% to 8.8%[4]
- Maintains the leased proportion of the Fund's portfolio at 100%

Transaction funding

The Fund has existing debt facilities in place to fund the acquisition and associated costs. Details of the debt facilities were disclosed in the PDS. If the transaction is funded entirely with debt, forecast gearing as at 31 December 2013 would increase to approximately 39% which is within the Fund's stated target gearing range. To maintain gearing at a more moderate level, the Responsible Entity intends to offer unitholders the opportunity to subscribe for additional equity at a discount to market via a UPP and DRP for the June 2014 distribution.

Unit Purchase Plan

Under the UPP, eligible unitholders on the register at 7.00 pm Sydney time on 12 November 2013 will be offered the opportunity to subscribe for up to $15,000 of additional units in the Fund, irrespective of the number of units they hold.

New units will be issued under the UPP at a fixed price of $2.02 and provide a forecast distribution yield of approximately 8.3% for the year ending 31 December 2014[5]. The UPP issue price of $2.02 compares to the closing price of the Fund's units on 12 November 2013 of $2.07. New units are expected to be issued under the UPP on 12 December 2013 and will not be entitled to receive the distribution for the period from the initial public offering of the Fund on 21 October 2013 to 31 December 2013[6], but will be fully entitled to receive distributions from 1 January 2014 onwards.

The UPP will not be underwritten, and the total amount raised under the UPP may be capped at the absolute discretion of the Responsible Entity's board. Any decision to impose a cap on the amount to be raised under the UPP will be made having regard to the impact of the UPP on the ability of the Fund to achieve the forecast distributions per unit to 31 December 2014 disclosed in the PDS.

The UPP is expected to open on or about 15 November 2013 and close on or about 6 December 2013. Documents with further details on the UPP will be lodged with ASX and mailed to eligible unitholders on or around 15 November 2013.

Activation of the Distribution Reinvestment Plan

The Responsible Entity intends to operate the DRP for the June 2014 distribution and may arrange for the DRP to be underwritten. The DRP may also operate in subsequent distribution periods.

The DRP will provide unitholders with the option of reinvesting all or part of their distributions in additional Fund units at a discount to the prevailing market price without incurring any brokerage fees or other transaction costs. New units issued under the DRP will rank equally with all existing units (including entitlement to future distributions). The full terms of the DRP will be announced and notified to all unitholders of the Fund in due course.

Distribution guidance

Forecast distributions for the period to 31 December 2014 are expected to remain at the levels disclosed in the PDS, after incorporating the effect of the acquisition and proposed equity funding via the UPP and DRP.

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[4] Based on the annualised rent at acquisition date payable by the tenant to the Fund (excluding recovery of any outgoings) and excludes any acquisition costs.

[5] Based on distributions for the period 1 January 2014 to 31 December 2014, which are expected to be consistent with distribution forecasts disclosed in the PDS.

[6] The distribution for this period is expected to be consistent with the distribution forecast disclosed in the PDS.

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About the Australian Industrial REIT (ASX: ANI)

The Fund is a newly established Australian real estate investment trust that will offer investors exposure to a quality portfolio of nine industrial properties which are independently valued at approximately $205.3 million and located across Sydney and Melbourne. The Fund's earnings are underpinned by the portfolio's long average lease term, with leases to a range of quality tenants.