



ASX Release

18 October 2021

REAL ASSETS PRIVATE EQUITY CREDIT

360 Capital led proposal to acquire Irongate Group (ASX:IAP) via Trust Scheme

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360 Capital Group ("TGP") and 360 Capital REIT ("TOT") (together with their associated entities) ("360 Capital") confirms they have submitted an indicative and non-binding proposal ("Indicative Proposal") to acquire, by way of an agreed trust scheme, all of the stapled securities in Irongate Group comprised of Irongate Property Fund I (ARSN 162 067 736) and Irongate Property Fund II (ARSN 644 081 309) ("IAP") which 360 Capital does not already own, for an all cash consideration of \$1.65 per IAP security ("Scheme Consideration"), to be reduced by the value of any distribution or capital return declared or paid by IAP from the date of this Indicative Proposal. A copy of the Indicative Proposal is attached to this ASX announcement.

360 Capital is in discussions with ESR Real Estate (Australia) Pty Ltd ("ESR Australia") in relation to the purchase by one or more funds managed by ESR Australia or its affiliates of selected assets in IAP's portfolio, if the Indicative Proposal is successful.

The Indicative Proposal does not require TOT or TGP to raise any equity to complete the transaction.

The Indicative Proposal remains incomplete, and incapable of acceptance and remains subject to due diligence, board and other approvals.

360 Capital has engaged Citigroup Global Markets Australia Pty Limited ("Citi") as its financial adviser, Ernst & Young as tax and accounting advisers, Clayton Utz as Australian legal advisers and Bowman Gilfillan as South African legal advisers in relation to this Indicative Proposal.

For further information in relation to the proposal please contact either

Tony Pitt
Managing Director
360 Capital Group

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James Storey
Head of Real Assets
360 Capital Group

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Authorised for release by Kimberley Child, Company Secretary 360 Capital Group.

360 Capital FM Limited ABN 15 090 664 396 (AFSL 221474) as responsible entity of the 360 Capital Active REIT ARSN 602 303 613 and the 360 Capital Passive REIT ARSN 602 304 432.

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More information on TOT can be found on the ASX's website at www.asx.com.au using ASX code "TOT", at our website www.360capital.com.au, by calling the TOT investor line: 1300 082 130 or by emailing investor.relations@360capital.com.au.

About 360 Capital REIT (ASX: TOT)

The Fund has a demonstrated track record of consistent quarterly distributions, through a selective and disciplined investment philosophy, combined with access to real estate-based investment opportunities available to TOT through the 360 Capital Group, the manager of the Fund.

About 360 Capital Group (ASX: TGP)

360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets. Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate, public and private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.



15 October 2021

Mr. Richard Longes
Independent Non-Executive Chairperson
Irongate Group
Level 13, 95 Pitt Street
Sydney NSW 2000

Dear Mr. Richard Longes,

INDICATIVE AND NON-BINDING PROPOSAL TO ACQUIRE IRONGATE GROUP

360 Capital Group ("**TGP**") and 360 Capital REIT ("**TOT**") (together with their associated entities) ("**360 Capital**"), are pleased to submit this indicative and non-binding proposal ("**Indicative Proposal**") to acquire, by way of an agreed trust scheme, all of the stapled securities in Irongate Group comprised of Irongate Property Fund I (ARSN 162 067 736) and Irongate Property Fund II (ARSN 644 081 309) ("**IAP**") which 360 Capital does not already own, for an all cash consideration of \$1.65 per IAP security ("**Scheme Consideration**"), to be reduced by the value of any distribution or capital return declared or paid by IAP from the date of this Indicative Proposal.

The Indicative Proposal represents a compelling opportunity for IAP securityholders to realise liquidity at a highly attractive acquisition premium, as well as achieving certainty of value via the 100% cash consideration. The Scheme Consideration, as set out in this Indicative Proposal, of \$1.65 cash per IAP security represents:

- 10.0% premium to IAP's closing price of \$1.50 per security on 15 October 2021, being the date of this Indicative Proposal;
- 8.1% premium to IAP's 1 month VWAP of \$1.53 per security on 15 October 2021;
- 36.4% premium to IAP's undisturbed trading price of \$1.21 per security on 28 January 2021 being the day before 360 Capital announced it had acquired an initial 9.18% strategic stake in IAP;
- 12.2% premium to the 15 June 2021 equity capital raising price of \$1.47 per security;
- 17.0% premium to 360 Capital's average entry price of its 19.99% strategic stake in IAP of \$1.41 per security; and
- 16.2% premium to IAP's pro forma net tangible assets of \$1.42 per security as at 31 March 2021¹.

¹ Pro forma for the equity raising on 15 June 2021, acquisition of 34 Southgate Avenue, Cannon Hill QLD and Lot 24 Dunhill Crescent, Morningside QLD, which are both assumed to be debt funded.



The Scheme Consideration of \$1.65 cash per IAP security represents an implied price per security in South African Rand terms of R18.09². Based on IAP's South African Rand denominated security price on the Johannesburg Stock Exchange ("JSE"), this represents a:

- 14.1% premium to IAP's closing price of R15.86 per security on 14 October 2021, being the day before the date of this Indicative Proposal; and
- 10.4% premium to IAP's 1 month VWAP of R16.39 per security on 14 October 2021.

As noted above, the Scheme Consideration of \$1.65 cash per IAP security, represents a 36.4% premium to IAP's undisturbed trading price of \$1.21 per security on 28 January 2021 being the day before 360 Capital announced it had acquired an initial 9.18% strategic stake in IAP. This implied premium is greater than the share price performance relative to selected ASX-listed REITs, the S&P/ASX200 A-REIT index and the S&P/ASX300 A-REIT index over the same trading period.

	Indicative Proposal	Selected ASX-listed REITs ³		A-REIT Index	
		Industrial	Office	ASX200	ASX300
Average security price uplift from 28-Jan-21 to 15 October 2021	36.4%	21.3%	11.6%	15.8%	16.1%

360 Capital's commitment to the Indicative Proposal is demonstrated by 360 Capital having already acquired a 19.99% interest or 128,970,751 fully paid, ordinary stapled securities in IAP.

360 Capital has conducted commercial due diligence based on public information prior to submitting this Indicative Proposal. The Indicative Proposal is therefore subject to satisfactory completion of confirmatory due diligence together with other limited conditions set out in this Indicative Proposal.

Accordingly, 360 Capital requests a six-week period in which to undertake confirmatory due diligence on non-public information on an exclusive basis ("**Exclusivity Period**"). During this Exclusivity Period, it is expected 360 Capital and IAP will agree to customary exclusivity provisions including no shop and no talk. 360 Capital and its advisers will commit significant resources to ensure that this process is completed in a timely and efficient manner and 360 Capital is prepared to work co-operatively with IAP and its advisers to assist in implementing the Indicative Proposal.

360 Capital is committed to promptly executing the Indicative Proposal enabling IAP securityholders (excluding 360 Capital) to receive cash consideration at the earliest opportunity. To this end, 360 Capital's intention is to enter into a binding scheme implementation agreement ("**SIA**") in relation to the Indicative Proposal prior to the end of the Exclusivity Period.

² Based on South African Rand to Australian Dollar ratio of 0.0912 as at 14 October 2021

³ Industrial peers include Centuria Industrial REIT (ASX: CIP) and Dexus Industria REIT (ASX: ADI). Office peers include Centuria Office REIT (ASX: COF), GDI Property Group (ASX: GDI), Australian Unity Office Fund (ASX: AOF) and Elanor Commercial Property Fund (ASX: ECF)



360 Capital seeks the IAP Board's support to implement the Indicative Proposal and a unanimous recommendation by the Directors of the IAP Board in relation to the same.

Sources of Finance

The Indicative Proposal is not subject to capital raising by any party.

360 Capital is in discussions with ESR Real Estate (Australia) Pty Ltd ("**ESR Australia**") in relation to the purchase by one or more funds managed by ESR Australia or its affiliates of selected assets in IAP's portfolio, if the Indicative Proposal is successful. ESR Australia has not reached any agreement, arrangement or understanding in this regard with 360 Capital, but 360 Capital is confident, based on its discussions to date, that it will be able to reach an agreement with ESR Australia before the end of the Exclusivity Period.

360 Capital intends to fund the balance of the consideration from existing internal resources and new debt facilities (in respect of which it has obtained letters of support).

Timetable

360 Capital is committed to advancing the Indicative Proposal as expeditiously as possible. As noted above, 360 Capital proposes that the SIA be negotiated in parallel during the Exclusivity Period and executed immediately thereafter.

In addition, 360 Capital will, during this Exclusivity Period, provide IAP with all relevant information that would be needed for inclusion in a Scheme Booklet relating to the Indicative Proposal so that the meeting may be convened as soon as practicable following execution of the SIA.

Implementation Agreement and Internal Approvals

360 Capital has obtained all internal approvals necessary for the submission of this Indicative Proposal.

Final approval of the TGP Board and the Board of 360 Capital FM Limited (the responsible entity for 360 Capital REIT) will be required prior to execution of any binding SIA.

Conditions

The Indicative Proposal is subject to the following limited conditions:

- Completion of confirmatory due diligence by 360 Capital to its satisfaction;
- Final approval of the 360 Capital Board prior to execution of a binding SIA;
- Execution of a SIA on customary terms and conditions, including with respect to exclusivity and deal protection (including a break fee and no-talk, no-shop, matching rights and notification provisions);

360 Capital



- 360 Capital reaching agreement with ESR Australia in respect of the acquisition by funds managed by the ESR Australia group of selected assets in IAP's portfolio in connection with the Indicative Proposal;
- Confirmation of other third party financing prior to signing a binding SIA;
- JSE and other regulatory approvals;
- FIRB approval. 360 Capital does not anticipate any regulatory impediments or delays to the Indicative Proposal and the timelines contemplated in this Indicative Proposal; and
- The unanimous recommendation of the Directors of the Board of IAP.

Non-binding Proposal

This Indicative Proposal is intended as an expression of 360 Capital's interest and is an incomplete proposal, containing current intentions only. It is not an offer capable of acceptance or otherwise capable of giving rise to a binding contract. Unless an SIA is entered into regarding the Indicative Proposal, 360 Capital will not be under any obligation to IAP to proceed with the Indicative Proposal (including, without limitation, to negotiate terms of the transaction with IAP).

This Indicative Proposal does not constitute a proposal to make a takeover bid for the purposes of section 631 of the Corporations Act 2001 (Cth).

Advisers

360 Capital has engaged Citigroup Global Markets Australia Pty Limited as its financial adviser, Ernst & Young as tax and accounting advisers, Clayton Utz as Australian legal advisers and Bowman Gilfillan as South African legal advisers in relation to this Indicative Proposal.

Summary and Next Steps

360 Capital would be pleased to engage with the Board of IAP and its advisers as soon as possible to discuss the Indicative Proposal in a manner that minimises disruption to IAP's business. If required, the Chair of ESR, is also available and prepared to discuss with IAP matters relating to the proposed purchase of selected assets in IAP's portfolio.

360 Capital is confident it can deliver the Indicative Proposal to IAP securityholders in a timely and efficient manner with limited execution risk. We believe the indicative Proposal reflects a compelling value proposition for IAP securityholders who should be given the opportunity to consider.

360 Capital



We look forward to discussing our Indicative Proposal with you at your earliest convenience. To discuss the Indicative Proposal please contact the undersigned.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Tony Pitt'.

Tony Pitt
Managing Director
360 Capital Group
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A handwritten signature in black ink, appearing to read 'James Storey'.

James Storey
Head of Real Assets
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360 Capital



Who is 360 Capital

360 Capital Group (ASX: TGP) is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets. Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate, private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.

360 Capital REIT (ASX: TOT) has a demonstrated track record of consistent quarterly distributions, through a selective and disciplined investment philosophy, combined with access to real estate-based investment opportunities available to TOT through the 360 Capital Group, the manager of the Fund.

For further details: www.360capital.com.au



Appendix A – Due diligence request list

Commercial information

- Meetings with key management
- Board and Committee papers for the prior two years
- Fund management, asset management and property management agreements
- Detailed fund structure diagram, including equity accounted investments and sub trusts
- Detailed organisation structure
- Full details of all employment arrangements (including retention amounts and terms), incentive arrangements, relevant policies and payments that may be triggered by implementation of the Proposal
- Copies of any documents / details of any arrangements with any person or entity where payment would be triggered on a change of control and/or the implementation of the Proposal

Capitalisation

- Schedule of outstanding debt facilities and derivatives (including mark-to-market)
- Copies of all loan agreements
- Copies of all derivative documentation
- Details of change control provisions with regards to debt documentation
- Schedule of all guarantees and mortgage agreements
- Details of any off balance sheet items including contingencies and commitments
- Current beneficial securityholder register for IAP (ASX and JSE)

Property information

- Asset tours and access to the properties
- Copies of most recent Independent Valuations and Directors Valuations
- Due diligence binders prepared at initial acquisition of assets
- Legal closing binders for assets acquired in the last three years
- Monthly or regular Property Management reports for the last 24 months
- Copies of tenancy schedules, incentive schedules and leasing reports
- Copies of all tenant leases, associated licences, incentive agreements or other documents effecting tenancy arrangements, ground leases (if relevant)
- Capital expenditure plans for each property for the next 10 years
- Description of leasing strategies, tenancy mix strategies, leasing status reports
- Details of any discussions with existing and prospective tenants in relation to currently available space and leases expiring between 1 October 2021 and 30 June 2023
- Details of any disputes with tenants, authorities, service providers etc.
- Copies of any formal title documents, existing title policies, back-up documents and surveys for each property
- Details / copies of any financial securities held in respect of any tenancies (i.e., in respect of the obligations under the leases)

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- Development management agreements

Technical / physical

- Latest technical due diligence reports
- All environmental reports
- Information on any material environmental issues (including contamination)
- Engineering and service maintenance agreements
- Copies of any agreements or special arrangements with utilities authorities
- Copies of all engineering due diligence reports
- Any 'as built' drawings, maintenance manuals, floor plans etc.

Financial

- An up-to-date version of the fund and corporate models
- Latest property budgets, re-forecasts and asset management plans
- Operating (income and expense) statements for each property for the last 3 financial years (budget and actual) and forecasts for the next 3 financial years.
- A schedule of rent arrears and rent relief for the last 3 financial years
- Support for key income statement and balance sheet items

Tax information

- All relevant tax information including external reports including the last three years of tax returns
- Tax base estimate for each property

Legal

- Relevant information pertaining to material litigation, disputes or other correspondence with regulators
- Details of current insurances (property and corporate) and copies of any specific insurance surveys undertaken in respect of the buildings
- Access to all files or information detailing any legal actions, litigation or liability / insurance claims
- AFSL compliance plans
- Compliance plan including breach, conflict/related parties and complaints registers etc.
- Copies of all co-ownership, partnership and/or joint venture agreement documents for jointly owned properties and/or jointly owned entities. Include names and compositions, change of control provisions, ownership structures for each asset, cashflow sharing, etc.
- Details of leases that include change of control triggers
- Details of all leases out for signature, if any
- Copies of permits, certificates of occupancy and zoning materials
- Contracts for the sale and purchase for the proposed assets acquired in the last 3 years
- Other material agreements not requested above