

SENS ANNOUNCEMENT

30 March 2022

Irongate Group (JSE: IAP)

Comprising Irongate Property Fund I (IPF I, ARSN 162 067 736) and Irongate Property Fund II (IPF II, ARSN 644 081 309), established in Australia and registered with ASIC as managed investment schemes
Operated by Irongate Funds Management Limited (ACN 071 514 246; AFSL 290 909) (**Responsible Entity**)
IPF I is registered as a foreign collective investment scheme in terms of the Collective Investment Schemes Control Act No.45 of 2002
ISIN: AU0000046005
(IAP or the Fund)

Irongate recommends proposal and enters into an SIA and withdrawal of cautionary statement

Summary:

- Irongate Group (**IAP**) has entered into a scheme implementation agreement (**SIA**) with Charter Hall PGGM Industrial Partnership No.2 (**Partnership**), under which the Partnership would acquire 100% of the units in Irongate Property Fund I, and Charter Hall Holdings Pty Limited or its subsidiary would acquire 100% of the units in Irongate Property Fund II by way of trust schemes of arrangement (**Schemes**).
- IAP securityholders will receive cash consideration of A\$1.90 per IAP stapled security under the Schemes.¹
- IAP securityholders will retain entitlement to the distribution for the period ending 31 March 2022 up to 4.67 A\$ cents per IAP stapled security.²
- The IAP Board unanimously recommends that IAP securityholders vote in favour of the Schemes, in the absence of a superior proposal and subject to the independent expert concluding that the Schemes are fair and reasonable, and therefore in the best interests of IAP securityholders.
- The Schemes are subject to certain conditions which must be satisfied before they can be implemented.
- IAP securityholders do not need to take any action at the present time.

Further detail:

IAP today announces that it has entered into a SIA with the Partnership³, pursuant to which

- the Partnership would acquire 100% of the units in Irongate Property Fund I; and
- Charter Hall Holdings Pty Limited or its subsidiary would acquire 100% of the units in Irongate Property Fund II.

¹ IAP securityholders holding IAP stapled securities on the South African securities register will receive cash consideration per IAP stapled security in South African Rand of R20.87, based on the South African Rand to A\$ ratio of 0.091 as at 29 March 2022

² IAP securityholders will be entitled to a distribution for the period ending 31 March 2022, up to 4.67 A\$ cents per IAP stapled security. Any distribution declared or paid which is in excess of 4.67 A\$ cents per IAP stapled security will reduce the cash consideration by an equivalent amount

³ The Partnership is managed by Charter Hall (ASX: CHC) and comprises Dutch pension fund PGGM and Charter Hall

(together, the **Proposal**)

The Proposal is to be implemented by way of the Schemes, which will require IAP securityholder approval. Detailed information in relation to the Schemes will be sent to IAP securityholders in due course.

Value of the Proposal

Subject to the Proposal being implemented, IAP securityholders will receive cash consideration of A\$1.90 per IAP stapled security (**Consideration**). IAP securityholders will retain entitlement to the distribution for the period ending 31 March 2022 up to 4.67 A\$ cents per IAP stapled security.⁴

The Consideration of A\$1.90 per IAP stapled security reflects a:

- 21.0% premium to the closing price of A\$1.57 per IAP stapled security on 28 January 2022, being the last trading day prior to announcement of the Proposal;
- 11.8% premium to the pro forma 31 March 2022 net tangible assets (**NTA**) of A\$1.70 per IAP stapled security taking into account the revised preliminary independent valuation update described in more detail below;
- 10.5% premium to the highest of three non-binding indicative offers (**NBIO**) from 360 Capital Group and 360 Capital REIT (together with their associated entities) (together, **360 Capital**) of A\$1.72 per IAP stapled security announced 14 December 2021; and
- 22.6% premium to the 9 December 2021 equity raising price of A\$1.55 per IAP stapled security.

Background to the Schemes

On 15 October 2021, IAP received an initial 360 Capital NBIO which contained a proposal to acquire 100% of IAP stapled securities via an agreed trust scheme for \$1.65 per IAP stapled security⁵.

The IAP Board, having consulted with its legal and financial advisers, unanimously rejected the initial 360 Capital NBIO. Subsequently, 360 Capital submitted an improved NBIO on 11 November 2021 for A\$1.70 per IAP stapled security⁶, and a further improved NBIO on 14 December 2021 for A\$1.72 per IAP stapled security. In each instance, the IAP Board rejected the 360 Capital NBIOs.

On 29 January 2022, the IAP Board received the Proposal, and in conjunction with its advisers, assessed the Proposal and determined to grant the Partnership a period of due diligence in order to advance the Proposal, including the negotiation of the SIA.

In connection with the Proposal, the Partnership also entered into a memorandum of understanding with 360 Capital (**MOU**), which provided the Partnership with a call option over 360 Capital's existing 19.9% securityholding in IAP. The MOU also provided 360 Capital with a

⁴ IAP securityholders will be entitled to a distribution for the period ending 31 March 2022, up to 4.67 A\$ cents per IAP stapled security. Any distribution declared or paid which is in excess of 4.67 A\$ cents per IAP stapled security will reduce the cash consideration by an equivalent amount

⁵ Adjusted for a 4.53 A\$ cents per IAP stapled security for the period ending 30 September 2021

⁶ Adjusted for a 4.53 A\$ cents per IAP stapled security for the period ending 30 September 2021

call option to acquire certain IAP property assets⁷. Notwithstanding the call option granted to 360 Capital under the MOU, the Proposal is not conditional upon 360 Capital completing the acquisitions contemplated in the MOU, meaning the Partnership will retain responsibility for funding the Proposal.

Preliminary independent property valuation update

To assist in evaluating the Proposal, IAP has undertaken external valuations for 34 of its properties, representing 92% of IAP's properties by number. IAP will adopt these valuations as part of the year-end reporting process for 31 March 2022.

Two investment properties as well as one investment property under development have been internally valued as at 31 March 2022.

The preliminary draft valuations (including both external and internal valuations) have resulted in a portfolio uplift of A\$105.4m⁸, representing an increase of 7.0%⁹ over the pro-forma property valuations as at 9 December 2021¹⁰.

The unaudited valuations are expected to increase IAP's pro-forma NTA to A\$1.70 per IAP stapled security, an increase of 10.4% over the pro-forma NTA as at 9 December 2021⁹.

Investment Properties	Unaudited Valuations 31 Mar 22	WACR 31 Mar 22	WACR 9 Dec 21 ⁸	Mvmt (bps)	Valuation uplift ⁹
	(A\$m)	(%)	(%)		(%)
Office	1,090	5.53	5.72	-19	4.3
Industrial	590	4.80	5.26	-46	12.5
Portfolio	1,680	5.27	5.57	-30	7.0

All preliminary valuations are subject to finalisation and audit, and also assume no material change in market conditions prior to 31 March 2022. The final audited valuations and NTA per IAP stapled security will be available upon release of IAP's FY22 full year results in early May 2022.

Directors' recommendation

The directors of IAP unanimously recommend that IAP securityholders vote in favour of the Schemes, in the absence of a superior proposal and subject to the independent expert concluding that the Schemes are fair and reasonable to, and therefore in the best interests of IAP securityholders.

⁷ The MOU also provided 360 Capital with a call option to acquire four property assets, IAP's funds management business and IAP's co-investment stake in the Irongate Templewater Australia Fund (ITAP). However, IAP has subsequently been advised by the Partnership that 360 Capital does not intend to exercise its call option relating to 100 Willis Street, Wellington, NZ, IAP's funds management business and IAP's co-investment stake in ITAP

⁸ Assumes an A\$/NZ\$ FX rate of 1.07125

⁹ Movement in value is calculated using \$NZ value for 100 Willis Street, Wellington, NZ to exclude currency impact

¹⁰ Per the IAP investor presentation dated 9 December 2021

Subject to those same qualifications, each director of IAP intends to vote all the IAP stapled securities held or controlled by them in favour of the Schemes.

IAP chairman, Richard Longes, stated “the Proposal is attractive for IAP securityholders, as it reflects a premium to IAP’s historic trading prices and the revised updated independent valuation of IAP’s portfolio. After careful consideration, the directors of IAP have concluded that the Proposal is in the best interests of IAP securityholders and unanimously recommend that securityholders vote in favour of the Schemes, subject to no superior proposal and the independent expert concluding that the Schemes are fair and reasonable to, and therefore in the best interests of IAP securityholders.”

Independent expert

An independent expert will opine on whether the Schemes are fair and reasonable and therefore in the best interests of IAP securityholders.

The independent expert’s report will be provided to IAP securityholders as part of the scheme booklet.

Details of the SIA

The implementation of the Schemes is subject to IAP securityholders approving the Schemes by the requisite majorities at the meetings expected to be held in June 2022 (**Scheme Meetings**).

The implementation of the Schemes is also subject to other conditions customary for a transaction of this nature, including:

- necessary ASIC, ASX, JSE and SARB approvals and exemptions being obtained for the Proposal and delisting of IAP stapled securities from the ASX and JSE;
- other regulatory approvals, including FIRB and OIO;
- no prescribed occurrence, regulatory actions or legal restraints preventing the Proposal from proceeding;
- the independent expert concluding that the Schemes are fair and reasonable, and therefore in the best interests of IAP securityholders; and
- court approval.

The SIA contains customary exclusivity provisions, including no shop, no talk, notification obligations and matching rights. A break fee will be payable by IAP to the Partnership in certain circumstances and a reverse break fee will be payable by the Partnership to IAP in certain circumstances.

The Schemes are not subject to any due diligence, financing or material adverse change conditions.

A full copy of the SIA, including all applicable conditions, is attached to the announcement released to the Australian Securities Exchange and can be accessed here:

<https://www2.asx.com.au/markets/company/iap>

Indicative timetable and next steps

IAP securityholders do not need to take any action at the present time.

A scheme booklet, containing information relating to the Schemes, reasons for the IAP directors' unanimous recommendation, the independent expert's report and details of the Scheme Meetings, is expected to be sent to IAP securityholders during May 2022.

The key dates and times will be announced when the scheme booklet is sent to IAP securityholders.

WITHDRAWAL OF CAUTIONARY STATEMENT

Further to the information set out in this announcement, the cautionary announcement released on SENS on 31 January 2022 (and the subsequent renewals thereof) is hereby withdrawn and caution is no longer required to be exercised by IAP securityholders when dealing in IAP stapled securities.

Advisors

IAP's financial advisors are Macquarie Capital and JP Morgan, its Australian legal advisor is King & Wood Mallesons and its South African legal advisor is Cliffe Dekker Hofmeyr.

Johannesburg

Sponsor
Investec Bank Limited