

IRONGATE

Unit Pricing Discretions Policy

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Irongate Group

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1. ABOUT THIS POLICY

1.1 Policy statement

This Policy sets out a framework for how the RE exercises its discretions relating to issue and redemption prices as conferred by the Constitution. The RE opted into the application of ASIC Class Order [CO 13/655] in respect of IPF I in September 2018, and the Class Order has applied to IPF II from its establishment. This Policy has been prepared to comply with sections 601FC(1A) to (1E) of the Act as inserted by ASIC Class Order [CO 13/657].

The Fund is listed on JSE and ASX. As such, this Policy must comply with the requirements of both the JSE and ASX. Where the requirement of one exchange is more stringent than the requirement of another exchange, compliance with the more stringent requirement is required.

If it is not possible to comply with both the JSE LR and the ASX LR, the RE must comply with the rule or requirement of the Main Trading Exchange at the relevant time.

1.2 Defined terms

Act	Corporations Act 2001 (Cth)
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or Australian Securities Exchange, as the context requires
ASX LR	ASX Listing Rules
Board	Board of directors of the RE
Constitution	The constitution of each of IPF I and IPF II (as amended from time to time)
Fund	IPF I and IPF II
IPF I	Irongate Property Fund I
IPF II	Irongate Property Fund II
JSE	JSE Limited or Johannesburg Stock Exchange, as the context requires
JSE LR	JSE Listings Requirements
Main Trading Exchange	Has the meaning given to it in the Constitution
Policy	This policy as amended from time to time
RE	Irongate Funds Management Limited or any other entity acting as responsible entity of the trusts that comprise the Fund from time to time
RG 134	ASIC Regulatory Guide 134: Funds management: Constitutions
Stapled Security	A Unit in each of IPF I and IPF II which trade together on ASX and JSE as a single security
Trust	IPF I or IPF II
Unit	Unit in IPF I or IPF II as the context requires

Terms not defined in this Policy have the meaning ascribed to them in the relevant Constitution, and references to clauses are to clauses of the Constitution.

13 Review

The compliance function will review this Policy following any changes to the relevant regulatory requirements or the Unit pricing provisions in a Constitution, and at least annually to check it is operating effectively and whether any changes are required to the Policy.

2. KEY REGULATORY CONSIDERATIONS

The key regulatory considerations can be found in:

- The Act, section 601FC(1)(k) relating to payments out of scheme property;
- Clause 6 of the Constitution;
- ASIC Class Orders [CO 13/655] and [CO 13/657];
- RG 134;
- Compliance plan control 5.6; and
- ASX LR, Chapter 7.

When determining the price at which Units are to be issued, it is important to consider these regulatory requirements, along with the requirements in this Policy. Certain requirements should also be considered in the less common case of a redemption of Units which have been bought back.

3. AVAILABLE DISCRETIONS

Schedule 1 to this Policy sets out:

- the Constitution provisions which contain discretions as to the formulae or methods that the RE may apply, while units in IPF I and IPF II are stapled, in working out:
 - the consideration that is to be paid to acquire an interest in IPF I and IPF II; or
 - the redemption proceeds in connection with a redemption of an interest in IPF I and IPF II; and
- the circumstances in which the RE may exercise a discretion to decide a matter that affects a formula or method that is to be used in setting the issue price or redemption price (as applicable).

Under those provisions of the Constitution, the RE has a discretion while IPF I and IPF II are listed and their Units are stapled, to set a discount to the issue price that would otherwise apply, and determine the allocation of the issue price of a Stapled Security between the amount attributable to the Unit in IPF I and the Unit in IPF II that comprise the Stapled Security, if it complies with the relevant conditions in section 601GAD of the Act as set out in ASIC Class Order [CO 13/655].

4. EXERCISE OF DISCRETION

As required by section 601FC(1A) of the Act, when determining unit prices for issue or redemption, in addition to complying with the terms of the Constitution the RE will ordinarily:

- exercise any discretions in relation to determining market price of Stapled Securities consistently with ordinary commercial practice for working out the market price of interests of the same kind in relation to an issue;
- work out the value of scheme property of IPF I and IPF II (if relevant to the determination of the price) consistently with ordinary commercial practice; and
- in either case, exercise discretions consistently with producing a value or price that is reasonably current at the time of the issue or redemption.

5. RECORDS OF EXERCISE OF DISCRETION

In the event that a discretion described in Schedule 1 is exercised by the RE, the policy for the exercise of that discretion must be documented and held by the RE at its registered office, which at present is Level 13, 95 Pitt Street, Sydney NSW 2000. This documentation must record:

- the formula or method applied in determining a Unit price;
- the date on which the discretion was exercised;
- who made the decision;
- how the discretion was exercised;
- an explanation of why it was reasonable to exercise the discretion the way it was exercised;
- if the discretion is not exercised in a way which is consistent with the scheme property being valued, or the market price of interests being worked out, in accordance with ordinary commercial practice or the valuation being reasonably current – an explanation of why it is impracticable to do so; and
- any other information required to be included within the documentation by ASIC Class Order [CO 13/657] or any other relevant ASIC instrument that may apply from time to time.

An example of the type of document to be used in recording these matters is set out in Schedule 2.

This documentation must be retained by the RE for a period of seven years after it ceases to be current.

6. SUMMARY OF AVAILABLE DISCRETIONS

The RE has the following key discretions in relation to the issue price or redemption price of a Stapled Security and each Unit that comprises it while the Units in IPF I and IPF II are stapled. Reference to clauses in this paragraph 6 of this Policy are to clauses which are materially the same in each Constitution, including the provisions of Schedule 2 of each Constitution which apply while Units are stapled. Capitalised terms used in this paragraph 6 and Schedule 1 of this Policy that are otherwise not defined in this Policy have the meaning given to them in the Constitution. More detail of some discretions that are likely to be seldom or never used is set out in Schedule 1. There are also discretions only applicable where Units are not stapled to other securities, but if such de-stapling ever occurs, this Policy would be revised to cover those discretions.

61 Issue price of Units

- While each Trust is Listed and the Units in the Trusts are stapled, the RE has the following discretions:
 - for the purpose of calculating “Market Price” for the issue of a Unit (as a component of a Stapled Security) at a fixed price while the Trusts are Listed on at least one of the JSE or the ASX, a discretion to determine whether the volume weighted average traded price on the Main Trading Exchange reflects the fair market value of the Unit in the circumstances, and if it does not, to determine (or have an Independent Expert determine) the market value on the relevant day having regard to the proposed offer or issue of Units (as part of Stapled Securities), the Terms of Issue, and the circumstances in which the offer or issue is made, or to decide to have the price determined under a Bookbuild, which may be subject to a minimum price determined by the RE, and the Market Price of an Option is to be determined in a similar manner (clause 1.1, definition of Market Price and clause 2.4 of Schedule 2 of the Constitution);
 - for a placement, a discretion to determine the issue price of Units (as a component of Stapled Securities) if the issue complies with the conditions of applicable ASIC Relief on which the RE relies for the issue under the placement and the ASX LR and the JSE LR to the extent they apply to the issue (clause 2.5 of Schedule 2 of the Constitution);
 - for a rights issue, a discretion to determine the issue price of Units (as a component of Stapled Securities) if the issue complies with the conditions of applicable ASIC Relief on which the RE relies for the issue under the rights issue and the ASX LR and the JSE LR to the extent they apply to the issue, and the Units (as a component of Stapled Securities) have been offered to all Unitholders other than those who may be excluded under the ASIC Relief (clause 2.6 of Schedule 2 of the Constitution); and
 - for a distribution reinvestment arrangement, a discretion to determine the issue price of Units (as a component of Stapled Securities) if the issue complies with the conditions of applicable ASIC Relief on which the RE relies for the issue under the distribution reinvestment arrangement and the ASX LR and the JSE LR to the extent they apply to the issue (clause 2.7 of Schedule 2 of the Constitution).
- The RE has a discretion to agree with each other stapled entity how much of the issue price of a Stapled Security will be allocated to the issue price of a Unit (or option) in the relevant Trust (clause 2.8 of Schedule 2 of the Constitution).
- The RE also has a discretion, where an issue of Units would otherwise result in a Unitholder holding a fraction of one Unit, to round the number of Units down or up to the nearest whole number, but only where the Fund has ceased to be JSE Listed (clause 6.8).
- If at any time the Fund ceases to be Listed, Units may be issued at the Current Unit Value calculated as at a date not less than 20 Business Days before the date of issue (clause 6.2(b)). In this case, the RE would have the following discretions which go toward determining the issue price of Units:
 - determining Net Asset Value and Current Unit Value (clauses 12.1 and 12.2), which includes deciding in consultation with the Auditor what provisions should be made (definition of Net Asset Value in clause 1.2); and
 - whether the Market Value (clause 1.2) of an Asset, determined in accordance with Accounting standards, truly reflects the fair market value of the Asset and, if not, appointing an Independent Expert to determine the Market Value. Any exercise of discretion in relation to the issue of Options under clause 6.3 would be documented separately.

62 Redemption Price of Units

The RE has the following discretions in relation to the redemption price of a Unit (see clause 9.5):

- to determine Net Asset Value and Current Unit Value (clauses 12.1 and 12.2), which includes deciding in consultation with the Auditor what provisions should be made; and
- the RE has discretion to round the redemption price of a Unit to the nearest whole cent.

63 Issue price discretions covered only by section 601GAD

The RE also has a general power to issue Units and Options where it meets the conditions of section 601GAD of the Act as set out in Class Order [CO 13/655] and in those cases has discretion to determine the issue price in the circumstances where that section permits (see clause 6.1).

64 Currency

The RE also has a discretion whether to set the issue price of Units in Australian dollars or rand (clause 6.9).

SCHEDULE 1 – DISCRETIONS GOVERNED BY SECTION 601GAD

Ref to para of this Policy	Clause of Constitution	Method that the RE may apply in working out the issue price and circumstances in which the RE may exercise each discretion
6.1(a) (i) and 6.3	Clauses 6.1 and 6.7, Schedule 2 clause 2.4, definitions of Market Price and Bookbuild in 1.1	<p>Powers Cumulative</p> <p>6.1 The Responsible Entity may issue Units and Options only in accordance with this clause 6 and other relevant provisions of this deed. Subject to clause 1.7, no provision in this clause 6 limits any other provision in this clause, and nothing in this clause 6 or this deed limits or is taken to limit the Responsible Entity's power to issue Units in compliance with any applicable ASIC Relief (and the Listing Rules and Listings Requirements, as applicable) whether or not that ASIC Relief or the Listing Rules requires certain provisions to be set out in this clause 6 or otherwise.</p> <p>Issue of Units at fixed price</p> <p>Sch2, 2.4 In addition to any other power the Responsible Entity has to issue Units under this deed, the Responsible Entity may issue Units at any time to any person at an Issue Price as follows:</p> <ul style="list-style-type: none"> (e) where Units are Stapled and the relevant Stapled Securities are Listed (and have not been suspended from Listing other than temporarily) on at least one of the JSE or the ASX, at a price that the Responsible Entity determines, but only if the total of the Issue Price of that Unit and the issue price of all Attached Securities to which that Unit will be Stapled is equal to the Market Price for the relevant Stapled Securities immediately before the date upon which the Unit is issued or offered for issue; and (f) where Stapled Securities have been suspended from Listing (other than temporarily) or have otherwise ceased to be Listed on both the JSE and the ASX, Units at the Current Unit Value. <p>Other issues of Units or Options</p> <p>6.7 In addition to any other power the Responsible Entity has to issue Units or Options under this deed, the Responsible Entity may issue Units or Options at an Issue Price determined by the Responsible Entity, being a price other than the issue price calculated in accordance with clauses 6.2, 6.3 or 6.10 in any circumstances where the Corporations Act does not restrict the Responsible Entity from doing so.</p>

Ref to para of this Policy	Clause of Constitution	Method that the RE may apply in working out the issue price and circumstances in which the RE may exercise each discretion
		<p>Market Price of a Unit on a particular day is:</p> <p>1 the volume weighted average traded price per Unit at which Units are traded on the Main Trading Exchange for the 30 most recent business days (as defined in the Listings Requirements or Listing Rules, as applicable) immediately before the relevant day, provided that, in determining such volume weighted average traded price, trades which:</p> <p>(a) are effected other than through the normal trading systems of the Main Trading Exchange; but</p> <p>b) are nevertheless settled through the settlement systems of the Main Trading Exchange;</p> <p>are disregarded; or</p> <p>2</p> <p>(a) if Units have not been Listed on the Main Trading Exchange for at least 30 consecutive business days (as defined in the Listings Requirements or Listing Rules, as applicable) before the relevant day; or</p> <p>(b) if in the Responsible Entity's opinion a determination under item 1 above would not reflect the fair market value of the Unit having regard to the proposed offer or issue of Units, the Unit's Terms of Issue, and the circumstances in which the offer or issue is made or the Market Price is being determined (including because the Unit is Listed as part of a Stapled Security),</p> <p>the price per Unit that the Responsible Entity or an Independent Expert determines to be the market value of a Unit on the relevant day (including having regard to the matters referred to in item 2b above); or</p> <p>3 the price for a Unit obtained under a Bookbuild, which may be subject to a minimum price determined by the Responsible Entity.</p> <p>The Market Price of an Option or other Security on a particular day is determined in the same manner.</p> <p>Bookbuild means a bookbuild arranged by a reputable investment bank with experience in arranging bookbuilds in the market in the place where the bookbuild is conducted, provided that the Auditor has provided written certification that the bookbuild was conducted in accordance with normal market standards.</p>
6.1(a)(ii)	Schedule 2, clause 2.5	<p>Placements</p> <p>2.5</p> <p>(a) Where Stapled Securities are Listed on the ASX (and have not been suspended from Listing other than temporarily) whether or not they are Listed on any other foreign market including the JSE, in addition to any other power the Responsible Entity has to issue Units or grant Options under this deed, the Responsible Entity may issue Units or grant Options at an Issue Price determined by the Responsible Entity, being a price other than the Issue Price calculated in accordance with clauses 6.2, 6.3 or 6.10 of the deed, or clause 2.4, if the Responsible Entity complies with:</p>

Ref to para of this Policy	Clause of Constitution	Method that the RE may apply in working out the issue price and circumstances in which the RE may exercise each discretion
		<p>(1) the conditions and restrictions of any applicable ASIC Relief on which the Responsible Entity relies for the issue under the placement; and</p> <p>(2) the Listing Rules and the Listings Requirements, to the extent those rules or requirements apply to the issue.</p> <p>(b) Where Stapled Securities are not ASX Listed but are JSE Listed or listed on any other foreign market (and have not been suspended from Listing other than temporarily on the relevant market) then the Responsible Entity may issue Units or grant Options at an Issue Price determined by the Responsible Entity, being a price other than the Issue Price calculated in accordance with clauses 6.2, 6.3 or 6.10 of the deed, or clause 2.4 if:</p> <p>(1) the issue, together with any related issue (as defined in ASIC Class Order [CO 13/655]) in the previous year, immediately before the issue, does not comprise more than 15% of the Units or Options in the relevant class; or</p> <p>(2) Holders who hold Units or Options in the same class approve the issue by a Placement Resolution, and each of the other conditions and restrictions of any applicable ASIC Relief if any on which the Responsible Entity relies for the issue under the placement are met.</p>
6.1(a)(iii)	Schedule 2, clause 2.6	<p>Rights issues</p> <p>2.6 In addition to any other power the Responsible Entity has to issue Units under this deed, subject to compliance with:</p> <p>(1) the conditions and restrictions of any applicable ASIC Relief on which the Responsible Entity relies for the rights issue; and</p> <p>(2) the Listing Rules and the Listings Requirements to the extent those rules or requirements apply,</p> <p>the Responsible Entity may issue Units at an Issue Price determined by the Responsible Entity, being a price other than the Issue Price calculated in accordance with clauses 6.2, 6.3 or 6.10 of the deed, or clause 2.4, if:</p> <p>(a) the Stapled Securities have been offered to all Holders (or, as the case may be, all Holders other than such Foreign Holders as have been excluded in accordance with clause 6.11) as at a record date that the Responsible Entity determines, in proportion to the value of each relevant Holder's interest in the Trust as at that record date; and</p> <p>(b) all the Stapled Securities offered are in the same class.</p>
6.1(a)(iv)	Schedule 2, clause 2.7	<p>Distribution reinvestment issues</p> <p>2.7 In addition to any other power the Responsible Entity has to issue Units under this deed, the Responsible Entity may issue Units at an Issue Price determined by the Responsible Entity, being a price other than the Issue Price calculated in accordance with clauses 6.2, 6.3 or 6.10 of the deed, or clause 2.4, pursuant to a distribution reinvestment arrangement referred to in clause 13.8 of the deed where:</p>

Ref to para of this Policy	Clause of Constitution	Method that the RE may apply in working out the issue price and circumstances in which the RE may exercise each discretion
		<p>(a) all or part of a Holder's Distribution Entitlement is applied in payment for the subscription for Stapled Securities; and</p> <p>(b) the Responsible Entity complies with:</p> <p>(1) the conditions and restrictions of any applicable ASIC Relief on which the Responsible Entity relies for the distribution reinvestment; and</p> <p>(2) the Listing Rules and the Listings Requirements to the extent those rules or requirements apply in respect of the distribution reinvestment.</p>
6.1(b)	Schedule 2, clause 2.8	<p>Allocation of Issue Price</p> <p>Where Units or Options are issued as a component of a Stapled Security, the Responsible Entity and each other Stapled Entity may agree how much of the issue price (if any) of the Stapled Security will be allocated to the Issue Price of the Unit or Option (as the case may be).</p>
6.1(c)	Clause 6.8	<p>6.8 Fractions of Units</p> <p>Where an issue would otherwise result in a Unitholder holding a fraction of one Unit:</p> <p>(b) while the Listings Requirements do not apply, the Responsible Entity may round the number of Units issued downwards or upwards to the nearest whole number at the Responsible Entity's discretion, and any excess Application Money or other money or property which results from a rounding becomes an Asset of the Fund.</p> <p>(While the Fund is listed on the JSE, there is no discretion as to rounding)</p>
6.1(d)	Clauses 6.2(b), 12.1 and 12.2 Market Value definition, and Net Asset Value definition clause 1.2	<p>6.2 Issue of Units at fixed price</p> <p>12.1 Valuation of Assets</p> <p>(a) At any time, the Responsible Entity may cause any Asset of the Fund to be valued, and may appoint an Independent Expert (at the expense of the Trust) for these purposes.</p> <p>(b) The Responsible Entity must cause the Assets and liabilities of the Fund to be valued at least once every 36 months on a rolling basis, or as otherwise required by the Listings Requirements, and the valuation to be publicly announced promptly after the valuation is completed.</p> <p>(c) In determining whether a valuation accurately reflects the value of an Asset of the Fund, the Responsible Entity is not to be regarded as having the knowledge of a valuer or any other expertise in respect of the valuation of Assets of the Fund.</p>

Ref to para of this Policy	Clause of Constitution	Method that the RE may apply in working out the issue price and circumstances in which the RE may exercise each discretion
		<p>(d) Except for purposes of determining Current Unit Value, each Asset of the Fund must be valued at its Market Value unless the Responsible Entity determines that:</p> <ul style="list-style-type: none"> (1) there is no market in respect of the Asset; or (2) the Market Value does not represent the fair value of the Asset, in which case the Responsible Entity must determine the method of valuation for the Asset. <p>(e) Except for purposes of determining Current Unit Value, where any Asset of the Fund is to be valued, or the Net Asset Value or Enterprise Value of the Trust and the number of Units on Issue is to be determined, the valuation or determination is to be as at a time determined by the Responsible Entity.</p> <p>(f) Where the calculation of the Current Unit Value and Issue Price is to be made as at a particular date, the Responsible Entity need not cause a valuation of the Fund to be performed as at that date but may rely on the most recent valuations for the purposes of that calculation.</p> <p>(g) Where a valuation is conducted for purposes required by the Listings Requirements, the Responsible Entity must ensure that the valuation is conducted in accordance with the valuation methodology prescribed by, and otherwise in accordance with, the Listings Requirements.</p> <p>12.2 Responsible Entity to determine Current Unit Value</p> <ul style="list-style-type: none"> (a) The Responsible Entity may determine the Current Unit Value at any time, including more than once on each day. (b) Subject to clause 12.2(c), if the Responsible Entity has to determine the Current Unit Value, the value of Assets for purposes of calculating Net Asset Value must be their Market Value. (c) If ASIC provides relief from the requirements of the Corporations Act to allow the Responsible Entity to determine in its discretion whether an item should be recognised and the value or amount attributable to that particular item for the purposes of calculating Net Asset Value, the Responsible Entity may make those determinations (subject to the conditions of the relief, if any). <p>Market Value</p> <ul style="list-style-type: none"> 1 for Cash or a deposit with a Bank, its face value (plus any accrued interest that is not included in its face value); 2 for an interest in real estate, the amount most recently determined by an Independent Expert which the interest would realise if sold on the date of the valuation in the open market by a willing seller to a willing buyer;

Ref to para of this Policy	Clause of Constitution	Method that the RE may apply in working out the issue price and circumstances in which the RE may exercise each discretion
		<p>3 for Securities in, or of, an entity that are listed or quoted for trading on a financial market, the latest sale price for that Security on the relevant financial market which is readily available to the Responsible Entity, or if the Responsible Entity reasonably believes that it does not represent the fair market value of the Securities, the fair and reasonable value of the Securities determined by an Independent Expert having regard to the volume weighted average price of the Securities over such period as the Independent Expert considers appropriate;</p> <p>4 for interests in a Managed Investment Scheme that are not listed or quoted for trading on a financial market:</p> <p>(a) until the underlying assets in the Managed Investment Scheme are first valued, the cost of acquisition (including all related Costs and liabilities); and</p> <p>(b) following this, its market value quoted by the responsible entity, trustee, general partner or other applicable manager of the Managed Investment Scheme on the relevant date or the nearest earlier date,</p> <p>except that, if the Responsible Entity reasonably believes that such prices do not represent the fair market value of the interests, the fair and reasonable value of the interests determined by an Independent Expert; and</p> <p>for any other asset – the value of the asset determined in accordance with the Accounting Standards or, if the Responsible Entity reasonably believes that this does not represent the fair market value of the interests, the fair and reasonable value of the assets determined by an Independent Expert.</p> <p>Net Asset Value</p> <p>the sum of the values of Assets of the Fund including Assets that relate to derivative instruments used for hedging determined in accordance with clause 12.2 less:</p> <p>1 all amounts required to repay borrowings and to meet Liabilities (including the amount of any provisions the Responsible Entity determines, in consultation with the Auditor, should be made, and including Liabilities relating to derivative instruments used for hedging); and</p> <p>2 following any Distribution Period End Date, the amount of any Distribution Entitlements payable but not paid to Unitholders on the day on which the Net Asset Value is determined, except to the extent that Distribution Entitlements have already been accounted for as a Liability for the purposes of paragraph 1 above.</p>
6.2	Clause 9.5	<p>9.5 Redemption Price</p> <p>Any redemption of Units will occur at a price equal to:</p> <p>(a) the Current Unit Value determined on the Business Day preceding the relevant redemption; less</p> <p>(b) any amounts which may be deducted under this deed, including clause 9.4,</p> <p>rounded as determined by the Responsible Entity to the nearest whole cent.</p>

Ref to para of this Policy	Clause of Constitution	Method that the RE may apply in working out the issue price and circumstances in which the RE may exercise each discretion
6.4	Clause 6.9	<p>Currency</p> <p>Without limiting the Responsible Entity's discretion as to the Terms of Issue and Terms of Offer, Units and Options may be issued with an Issue Price and (as applicable Exercise Price) denominated in dollars or rand.</p>

SCHEDULE 2 – MATTERS TO BE DOCUMENTED BY THE RE WHEN EXERCISING DISCRETIONS

[INSERT DETAILS OF ISSUE]	
State the date the discretion was exercised.	
State who made the decision.	
State how the discretion was exercised.	
Describe the formula or method applied, including each discretion relevant to the formula or method, or any adjustment to the amount determined and when it may be exercised, and refer to the relevant provisions of the Constitution	
Has the discretion been exercised by a person engaged by the RE? If so, state that person's name or where a natural person, the office held by that person.	
Explain why it was reasonable to exercise the discretion the way it was exercised.	
If the discretion is not exercised in a way which is consistent with the market price of interests being worked out, in accordance with ordinary commercial practice, then explain why it was impracticable to do so.	
Note any other relevant information.	