



## ASX Release

Earnings Upgrade

31 January 2022

Proposed Irongate Group and PMG Funds Transactions

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360 Capital Group (ASX:TGP) (**Group or TGP**) is pleased to announce the following transactions, provide HY22 unaudited earnings and Net Asset Value and a major upgrade to the Group's FY22 earnings forecasts:

### Irongate Group Transaction

The Group, 360 Capital FM Limited as Responsible Entity of 360 Capital REIT (ASX:TOT) (**360REIT**) (**Collectively 360 Capital**) and Charter Hall Group (ASX: CHC) (**Charter Hall**) have entered into a Memorandum of Understanding (MOU) under which Charter Hall has submitted an indicative and non-binding proposal ("Indicative Proposal") to acquire all of the stapled securities in Irongate Group (ASX:IAP) (**Irongate**) including 360 Capital's 19.9% stake, by way of an agreed trust scheme, and sell to 360 Capital certain assets.

The IAP Board have stated they are considering the Indicative Proposal. Details of the MOU and Indicative Proposal are as follows:

- Charter Hall to acquire all Irongate stapled securities for an all-cash consideration of \$1.90 per IAP stapled security (**Scheme Consideration**) including Group's 48.44 million stapled securities and 360REIT's 86.98 million stapled securities;
- IAP securityholders to be entitled to the March 2022 distribution (estimated to be 4.6 cents per stapled security);
- 360REIT to purchase a portfolio of 3 modern office buildings in IAP totalling approximately \$254.0 million;
- Group (or its nominee) to acquire a 50% share in 100 Willis Street, Wellington NZ for \$82.0 million and enter into a call option agreement to purchase the remaining 50% interest from Charter Hall at a future date;
  - Group and Charter Hall to enter into a co-owners agreement and will jointly appoint PMG Funds in NZ as the property manager for 100 Willis Street, Wellington NZ;
- Group to acquire the Irongate funds management business for \$5.0 million and all of the co-investment stakes in the managed funds for an estimated price of \$22.5 million;
- 360 Capital has granted Charter Hall a call option over 360REIT and Group's 19.9% stake in Irongate on the same price as the Indicative Proposal, subject to Charter Hall proceeding with the Indicative Proposal as set out above;

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- 360 Capital and Charter Hall will each pay the balance of their own costs associated with their respective acquisitions;
- 360 Capital will pay for 20% of the Irongate lease tail and staff redundancy costs; and
- 360 Capital has granted Charter Hall matching rights, standstill and no shop provisions and exclusivity.

Group and 360REIT have sufficient financial resources to complete the Irongate Group Transaction with Charter Hall and do not require undertaking any capital raisings, with funding to come from existing cash resources, Scheme Consideration and a small debt facility for 360REIT.

Group and 360REIT have been advised by Citigroup Global Markets Australia Pty Limited as financial adviser and Clayton Utz as legal adviser.

Assuming the Irongate Board recommends the Charter Hall Indicative Proposal to Irongate securityholders, 360 Capital looks forward to working with Charter Hall and Irongate's Board and management team to conclude the transaction prior to 30 June 2022.

### PMG Funds Transaction

In line with the Group's stated strategy of "increasing its funds management activities" and TOT's stated strategy of providing its securityholders with "consistent and growing income returns with an opportunity for capital growth from a diversified real estate portfolio located within Australia and New Zealand", the Group and TOT have agreed a transaction on TOT's 50% interest of PMG Funds.

Under the agreement, Group will buy from TOT its 50% interest in PMG Funds for NZ\$21.875 million plus 50% of PMG Funds NTA. The agreement is subject to a number of conditions, including due diligence, documentation, an independent expert opinion that the offer is "Fair and Reasonable and in the best interest of TOT securityholders, (excluding TGP and its associates) and TOT securityholder approval (excluding TGP and its associates).

PMG Funds currently has approximately \$875 million of FUM comprising a series of unlisted, open ended real estate investment funds. The remaining 50% share in PMG will remain owned by staff and directors.

If TOT and TGP securityholders approve the PMG Funds transaction at their respective securityholder meetings (scheduled for late March 2022), it is expected that the transaction will settle shortly thereafter providing the Group with a strong beachhead to grow NZ opportunities.

The Group also notes 360 Capital REIT's announcement today on its HY22 unaudited earnings and Net Asset Value and a major upgrade to its FY22 earnings forecasts. The Group and its associates own 23.54% of TOT's securities and alongside fellow TOT securityholders, we welcome TOT's significant earnings upgrade and its proposed property acquisitions in line with its stated strategy to become a more traditional diversified REIT.

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### Group HY22 Unaudited Earnings, NAV and FY22 Earnings Upgrade

The Group has previously forecast its FY22 operating earnings to be 6.0-7.0 cps and to pay a fully franked dividend of 6.0 cps, subject to certain transactions completing during FY22.

The Group is pleased to announce that all major proposed transactions set out in the Group's assumptions for its FY22 previous forecasts have been materially completed in the first 6 months of the financial year resulting the Group's preliminary unaudited financial results being as follows:

| 6 months to 31 December 2021:  |                | Comments:                               |
|--------------------------------|----------------|---|
| Operating Earnings (post tax): | 7.0 cps        | (up from 0.2 cps in pcp)                |
| Dividend (cps)                 | 3.0 cps        | (fully franked dividend, up 50% on pcp) |
| Cash                           | \$91.0 million | (equivalent to \$0.42 per security)     |
| NAV per TGP security           | \$1.00         | (up from \$0.91 as at 30 June 2021)     |

The above preliminary financial results are based on the IAP closing price of \$1.73 per security as at 31 December 2021 and are subject to final audit review.

Based on the results achieved in the 6 months to 31 December 2021 and subject to the above Irongate and PMG Funds transactions proceeding, the Group is pleased to announce the following upgraded financial forecasts for FY22:

| Upgraded FY22 Forecasts:       |               | Comments:                               |
|--------------------------------|---------------|---|
| Operating Earnings (post tax): | 15.0-16.0 cps | (up from 4.2 cps in pcp)                |
| Dividend (cps)                 | 6.0 cps       | (fully franked dividend, up 50% on pcp) |

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The Group is proposing to announce its results for the 6 months to 31 December 2021 on 24 February 2022.

Authorised for release by 360 Capital Group Board.

More information on the Group can be found on the ASX's website at [www.asx.com.au](http://www.asx.com.au) using the Group's ASX code "TGP", on the Group's website [www.360capital.com.au](http://www.360capital.com.au), by calling the 360 Capital investor enquiry line on 1300 082 130 or by emailing [investor.relations@360capital.com.au](mailto:investor.relations@360capital.com.au)

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### 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, private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.

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