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360 Capital



ASX Release

29 April 2022

360 Capital Group (ASX: TOT)

NOTICE OF EXTRAORDINARY MEETING OF MEMBERS

Page 1 of 1

Dear Investor,

On behalf of the Board, I notify you of an Extraordinary Meeting of the Members of 360 Capital REIT, the stapled entity comprising 360 Capital Active REIT ARSN 602 303 613 and 360 Capital Passive REIT ARSN 602 304 432 (ASX:TOT), to be held concurrently.

The Meeting of Members of TOT will be held in person and virtually at **11.00am (AEST)** on **Wednesday, 1 June 2022**. Formal notice of meeting is enclosed.

To record your vote, please return the proxy form to our Registry provider before 11.00am (AEST) on Monday, 30 May 2022.

Yours Sincerely,

David van Aanholt
Deputy Chairman

Authorised for release by, Glenn Butterworth, Company Secretary.

360 Capital



Notice of Extraordinary General Meetings

360 Capital Active REIT ARSN 602 303 613

360 Capital Passive REIT ARSN 602 304 432

This is an important document and requires your immediate attention.
You should read this document in its entirety before deciding how to vote.

If you are in any doubt about what to do, you should consult your
financial, legal, tax or other professional adviser without delay.

Important Notices

What is this document?

Notice is hereby given that a meeting of the members of 360 Capital REIT (the “**Fund**”) (the stapled entity comprising 360 Active REIT ARSN 602 303 613 (“**TOT Active**”) and 360 Capital Passive REIT ARSN 602 304 432 (“**TOT Passive**”)) (together, the “**Meetings**”) will be held concurrently as set out in this document.

Concurrent Meetings are being held for TOT Active and TOT Passive, as they have identical Members following the stapling of units in TOT Active to units in TOT Passive, those units are referred to as (“**Stapled Units**”).

This Notice is issued by 360 Capital FM Limited ACN 090 664 396 as responsible entity of 360 Capital REIT (“**Responsible Entity**”). The constitutions of each trust comprising the Fund provide that meetings of Members of each trust comprising the Fund may be held in conjunction with each other while stapling of the Stapled Units applies.

The purpose of this Notice is to provide information considered to be material to the decision of Members in determining how to vote on the Resolution.

All information in this document forms part of the Notice.

No investment advice

The information contained in this Notice does not constitute financial product advice and has been prepared without reference to your particular investment objectives, financial situation, taxation position and needs. It is important that you read the Notice (including the Explanatory Memorandum) in its entirety before making any investment decision and any decision on how to vote on the Resolution.

Any questions?

If you have any questions about your holding of Stapled Units or the Resolution, please contact 360 Capital Investor Services on 1300 082 130. If you are in any doubt on how to vote on the Resolution or the action to be taken, you should contact your financial, legal, tax or other professional adviser without delay.

Meeting details and important dates

Last date and time for receipt of Proxy Forms	11.00am (AEST) 30 May 2022
Date and time to determine your eligibility to vote at the Meetings	7.00pm (AEST) 30 May 2022
Date and time of the Meetings	11.00am (AEST) 1 June 2022
Place	The Meetings will be held at Level 37, Gateway Tower, 1 Macquarie Place, Sydney NSW 2000 and virtually at web.lumiagm.com/333926823

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Notice of Meetings

360 Capital REIT comprised of 360 Capital Active REIT ARSN 602 303 613
360 Capital Passive REIT ARSN 602 304 432
together the "Fund"

Notice is given by 360 Capital FM Limited ABN 15 090 664 396 (AFSL 221474) as responsible entity of the Fund that a meeting of members of the Fund will be held concurrently at the time, date and place detailed below, or such later time and date as notified to Members:

Date: 1 June 2022

Time: 11.00am (AEST)

Place: The meeting will be held at Level 37,
Gateway Tower, 1 Macquarie Place,
Sydney NSW 2000 and virtually at
web.lumiagm.com/333926823

The Explanatory Memorandum accompanying this Notice of Meeting provides additional information on matters to be considered at the Meetings. The notes about the Meetings and Explanatory Memorandum are part of this Notice of Meeting.

Business of the Meetings

APPROVAL OF SALE

The meeting is asked to consider and if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.1 and for all other purposes, the sale by the Fund of shares in PMG Holdings Limited to 360 Capital FM Limited in its capacity as trustee of PMG Holdings Trust, a wholly owned subsidiary of 360 Capital Group (ASX:TGP), a related party of the Fund, on the terms described in the Explanatory Memorandum, be approved."

Short Explanation

The Fund proposes to sell its 50% interest in PMG Holdings Limited, a New Zealand Fund Manager, to 360 Capital FM Limited in its capacity as trustee of PMG Holdings Trust, a wholly owned subsidiary of 360 Capital Group (ASX:TGP) ("TGP") (the **Proposed Sale**). TGP is a substantial Member in the Fund and is deemed a related party, a substantial holder and an associate under the ASX Listing Rules. Accordingly, by virtue of ASX Listing Rules 10.1.1, 10.1.3 and 10.1.4, the Fund must seek Member approval for the Proposed Sale under ASX Listing Rule 10.1.

Independent Expert's Report

Members should carefully consider the Independent Expert's Report included with this Notice of Meeting, prepared by the Independent Expert, BDO Corporate Finance, for the purposes of the Member approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to Members in the Fund. **The Independent Expert has determined that the Resolution is fair and reasonable to Members.**

Voting exclusion

Votes cast in favour of the Resolution by or on behalf of TGP or any other person who will obtain a material benefit as a result of the transaction, or any of their respective associates, will be disregarded (except a benefit solely by reason of being a holder of Stapled Units).

However, this does not apply to a vote cast in favour of the Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board



David Van Aanholt
Deputy Chairman
360 Capital FM Limited as responsible entity of 360 Capital REIT

Dated: 29 April 2022

Notes about the Meetings and how to vote

THESE NOTES FORM PART OF THE NOTICE

Changing the time and date of the Meetings and updated information

360 Capital FM Limited as responsible entity of the 360 Capital REIT (the “**Responsible Entity**”) reserves the right to postpone or adjourn the Meetings to a later time or date. If the Responsible Entity makes such a determination, it will notify all Members by lodging an announcement on the ASX and by placing an announcement on the Fund’s website at www.360capital.com.au.

The Responsible Entity will endeavour to notify Members of any such postponement prior to the original date and time of the Meetings, however the postponement of the Meetings will not be invalidated by the failure to do so. If the Meetings are adjourned for one month or more, the Responsible Entity will give new notice of the adjourned Meetings.

Any updated information in relation to the Meetings or the Resolution will be made available by the Responsible Entity on the Fund’s website at www.360capital.com.au.

Quorum

The quorum necessary for the Meetings is at least two Members present in person or by proxy together holding at least 10.0% of the Stapled Units on issue, and the quorum must be present at all times during the Meeting.

Proxies

If you are unable or do not wish to attend the Meetings, you may appoint a proxy to attend and vote on your behalf. A proxy need not be a Member.

If a Member is entitled to two or more votes they may appoint two proxies and may specify the number or percentage of votes each proxy is appointed to exercise. If no such number or percentage is specified, each proxy may exercise half the Member’s votes.

Body corporate representatives

Body corporate representatives are requested to bring appropriate evidence of appointment as a representative. Attorneys are requested to bring a copy of the power of attorney pursuant to which they have been appointed. Representatives will also be required to provide proof of identity. These documents can be mailed to the Responsible Entity at least 24 hours before the meeting.

Voting entitlements

The Directors of Responsible Entity have determined that, subject to the voting restrictions set out below, voting entitlements will be determined from the names of the Members on the Register of Members of the Fund as at 7.00pm (AEST) 30 May 2022.

Voting procedure

Voting on the Resolution will be decided by poll. On a poll, every person present who is a Member or a proxy, or body corporate representative has one vote for each dollar of the value of the Member’s total Stapled Units in the Fund held by the person, or in respect of which the person is appointed as proxy, or body corporate representative. A Member entitled to two or more votes does not have to exercise its votes in the same way and does not have to cast all its votes.

General voting exclusions

The Responsible Entity and its associates are not entitled to vote their interests on a Resolution at the Meetings if they have an interest in that Resolution other than as a Member.

Proxy voting by the Chair of the Meetings

If the Chair of the Meetings is your proxy, and you do not provide a voting direction with respect to the Resolution, you will have directed the Chair of the Meetings to vote in favour of the Resolution. The Chair of the Meetings also intends to vote undirected proxies in favour of the Resolution.

Required Voting Majority

The Resolution to be put to the Members at the Meetings is an ordinary resolution and will be passed if greater than 50% of the votes cast by Members entitled to vote on the resolution, (in person, by proxy, attorney or corporate representative), are in favour.

Lodgement of proxies and other authorities

Proxy Forms and other authorities should be returned by posting them in the reply-paid envelope provided or delivering them to one of the addresses below.

By post

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

Online

<https://www.votingonline.com.au/totegm2022>

By facsimile
(02) 9290 9655

By hand
c/- Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

All Proxy Forms must be received by Boardroom Pty Limited no later than 11.00am (AEST) 30 May 2022.

Documents received after that time will not be valid for the Meetings.

Virtual participation

The Meetings will be held both physically and virtually. Those Members who are attending virtually will have the opportunity to participate in the Meetings through an online platform.

Members who wish to participate in the Meetings may do so:

- from their computer, by entering the URL in their browser
web.lumiagm.com/333926823
or
- from their mobile device by either entering the URL in their browser
web.lumiagm.com/333926823

If you choose to participate in the Meetings online, you can log in to the meeting by entering:

- the meeting ID for the online Meetings, which is 333-926-823 ;
- your username is your Voting Access Code (**VAC**), which is located the first page of your Proxy Form; and
- your password, which is the postcode registered to your holding if you are an Australian Member. Overseas Members will need to enter the three-character country code e.g. New Zealand – NZL of their registered holding address. A full list of country codes can be found at the end of the user guide.

You will be able to view the Meetings live, lodge a direct vote in real time and ask questions online.

Members participating in the Meeting will be able to cast direct votes between the commencement of the Meeting (11.00am AEST on 1 June 2022) and the closure of voting as announced by the Chairman

during the Meetings.

More information regarding online participation at the Meetings (including how to vote and ask questions online during) is available in the User Guide. The User Guide is attached to this Notice of Meeting and will be lodged with the ASX and will also be available from our website.

Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Members of the Fund in relation to the business to be conducted at the Meetings to be held at 11.00am (AEST) 1 June 2022.

The purpose of this Explanatory Memorandum is to assist Members to decide how to vote upon the Resolution set out in the Notice of Meeting and is intended to be read in conjunction with the Notice of Meeting.

The Directors of the Responsible Entity unanimously recommend Members vote in favour of the Resolution. The Chairman of the Meetings intends to vote all available undirected proxies in favour of the Resolution.

RESOLUTION: APPROVAL OF SALE

General Background

In February 2021, 360 Capital Active REIT (**TOT Active**) entered into a share purchase agreement (the **Original SPA**) to acquire a 50% interest in PMG Holdings Limited (**PMG**) from various vendors (**PMG Vendors**).

Subject to obtaining Member approval, the Fund proposes to sell its 50% interest in PMG (**PMG Interest**) to 360 Capital FM Limited in its capacity as trustee of PMG Holdings Trust which is a wholly owned subsidiary of 360 Capital Group (comprised of the stapled entities 360 Capital Group Limited (ABN 18 113 569 136) and 360 Capital Investment Trust (ARSN 104 552 598)) (ASX:TGP) ("**TGP**") (the **Proposed Sale**).

Rationale for the Proposed Sale

Whilst PMG is an exciting and growing business, this has not been reflected in the Fund's security price with the Fund continuing to trade at a discount to book value / NTA.

The Fund has received feedback from a number of investors regarding its investment in PMG, and given that it is an active/operating business, the Fund believes that it would be better suited to sit within the TGP investment structure.

Terms of the Proposed Sale

Share Purchase Agreement

On 13 April 2022, TOT Active entered into a share sale agreement (**Share Sale Agreement**) to sell the PMG Interest. The material terms of the Share Sale Agreement are:

Term	Summary
Parties	360 Capital FM Limited as responsible entity of 360 Capital Active REIT will sell the PMG Interest to 360 Capital FM Limited in its capacity as trustee of PMG Holdings Trust (Buyer).
Purchase Price	The price payable by the Buyer for the PMG Interest will be a cash consideration of: <ul style="list-style-type: none">• NZ\$21,875,000; plus• an amount equal to 50% of the NTA of PMG as at the date of completion, the Purchase Price .
Conditions	Completion is conditional on: <ul style="list-style-type: none">• Members approving the Proposed Sale; and• members of the Buyer approving the Proposed Sale, the Conditions . If the Conditions are not satisfied by 30 June 2022, either party may terminate the Share Sale Agreement.
Original SPA - Warranties	Pursuant to the Original SPA, the PMG Vendors gave certain fundamental (title and capacity) and business warranties in favour of TOT Active (Original Warranties). The Original Warranties were qualified and limited in a manner that is consistent with market practice including the following limitations: <ul style="list-style-type: none">• a cap on the liability of the PMG Vendors being, the purchase price for a breach of fundamental warranties and NZ\$6million for a breach of all other warranties;• a de minimis threshold of NZ\$30,000 for claims;• a time limit on claims of 6 years for a breach of fundamental

	warranties and 3 years for a breach of all other warranties In connection with the arrangements relating to the Share Sale Agreement, TOT Active will assign and novate the Original SPA (including by assigning the benefit of the Original Warranties) to the Buyer.
TOT Active Warranties	TOT Active will provide customary title and capacity warranties to the Buyer in respect of itself and the PMG Interest held by it.

Technical Information required by ASX Listing Rule 14.1A

If the Resolution is passed, the Fund will be able to proceed with the Proposed Sale.

If the Resolution is not passed, the Proposed Sale will not proceed, and the Share Sale Agreement will terminate on its terms.

Technical Information required by ASX Listing Rule 10.5

For the purposes of ASX Listing Rule 10.5, the following information is provided in relation to the Resolution and the Proposed Sale:

ASX Listing Rule 10.1 states than an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, the following persons, without obtaining approval from the holders of the entity's ordinary securities:

- a related party;
- a child entity;
- a substantial (10%+) holder (or a person who was a substantial (10%+) holder in the 6 months prior to the relevant transaction);
- an associate of a person referred to above; or
- a person whose relationship to the entity or a person referred to above is such that, in ASX's opinion, the transaction should be approved by Members.

An asset is deemed to be substantial if its value, or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the ASX Listing Rules (the **5% Rule**).

The Buyer is a wholly owned subsidiary of TGP, which is a substantial Member in the Fund and is deemed a related party, a substantial holder and an associate under the ASX Listing Rules and therefore falls within the operation of ASX Listing Rules 10.1.1, 10.1.3 and 10.1.4.

As the value of the Purchase Price payable by the Buyer to TOT Active for the PMG Interest exceeds the 5% Rule amount, ASX Listing Rule 10.1 will apply to the Proposed Sale.

Accordingly, the Fund seeks Member approval for the Proposed Sale in accordance with ASX Listing Rule 10.1.

- the seller of the PMG Interest is 360 Capital FM Limited (**360 CFM**) as responsible entity of 360 Capital Active REIT;
- the Buyer is 360 CFM as trustee of PMG Holdings Trust;
- 360 CFM is a wholly owned subsidiary of TGP;
- TGP, through its wholly owned subsidiary 360 Capital Property Limited, is a substantial holder in the Fund and holds 34,488,486 Stapled Units or 24.05%;
- the relationships described in the bullet points above mean that the Buyer, as a wholly owned subsidiary of TGP is an entity that falls with the categories set out in ASX Listing Rules 10.1.1, 10.1.3 and 10.1.4;
- the assets being sold to the Buyer by TOT Active are shares in PMG, being the PMG Interest;
- the consideration for the sale of the PMG Interest is the Purchase Price (as set out above) which exceeds 5% of the equity interests of the Fund and is therefore deemed a substantial asset;
- The funds received from the Proposed Sale will be re-deployed into real estate equity investments;
- if the Proposed Sale is approved by Members, it is expected that the completion of the sale of the PMG Interest by TOT Active will occur on 2 June 2022;
- a summary of the material terms of the sale agreement pursuant to which TOT Active will sell the PMG Interest are set out above;
- a voting exclusion statement is included for the Resolution; and
- the Independent Expert's Report is attached to this Notice at Annexure A.

Independent Expert's Report

ASX Listing Rule 10.5.10 provides that a notice of meeting to obtain Member approval for the purpose of ASX Listing Rule 10.1 must include a report on the transaction from an independent expert.

The Independent Expert's Report accompanying this Notice, prepared by BDO Corporate Finance, sets out a detailed independent examination of the Proposed Sale to enable Members to assess the merits of the Proposed Sale and decide whether or not to approve the Resolution.

The Independent Expert has concluded that the Proposed Sale is fair and reasonable to Members.

Members are encouraged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

Advantages of the Proposed Sale

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Member's decision on how to vote on the Resolution:

- the Proposed Sale would realise a return of \$3.5m for TOT securityholders;
- the Proposed Sale would provide TOT with \$21.3m of capital to be redeployed for other investment opportunities;
- PMG is an unlisted active/operating business and is the only business of this nature that TOT has an interest in. The Proposed Sale would dispose of this business from TOT's portfolio giving TOT the opportunity to simplify its investment portfolio and focus on its strategy of being a more traditional A-REIT that is comparable with its peer set. This also improves transparency of investments for securityholders; and
- the Proposed Sale will crystallise an intangible asset and allow funds to be re-deployed into real estate equity.

Disadvantages of the Proposed Sale

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Member's decision on how to vote on the Resolution:

- TOT will no longer receive distributions from PMG as part of its earnings; and
- TOT will have to find alternative suitable investments to redeploy its capital.

The Board considers that the significant benefits provided by the Proposed Sale outweigh the potential disadvantages described above.

Directors Interests in the Proposed Sale

Tony Pitt is a director of TGP and is also a director of 360 Capital FM Limited which is appointed as responsible entity of the Fund.

GLOSSARY

AEST	Australian Eastern Standard time.
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by it (as the context requires).
ASX Listing Rules	The official listing rules of ASX.
Buyer	360 Capital FM Limited (ACN 090 664 396) in its capacity as trustee of PMG Holdings Trust.
Conditions	The conditions to the Proposed Sale, as further described in the Explanatory Memorandum.
Directors	The directors of the Responsible Entity.
Explanatory Memorandum	The explanatory memorandum contained in this document.
Fund	360 Capital REIT (ASX:TOT) being the stapled entity comprising 360 Active REIT ARSN 602 303 613 and 360 Capital Passive REIT ARSN 602 304 432.
360 CFM	360 Capital FM Limited ABN 15 090 664 396.
360 Capital Group or Group or TGP	360 Capital Group (ASX:TGP) being the stapled entity comprising 360 Capital Group Limited ABN 18 113 569 136 and 360 Capital FM Limited ABN 15 090 664 396 (AFSL 221474) as Responsible Entity for 360 Capital Investment Trust ARSN 104 552 598.
Independent Expert	BDO Corporate Finance.
Independent Expert's Report	The independent expert's report set out in Annexure A.
Meetings	The meetings of Members of the Fund to be held pursuant to the Notice of Extraordinary Meeting.
Member	A registered holder of a Stapled Unit.
Notice of Extraordinary Meeting	This document.
NTA	Net Tangible Assets.
NZD	New Zealand Dollars.
Original SPA	Has the meaning given in the Explanatory Memorandum.
Original Warranties	Has the meaning given in the Explanatory Memorandum.
PMG	PMG Holdings Limited.
PMG Interest	The 50% interest in PMG to be sold pursuant to the Proposed Sale.
PMG Vendors	Has the meaning given in the Explanatory Memorandum.
Proposed Sale	The proposed sale of the PMG Interest by the Fund to TGP, as further described in the Explanatory Memorandum.
Proxy Form	The form by which a Member may appoint a proxy to vote on the Resolution on its behalf without attending the Meeting in person.
Purchase Price	The purchase price payable by TGP pursuant to the Share Sale Agreement, as further described in the Explanatory Memorandum.
Resolution	The resolution set out in this Notice of Extraordinary Meeting.
Responsible Entity or RE	The responsible entity of the Fund, 360 Capital FM Limited ABN 15 090 664 396 (AFSL 221474).
Share Sale Agreement	The share sale agreement dated 13 April 2022 between TOT Active and TGP,

	as further described in the Explanatory Memorandum.
Stapled Units	A Stapled Unit in the Fund comprising a unit in 360 Capital Passive REIT ARSN 602 304 432 stapled to a unit in 360 Capital Active REIT ARSN 602 303 613.
TOT Active	360 Active REIT ARSN 602 303 613.
TOT Passive	360 Capital Passive REIT ARSN 602 304 432.
Underwriting Arrangement	Has the meaning given in the Explanatory Memorandum.

Annexure A: Independent Expert's Report

INDEPENDENT EXPERT REPORT

360 Capital FM Limited as a responsible entity for 360 Capital REIT

In relation to the sale of 50% interest in PMG Holdings Limited to a related party

14 April 2022

FINANCIAL SERVICES GUIDE

Dated: 14 April 2022

This Financial Services Guide ('FSG') helps you decide whether to use any of the financial services offered by BDO Corporate Finance (East Coast) Pty Ltd ('**BDO Corporate Finance, we, us, our**').

The FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No: 247420
- Remuneration that we and/or our staff and any associates receive in connection with the financial services
- Any relevant associations or relationships we have
- Our complaints handling procedures and how you may access them.

FINANCIAL SERVICES WE ARE LICENSED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice to retail and wholesale clients about securities and certain derivatives (limited to old law securities, options contracts and warrants). We can also arrange for customers to deal in securities, in some circumstances. Whilst we are authorised to provide personal and general advice to retail and wholesale clients, we only provide *general* advice to retail clients.

Any general advice we provide is provided on our own behalf, as a financial services licensee.

GENERAL FINANCIAL PRODUCT ADVICE

Our general advice is typically included in written reports. In those reports, we provide general financial product advice that is prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We charge fees for providing reports. These fees are negotiated and agreed to with the person who engages us to provide the report. Fees will be agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. In this instance, the Company has agreed to pay us \$55,000 for preparing the Report.

Except for the fees referred to above, neither BDO Corporate Finance, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of general advice.

All our employees receive a salary. Our employees are eligible for bonuses based on overall company performance but not directly in connection with any engagement for the provision of a report.

REFERRALS

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

ASSOCIATIONS AND RELATIONSHIPS

BDO Corporate Finance is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The general financial product advice in our report is provided by BDO Corporate Finance and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

COMPLAINTS RESOLUTION

Internal Complaints Resolution Process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. Complaints can be in writing, addressed to the Complaints Officer, BDO Corporate Finance, Level 11, 1 Margaret St, Sydney NSW 2001 or by telephone or email, using the contact details at the top of this FSG.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 24 hours (or one business day) or, if that timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited (AFCA). AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

BDO Corporate Finance is a member of AFCA (Member Number 11843).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001
Toll free: 1800 931 678
Email: info@afca.org.au

COMPENSATION ARRANGEMENTS

BDO Corporate Finance and its related entities hold Professional Indemnity insurance for the purpose of compensating retail clients for loss or damage suffered because of breaches of relevant obligations by BDO Corporate Finance or its representatives under Chapter 7 of the Corporations Act 2001. These arrangements and the level of cover held by BDO Corporate Finance satisfy the requirements of section 912B of the Corporations Act 2001.

CONTACT DETAILS

You may provide us with instructions using the details set out at the top of this FSG or by emailing - cf.ecp@bdo.com.au

SUMMARY OF FINDINGS

The Directors

360 Capital FM Limited as a responsible entity for 360
Capital REIT
Level 37, 1 Macquarie Place
SYDNEY NSW 2000

14 April 2022

Dear Directors

INDEPENDENT EXPERT REPORT IN RELATION TO THE PROPOSED SALE OF 50% INTEREST IN PMG HOLDINGS LIMITED TO A RELATED PARTY

INTRODUCTION AND PURPOSE

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF**, **we**, **us** or **our**) has been appointed by the directors (**Directors**) of 360 Capital FM Limited as a responsible entity for 360 Capital REIT (**TOT or the Company**) to prepare an independent expert report (**Report** or **IER**) setting out our opinion as to whether the proposed sale of 50% interest in PMG Holdings Limited (**PMG**) to a related party is fair and reasonable to the securityholders of TOT (the **Securityholders**), whose votes are not to be disregarded under ASX Listing Rule 10.

OVERVIEW OF THE PROPOSED TRANSACTION

In February 2021, TOT acquired a 50% interest in PMG.

Subject to the Securityholders approval, TOT has entered into a share purchase agreement (**SPA**) to sell its 50% interest in PMG to 360 Capital Group (**TGP**) (**Proposed Transaction**). The total purchase consideration payable by TGP comprises of:

- ▶ Cash of NZ \$21.875m; plus
- ▶ An amount equal to 50% of the net tangible assets (**NTA**) of PMG as at the date of completion.

(Collectively referred as “**Purchase Price**”)

Further details of the Proposed Transaction are provided in the Notice of Meeting and the Explanatory Memorandum (**Transaction Document**).

APPROACH

The Directors have requested that BDOCF prepare an IER stating whether, in our opinion, the Proposed Transaction is fair and reasonable to the Securityholders, to satisfy the requirements of ASX Listing Rule 10.1 (**LR 10.1**).

Listing Rule 10.1

LR 10.1 deals with transactions between an entity and persons in a position to influence the entity. If an ASX listed entity is disposing of a significant asset to a related party, LR 10.1 requires the shareholders to approve the disposal.

LR 10.5.10 requires that a report on the transaction from an independent expert be included in the notice of meeting. The report must state the expert’s opinion as to whether the transaction is fair and reasonable to the holders of the entity’s ordinary securities whose votes in favour of the transaction are not to be disregarded under LR 14.11.

In preparing our IER, we have considered the requirements of:

- ▶ ASIC Regulatory Guide 111 Content of expert reports (RG 111);
- ▶ ASIC Regulatory Guide 112 Independence of experts (RG 112);
- ▶ ASIC Regulatory Guide 76 Related Party Transactions (RG 76); and
- ▶ Accounting Professional & Ethical Standards Board (APESB) professional standard APES 225 ‘Valuation Services’ (APES 225).

RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist Securityholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

This engagement is a Valuation Engagement as defined by APES 225.

Fairness

RG 111 indicates that where the proposed transaction consists of an asset disposal by the entity, it is ‘fair’ if the value of the financial benefit being received by the entity from the related party is greater than or equal to the value of the assets being disposed. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length.

Reasonableness

In accordance with RG 111.60, a proposed related party transaction is ‘reasonable’ if it is ‘fair’. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes there are sufficient reasons for securityholders to vote for the proposal.

When deciding whether a proposed transaction is ‘reasonable’, factors an expert might consider include:

- ▶ the financial situation and solvency of the entity;
- ▶ the alternative options available to the entity;
- ▶ the entity’s bargaining position;
- ▶ whether there is selective treatment of any securityholder; and
- ▶ any special value of the transaction to the purchaser.

SUMMARY OF OPINION

We have considered the terms of the Proposed Transaction, as outlined in the body of this Report, and have concluded that the Proposed Transaction is fair and reasonable to the Securityholders.

A summary of our analysis in forming the above opinion is provided below. This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Fairness Assessment

In undertaking our assessment of fairness, we have had regard to the ASIC’s RG 111. The Proposed Transaction is ‘fair’ if the value of the financial benefit being received by the entity is greater than or equal to the value of the assets being disposed. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length.

Our analysis has been performed by comparing:

- ▶ the fair market value (**FMV**) of the 50% interest in PMG; and
- ▶ the Purchase Price payable by TGP.

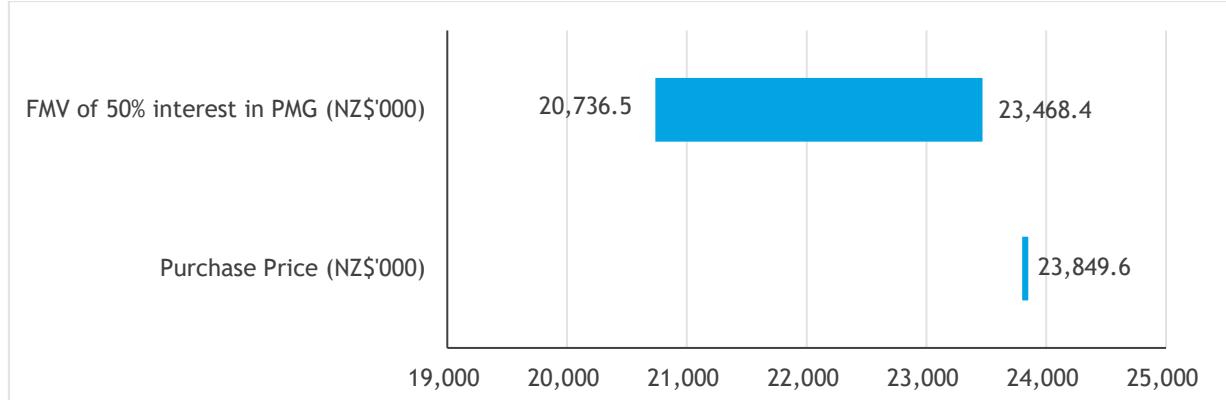
The results of our fairness analysis are summarised below.

Table 1: Fairness summary

NZ \$'000	Section	Low	Mid	High
FMV of the 50% interest in PMG	10	20,736.5	22,102.4	23,468.4
Purchase Price	7	23,849.6	23,849.6	23,849.6
Premium/(discount) on the sale of 50% interest in PMG		3,113.0	1,747.1	381.2

Source: TOT Explanatory Memorandum, BDOCF analysis, management information

Figure 1: Fairness assessment



Source: BDOCF analysis

As set out above, the Purchase Price of NZ \$23.85m is above the assessed FMV range of 50% interest in PMG.

Therefore, we have concluded that the Proposed Transaction is fair to the Securityholders.

Reasonableness assessment

In accordance with RG 111.60 an offer is reasonable if it is fair. On this basis, the Proposed Transaction is reasonable to the Securityholders.

Nevertheless, we have set out below a summary of other factors we consider relevant in assisting the Securityholders in deciding whether or not to vote in favour of the Proposed Transaction.

Table 2: Summary of factors considered in the reasonableness assessment

Advantages	
The Proposed Transaction is fair	Our analysis concluded that the Proposed Transaction is fair to the Securityholders of TOT. RG 111 states that an offer is reasonable if it is fair.
The Proposed Transaction will provide cash proceeds of circa NZ \$23.85m to increase investment in real estate opportunities	If the Proposed Transaction is approved, TOT will receive cash proceeds of circa NZ \$23.85m. This inflow of cash will provide opportunities for TOT to explore new tangible real estate investment opportunities in line with its long-term strategy.
Simplification of investment strategy	PMG is an unlisted operating entity and is the only business of this nature that TOT has an interest in. The Proposed Transaction would dispose of this business from TOT's portfolio giving TOT the opportunity to simplify its investment portfolio and focus on its strategy of being a more traditional A-REIT that is comparable with its peer set.
Disadvantages	
No longer benefit from capital growth and performance of PMG	If the Proposed Transaction is approved, TOT will no longer benefit from any capital growth, distributions, or the future performance of PMG.
Other considerations	
One-off costs	TOT will be required to incur transaction costs amounting to c.AUD\$55.2k irrespective of whether the Proposed Transaction is approved or rejected.
Tax implications	We have not considered the specific taxation implications that may be relevant for individual Securityholders in connection with the Proposed Transaction. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Securityholder.

Source: BDOCF analysis

We note that the advantages in relation to the Proposed Transaction outweighs the potential disadvantages as described above.

Based on the above analysis, we consider the Proposed Transaction to be reasonable to the Securityholders.

OTHER MATTERS

Securityholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed at an aggregate level. Accordingly, BDOCF has not considered the effect of the Proposed Transaction on the particular circumstances of individual Securityholders. Some individual Securityholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in this IER. Accordingly, individual Securityholders may reach different conclusions as to whether or not the Proposed Transaction is fair and reasonable and on arm's length terms in their individual circumstances.

The decision of an individual Securityholder in relation to the Proposed Transaction may be influenced by their particular circumstances and accordingly Securityholders are advised to seek their own independent advice.

Approval or rejection of the Proposed Transaction is a matter for individual Securityholders based on their expectations as to the expected value and future prospects and market conditions together with their particular circumstances, including risk profile, liquidity preference, portfolio strategy and tax position. The Securityholders should carefully consider the Transaction Document. The Securityholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their professional adviser.

General requirements in relation to the IER

In preparing the IER Australian Securities & Investments Commission (**ASIC**) requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated by those persons affected by the Proposed Transaction. In preparing the IER we considered ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Groups Holdings Limited or BDOCF and any of the parties to the Proposed Transaction; BDOCF has been involved in the following engagements for the parties to the Proposed Transaction:
 - Independent Expert Report dated 3 August 2021 in relation to the issue of shares in Dealt to 360 Capital as consideration for Digital Software Solutions Ltd; and
 - Valuation of various share based payments issued by 360 Capital Group for financial reporting purposes.
- ▶ the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- ▶ we have been appointed as independent expert for the purposes of providing an IER in relation to the Proposed Transaction for the Securityholders;
- ▶ that we have relied on information provided by the management of TOT (**Management**) and that we have not carried out any form of audit or independent verification of the information; and
- ▶ that we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

Current market conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

Glossary

Capitalised terms used in this IER have the meanings set out in the glossary. A glossary of terms used throughout this IER is set out in **Appendix 1**.

Sources of information

Appendix 2 to the IER sets out details of information referred to and relied upon by us during the course of preparing this IER and forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based upon our consideration and assessment of information provided by TOT.

Under the terms of our engagement, TOT has agreed to indemnify BDOCF and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Securityholders to assist them in their decision to approve or reject the Proposed Transaction. This IER is to accompany the Transaction Document to be sent to the Securityholders to consider the Proposed Transaction and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Securityholders without our written consent. We accept no responsibility to any person other than the Directors and the Securityholders in relation to this IER.

This IER should not be used for any other purpose and we do not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

We have consented to the inclusion of the IER within the Transaction Document. Apart from this IER, we are not responsible for the contents of the Transaction Document or any other document associated with the Transaction Document. We acknowledge that this IER may be lodged with regulatory authorities.

Summary

This summary should be read in conjunction with our full IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Financial Service Guide

BDOCF holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully

BDO CORPORATE FINANCE (EAST COAST) PTY LTD



David McCourt
Director



Sebastian Stevens
Director

INDEPENDENT EXPERT REPORT

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1 PURPOSE AND BACKGROUND

1.1 Purpose

BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170) (**BDOCF, we, us or our**) has been appointed by the directors (**Directors**) of 360 Capital FM Limited as a responsible entity of 360 Capital REIT (**TOT or the Company**) to prepare an independent expert report (**Report or IER**) setting out our opinion as to whether the proposed sale of 50% interest in PMG Holdings Limited (**PMG**) to a related party is fair and reasonable to the securityholders of TOT (the **Securityholders**), whose votes are not to be disregarded under ASX Listing Rule 10.

This IER is to accompany the Notice of Meeting and Explanatory Memorandum (**Transaction Document**) to be provided to the Securityholders. It has been prepared to assist and enable the Securityholders to assess the Proposed Transaction.

1.2 Overview of the Proposed Transaction

In February 2021, TOT acquired a 50% interest in PMG.

Subject to the Securityholders approval, TOT entered into a share purchase agreement (**SPA**) to sell its 50% interest in PMG to 360 Capital Group (**TPG**) (**Proposed Transaction**). The total purchase consideration payable by TPG comprises of:

- ▶ Cash of NZ \$21.875 m; plus
- ▶ An amount equal to 50% of the net tangible assets (**NTA**) of PMG as at the date of completion.

(Collectively referred as “**Purchase Price**”)

For the purpose of our analysis, we have considered the net assets of PMG as at 31 December 2021 as a proxy. Management has indicated that the estimated net assets as at the financial close will not be materially different to 31 December 2021.

Further details of the Proposed Transaction are provided in the Transaction Document.

2 SCOPE AND LIMITATIONS

2.1 Scope

The scope of the procedures we undertook in forming our opinion on whether the Proposed Transaction is fair and reasonable to the Securityholders and has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

Our assessment involved determining the fair market value (**FMV**) of various securities, assets and liabilities. For the purposes of our opinion, the term FMV is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

2.2 Summary of regulatory requirements

The Directors have requested that BDOCF prepare an IER stating whether, in our opinion, the Proposed Transaction is fair and reasonable to the Securityholders, to satisfy the requirements of ASX Listing Rule 10.1 (**LR 10.1**).

2.1.1 Listing Rule 10.1

LR 10.1 deals with transactions between an entity and persons in a position to influence the entity. If an ASX listed entity is disposing of a significant asset to a related party, LR 10.1 requires the shareholders to approve the disposal.

LR 10.5.10 requires that a report on the transaction from an independent expert be included in the notice of meeting. The report must state the expert’s opinion as to whether the transaction is fair and reasonable to the holders of the entity’s ordinary securities whose votes in favour of the transaction are not to be disregarded under LR 14.11.

In preparing our IER, we have considered the requirements of:

- ▶ ASIC Regulatory Guide 111 Content of expert reports (RG 111);
- ▶ ASIC Regulatory Guide 112 Independence of experts (RG 112);
- ▶ ASIC Regulatory Guide 76 Related Party Transactions (RG 76); and
- ▶ Accounting Professional & Ethical Standards Board (APESB) professional standard APES 225 ‘Valuation Services’ (APES 225).

RG 111 establishes guidelines in respect of independent expert reports under the Act. This regulatory guide provides guidance as to what matters an independent expert should consider to assist Securityholders to make informed decisions about transactions.

RG 111 states that there should be a separate assessment of fairness and reasonableness.

This engagement is a Valuation Engagement as defined by APES 225.

The requirements of Section 208 of the Corporations Act and the principles set out in RG 76 are discussed in further detail in section 2.3.3.

2.3 Basis of assessment

In determining whether the Proposed Transaction is fair and reasonable to the Securityholders, we have had regard to:

- ▶ RG 111 ‘Content of expert reports’
- ▶ RG 112 ‘Independence of experts’

RG 111 establishes two distinct criteria for an expert analysing a control transaction. The tests are:

- ▶ Is the offer ‘fair’?
- ▶ Is it ‘reasonable’?

The terms fair and reasonable are regarded as separate elements and are not regarded as a compound phrase.

2.3.1 Fairness

RG 111 indicates that where the proposed transaction consists of an asset disposal by the entity, it is ‘fair’ if the value of the financial benefit being received by the entity from the related party is greater than or equal to the value of the assets being disposed. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length.

Our analysis has been performed by comparing:

- ▶ the FMV of the 50% interest in PMG; and
- ▶ the Purchase Price payable by TGP.

2.3.2 Reasonableness

In accordance with RG 111.60, a proposed related party transaction is ‘reasonable’ if it is ‘fair’. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes there are sufficient reasons to securityholders to vote for the proposal.

When deciding whether a proposed transaction is ‘reasonable’, factors an expert might consider include:

- ▶ the financial situation and solvency of the entity;
- ▶ the alternative options available to the entity;
- ▶ the entity’s bargaining position;
- ▶ whether there is selective treatment of any securityholder; and
- ▶ any special value of the transaction to the purchaser.

2.3.3 General requirements in relation to the IER

In preparing the IER ASIC requires the independent expert, when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Transaction. In preparing the IER we considered the necessary legal requirements and guidance of the Act, ASIC regulatory guides and commercial practice.

The IER also includes the following information and disclosures:

- ▶ particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between BDO Groups Holdings Limited or BDOCF and any of the parties to the Proposed Transaction;
BDOCF has been involved in the following engagements for the parties to the Proposed Transaction:
 - Independent Expert Report dated 3 August 2021 in relation to the issue of shares in Dealt to 360 Capital as consideration for Digital Software Solutions Ltd; and
 - Valuation of various share based payments issued by 360 Capital Group for financial reporting purposes.
- ▶ the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- ▶ we have been appointed as independent expert for the purposes of providing an IER in relation to the Proposed Transaction for the Securityholders;
- ▶ that we have relied on information provided by the management of TOT (**Management**) and that we have not carried out any form of audit or independent verification of the information; and
- ▶ that we have received representations from Management in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

2.4 Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for an asset in excess of the FMV. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of FMV as it relates to the individual circumstances of special purchasers.

2.5 Reliance on information

This IER is based upon financial and other information provided by the Directors, Management, and other representatives of TOT. We have considered and relied upon this information. Unless there are indications to the contrary, we have assumed that the information provided was reliable, complete, and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry, and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable.

We do not warrant that our inquiries have identified or verified all the matters which an audit, extensive examination or “due diligence” investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to us was prepared in accordance with generally accepted accounting principles.

Where we relied on the views and judgement of management the information was evaluated through analysis, inquiry, and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of our engagement, TOT has agreed to indemnify BDOCF, and their partners, directors, employees, officers, and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

2.6 Limitations

We acknowledge that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Transaction Document to be sent to the Securityholders. The Directors acknowledge that our IER has been prepared solely for the purposes noted in the Transaction Document and accordingly we disclaim any responsibility from reliance on the IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER, in whole or in part, should be reproduced without our prior written consent, as to the form and context in which it may appear.

It was not our role to undertake, and we have not undertaken any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities in respect of TOT. We understand that the Directors have been advised by legal, accounting, tax, and other appropriate advisors in relation to such matters as necessary. We provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of the Securityholders, and no opinion has been provided in relation to the same. Some individual Securityholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Proposed Transaction is fair and reasonable. An individual Securityholder's decision in relation to the Proposed Transaction may be influenced by their particular circumstances and, therefore, Securityholders are advised to seek their own independent advice.

Apart from the IER, we are not responsible for the contents of the Transaction Document or any other document. We have provided consent for inclusion of the IER in the Transaction Document. Our consent and the Transaction Document acknowledge that we have not been involved with the issue of the Transaction Document and that we accept no responsibility for the Transaction Document apart from the IER.

2.7 Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER including:

- ▶ assumptions outlined in the valuation sections;
- ▶ that matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- ▶ information sent out in relation to the Proposed Transaction to the Securityholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects;
- ▶ publicly available information relied on by us is accurate, complete and not misleading;
- ▶ if the Proposed Transaction is implemented, that it will be implemented in accordance with the stated terms;
- ▶ the legal mechanisms to implement the Proposed Transaction are correct and effective; and
- ▶ there are no undue changes to the terms and conditions of the Proposed Transaction or material issues unknown to us.

3 OVERVIEW OF 360 CAPITAL REIT (ASX:TOT)

3.1 Company overview

TOT was listed on the ASX in April 2015 as an actively managed real estate investment trust (**REIT**) focused on investing in a diverse range of real estate equity and fund management platforms across Australia and New Zealand, as part of the 360 Capital Group's real assets strategy. TOT's long-term investment objective is owning direct and indirect assets on balance sheet with value-add opportunities. This includes the following activities:

- ▶ Repositioning assets;
- ▶ Investing in investment and development projects;
- ▶ Investing in real estate based operating businesses;
- ▶ Underwriting capital raisings including syndicates and both unlisted and listed funds;
- ▶ Strategic positions in unlisted funds;
- ▶ Capitalising on mispriced trading opportunities in listed REIT sector; and
- ▶ Participating in special situations within markets including distressed sales, investments with restructuring potential, and providing loans.

TOT is comprised of the stapled securities of 360 Capital Passive REIT and 360 Capital Active REIT. The responsible entity of TOT is 360 Capital FM. 360 Capital FM holds an Australian Financial Services Licence (AFSL). In February 2021 TOT acquired the 50% equity interest in PMG.

For the year ended 30 June 2021, TOT reported:

- ▶ A dividend distribution of 6.0 cps per security;
- ▶ A net tangible asset position of \$ 1.14 per security.

TGP owns 24.51% interest in TOT. Therefore, TGP and TOT are related parties for the purposes of LR 10.1.

3.2 Historical statement of profit or loss

The historical statements of profit or loss for TOT for the financial years ending 30 June 2020 and 30 June 2021, as per the audited financial statements, are presented below.

Table 3: Historical statement of profit or loss

\$'000	30 June 2020	30 June 2021
Finance revenue	7,487	1,873
Distribution income	820	3,682
Sale of inventory	6,675	10,058
Underwriting fee income	-	279
Revenue	14,982	15,892
Other income	5,767	9,863
Total revenue	20,749	25,755
Cost of sales	(5,644)	(9,002)
Management fees	(918)	(3,428)
Transaction costs	(782)	(726)
Administration expenses	(469)	(549)
Investment property expenses	(310)	(406)
Other expenses	(676)	-
Net fair value loss on financial assets	(2,086)	-
Total expenses	(10,885)	(14,111)
Profit before income tax (expense)/benefit	9,864	11,644
Income tax (expense)/benefit	565	(2,409)
Profit after income tax	10,429	9,235

Source: TOT Annual Report 30 June 2021

3.3 Historical balance sheet

The historical statements of financial position for TOT as at 30 June 2020 and 30 June 2021 are presented below.

Table 4: Historical balance sheet

\$'000	30 June 2020	30 June 2021
Cash and cash equivalents	78,484	15,605
Receivables	612	819
Inventories	11,838	2,835
Financial assets at FV	11,021	6,111
Loans receivable at amortised cost	42,445	3,160
Total current assets	144,400	28,530
Investments (equity method)	1,142	19,826
Financial assets at FV	6,305	116,055
Loans receivable at amortised cost	9,876	3,865
Total non-current assets	17,323	139,746
Total assets	161,723	168,276
Trade and other payables	(215)	(2,858)
Borrowings	-	-
Provision for income tax	(1,292)	(1,505)
Distribution payable	(3,123)	(2,066)
Total current liabilities	(4,630)	(6,429)
Trade and other payables	-	(3,934)
Deferred tax liabilities	(42)	(835)
Total non-current liabilities	(42)	(4,769)
Total liabilities	(4,672)	(11,198)
Net assets	157,051	157,078
Equity	157,051	157,078

Source: TOT Annual Report 30 June 2021

4 OVERVIEW OF 360 CAPITAL GROUP LIMITED (ASX:TGP)

4.1 Company overview

TGP is an investment and funds management group, focused on strategic and active investment management of alternative assets. TGP is listed on the ASX.

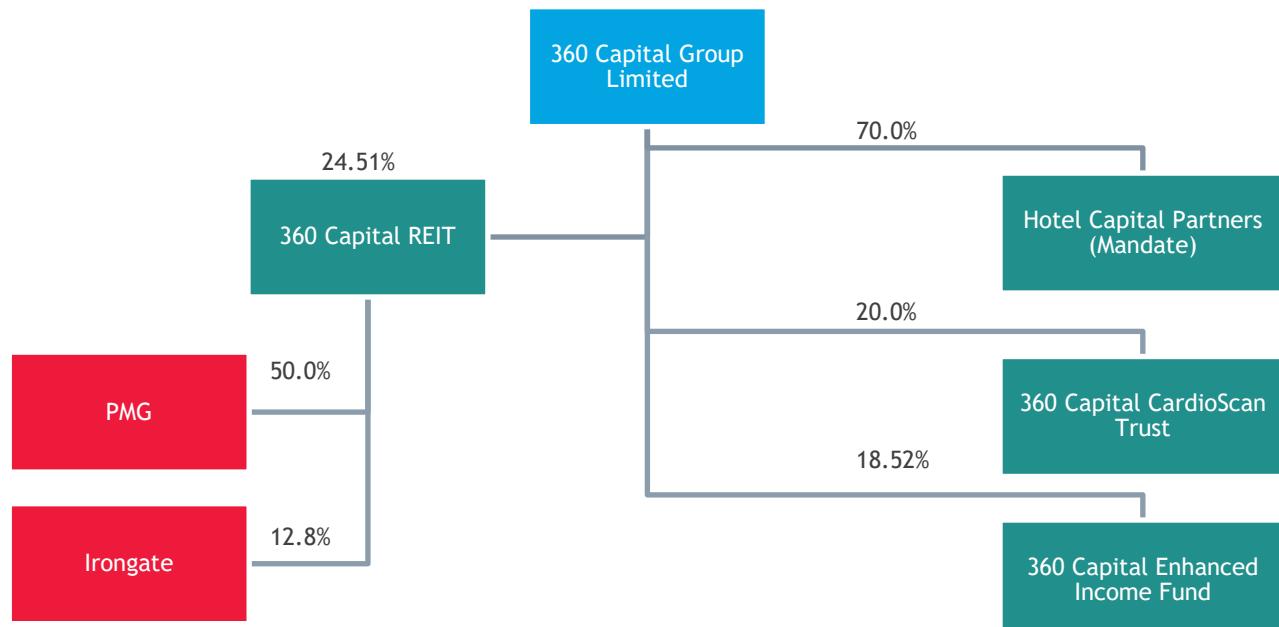
TGP operates predominantly in Australian and New Zealand investing and managing across three strategies: real assets, private equity, and credit. Through the creation of investment products, TGP generates and grows its recurring revenue across:

- ▶ Funds management
- ▶ Principal investing
- ▶ Trading profits

For the half year ended 31 December 2021, TGP recorded:

- ▶ A dividend distribution of 6.0 cps (annualised) per security
- ▶ A net asset position of c.\$ 1.0 per security.

Below is the group structure and summary of portfolio assets held by TGP:



Source: 360 Capital REIT FY21 Results Presentation 18 August 2021

4.2 Historical statement of profit or loss

The consolidated historical statements of profit or loss for TGP for 30 June 2020 and 30 June 2021, as per the audited financial statements, are presented below.

Table 5: Historical statement of profit or loss

\$'000	30 June 2020	30 June 2021
Rental from investment properties	1,930	2,544
Management fee income	1,725	4,777
Data centre services revenue	-	4,399
Distribution income	124	3,205
Finance revenue	2,901	547
Revenue	6,680	15,472
Other income	8,729	24,442
Total revenue	15,409	39,914
Employee benefit expenses	(5,548)	(11,307)
Transaction costs	(1,032)	(4,257)
Management fees	(831)	(4,151)
Administration expenses	(2,186)	(4,010)
Other expenses	(2,283)	(4,967)
Total expenses	(11,880)	(28,692)
Profit before income tax (expense)/benefit	3,529	11,222
Income tax (expense)/benefit	134	(1,661)
Profit after income tax	3,663	9,561

Source: TGP Annual Report 30 June 2021

4.3 Historical balance sheet

The consolidated historical statements of financial position for TGP as at 30 June 2020 and 30 June 2021 are presented below.

Table 6: Historical balance sheet

\$'000	30 June 2020	30 June 2021
Cash and cash equivalents	149,521	54,263
Receivables	936	38,105
Inventories	19,790	2,489
Financial assets at FV	1,611	-
Other current assets	641	1,230
Total current assets	172,499	96,087
Financial assets at FV	19,316	96,403
Investments (equity method)	33,725	69,413
Investment properties	37,000	45,000
Intangible assets	3,943	26,587
Property, plant, and equipment	655	31,174
Right-of-use assets	-	3,185
Deferred tax assets	1,086	1,898
Total non-current assets	95,725	273,660
Total assets	268,224	369,747
Trade and other payables	(360)	(19,742)
Lease liabilities - current	-	(578)
Distribution payable	(4,273)	(2,827)
Income tax payable	-	(115)
Provisions	(132)	(401)
Total current liabilities	(4,765)	(23,663)
Borrowings	-	(19,927)
Lease liabilities	-	(3,723)
Deferred tax liabilities	-	(3,810)
Provisions NC	(139)	(194)
Total non-current liabilities	(139)	(27,654)
Total liabilities	(4,904)	(51,317)
Net assets	263,320	318,430
Equity	263,320	318,430

Source: TGP Annual Report 30 June 2021

5 OVERVIEW OF PMG

5.1 Company overview

Founded in 1992, PMG offers specialised property management services for owners of commercial and industrial property syndications in NZ. PMG currently manages 5 unlisted commercial property funds, which have 46 property investment. PMG has FUM of over NZ \$893.5m (as at 31 March 2022). The 5 funds are listed below:

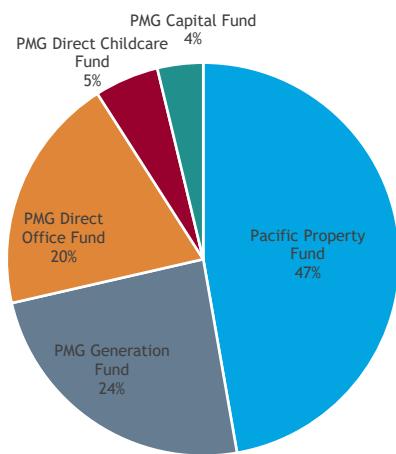
1. Pacific Property Fund
2. PMG Generation Fund
3. PMG Direct Office Fund
4. PMG Direct Childcare Fund
5. PMG Capital Fund

Table 7: PMG key statistics

Key Statistics	Value
FUM (NZ \$m) as at 31 March 2022	893.5
Funds (in no.) as at 31 March 2022	5
Properties in fund (in no.) (as at March 2022)	46
Growth - CAGR in FUM (%) (Dec-19 to Jul-21)	63.0%
Average total investor returns in PMG (12 months) (%)	18.8%

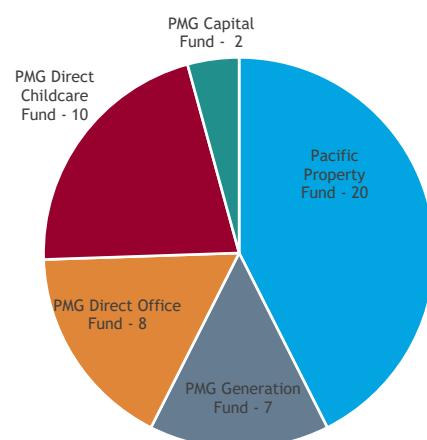
Source: Management information

Figure 2: PMG's FUM allocation by Fund



Source: Management information

Figure 3: Property split by Fund



5.2 Pacific Property Fund

A diversified commercial property fund which targets well-located quality industrial, office, and retail properties across metropolitan areas within NZ offering sustainable returns with the latest portfolio valuation at NZ \$379m.

In a strong quarter ended September 2021, the fund achieved the targeted gross cash distribution return of 7.35 cents per share (**cps**) annualised.

Table 8: Pacific Property Fund key statistics

Key Statistics - Pacific Property Fund	Value
Gross cash return	6.0% p.a.
Portfolio value (NZ \$m) (as at 31 March 2022)	436.9
Occupancy (%)	95.0%
Loan-to-value ratio (LVR) (%)	39.0%
Properties in fund	20
Tenants	63
Weighted Average Lease Term (WALT) (years)	5.4

Source: Pacific Property Fund Quarterly Report (Sept-2021) and Management information

The summary of the various fees earned by PMG from Pacific Property Fund are listed in the following table.

Table 9: Fees breakdown

Fee type	Amount
Asset management fees	0.5% of the average FUM balance
Property management fees	1.5% of gross rent
Performance fees	NIL
Transaction/Acquisition fees	1.0% on the transaction value (for acquisition and disposal of properties)
Brokerage fees	2.0% on the new equity raised during the year

Source: Management information

5.3 PMG Generation Fund

A growing portfolio of strategically selected industrial, office and large format retail property assets diversified by region, sector and tenant. Under the PMG Reinvestment Plan, the fund gives investors the ability to reinvest distributions in any PMG fund into additional PMG Generation Fund units (subject to availability).

In the quarter ended September 2021, the fund achieved an increased return from 5.8 to 6.0 cents per unit (cpu) annualised.

Table 10: PMG Generation Fund key statistics

Key Statistics - PMG Generation Fund	Value
Gross cash return	5.5% p.a.
Portfolio value (NZ \$m) (as at 31 March 2022)	204.9
Occupancy (%)	100.0%
LVR (%)	39.0%
Properties in fund	7
Tenants	61
WALT (years)	4.2

The summary of the various fees earned by PMG from PMG Generation Fund are listed in the following table.

Table 11: Fees breakdown

Fee type	Amount
Asset management fees	0.5% of the average FUM balance
Property management fees	1.5% of the gross rental collected from the property portfolio
Performance fees	15.0% of the excess performance benchmark. Benchmark is the average 10-year government bond yield plus 6.0%
Transaction/Acquisition fees	1.75% on acquisition of a new property and 1.0% on the disposal of a property
Brokerage fees	2.0% on the new equity raised during the year

Source: PDS, Pg 51, Section 8.2 (c) and Management information

5.4 PMG Direct Office Fund

A sector specific portfolio of quality office properties with diversified tenants in NZ's main metropolitan centres which provided opportunity to add value through leasing vacant space and proactive asset management, with the latest portfolio valuation at NZ \$164.0m.

The fund delivered an annualised 7.55 cpu to 31 August 2021.

Table 12: PMG Direct Office Fund key statistics

Key Statistics - PMG Direct Office Fund	Value
Gross cash return	5.3% p.a.
Portfolio value (NZ \$m) (as at 31 March 2022)	169.7
Occupancy (%)	97.0%
LVR (%)	35.0%
Properties in fund	8
Tenants	27
WALT (years)	4.4

Source: PMG Direct Office Fund Quarterly Report (Sept-2021) and Management information

The summary of the various fees earned by PMG from PMG Direct Office Fund are listed in the following table.

Table 13: Fees breakdown

Fee type	Amount
Asset management fees	0.5% of the average FUM balance
Property management fees	2.0% of gross rent
Performance fees	20.0% of the excess performance benchmark. Benchmark is the average 10-year government bond yield plus 6.0%
Transaction/Acquisition fees	1.0% on the transaction value (for acquisition and disposal of properties)
Brokerage fees	2.0% on the new equity raised during the year

Source: Management information

5.5 PMG Direct Childcare Fund

A portfolio of new build early childhood education (ECE) centres in key locations throughout metropolitan NZ, with a current valuation of NZ \$47.0m.

The fund proved resilient during a difficult period with Auckland childcare centres forced to close during August 2021. In the quarter ended September 2021, the fund achieved a distribution 6.5 cpu annualised.

Table 14: PMG Direct Childcare Fund key statistics

Key Statistics - PMG Direct Childcare Fund	Value
Gross cash return	6.0% p.a.
Portfolio value (NZ \$m) (as at 31 March 2022)	48.9
Occupancy (%)	100.0%
LVR (%)	36.0%
Properties in fund	10
Tenants	7
WALT (years)	13.7

Source: PMG Direct Childcare Fund Quarterly Report (Sept-2021) and Management information

The summary of the various fees earned by PMG from PMG Direct Childcare Fund are listed in the following table.

Table 15: Fees breakdown

Fee type	Amount
Asset management fees	0.4% of the average FUM balance
Property management fees	1.0% of gross rent
Performance fees	20.0% of the excess performance benchmark. Benchmark is the average 10-year government bond yield plus 6.0%
Transaction/Acquisition fees	1.25% of the acquisitions and 1.0% of the disposal
Brokerage fees	2.0% on the new equity raised during the year

Source: Management information

5.6 PMG Capital Fund

A private equity fund with a total portfolio of NZ \$33.3m (as at 31 March 2022), which facilitates the acquisition of real estate assets into any of PMG's funds. The summary of the various fees earned by PMG from PMG Capital Fund are listed in the following table.

Table 16: Fees breakdown

Fee type	Amount
Asset management fees	0.5% of the average FUM balance
Transaction/Acquisition fees	1.0% on the transaction value (for acquisition and disposal of properties)
Brokerage fees	2.0% on the new equity raised during the year

Source: Management information

5.7 Historical statement of profit or loss of PMG

The historical statements of profit or Loss for PMG for the year ending 31 March 2020 (FY20), 31 March 2021 (FY21), and the 9 months ending 31 December 2021 (YTD Dec-21), are presented below.

Table 17: Historical statement of profit or loss

NZ \$'000		FY20	FY21	YTD Dec-21
Brokerage fees	A	1,940.4	1,112.9	2,868.8
Performance fees	B	1,081.2	2,304.4	-
Project administration fees		367.4	208.8	79.9
Property management fees	C	2,209.1	2,961.8	3,284.4
Transaction fees	D	4,386.5	3,029.1	6,539.0
Investment income		-	-	-
Other revenue		55.2	231.4	365.1
Total revenue		10,039.8	9,848.5	13,137.3
Commission paid		(1,217.7)	329.9	(2,854.7)
Salaries and wages	E	(2,693.5)	(4,127.4)	(3,345.0)
Other expenses	F	(3,900.5)	(3,471.6)	(2,291.1)
Total operating expenses		(7,811.7)	(7,269.1)	(8,490.8)
EBITDA		2,228.1	2,579.4	4,646.5
Depreciation		(82.0)	(104.1)	(81.3)
EBIT		2,146.1	2,475.3	4,565.2
Finance income		21.6	3.0	-
Other income		41.9	129.2	-
Finance expenses		(35.3)	(86.1)	(21.8)
Profit/(loss) before income tax		2,174.3	2,521.4	4,543.4
Income tax benefit/(expense)		(641.5)	(664.3)	(1,277.2)
Profit/(loss) for the year		1,532.8	1,857.1	3,266.2
<i>KPIs</i>				
<i>Revenue growth (annualised)</i>			-1.9%	39.3%
<i>EBITDA margin</i>		22.2%	26.2%	45.2%

Source: PMG Annual Report 30 June 2021 and Management information

Notes:

A	PMG earns brokerage fees of 2% on the new equity raised during the year. During YTD Dec-21, PMG's raised new equity totalling c.NZ \$137.3m.
B	Performance fees are recognised at the end of the financial year based on the returns on the investments throughout the year. Management has estimated performance fees of NZ \$1.2m for FY22F.
C	Increase in the property management fees are primarily due to increased FUM from NZ \$605.4m to NZ \$893.5m at March-21.
D	Transaction fees increased from NZ \$3.5m in FY21 to NZ \$5.2m in YTD Dec-21 driven by an increase in property acquisitions by the five funds and paid on settlement. During YTD Dec-21, PMG acquired properties amounting to c.NZ\$ 280.0m and disposed properties amounting to c.NZ\$ 33.5m.
E	Salaries and wages are the largest individual operating expense incurred by PMG. The increased expense from FY20 to FY21 is attributed to an increased headcount from 22 to 30.
F	Other expenses include:

- ▶ Professional fees (NZ \$0.6m in FY21)
- ▶ Director fees (NZ \$0.3m in FY21)
- ▶ Rent (NZ \$0.2m in FY21)
- ▶ Consultants/contractors (NZ \$0.2m in FY21)
- ▶ Travel/accommodation (NZ \$0.1m in FY21)

5.8 Historical balance sheet of PMG

The historical consolidated statement of financial position for PMG as at 31 March 2020, 31 March 2021 and 31 December 2021 are presented below.

Table 18: Historical balance sheet

NZ \$'000	31-Mar-20	31-Mar-21	31-Dec-21
Cash and cash equivalents	912.5	1,955.4	2,174.0
Trade and other receivables	1,514.7	2,842.5	1,153.3
Shares held for resale	1,594.0	4,247.2	4,553.1
Total current assets	4,021.1	9,045.1	7,880.4
Property, plant and equipment	259.3	257.3	248.3
Right of use assets	1,006.2	960.7	829.9
Intangible assets	213.3	213.3	213.3
Income tax refundable	-	121.1	-
Total non-current assets	1,478.8	1,552.4	1,291.5
Total assets	5,499.9	10,597.5	9,171.8
Trade and other payables	(1,654.7)	(1,047.3)	(950.3)
Income tax payable	(344.3)	-	(1,151.8)
Lease payable	(129.2)	(166.6)	(41.7)
Lease incentives	(16.5)	(21.7)	(21.7)
Shareholders loans payable	(3,522.1)	(4,285.1)	(1,976.0)
Total current liabilities	(5,666.7)	(5,520.7)	(4,141.4)
Deferred tax	(108.4)	(581.5)	(23.7)
Lease payable	(903.1)	(844.4)	(844.4)
Total non-current liabilities	(1,011.5)	(1,425.9)	(868.1)
Total liabilities	(6,678.2)	(6,946.6)	(5,009.5)
Net assets	(1,178.3)	3,650.9	4,162.4

Source: PMG Annual Report 30 June 2021, management information

PMG moved from a net liability position of NZ \$1.2m in FY20 to a net asset position during FY21. This is primarily attributable to PMG's increased retained earnings by NZ \$1.9m and new equity raise of c.NZ \$3.0m.

5.9 Financial forecasts of PMG

The consolidated financial forecast for PMG till 31 March 2027 (FY27F) are presented below:

Table 19: Management forecasts for PMG

NZ \$'000	Forecast FY22**	Forecast FY23	Forecast FY24	Forecast FY25	Forecast FY26	Forecast FY27
FUM	893,500	1,125,346	1,275,346	1,425,346	1,575,346	1,725,346
Property and Asset Management fees	4,269	6,124	7,130	8,012	8,894	9,776
Brokerage fees received	3,774	2,490	2,100	2,100	2,100	2,100
Transaction fees / one off revenue	4,162	4,003	2,024	2,051	2,078	2,106
Performance Fees	1,200	1,000	1,496	1,232	1,242	1,323
Project management fees	155	200	227	253	280	307
Other	408	294	347	350	331	343
Revenue	13,967	14,110	13,323	13,998	14,925	15,954
Total costs	8,023	9,881	10,005	10,239	10,479	10,726
Wages	5,051	6,565	6,745	6,931	7,122	7,317
Overheads	2,972	3,316	3,259	3,308	3,358	3,408
EBITDA	5,944	4,229	3,318	3,759	4,446	5,229
Depreciation and amortisation	(117)	(144)	(115)	(119)	(126)	(120)
EBIT	5,827	4,085	3,203	3,640	4,320	5,109

Source: Management forecasts

*Note**- FY22F includes actual performance till 31 December 2021 and forecasts for three months ending 31 March 2022*

FUM	Inputs	FY23F	FY24F	FY25F	FY26F	FY27F
FUM	150,000	-	-	-	-	-
PMG Direct Office Fund	23,000	172,550	195,550	218,549	241,549	264,548
PMG Direct Childcare Fund	10,206	76,566	86,772	96,977	107,183	117,389
Pacific Property Fund Limited	71,642	537,480	609,122	680,764	752,406	824,048
PMG Generation Fund	39,128	293,550	332,678	371,806	410,934	450,062
Standalone/Special Purpose	6,025	45,200	51,225	57,250	63,274	69,299
Total		1,125,346	1,275,346	1,425,346	1,575,346	1,725,346
Change in FUM		-	150,000	150,000	150,000	150,000

Source: Management information

The Management forecasts have been prepared on the premise that PMG's FUM will increase by NZ \$ 150m annually till FY27F by way of acquiring new properties by the underlying property funds managed by PMG. These acquisitions will be funded 70% by way of raising new equity by the five funds and remaining through their existing cash.

Notes:

- Revenue**
- ▶ Property and asset management fees are forecasted to increase in line with average FUM each year.
 - ▶ PMG is focused on scaling up the PMG Generation Fund during FY22F and FY23F, resulting in significant property acquisitions and new equity raise as compared to the remaining forecast period (FY24F-FY27F). Further the transaction fees earned by PMG from PMG Generation fund is 1.75%, compared to 1.00% to 1.50% in the other funds.

This has resulted in the transaction fees and brokerage fees to be unusually higher during FY22F and FY23F, and further resulting in higher profitability (at EBITDA and EBIT level).

We understand from the management that the higher earnings during F22F and FY23F are primarily attributable to short-term strategy to scale up the PMG Generation fund.

Costs	<ul style="list-style-type: none">▶ Wages during FY23F are expected to jump primarily on account of increase in full-time employees (FTEs) from 37 to 43. Thereafter, the wages are expected to increase in line with long term inflation of 2.75%.▶ Overheads are expected to increase at the rate of 1.5% year on year (YoY) over the forecasts period. FY23F includes one time brokerage fees paid to third party of NZ \$105k, which will be internalised from FY24F.
EBITDA and EBIT	<ul style="list-style-type: none">▶ We note that EBITDA and EBIT for PMG are fluctuating during forecast period primarily on account of PMG's focus on scaling up the PMG Generation fund during FY22F and FY23F, resulting in unusually higher brokerage and transaction fees.

6 FAIRNESS ASSESSMENT AND VALUATION METHODOLOGY

6.1 Fairness assessment overview

RG 111.11 indicates that an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities or assets that are the subject of the offer.

In accordance with RG 111.15, we have considered the fair market value of 50% interest in PMG on the basis of “a knowledgeable and willing but not anxious seller that is able to consider alternative options to the bid”. This approach does not take into account the particular circumstances of any specific transaction, and therefore we have not considered whether there is any premium in value attached to the strategic benefits or gains from synergies that may be inherent in an acquisition by a specific party, e.g., an industry competitor or supplier.

Based on our interpretation of RG111.11, the Proposed Transaction is fair if the Purchase Price, is equal to or greater than the FMV of 50% interest in PMG.

Accordingly, we have undertaken an assessment of:

- ▶ the Purchase Price based on the balance sheet of PMG at 31 December 2021; and
- ▶ the value of a 50% equity interest in PMG prior to the Proposed Transaction.

The valuation methods commonly used for the above analyses are considered below.

6.2 Valuation methods

Details of common methodologies for valuing businesses and assets are included at Appendix 4. The principal methodologies which can be used are as follows:

- ▶ Discounted cash flow (DCF)
- ▶ Capitalisation of earnings (COE)
- ▶ Quoted market price basis (QMP)
- ▶ Net asset value (NAV); and
- ▶ Recent capital transactions.

Set out below is a discussion around the valuation methods we consider appropriate for the purposes of undertaking our fairness assessment.

6.3 Selected valuation methods for PMG

As summarised below, we consider the DCF methodology to be the most appropriate valuation method for PMG.

Table 20: Selection of valuation methodology

Methodology	Appropriate for PMG	Explanation
DCF	✓	<p>Management has provided forecasts for PMG to 31 March 2027. We note that PMG earns certain fees (as discussed below) that fluctuates depending on the operation of the funds managed by PMG:</p> <ul style="list-style-type: none"> Performance fees are recognised at the end of financial year based on return on the investments during that year; As discussed in section 5.9, PMG is focused on scaling up the PMG Generation Fund during FY22F and FY23F by way of acquiring new properties and raising more equity. Also, the transaction fees earned by PMG from PMG Generation fund is 1.75%, compared to 1.00% to 1.50% in the other funds. <p>This has resulted both transaction and brokerage fees to be unusually higher during that period.</p> <ul style="list-style-type: none"> Property and asset management fees fluctuates each year in line with the change in PMG's FUM <p>As a result of above, the financial performance of PMG has fluctuated historically, and is forecast to fluctuate in the forecast period.</p> <p>Therefore, we consider DCF approach to be the most appropriate valuation methodology to value PMG.</p>
COE	Cross-check	<p>We note that PMG has been in profits historically and expects positive earnings for the forecast period as well. However, the earnings of PMG have fluctuated historically, and is forecast to fluctuate in the forecast period.</p> <p>Therefore, we have considered COE methodology as a cross-check for the value arrived by DCF approach.</p> <p>We have also observed the trading EV/EBITDA multiples and the FUM ratio of the guideline public companies comparable to PMG.</p>
QMP	✗	<p>The QMP method represents the value that a shareholder can receive for a share if sold on an exchange.</p> <p>As PMG is not listed on an exchange, the value is not observable in the market.</p>
NAV	✗	<p>The NAV approach considers the valuation of the net assets and is usually appropriate where the majority of assets consist of cash or passive investments, or where the business is under performing. Further, this method will not consider any potential growth in the PMG business, which the DCF and COE valuation may reflect.</p> <p>Therefore, we have not applied the NAV approach.</p>

6.4 Other valuation considerations

6.4.1 Future events

The business of PMG that we have considered is that which existed as at the date of this IER. Growth potential, which may result from new activities, business initiatives, acquisitions, and the like (which are not capable of estimation), is not within the scope of our assessment.

6.4.2 Synergies

The level of synergies that can be derived from a takeover or merger is dependent on the nature of the respective businesses and their geographical and operational overlap.

We have not considered special value in forming our opinion. Accordingly, we have not attributed any value to the potential synergies listed above in our valuation approach beyond those generally observed in the market. These synergies have not been reflected in the value of PMG prior to the Proposed Transaction.

6.5 Valuation in accordance with APES 225

This engagement has been conducted in accordance with professional standard APES 225 Valuation Services, as issued by the Australian Professional and Ethical Standards Board.

7 Determination of Purchase Price

The price payable by TGP for the 50% equity interest in PMG will be a cash consideration of NZ \$21.875m, plus, an amount equal to 50% of the NTA of PMG as at completion date.

The Purchase Price will be paid in AUD at the (AUD/NZ) spot rate at financial close.

In the SPA dated 13 April 2022, NTA is defined as the unaudited net assets as at 31 March 2022, less distribution provided or paid prior to financial close and less estimated intangible assets as at financial close.

For the purpose of our analysis, we have considered the net assets of PMG as at 31 December 2021 as a proxy. Management has indicated that the estimated net assets as at 31 March 2022 will not be materially different to 31 December 2021.

Table 21: Purchase Price

NZ \$'000	Section	
Purchase consideration	1.2	21,875.0
NTA as at 31 December 2021 at 50%	Table 22	1,974.6
Purchase Price		23,849.6

Source: TOT Explanatory Memorandum, management information

Calculation of NTA of PMG

Table 22: NTA Estimate

NZ \$'000	Section	31-Dec-21
Net assets	5.8	4,162.4
Intangible assets	5.8	(213.3)
NTA as at 31 December 2021 at 100%		3,949.1
NTA as at 31 December 2021 at 50%		1,974.6

Source: Management information

8 VALUATION OF PMG

The DCF method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- ▶ the forecast of future cash flows of the business asset for a number of years (usually three to five years); and
- ▶ the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (**NPV**).

Management has provided financial forecasts for PMG till 31 March 2027 (**forecast period**). The earnings in the forecasts are after tax and before any interest/debt repayments. We have adopted the management forecasts for the purpose of determining the FMV of 50% interest in PMG using DCF methodology. See Appendix 8 for a breakdown of management's financial forecast.

8.1 FMV of Equity Value of 50% interest in PMG under the DCF method

A summary of our valuation as per the DCF methodology is set out below.

Table 23: PMG DCF valuation

NZ \$'000	FY23F	FY24F	FY25F	FY26F	FY27F	TV
Estimated FUM	1,125,346	1,275,346	1,425,346	1,575,346	1,725,346	
Revenue	14,110.3	13,323.2	13,998.2	14,925.5	15,954.4	16,353.3
Growth %	1.0%	-5.6%	5.1%	6.6%	6.9%	2.5%
EBITDA	4,229.2	3,318.3	3,759.0	4,446.0	5,228.7	5,359.4
% of revenue	30.0%	24.9%	26.9%	29.8%	32.8%	32.8%
Less: Depreciation	(144)	(115)	(119)	(126)	(120)	(123)
EBIT	4,085.2	3,203.0	3,640.0	4,319.9	5,108.6	5,236.3
% of revenue	29.0%	24.0%	26.0%	28.9%	32.0%	32.0%
Add: Depreciation	144.0	115.3	119.0	126.1	120.2	123.2
Less: Capital expenditure	(144.0)	(115.3)	(119.0)	(126.1)	(120.2)	(123.2)
Less: Tax @ 28%	(1,143.8)	(896.8)	(1,019.2)	(1,209.6)	(1,430.4)	(1,466.2)
Free Cash flows to firm	2,941.3	2,306.2	2,620.8	3,110.3	3,678.2	3,770.1
Discount rate - Low	10.1%					
Discount rate - High	11.2%					
Terminal Value- High						49,672.3
Terminal Value- Low						43,384.6
Present Value of Cash Flows - High	2,803.3	1,996.5	2,060.9	2,221.7	2,386.5	30,716.7
Present Value of Cash Flows - Low	2,789.4	1,967.0	2,010.3	2,145.7	2,282.1	25,527.4
PV of cash flows forecast period		11,468.9	27.2%			
Present Value of TV		30,716.7	72.8%			
Enterprise Value - High	42,185.6	100.0%				
PV of cash flows forecast period		11,194.5	30.5%			
Present Value of TV		25,527.4	69.5%			
Enterprise Value - Low	36,721.9	100.0%				

Source: BDOCF analysis, management information

8.1.1 Selection of appropriate discount rate factor

Under a DCF approach, forecast cash flows are discounted back to the Valuation date, generating a NPV for the cash flow stream of the business.

The appropriate discount rate to apply to the forecast cash flows is one that reflects the expected return of a willing but not anxious buyer, based upon a full understanding of the perceived risks associated with an investment in the Company.

The discount rate represents the weighted average cost of capital (WACC) of an entity implying the rate of return required by the investors.

There are a number of theoretical risks and return models available to calculate the cost of equity. Of these the capital asset pricing model (CAPM) is the most widely accepted and used methodology for determining the cost of equity capital.

The CAPM is based on the assumption that a rational investor will value an asset such that the expected rate of return is equal to the risk free rate of return plus a premium for the riskiness of the asset.

Table 24: WACC Calculation

Weighted average cost of capital	Low	High
Cost of equity (CAPM)		
Risk free rate of return (R_f)	2.14%	2.14%
Equity market risk premium (R_m)	6.0%	6.0%
Geared beta estimate (β_L)	0.95	1.05
Asset beta (β_U)	0.95	1.05
Cost of equity (CAPM)	7.84%	8.44%
Company specific risk premium (α)	2.25%	2.75%
Cost of equity (K_e)	10.09%	11.19%
Cost of debt	4.0%	5.0%
Capital structure		
Debt / enterprise value	0.0%	0.0%
Equity / enterprise value	100.0%	100.0%
Debt to equity ratio	0.0%	0.0%
WACC		
Corporate tax rate	28.0%	28.0%
Post tax cost of equity (K_e)	10.09%	11.19%
Post tax cost of debt (K_d)	0.0%	0.0%
WACC (post tax)	10.09%	11.19%

Source: Capital IQ, BDOCF analysis

Our explanation of key inputs in the calculation are detailed below:

Input	BDO	BDO Comment
Risk-free rate of return (R_f)	2.14%	Based on the 10-year Government Debt rate.
Equity market risk premium (R_m)	6.0%	The expected return on a market portfolio represents the return required by investors on equity securities. Therefore, the Market risk premium (MRP) is the difference between the expected rate of return on the market portfolio and the risk-free rate ($R_m - R_f$). It represents the additional return that investors require to invest in equity, as compared to a risk-free investment.
Geared beta estimate (β_L)/Asset beta (β_U)	0.95 - 1.05	Based on our assessment of long-term studies, we have selected a risk premium of 6.0%.
Company specific premium (α)	2.25% - 2.75%	We have identified an asset beta range of 0.95 to 1.05, based on our comparable company analysis. The geared beta estimate is the same as the asset beta. See Appendix 7 for supporting information. Company specific premium has been considered: <ul style="list-style-type: none">• To account for the smaller size of PMG in reference to the comparable companies analysed and;• To compensate for significant reduction in the government debt rate post COVID-19 compared to long term rates.
Cost of equity (K_e)	10.1% - 11.2%	Calculated based on CAPM
Debt/enterprise value	0%	The capital structure has assumed to be 100% equity, as such, we have not utilised the cost of debt in our calculation.
Concluded range	10.1% - 11.2%	Calculated discount rate, being the cost of equity.

Based on our analysis above, we have adopted a range of WACC between 10.1% to 11.2% for our valuation under the DCF methodology.

8.1.2 Terminal value (TV) - Post FY27F

A terminal value is also included in the DCF methodology when the life of the entity is expected to extend beyond the forecast period. The terminal value is, in effect, a perpetuity based on the last year's forecast cash flows, after allowing a factor for growth.

The forecast period considered for our valuation is from 1 April 2022 to 31 March 2027. In order to reflect the life of PMG beyond the forecast period we have calculated the TV. The TV calculation is a perpetuity calculated as follows:

$$TV = Cp / (WACC - G)$$

TV = Terminal Value

Cp = Annual Cash Flow in terminal year

WACC = weighted average cost of capital

G = Growth Rate

We have adopted the following assumptions:

- ▶ Terminal value cash flows are based on forecast cash flows in FY27F. We incorporated a terminal growth rate of 2.5% in our calculations which is based on long term inflation expectation in Australia and New Zealand.
- ▶ EBITDA Margin for FY27F at 32.8% has been assumed over the perpetuity.
- ▶ Maintenance Capex has been forecasted to be NZ \$123.2k in line with the terminal year depreciation.
- ▶ Tax rate has been assumed to be 28% (in line with New Zealand corporate tax rate).

This terminal value has then been discounted back to present value using the discount factor applicable in FY27F.

Table 25: Terminal Value

NZ \$'000	Low	Mid	High
Terminal Value	25,527.4	28,122.1	30,716.7

Source: BDOCF analysis

8.1.3 Summary of PMG's FMV using DCF methodology

Below is the summary of PMG's FMV using the DCF methodology. Based on our analysis above, we have determined the enterprise value of 100% interest in PMG between NZ \$36.7m and NZ \$42.2m.

Our DCF valuation represents the enterprise value of PMG and does not include any surplus assets and net debt as at the date of valuation.

As such, we have adjusted the cash & cash equivalents (NZ \$2.2m), shares held for sale (NZ \$4.6m) and the loans payable to the shareholders (NZ \$2.0m) to arrive at the 100% equity value of PMG.

Table 26: Summary of FMV as per DCF Methodology

NZ \$'000	Section	Low (A)	Mid	High (B)
PV of cash flows forecast period	8.1	11,194.5	11,331.7	11,468.9
Terminal value	8.1.2	25,527.4	28,122.1	30,716.7
Enterprise Value of PMG		36,721.9	39,453.8	42,185.6
Add: Surplus assets/(liabilities)				
Cash and cash equivalents	5.8	2,174.0	2,174.0	2,174.0
Shares held for sale	5.8	4,553.1	4,553.1	4,553.1
Loan payable to shareholders	5.8	(1,976.0)	(1,976.0)	(1,976.0)
Equity value of 100% interest in PMG		41,473.0	44,204.9	46,936.7
Equity value of 50% interest in PMG		20,736.5	22,102.4	23,468.4

Source: BDOCF analysis, PMG Balance Sheet as at 31 December 2021

The value of 100% equity interest in PMG has been calculated between NZ \$41.5m and NZ \$47.0m. The resulting FMV of 50% equity interest in PMG ranges between NZ \$20.7m and NZ \$23.5m.

9 CROSS CHECK OF DCF VALUE TO EV/EBITDA MULTIPLES AND FUM RATIO

We have assessed the EBITDA and FUM ratios of the listed entities that are comparable to PMG.

We have included companies that operate in the following industries in Australia and New Zealand:

- ▶ Property Investment; and
- ▶ Investment management

The entities selected as being comparable to PMG are listed in Table 27 and the business descriptions for these companies are set out in Appendix 6.

The EBITDA multiples for all the companies (based on the performance over the last twelve months (**LTM**)) have a mean of c.13.3x and median of c.16.1x. We note that entities that hold investments in real estate are trading at higher multiples than investment managers

The mean LTM EBITDA multiples for investment management entities is c.9.8x and the median is c.6.8x.

Table 27: Comparable trading multiples

Company Name (A\$'m)	Country	Market Cap 31-Dec-21	Enterprise value 31-Dec-21	EBITDA multiple FY	EBITDA multiple LTM	EBITDA multiple NTM	FUM	EV/FUM
<u>Investment management</u>								
Magellan Financial Group Limited	Australia	3,942	3,664	6.4x	5.7x	6.4x	95,500	3.8%
Pendal Group Limited	Australia	1,974	1,769	6.3x	6.3x	6.2x	139,200	1.3%
Perpetual Limited	Australia	2,015	2,117	13.2x	13.2x	8.4x	102,800	2.1%
Platinum Investment Management Limited	Australia	1,563	1,427	5.6x	5.6x	7.4x	22,006	6.5%
Challenger Limited	Australia	4,406	9,229	8.0x	7.3x	n/a	114,900	8.0%
Platinum Investment Management Limited	Australia	1,563	1,427	5.6x	5.6x	7.4x	22,006	6.5%
K2 Asset Management Holdings Ltd	Australia	19	8	17.7x	17.7x	n/a	n/a	n/a
Clime Investment Management Limited	Australia	44	40	17.3x	17.3x	n/a	n/a	n/a
<u>Property Investment companies</u>								
Charter Hall Group	Australia	9,734	10,084	17.1x	17.1x	n/a	n/a	n/a
360 Capital Group Limited	Australia	181	271	23.8x	23.8x	0.0x	n/a	n/a
Dexus	Australia	11,960	16,890	16.1x	16.1x	19.5x	n/a	n/a
Cromwell Property Group	Australia	2,278	4,328	16.2x	16.2x	16.0x	n/a	n/a
GPT Group	Australia	10,382	14,587	44.3x	20.6x	19.9x	n/a	n/a
Mean		3,851	5,065	15.2x	13.3x	10.1x	82,735	4.7%
Median		2,015	2,117	16.1x	16.1x	7.4x	99,150	5.2%
Mean (equity investment management)		1,941	2,460	10.0x	9.8x	7.2x	82,735	4.7%
Median (equity investment management)		1,768	1,598	7.2x	6.8x	7.4x	99,150	5.2%

Source: Capital IQ, BDOCF analysis

We have calculated the implied EBITDA multiple for PMG based on the enterprise value as per the DCF methodology:

Table 28: PMG implied EV/EBITDA multiple

NZ \$'000	Section	Low	Mid	High
Enterprise value of PMG - DCF methodology	Table 26	36,721.9	39,453.8	42,185.6
EBITDA of PMG - FY22F	Table 19	5,943.7	5,943.7	5,943.7
EBITDA of PMG - FY23F	Table 19	4,229.2	4,229.2	4,229.2
EBITDA of PMG - Average (FY24F - FY27F)	Table 19	4,188.0	4,188.0	4,188.0
Implied EV/EBITDA multiple - FY22F		6.2x	6.6x	7.1x
Implied EV/EBITDA multiple - FY23F		8.7x	9.3x	10.0x
Implied EV/EBITDA multiple - Average (FY24F - FY27F)		8.8x	9.4x	10.1x

Source: BDOCF analysis

The implied EBITDA multiple for FY22F is low (c.6.2x to c.7.1x) due to unusually higher transaction and brokerage fees from PMG Generation Fund, ultimately resulting in higher EBITDA of c.NZ \$5.9m. We note that the PMG's earnings begin to normalise from FY23F through FY27F.

As such, we have put more reliance on the implied EBITDA multiples for FY23F and average of FY24F-FY27F. PMG's implied EBITDA multiple for FY23F and average of FY24F-FY27F ranges between c.8.7x and c.10.1x.

This is below the median of all the comparable companies together, however falls within the range of trading EBITDA multiples for the investment management entities only.

We note that PMG is significantly smaller than most of the comparable companies. Further, the majority of comparable companies are involved in more established and diversified operations.

Considering the EBITDA multiples of the comparable companies and PMG's relative size and operations, the implied EV/EBITDA multiple range of c.8.7x to c.10.1x does not appear unreasonable for PMG.

We have also assessed the implied FUM ratio for PMG based on the enterprise value as per the DCF methodology. The mean FUM ratio for investment management entities is c4.7% and the median is c.5.2%.

Table 29: Implied EV/FUM multiple per DCF

NZ \$'000	Section	Low	Mid	High
Enterprise value of PMG - DCF methodology	8.1.3	36,721.9	39,453.8	42,185.6
FUM of PMG as at 31 March 2022		893,500.0	893,500.0	893,500.0
Implied EV/FUM ratio		4.1%	4.4%	4.7%

Source: BDOCF analysis, management information

PMG's implied EV/FUM ratio (per our DCF valuation) ranges between 4.1% to 4.7%. This is marginally below the median of the investment management entities, however considering relative size and operations, the implied EV/FUM ratio does not appear unreasonable for PMG.

10 CONCLUSION AS TO THE FMV OF 50% INTEREST IN PMG

A summary of PMG's FMV is set out below:

Table 30: PMG FMV Summary

NZ \$'000	Section	Low	Mid	High
FMV of the 100% interest in PMG	8.1.3	41,473.0	44,204.9	46,936.7
FMV of the 50% interest in PMG	8.1.3	20,736.5	22,102.4	23,468.4

Source: BDOCF analysis, management information

We have adopted the DCF methodology as our preferred value for 50% interest in PMG. This valuation has been supported by the implied EBITDA multiple and FUM ratio.

11 FAIRNESS ASSESSMENT

RG 111.58 indicates that where the proposed transaction consists of an asset acquisition by the entity, it is 'fair' if the value of the financial benefit being offered by the entity to the related party is equal to or less than the value of the assets being acquired. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

Our analysis has been performed by comparing:

- ▶ The FMV of the 50% interest in PMG; and
- ▶ The Purchase Price offered by TGP.

The Proposed Transaction will be fair if the Purchase Price is equal to or greater than the FMV of the 50% interest in PMG.

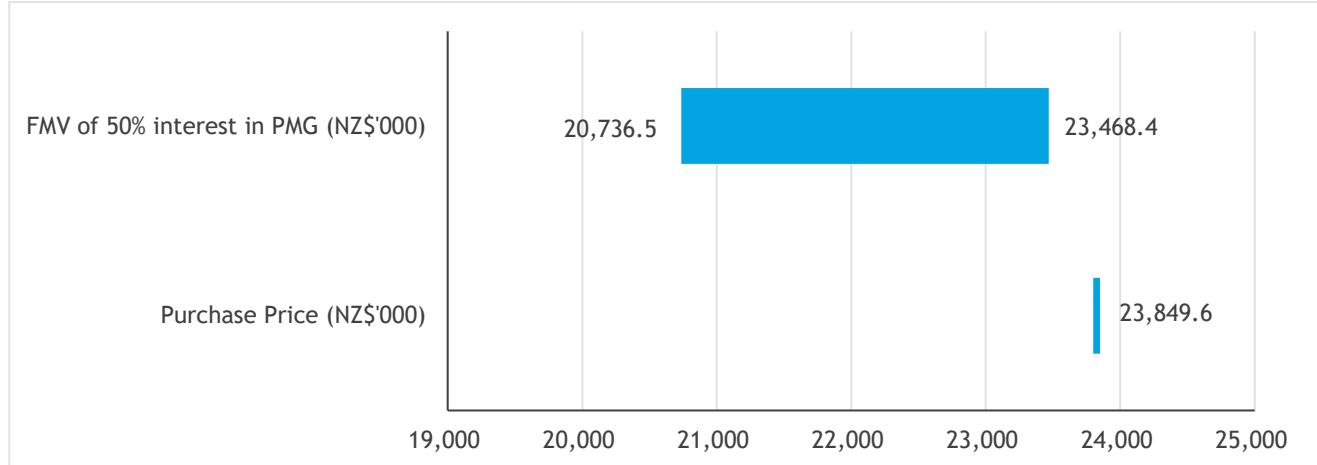
The result of our fairness analysis is summarised below.

Table 31: Fairness summary

NZ \$'000	Section	Low	Mid	High
FMV of the 50% interest in PMG - DCF	10	20,736.5	22,102.4	23,468.4
Purchase Price	7	23,849.6	23,849.6	23,849.6
Premium/ (discount) on the sale of 50% interest in PMG		3,113.0	1,747.1	381.2

Source: BDOCF analysis, management information

Figure 4: Fairness assessment



Source: BDOCF analysis, management information

As set out above, the Purchase Price of NZ \$23.85m is above the assessed FMV range of 50% interest in PMG. Therefore, we have concluded that the Proposed Transaction is fair to the Securityholders.

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. We reserve the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to us.

12 REASONABILITY ASSESSMENT

In accordance with RG 111, an offer is reasonable if it is fair. On this basis, the Proposed Transaction is reasonable to the Securityholders. Nevertheless, we have set out below a summary of other factors we consider relevant in assisting PMG Securityholders in deciding whether or not to vote in favour of the Proposed Transaction.

Table 32: Summary of factors considered in the reasonableness assessment

Advantages	
The Proposed Transaction is fair	Our analysis concluded that the Proposed Transaction is fair to the Securityholders of TOT. RG 111 states that an offer is reasonable if it is fair.
The Proposed Transaction will provide cash proceeds of circa NZ \$23.85m to increase investment in real estate opportunities	If the Proposed Transaction is approved, TOT will receive cash proceeds of NZ circa \$23.85m. This inflow of cash will provide opportunities to TOT for exploring new tangible real estate investment opportunities in line with its long-term strategy.
Simplification of investment strategy	PMG is an unlisted operating entity and is the only business of this nature that TOT has an interest in. The Proposed Transaction would dispose of this business from TOT's portfolio giving TOT the opportunity to simplify its investment portfolio and focus on its strategy of being a more traditional A-REIT that is comparable with its peer set.
Disadvantages	
No longer benefit from capital growth and performance of PMG	If the Proposed Transaction is approved, TOT will no longer benefit from any capital growth, distributions, or the future performance of PMG.
Other considerations	
One-off costs	TOT will be required to incur transaction costs amounting to c.A\$55.2k irrespective of whether the Proposed Transaction is approved or rejected.
Tax implications	We have not considered the specific taxation implications that may be relevant for individual Securityholders in connection with the Proposed Transaction. The exact nature and impact of any tax consequences are uncertain and will depend upon the profile of each Securityholder.

Source: BDOCF analysis

We note that the advantages in relation to the Proposed Transaction outweighs the potential disadvantages as described above.

Based on the above analysis, we consider the Proposed Transaction to be reasonable to the Securityholders.

13 OVERALL OPINION

We have considered the terms of the Proposed Transaction, as outlined in this Report, and have concluded that it is fair and reasonable to the Securityholders as the Purchase Price payable by the TGP is greater than the FMV 50% interest in PMG.

14 QUALIFICATIONS, DECLARATIONS AND CONSENTS

Qualifications

BDOCF is the licensed corporate finance arm of BDO Group Holdings Limited, Chartered Accountants and Business Advisers. BDOCF provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Mr David McCourt, B.Bus, CA, is a director of BDOCF and a CA certified Business Valuations Specialist. Mr McCourt is also a partner of BDO Group Holdings Limited. Mr McCourt has been responsible for the preparation of this IER.

Mr McCourt has over 20 years of experience in a number of specialist corporate advisory activities including company valuations, financial modelling, preparation and review of business feasibility studies, accounting, advising on mergers and acquisitions and advising on independent expert reports. Accordingly, Mr McCourt is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Mr Sebastian Stevens, B.Bus, CPA is a Director of BDOCF. Mr Stevens is also a partner of BDO Group Holdings Limited.

Mr Stevens is the Director responsible for the review of this IER. Mr Stevens has over 25 years of experience in a number of specialist corporate advisory activities including company valuations advising on independent expert reports, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on mergers and acquisitions, preparation of information memoranda and other corporate investigations. Accordingly, Mr Stevens is considered to have the appropriate experience and professional qualifications to provide the advice offered.

Independence

BDOCF is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

BDOCF has been involved in the following engagements for the parties to the Proposed Transaction:

- ▶ Independent Expert Report dated 3 August 2021 in relation to the issue of shares in Dealt to 360 Capital as consideration for Digital Software Solutions Ltd; and
- ▶ Valuation of various share based payments issued by 360 Capital Group for financial reporting purposes.

BDOCF considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC.

BDOCF was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for TOT in relation to the Proposed Transaction. Further, BDOCF has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with TOT that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

BDOCF will receive a fee of up to \$55,000 plus Goods and Services Tax for the preparation of this IER. BDOCF will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

A draft of this IER was provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER. However, no changes were made to the methodology, conclusions, or recommendations made to the Securityholders as a result of issuing the draft IER.

Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and the Securityholders.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and the Securityholders without the written consent of BDOCF. BDOCF accepts no responsibility to any person other than the Directors and the Securityholders in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon BDOCF's consideration and assessment of information provided by the Directors, executives and Management of the Company.

APPENDIX 1: GLOSSARY

Term	Definition
AFCA	Australian Financial Complaints Authority
AFSL	Australian financial services licence
APES 225	Accounting Professional & Ethical Standards Board Limited issued professional standard APES 225 on valuation services
APESB	Accounting Professional & Ethical Standards Board Limited
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
\$	Australian Dollars
BDOCF, we, us or our	BDO Corporate Finance (East Coast) Pty Ltd (ABN 70 050 038 170)
CAGR	Compound annual growth rate
CAPM	Capital asset pricing model
Cp	Annual Cash Flow in terminal year
CPU	Cents per unit
CPS	Cents per share
COE	Capitalisation of earnings
Completion date	2 June 2022
Corporations Act	Corporations Act 2001
COVID-19	Coronavirus disease
Cth	Commonwealth
DCF	Discounted cash flow method
Directors	Directors of TOT
EBIT	earnings before interest, and taxes
EBITDA	earnings before interest, taxes, depreciation, and amortisation
ECE	Early childhood education
EV	Enterprise value
FME	Future maintainable earnings
FMV	Fair market value
Forecast Period	Financial forecast period from 1 April 2022 until 31 March 2027
FSG	Financial Services Guide
FUM	Funds Under Management
FY20	12-month financial year ended 31 March 2020
FY21	12-month financial year ended 31 March 2021
FY2XF	12-month forecast financial year ended March 202XF
G	Growth rate
ina	Information not available
LR 10.1	ASX Listing Rule 10 section 1

Term	Definition
LVR	Loan to value ratio
LTM	Last twelve months
Management	Management of TOT
MRP	Market risk premium
NAV	Net asset value
NPV	Net present value
NTA	Net tangible assets
NZ	New Zealand
NZ \$	New Zealand Dollars
PMG	PMG Holdings Limited
PMG Vendors	50% interest in PMG from various vendors
Purchase Price	NZ \$21.875m plus 50% of net assets as on completion date
Proposed Transaction	Sale of 50% interest in PMG to TGP for a purchase consideration
QMP	Quoted market price basis
Report or IER	Independent expert report
REIT	Real estate investment trust
RG 76	ASIC Regulatory Guide 76 Related party transactions
RG 111	ASIC Regulatory Guide 111 Content of expert reports
RG 112	ASIC Regulatory Guide 112 Independence of experts
Securityholders	Securityholders of TOT
SPA	Share purchase agreement dated 13 April 2022
Transaction Document	Notice of Meeting and Explanatory Memorandum dated 29 April 2022
TGP	360 Capital Group Limited
TOT	360 Capital REIT
TV	Terminal value
TVG	Terminal growth rate
Valuation date	1 April 2022
YTD Dec-21	9 months year-to-date December 2021
WACC	Weighted average cost of capital
WALT	Weighted average lease term

Source: BDOCF analysis

APPENDIX 2: SOURCES OF INFORMATION

In preparing this IER, we had access to and relied upon the following principal sources of information:

- ▶ Discussions with the Management of TOT
- ▶ PMG Annual Report FY21
- ▶ PMG Fund Quarterly report for September 2021
- ▶ PMG Half yearly results for 31 December 2021
- ▶ Management forecasts for PMG
- ▶ Notice of Meeting and Explanatory Memorandum, dated 29 April 2022
- ▶ Share Purchase Agreement, dated 13 April 2022
- ▶ Original transaction documents for TOT's acquisition of PMG, dated February 2021
- ▶ Information sourced from Capital IQ
- ▶ ASIC guidance notes and regulatory guides as applicable
- ▶ Public announcements
- ▶ Other generally available public information (TOT and TPG financial information)

APPENDIX 3: FUNDS BREAKDOWN

Pacific Property Fund	Expiry Date	Net Lettable Area (sqm)	Valuation (NZ \$)	Tenants (no.)	Occupancy
105 and 123 Victoria Street, Christchurch Central, Christchurch	Jan-28	7,489	59,200,000	8	100.0%
31 El Prado Drive, Milson, Palmerston North	Feb-26	24,655	41,150,000	1	100.0%
43 Seaview & 118 Hutt Park Road, Lower Hutt, Wellington	Sep-25	20,505	40,400,000	7	80.0%
25, 27 & 29 Link Drive, 13 & 19 Hannover Place, Rolleston, Christchurch	Jul-23	22,786	32,350,000	4	100.0%
70 Gloucester Street, Christchurch Central, Christchurch	Apr-26	3,097	26,900,000	5	100.0%
120 Hutt Park Road, Lower Hutt, Wellington	Jun-24	9,566	24,400,000	3	100.0%
33 Vickery Street, Te Rapa, Hamilton	Feb-27	14,062	20,000,000	1	100.0%
114 Dominion Road, Mt Eden, Auckland	Dec-26	3,605	19,900,000	6	100.0%
67L Truman Lane, Mount Maunganui, Tauranga	Apr-34	11,851	16,750,000	1	100.0%
8 Robert Street, Whangarei	Aug-32	5,151	14,200,000	1	100.0%
46 Spring Street, Tauranga	Feb-24	3,227	12,250,000	11	80.0%
102 Langley Road, Wiri, Auckland	Oct-30	2,706	12,000,000	1	100.0%
6 Alderman Drive, Henderson, Auckland	Sep-24	3,146	11,850,000	5	100.0%
8 Paerangi Place, Tauriko, Tauranga	Oct-28	5,085	10,700,000	1	100.0%
59 Druces Road, Wiri, Auckland	Jan-31	4,832	10,450,000	3	87.0%
3 Distribution Lane, Sockburn, Christchurch	Apr-31	2,756	7,500,000	1	100.0%
400 Arthur Porter Drive, Te Rapa, Hamilton	May-29	2,635	7,200,000	1	100.0%
40 Braeburn Drive, Hornby, Christchurch	Dec-24	6,750	7,150,000	1	100.0%
307 Sandwich Road, St Andrews, Hamilton	Feb-25	3,801	4,200,000	2	94.0%
Total		157,705	378,550,000	63	95.0%

Source: Pacific Property Fund Quarterly Report (Sept-2021)

PMG Generation Fund	Expiry Date	Net Lettable Area (sqm)	Valuation (NZ \$)	Tenants (no.)	Occupancy
19 Bethlehem Road, Bethlehem, Tauranga	Dec-23	21,494	94,800,000	55	100.0%
26 Sharpe Road, Rukuhai, Hamilton	Mar-26	15,811	29,850,000	1	100.0%
32, 32a and 32b Jamaica Drive, Grenada North, Wellington	Dec-23	8,050	17,100,000	3	100.0%
11-13 Gough Street, Seaview	Dec-29	5,376	13,100,000	1	100.0%
67 Vickerys Road, Wigram, Christchurch	Aug-24	6,421	11,200,000	1	100.0%
Total		57,152	166,050,000	61	100.0%

Source: PMG Generation Fund Quarterly Report (Sept-2021)

PMG Direct Office Fund	Expiry Date	Net Lettable Area (sqm)	Valuation (NZ \$)	Tenants (no.)	Occupancy
213 Tuam St, Christchurch	Aug-28	8,940	63,700,000	1	100.0%
152 Fanshawe Street, Auckland	Sep-26	6,673	36,500,000	7	100.0%
65b Main Highway, Ellerslie, Auckland	Jan-26	4,588	26,350,000	3	100.0%
8 Rockridge Ave, Penrose, Auckland	Jan-22	3,149	14,900,000	4	86.0%
143 Durham St, Tauranga	May-23	2,229	9,175,000	6	94.0%
410 Victoria St/12 Alma St, Hamilton	Apr-25	1,912	8,550,000	5	85.0%
127 Durham St, Tauranga	Apr-29	1,003	4,550,000	1	100.0%
Total		28,494	163,725,000	27	97.0%

Source: PMG Direct Office Fund Quarterly Report (Sept-2021)

PMG Direct Childcare Fund	Net Lettable Area (sqm)	Latest Valuation (NZ \$)	Occupancy
58 Ormiston Road, Flat Bush, Auckland	1,721	8,100,000	100.0%
6-8 Merfield Street, Glen Innes, Auckland	855	6,600,000	100.0%
102-130 Pinecrest Drive, Gulf Harbour, Auckland	559	5,600,000	100.0%
26 Dynes Road, Rolleston, Christchurch	629	5,446,000	100.0%
145 Hibiscus Coast Highway, Red Beach, Auckland	715	5,350,000	100.0%
10-18 Shakespeare Road, Enderley, Hamilton	558	4,900,000	100.0%
17 Catherine McLean Road, Pukekohe, Auckland	443	3,900,000	100.0%
25 Spitfire Drive, Burleigh, Blenheim	450	3,750,000	100.0%
173 Bill Richardson Drive, Avenal, Invercargill	452	3,120,000	100.0%
Total	6,382	46,766,000	100.0%

Source: PMG Direct Childcare Fund Quarterly Report (Sept-2021)

APPENDIX 4: VALUATION METHODS - BUSINESSES AND ASSETS

In conducting our assessment of the fair market value of PMG, the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (DCF) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- ▶ the forecast of future cash flows of the business asset over a time period (usually five to ten years); and
- ▶ the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (NPV).

DCF is appropriate where:

- ▶ the businesses' earnings are capable of being forecast for a reasonable period (preferably 5 to 10 years) with reasonable accuracy;
- ▶ earnings or cash flows are expected to fluctuate significantly from year to year;
- ▶ the business or asset has a finite life;
- ▶ the business is in a 'start up' or in early stages of development;
- ▶ the business has irregular capital expenditure requirements;
- ▶ the business involves infrastructure projects with major capital expenditure requirements; or
- ▶ the business is currently making losses but is expected to recover.

Capitalisation of Earnings (COE) Method

This method involves the capitalisation of normalised earnings by an appropriate multiple. Normalised earnings are the assessed sustainable profits that can be derived by the target's business and exclude any one-off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Asset Value Methods

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- ▶ separating the business or entity into components which can be readily sold, such as individual business securities or collection of individual items of plant and equipment and other net assets; and
- ▶ ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

orderly realisation (NRV): this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;

liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or

continuing operations (NAV): this is a valuation of the net assets on the basis that the operations of the business will continue. It estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding entity. Adjustments may need to be made to the book value of assets and liabilities to reflect their value based on the continuation of operations.

The net realisable value of a trading entity's assets will generally provide the lowest possible value for the business. The difference between the value of the entity's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill. The net realisable value of assets is relevant where an entity is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding entity, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the entity's value could exceed the realisable value of its assets.

Quoted Market Prices

The price that an entity's security trades on an exchange can be an appropriate basis for valuation where:

- ▶ the security trades in an efficient marketplace where 'willing' buyers and sellers readily trade the entity's security; and
- ▶ the market for the entity's security is active and liquid.

Recent Capital Transactions

The price of a recent capital raise can be used as a reliable indicator of value where:

- ▶ the equity was issued at 'arm's length' meaning included a willing buyer under no compulsion to buy and a willing seller under no compulsion to sell, each having knowledge of the relevant facts
- ▶ the equity was issued to new investors
- ▶ the transaction occurred no longer than 6 to 12 months prior to the valuation date.

Other Valuation Considerations

Future events

PMG in this valuation is considered as which it exists as at the current date. Other growth potentials, which may result from new activities, business initiatives, acquisitions, and the like (which are not capable of estimation), are not within the scope of this valuation.

APPENDIX 5: TYPES OF VALUATION ENGAGEMENTS UNDER APES 225

Valuation Engagement means an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time. Where a Member has entered into a Valuation Engagement but during the course of performing the Valuation Engagement the Member becomes aware of a limitation or restriction that, if it had been known at the time the Engagement or Assignment was entered into, would have made the Engagement or Assignment a Limited Scope Valuation Engagement, then the Valuation Engagement will become a Limited Scope Valuation Engagement.

Limited Scope Valuation Engagement means an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the scope of work is limited or restricted. The scope of work is limited or restricted where the Member is not free, as the Member would be but for the limitation or restriction, to employ the Valuation Approaches, Valuation Methods and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time, and it is reasonable to expect that the effect of the limitation or restriction on the estimate of value is material. A limitation or restriction may be imposed by the Client or Employer or it may arise from other sources or circumstances. A limitation or restriction may be present and known at the outset of the Engagement or Assignment or may arise or become known during the course of a Valuation Engagement. A Limited Scope Valuation Engagement may also be referred to as a “restricted-scope valuation engagement” or an “indicative valuation engagement”.

Calculation Engagement means an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member and the Client or Employer agree on the Valuation Approaches, Valuation Methods and Valuation Procedures the Member will employ. A Calculation Engagement generally does not include all of the Valuation Procedures required for a Valuation Engagement or a Limited Scope Valuation Engagement.

APPENDIX 6: COMPARABLE COMPANY DESCRIPTIONS

Entity	Business Description
<u>Investment management</u>	
Magellan Financial Group Limited	Magellan Financial Group Limited is a publicly owned investment manager. It invests in global equities and global listed infrastructure markets across the globe. Magellan Financial Group Limited founded in 2004 and is based in Sydney, Australia.
Pendal Group Limited	Pendal Group Limited is a publicly owned investment manager the firm provides its services to individual and institutional clients. The firm launches and manages equity, fixed income, multi-assets and balanced mutual funds. It invests in the public equity, fixed income, and alternative investment markets across the globe. The firm uses fundamental along with bottom up stock selection process to make its investments. It conducts in-house research to make its investments. Pendal Group Limited is formed in 2007 and is based in Sydney, Australia.
Perpetual Limited	Perpetual Limited is a publicly owned investment manager. The firm offers a range of financial products and services in Australia. The company provides funds management, portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services, and mortgage processing services. It offers investment capabilities across a range of asset classes, including Australian and global equities, mortgages, cash and fixed interest, and Australian listed property. The company also provides specialist direct-to-client financial services for high net worth individuals that include fiduciary services, such as trust advice and services, custodial solutions, estate planning, estate administration, and executorial services; independent financial advice services with specialist and 'do-it-yourself' superannuation offerings; and philanthropic services. In addition, it offers corporate trustee and transaction support services, including trustee services for mortgage backed and other securitization programs for major banks and non-bank financial institutions; mortgage services, including mortgage preparations, variations and discharges; post settlement servicing; regulatory compliance services for fund managers; custody, unit registry, and accounting services for property and mortgage funds; and trusteeships for corporate debt issues and infrastructure projects. The company was founded in 1886 and is based in Sydney, Australia with additional offices in Adelaide, Brisbane, Canberra, Melbourne and Perth.
Platinum Investment Management Limited	Platinum Asset Management is a publicly owned hedge fund sponsor. The firm primarily provides its services to pooled investment vehicles. The firm launches and manages equity mutual funds for its clients. It also launches and manages hedge funds for its clients. The firm invests in public equity markets across the globe. It employs value strategy with bottom-up stock picking approach to create its portfolio. The firm employs a combination of in-house and external research to make its investments. The firm typically invests in companies in consumer, health care and technology sectors. Platinum Asset Management was founded in February 1994 and is based in Sydney, Australia. Platinum Investment Management Limited operates as subsidiary of Platinum Asset Pty Limited.
Challenger Limited	Challenger Limited is a publicly owned investment manager. The company also provides retirement services to its clients. It manages equity mutual funds. The firm invests into the public equity markets across the world. Challenger Limited was founded in 1985 and is based in Australia, Asia and United Kingdom.
Platinum Investment Management Limited	Platinum Asset Management is a publicly owned hedge fund sponsor. The firm primarily provides its services to pooled investment vehicles. The firm launches and manages equity mutual funds for its clients. It also launches and manages hedge funds for its clients. The firm invests in public equity markets across the globe. It employs value strategy with bottom-up stock picking approach to create its portfolio. The firm employs a combination of in-house and external research to make its investments. The firm typically invests in companies in consumer, health care and technology sectors. Platinum Asset Management was founded in February 1994 and is based in Sydney, Australia. Platinum Investment Management Limited operates as subsidiary of Platinum Asset Pty Limited.

K2 Asset Management Holdings Ltd	K2 Asset Management Holdings Ltd. is a publicly owned investment manager. The firm provides its services to retail, wholesale and institutional investors. It manages equity mutual funds for its clients. The firm invests in the public equity markets across the globe. K2 employs a top-down approach along with bottom-up stock picking approach. It conducts in-house research to make its investments. K2 Asset Management Holdings was founded in July 1999 and is based in Melbourne, Australia with additional office in Cottesloe, Australia, Sydney, Australia.
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Clime Investment Management Limited	Clime Investment Management Limited is a publicly owned investment manager. The firm provides its services to private wealth groups, self managed superannuation funds, family offices and individual investors. The firm manages client focused portfolios and funds for its clients. It invests in the public equity markets across the globe. It employs a combination of quantitative analysis and qualitative to make its investments. Clime Investment Management Limited was founded in 1996 and is based in Sydney, Australia.
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Property Investment

Charter Hall Group	With over 30 years' experience in property investment and funds management, we're one of Australia's leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors - office, retail, industrial & logistics and social infrastructure. Operating with prudence, we've carefully curated a \$41.8 billion plus diverse portfolio of over 1100 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$6.8 billion development pipeline delivers sustainable, technologically enabled projects for our customers. The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we're powered by the drive to go further.
360 Capital Group Limited	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.
Dexus	Dexus is one of Australia's leading real estate groups, proudly managing a high-quality Australian property portfolio valued at \$32.1 billion. We believe that the strength and quality of our relationships will always be central to our success and are deeply committed to working with our customers to provide spaces that engage and inspire. We invest only in Australia, and directly own \$16.5 billion of office and industrial properties. We manage a further \$15.6 billion of office, retail, industrial and healthcare properties for third party clients. The group's \$11.4 billion development pipeline provides the opportunity to grow both portfolios and enhance future returns. With 1.6 million square metres of office workspace across 51 properties, we are Australia's preferred office partner. Dexus is a Top 50 entity by market capitalisation listed on the Australian Securities Exchange (trading code: DXS) and is supported by more than 29,000 investors from 24 countries. With 36 years of expertise in property investment, development and asset management, we have a proven track record in capital and risk management, providing service excellence to tenants and delivering superior risk adjusted returns for investors.
Cromwell Property Group	Cromwell Property Group (ASX:CMW) is a diversified real estate investor and manager with operations on three continents and a global investor base. As at 30 June 2020, Cromwell had a market capitalisation of \$2.4 billion, a direct property investment portfolio valued at \$3.0 billion and total assets under management of \$11.5 billion across Australia, New Zealand and Europe.
The GPT Group	The GPT Group is one of Australia's largest diversified property groups and a top 50 ASX listed company by market capitalisation. GPT owns and manages a \$25.3 billion portfolio of retail, office and logistics property assets across Australia. The Group has a substantial investor base with more than 32,000 shareholders.

Source: Capital IQ

APPENDIX 7: COMPARABLE COMPANY BETA BREAKDOWN

Company	Market Cap	FUM	Debt/total capital	Equity beta 5 year	Asset beta 5 year	Equity beta 5 year	Asset beta 5 year
<u>Investment management</u>							
Magellan Financial Group Limited	3,942	95,500	n/a	1.35	1.35	1.59	1.59
Pendal Group Limited	1,974	139,200	n/a	1.27	1.27	1.38	1.38
Perpetual Limited	2,015	102,800	0.91 %	1.19	1.19	1.33	1.32
Platinum Investment Management Limited	1,563	22,006	n/a	1.15	1.15	0.85	0.85
Challenger Limited	4,406	114,900	n/a	1.09	1.09	1.71	1.71
Platinum Investment Management Limited	1,563	22,006	n/a	1.15	1.15	0.85	0.85
K2 Asset Management Holdings Ltd	19	n/a	n/a	0.24	0.24	0.05	0.05
Clime Investment Management Limited	44	n/a	n/a	0.35	0.35	0.43	0.43
<u>Property Investment</u>							
Charter Hall Group	9,734	n/a	2.07 %	0.73	0.73	1.27	1.25
360 Capital Group Limited	181	n/a	n/a	0.14	0.10	0.48	0.48
Dexus	11,960	n/a	37.03 %	0.67	0.50	0.83	0.61
Cromwell Property Group	2,278	n/a	72.33 %	0.50	0.31	0.82	0.48
The GPT Group	10,382	n/a	42.07 %	0.62	0.45	1.14	0.80
Mean	3,851	82,735	30.9 %	0.80	0.76	0.98	0.91
Median	2,015	99,150	37.0 %	0.73	0.73	0.85	0.85
Mean (investment management)	1,941	82,735	0.9 %	0.97	0.97	1.02	1.02
Median (investment management)	1,768	99,150	0.9 %	1.15	1.15	1.09	1.09

Source: Capital IQ, BDOCF analysis

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360 Capital



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YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (AEST) on Monday, 30 May 2022.**

TO VOTE ONLINE

BY SMARTPHONE

STEP 1: VISIT <https://www.votingonline.com.au/totegm2022>



STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 3 SIGN THE FORM

The form must be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (AEST) on Monday, 30 May 2022.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

Online <https://www.votingonline.com.au/totegm2022>

By Fax + 61 2 9290 9655

By Mail Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

In Person Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

360 Capital REIT

The stapled entity comprising:
360 Capital Active REIT ARSN 602 303 613 and
360 Capital Passive REIT ARSN 602 304 432.



Your Address

This is your address as it appears on the company's share register.
If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **360 Capital REIT (Fund)** and entitled to attend and vote hereby appoint:



the Chair of the Meeting (mark box)

OR if you are NOT appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Extraordinary General Meeting of the Company to be held **Virtually on Wednesday, 1 June 2022 at 11:00am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

Resolution 1 Approval of Sale



STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2022