



# ACCEPT THE TIX OFFER

TIX's response to the ANI Target Statement

9 March 2015

## Summary

### *Response to ANI's Target Statement*

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#### **Do not be misled by Fife Funds and ANI's Independent Board Committee**

1. The TIX Offer **is** a significant premium to ANI's historical price performance
2. Combined Group FY16 DPU **is** equal to current ANI FY16 forecast distributions
3. ANI Unitholder returns are at risk with Fife Capital
4. Fife Group has conflicts of interest
5. What else is Fife Funds not telling you?

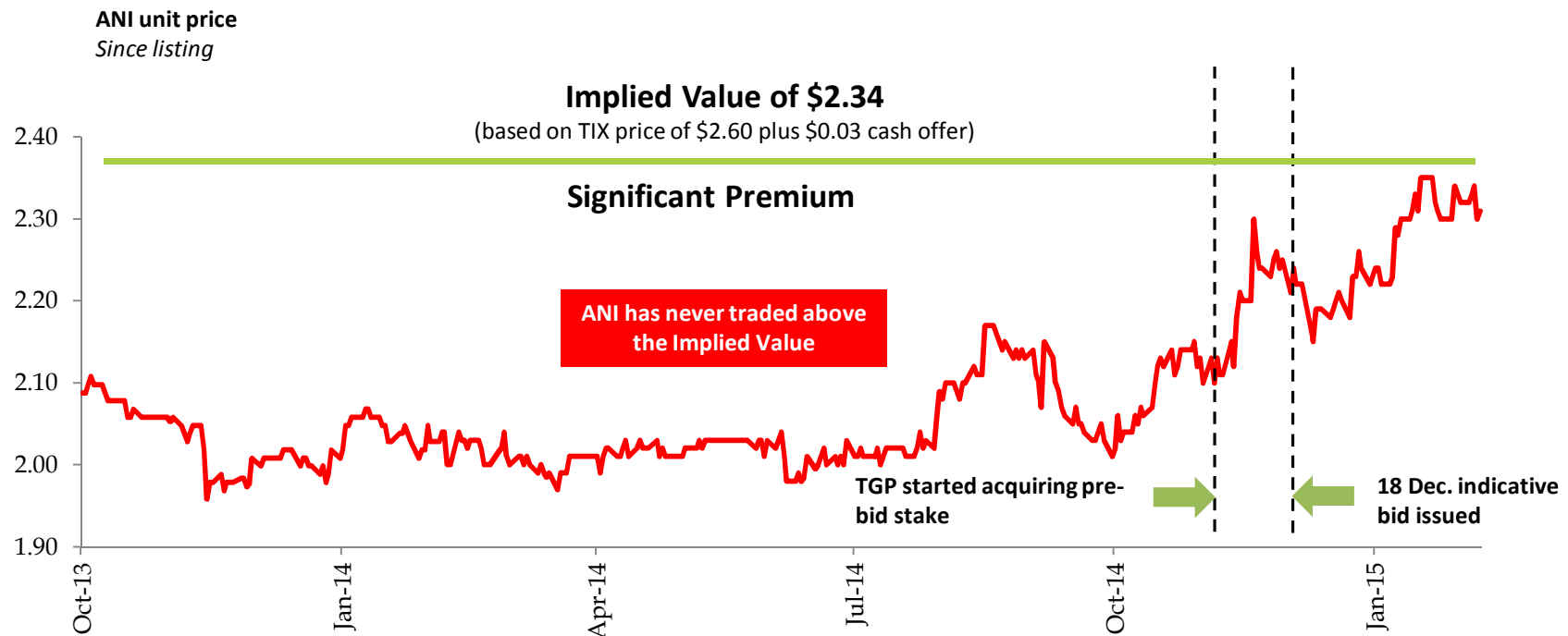
#### **The TIX offer provides significant benefits to ANI Unitholders**

1. 360 Capital will hold 12.4% of the Combined Group.
2. TIX has clearly outperformed ANI – TIX has a proven track record
3. Improved market position will improve fund performance
4. TIX will remain focused on income security and reliable quarterly distributions
5. Clear strategy if 360 Capital is approved as a Responsible Entity of ANI

# ANI Target Statement is misleading

*The TIX Offer is a significant premium to ANI's price performance*

- Fife Funds compares the TIX Offer to the ANI price<sup>1</sup> as at 24 February 2015.
  - This is well after 360 Capital Group's announcement of the takeover offer.

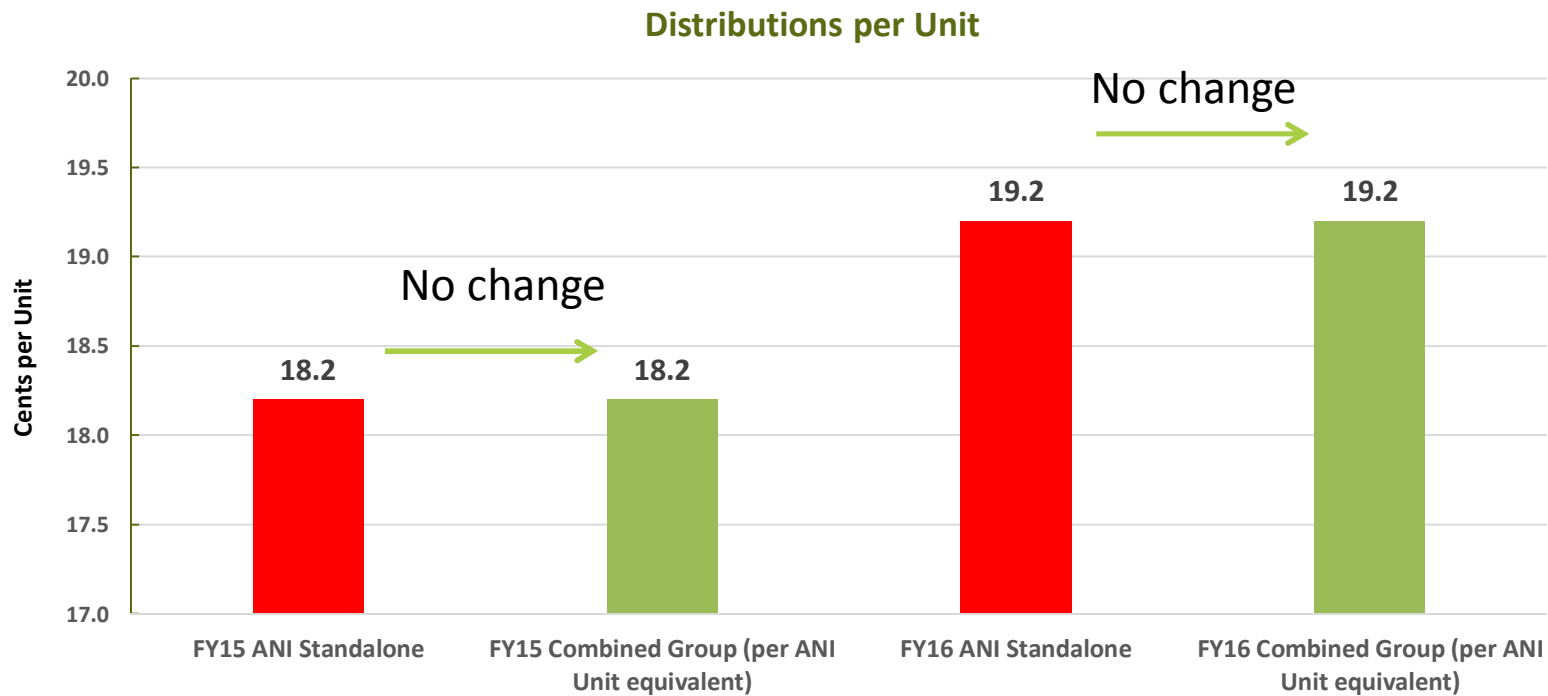


1. 5 Day VWAP as at 24 February 2015

# ANI Target Statement is misleading

## *Combined Group FY16 DPU is equal to ANI's*

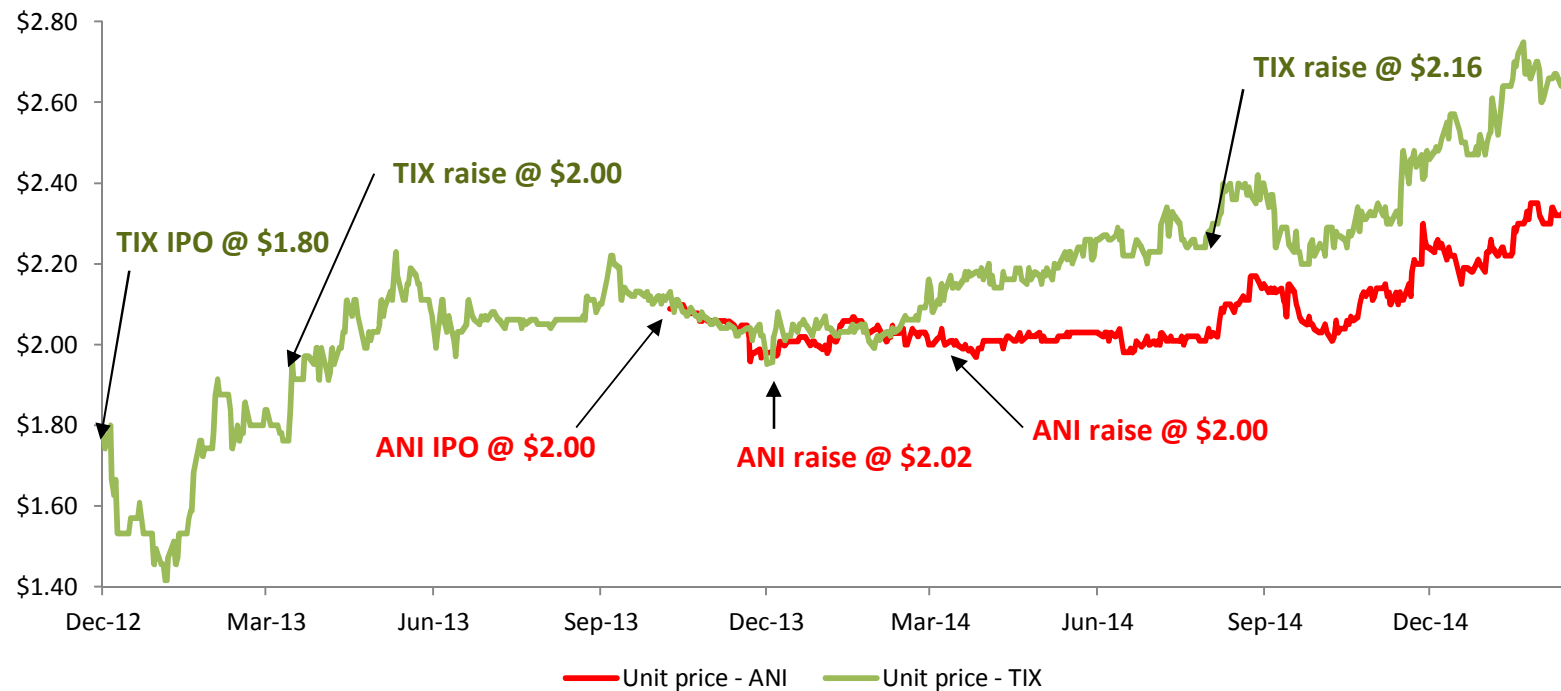
- Fife Funds **has ignored** TIX's announced FY16 distribution guidance
- Based on ANI's FY16 DPU guidance, Combined Group's FY16 DPU is equivalent



## ANI Target Statement is misleading

### *ANI Unitholder returns are at risk*

- Capital raisings in ANI have diluted returns and grown Fife Fund's fees at the expense of Unitholder returns
- Fife Funds has already appointed investment banks for future capital transactions
- At what price will Fife Funds raise capital again?

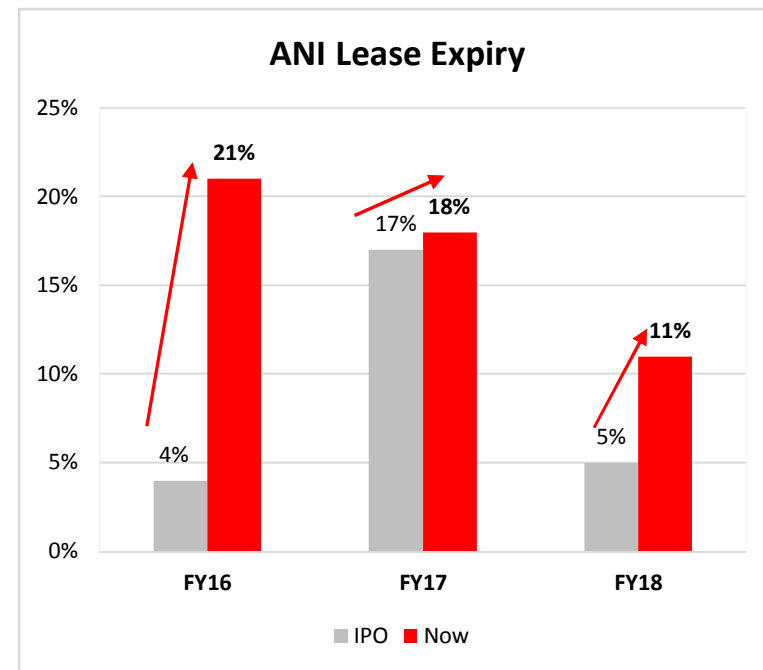
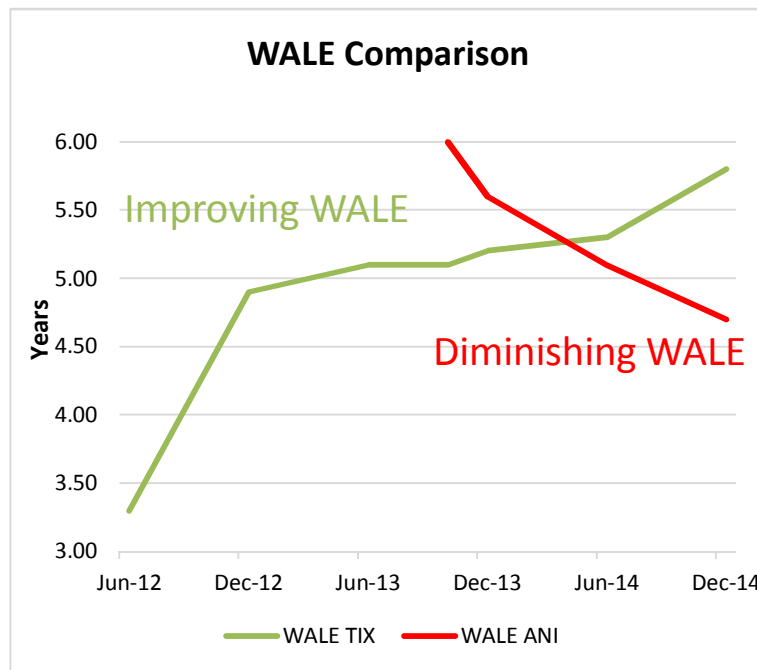


# ANI Target Statement is misleading

## ANI Unitholder returns are at risk

- Weighted Average Lease Expiry (WALE) of ANI is diminishing
  - increasing earnings risk
  - reducing earnings security

- ANI's lease expiry and earnings risk have increased since its IPO
- AREIT investors require earnings and distribution security
  - Increasing short term expiry reduces earnings security



# ANI Target Statement is misleading

## ANI Unitholder returns are at risk

- Research affiliated with ANI's appointed advisors forecasts an earnings drop in FY17
- Given ANI's lease expiry profile, what happens after FY16?



Global Research

10 February 2015

| Highlights (A\$m)        | - | - | 06/14 | 06/15E | 06/16E | 06/17E |
|--------------------------|---|---|-------|--------|--------|--------|
| Net rental income        | - | - | 14    | 26     | 27     | 26     |
| EBITDA                   | - | - | 13    | 24     | 25     | 23     |
| EPS (UBS, A\$)           | - | - | 0.127 | 0.195  | 0.208  | 0.188  |
| DPS (A\$)                | - | - | 0.114 | 0.182  | 0.195  | 0.188  |
| BVPS (basic, A\$)        | - | - | 1.928 | 1.999  | 2.076  | 2.142  |
| NAV per share (UBS, A\$) | - | - | 1.436 | 2.188  | 2.258  | 2.026  |



-10% earnings



### Earnings Forecasts

| Yr to June     | 12A | 13A | 14A  | 15E  | 16E  | 17E    |
|----------------|-----|-----|------|------|------|--------|
| EBITDA (\$m)   | -   | -   | 12.8 | 23.8 | 24.5 | 21.6   |
| Rep NPAT (\$m) | -   | -   | 9.9  | 18.7 | 19.4 | 16.4   |
| Adj NPAT (\$m) | -   | -   | 9.9  | 18.7 | 19.4 | 16.4   |
| EPS (¢)        | -   | -   | 12.7 | 19.4 | 20.2 | 17.1   |
| EPS Gth (%)    | -   | -   | NM   | 53.1 | 3.8  | (15.4) |
| PER (x)        | -   | -   | 18.5 | 12.1 | 11.6 | 13.8   |
| PEG Ratio (x)  | -   | -   | -    | 0.7  | -    | -      |
| DPS (¢)        | -   | -   | 11.4 | 18.2 | 19.0 | 17.4   |



-15% earnings

## ANI Target Statement is misleading

### *Fife Capital has clear conflicts of interest*

- Fife Funds charges ANI Unitholders fees rather than co-investing alongside unitholders.

|  | <b>ANI Strategy</b> |   | <b>TIX Strategy</b> |  |
|--|---------------------|---|---------------------|--|
| <b>Property Management</b>                 | ✗                   | Fully managed by Fife Capital for <b>3%</b> of gross income                                       | ✓                   | Outsourced to specialist Property Manager for <b>1.28%</b> of gross income                             |
|  | ✗                   | Are Fife Capital resources dedicated only to ANI?   | ✓                   | TIX dedicated Investment Manager deals directly with all tenants                                       |
| <b>Leasing Fees</b>                        | ✗                   | Fife Capital is paid leasing fees in line with the PDS at market rates                            | ✓                   | TIX does not pay 360 Capital Group any leasing fees  |
| <b>Property Development Payments</b>       | ✗                   | ANI will pay Fife Capital for delivery of its pipeline  | ✓                   | 360 Capital Group does not undertake development   |
|  | ✗                   | ANI must allow Fife Capital to be development manager in respect of all development projects      | ✓                   | 360 Capital Group takes no development fees from TIX   |
|  |                     |   | ✓                   | TIX has a first right of refusal on Walker Corporation industrial development pipeline until June 2017 |
|  |                     |   | ✓                   | TIX is free to work with <b>ALL DEVELOPERS</b> at arm's length   |
| <b>Property Development Pipeline</b>       | ✗                   | ANI has an acquisition right, but its <b>SUBJECT TO</b> an existing client mandate                | ✓                   | TIX is 360 Capital Group's only industrial vehicle   |
|  | ✗                   | Fife Capital states there is "an overlap" in the investment criteria for ANI and a client mandate | ✓                   | There are <b>NO CONFLICTS</b> or "overlaps"  |
| <b>Co-investment alongside unitholders</b> | ✗                   | <b>Fife Capital owns a token 0.6% of ANI</b>  | ✓                   | 360 Capital invests with unitholders   |
|  | ✗                   | Fife Capital derives its primary benefit from extracting fees from ANI Unitholders                | ✓                   | <b>360 Capital invested \$27M or 12.9% in ANI</b>  |
|  |                     |   | ✓                   | 360 Capital invested \$38M or 12.0% in TIX   |
|  |                     |   | ✓                   | 360 Capital derives its primary benefit from fund returns alongside unitholders                        |



## ANI Target Statement is misleading

### *What else is Fife Funds not telling you?*

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#### Transparency is paramount for corporate governance

- Why did Fife Funds not provide FY15 earnings guidance until after the TIX takeover offer?
  - TIX has always provided earnings and distribution clarity for investors
- How is Fife Funds funding its defence of ANI with three advisors and legal costs?
  - Fife Funds has spent more than 2 cents per Unit of ANI NTA and unitholder's funds
  - Why is Fife Funds defending this? Is it the in excess of \$2.0m p.a. they collect from ANI in fees?
- What are Fife Group's other industrial mandates?
- Fife Group has purchased \$130m+ of assets in the last 18 months for other industrial mandates
  - Why did ANI miss out?
- What other assets is Fife Group purchasing and why are they not for the benefit of ANI?
  - TIX is 360 Capital's only industrial fund with a current objective to acquire 100% of ANI
- What is the Fife Funds pipeline of assets? Will ANI or another Fife Group mandate benefit?
- If the Independent Chairman is serious about maximising returns for ANI Unitholders, why is he not engaging with ANI's largest unitholder and only party which has made an offer for ANI at a significant premium?

# TIX Offer has significant benefits to ANI Unitholders

***360 Capital will hold 12.4% of the Combined Group.***

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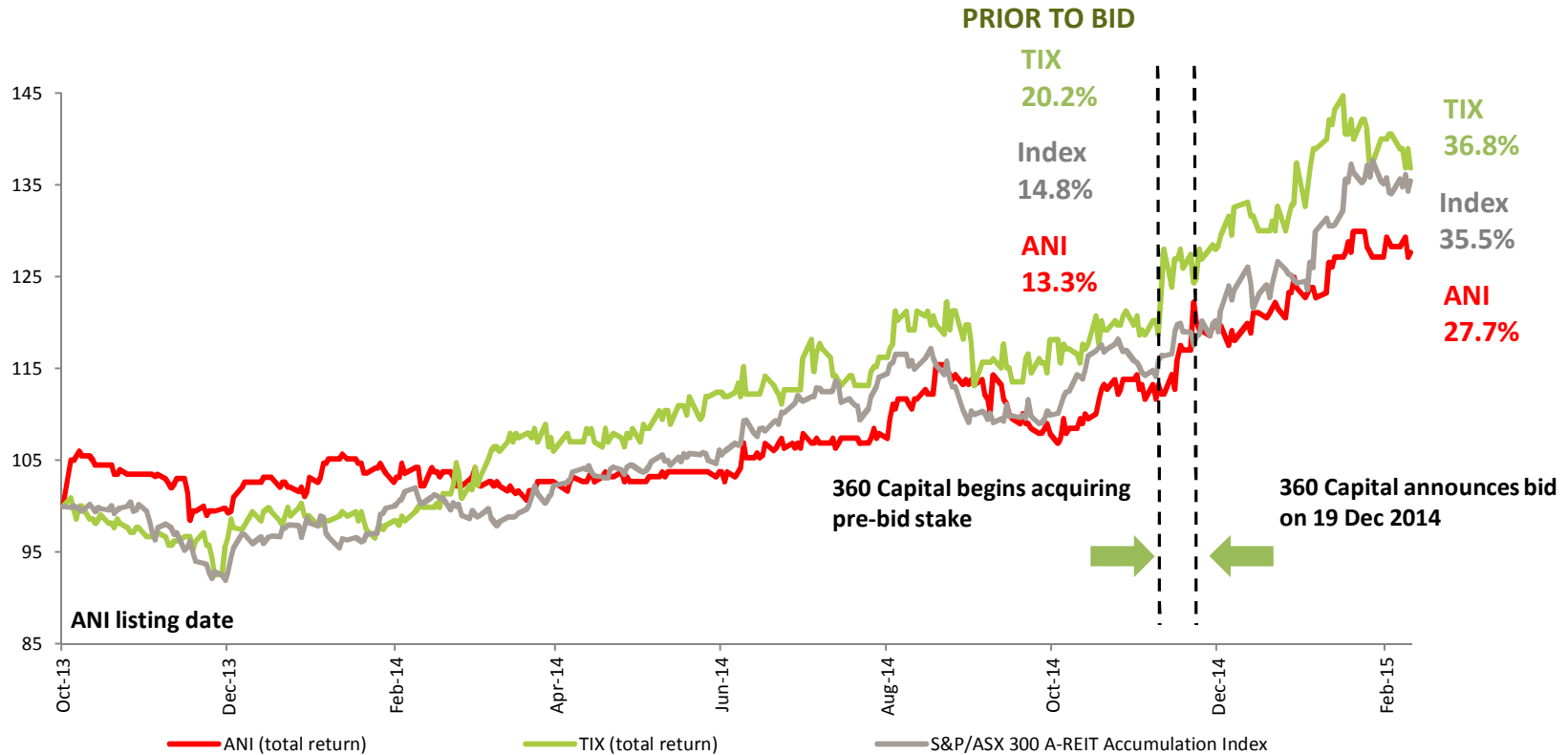


- AREIT investors demand significant co-investment for alignment of interest
  - 360 Capital invests alongside unitholders
- 360 Capital will have ~\$72m invested in the Combined Group for the long term
  - 360 Capital's returns are strongly linked to Combined Group returns
- TIX will remain the only industrial fund or mandate managed by 360 Capital
  - Pure focus on the Combined Group with no conflicts
- Fife Funds has only \$1.3m in ANI and last year charged ANI \$1.9m in fees
- Where is Fife Fund's alignment? Growing FUM for fees or investor returns?

# TIX Offer has significant benefits to ANI Unitholders

*TIX has clearly outperformed ANI*

- Fund performance is key to ongoing investor support

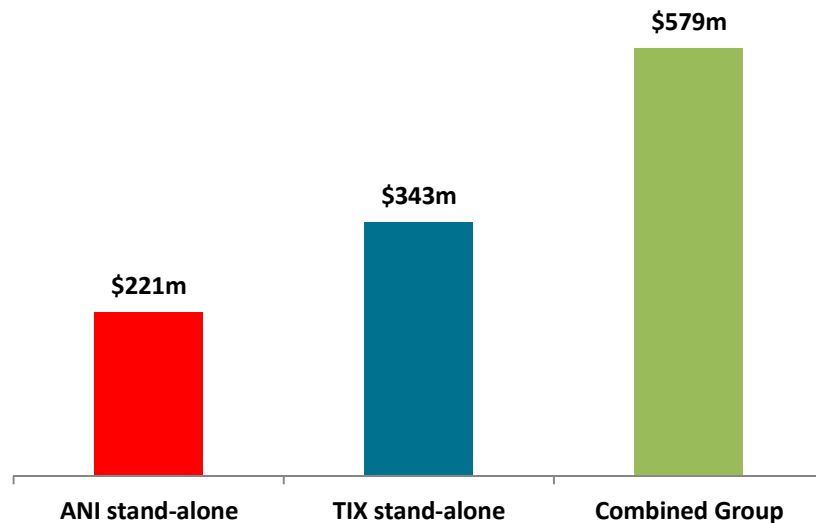


# TIX Offer has significant benefits to ANI Unitholders

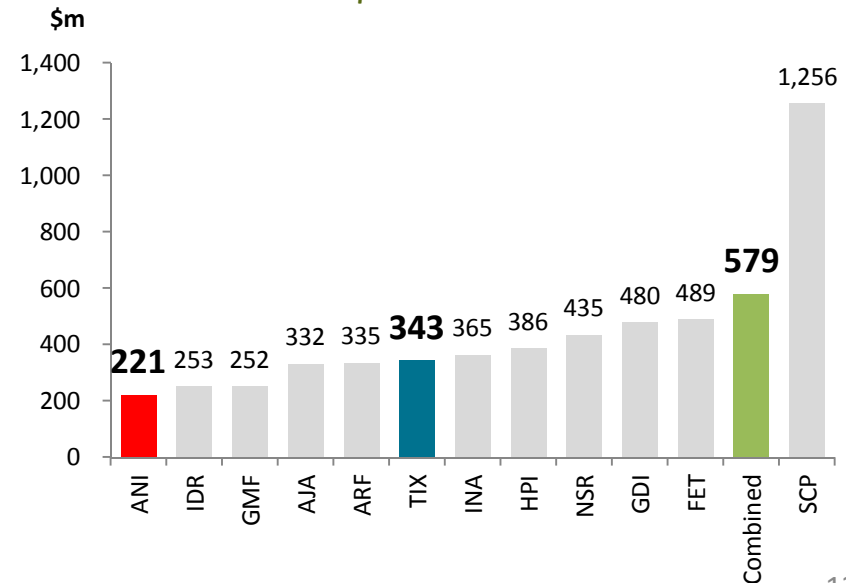
## *Increased scale, diversification and liquidity benefits Unitholders*

- The Combined Group will become the largest pure rent collecting AREIT
- Liquidity is expected to significantly increase due to the new position in the S&P/ASX300 AREIT index and proximity to inclusion in the larger S&P/ASX200 Index
- Reduced earnings and distribution risks due to greater diversification and improved lease expiry profile
- Increased scale and improved liquidity may reduce cost of capital

Market capitalisation



Market capitalisation of S&P/ASX 300 AREIT constituents < \$1.5bn



## TIX Offer has significant benefits to ANI Unitholders

### *Ongoing TIX focus on income security and reliable distributions*

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TIX strategy will be unchanged for Combined Group:

- Acquire quality assets with quality covenants with no short term lease expiry risk
- Remove near term earnings risks through early renegotiation of new leases
- Focus on EPU and DPU certainty with disciplined growth
- Ongoing portfolio improvement with the opportunistic sale of older, non-core assets that present medium term earnings risks
- Disciplined capital management:
  - Gearing managed with asset sales and DRP where appropriate
  - Equity not raised at a price below last issue price

# TIX Offer has significant benefits to ANI Unitholders

## *Clear strategy if 360 Capital is approved as Responsible Entity of ANI*

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- The strategy to merge the vehicles for the benefit of all unitholders is 360 Capital's desired outcome
- Fife Capital has **assumed** our corporate governance structure
  - if Fife Capital engaged with 360 Capital they would not have had to assume our corporate governance
- Where 360 Capital is appointed responsible entity, it will manage ANI in the best interests of all ANI Unitholders
- 360 Capital will:
  - Provide a **dedicated Responsible Entity** to ANI to be the responsible entity to ANI and no other fund
  - Appoint an **Independent Board** with Directors that have no other Board representation within 360 Capital
  - Provide a **dedicated ANI Fund Manager**
- On the other hand:
  - Fife Group has a competing industrial mandate which takes priority over ANI

# TIX Offer has significant benefits to ANI Unitholders



## *Summary*

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- The TIX Offer provides significant benefits to ANI Unitholders at a price well above ANI's trading history
- TIX and 360 Capital have a strong performance track record and successful history in managing listed funds
- 360 Capital has no conflicts of interest and is committed to investing alongside unitholders
- 360 Capital encourages ANI Unitholders to:
  - seek answers from Fife Funds on why it misled you on various facets of the Bidders Statement
  - seek answers from Fife Group as to how it can act in the best interests of ANI Unitholders when it must give priority to another industrial mandate
  - seek answers from the Independent Chairman of ANI on why he will not engage with 360 Capital on **the TIX Offer which is in the best interests of ANI unitholders**

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