



21 August 2013

**TGP TO ACQUIRE 360 CAPITAL PROPERTY GROUP
COMPLETES \$70.8 MILLION CAPITAL RAISING AT \$0.59 PER SECURITY**

Trafalgar Corporate Group ("TGP" or "Group") is pleased to announce it has entered into a security sale agreement to acquire 100% of 360 Capital Property Group ("360 Capital") through a scrip-for-scrip offer to 360 Capital securityholders (with a cash election)(the "Acquisition").

TGP also announces it has completed a \$70.8 million equity raising via a fully underwritten conditional institutional placement of TGP securities at \$0.59 per security (the "Capital Raising"). The Capital Raising proceeds will be used to fund the cash election of the Acquisition and other funds management initiatives of the Group.

This Acquisition and the Capital Raising (together the "Transaction") mark the completion of the Group's successful execution of its realisation strategy which was announced during the 2010 financial year. This strategy, designed to address the discrepancy between the Group's trading price and NTA per security, has resulted in a return to securityholders of \$73.0 million (or \$0.855 per security). The Transaction announced today now repositions the Group for growth and an exciting future.

The Transaction is conditional on TGP securityholder approval at an extraordinary general meeting scheduled for 24 September 2013 and re-compliance by TGP with Chapters 1 and 2 of the ASX Listing Rules.

Transaction summary

- TGP to transform into a diversified real estate investment, funds and asset management group via acquisition of 360 Capital (subject to TGP securityholder approval);
- proven and experienced 360 Capital management team to lead the Group's future strategy;
- fully underwritten conditional institutional placement of \$70.8 million at \$0.59 per security, 27% above the closing TGP trading price of \$0.465 per security on 19 August 2013;
- the Transaction is expected to be net tangible asset ("NTA") per security neutral on a pro forma basis with NTA post-Transaction remaining at \$0.59 per security;
- the acquisition price of 360 Capital implies an enterprise value of approximately \$68.8 million, a 4.3% discount to 360 Capital's pro forma total assets;
- FY14 forecast operating earnings of 5.9 cents per security which represents a 10.0 times price/earnings ratio or EPS yield of 10.0%;
- FY14 forecast distributions of 5.0 cents per security, up 25% on 4.0 cents per security in FY13;
- the Transaction will increase the Group's gearing from 9.3% to 12.9%;
- the Independent Expert, Loneragan Edwards & Associates has concluded the Acquisition is fair and reasonable to TGP's non-associated securityholders; and
- TGP to be renamed the "360 Capital Group".

The Capital Raising was very well supported by institutional investors, closing significantly oversubscribed. The Capital Raising was fully underwritten by Moelis Australia Advisory Pty Ltd.

TGP's largest non-associated securityholder, First Samuel, has notified the TGP Board that it intends to vote in favour of the Transaction, subject to there not being a superior proposal. First Samuel currently owns 19.9% of TGP securities.

ASX Release



New 360

If approved by TGP securityholders, the Transaction will transform TGP into a diversified real estate investment, asset and funds management group with an expected market capitalisation of approximately \$147 million¹. TGP will be renamed the “360 Capital Group”. For clarity, any reference to TGP post-completion of the Transaction shall use the term “New 360”.

In brief, New 360 will be a real estate business consisting of:

- approximately \$860 million in funds under management in 10 funds/syndicates owning 28 properties diversified across Australia and the key office and industrial sectors (including the ASX-listed 360 Capital Industrial Fund);
- \$90.9 million of co-investments in (including strategic loans to) predominantly managed funds to align New 360 with its fund investors; and
- \$48.8 million in direct real estate ownership primarily in one direct real estate office building leased to the Australian Taxation Office (\$44.0 million value) with the opportunity to secure earnings through extending the current lease beyond February 2015.

New 360’s income will be derived from three main underlying real estate investment sources:

- Fees derived from the management of real estate funds (FY14 forecast income of \$4.7 million);
- Distributions from co-investments in (including strategic loans to) New 360’s managed funds (FY14 forecast income of \$7.4 million); and
- Rental income from direct property investment (FY14 forecast income of \$6.8 million).

It is expected that New 360’s forecast earnings and distributions per security will be attractive relative to the broader A-REIT sector:

- FY14 operating earnings per New 360 security are expected to be 5.9 cents which equates to a 10.0% yield on the issue price; and
- FY14 distributions per New 360 security are expected to be 5.0 cents which equates to an 8.5% yield on the issue price.

Funds raised under the Capital Raising together with a new debt facility in TGP will be used to fund the cash component of the Acquisition of 360 Capital (with respect to 360 Capital securityholders who made the cash election), repay existing TGP and 360 Capital loans and purchase strategic loans which have been provided to some of 360 Capital’s managed funds.

Importantly, Mr Tony Pitt (through TT Investments Pty Limited) who currently owns 21.1% of 360 Capital and 28.2% of TGP, will become Managing Director of New 360 and will lead the management team in executing New 360’s future strategy. Tony has accepted the scrip offer as consideration for TT Investments Pty Limited’s share of 360 Capital, and will maintain his strong alignment with all New 360 securityholders via his ownership of approximately 20.7% of all New 360 securities post-Transaction (and the proposed employee security plan).

If the Transaction is approved by TGP securityholders, existing 360 Capital independent directors Mr Andrew Moffat and Mr John Ballhausen will be invited to join the New 360 board. Mr Garry Charny has resigned as a director of TGP and the Board thanks him for his contribution.

¹ Based on Issue Price of \$0.59 and the number of securities on issue on completion of the Transaction



TGP independent non-executive Chairman, Mr David van Aanholt said “ The acquisition of 360 Capital and the Capital Raising is likely to not only meet the current TGP strategy to close the price to NTA gap but also transform TGP into a diversified real estate investment and funds management group with a proven, disciplined and motivated management team. I believe that if this transaction is approved by TGP securityholders, this will begin an exciting new chapter for TGP”.

360 Capital Managing Director, Mr Tony Pitt said “Bringing the two groups together to create the well-diversified, ASX listed, 360 Capital Group will provide the opportunity for investors to gain exposure to not only the New 360’s managed funds but also to a well-capitalised real estate management group. Furthermore, New 360’s philosophy to focus on its core skills of real estate investment and funds management and derive its revenue from secure rental streams and not undertake real estate development or overseas investment provides a platform for secure returns within a growth-orientated funds management business”.

“The significant oversubscription of the Capital Raising by some of Australia’s top institutional investors is a great endorsement of the 360 Capital team and the business they have built to date. As a function of the team’s proven track record in stabilising the funds management platform and investments, the team recognises the growth potential of the business. Importantly, we look forward to continuing to grow the business and its listed and unlisted funds and continuing to deliver superior returns to the approximately 9,000 underlying fund and New 360 investors”.

Securityholder Meeting

To allow TGP securityholders to assess the merits of the Transaction, TGP securityholders will soon receive a Notice of Meeting and Explanatory Memorandum ahead of the extraordinary general meeting scheduled for 24 September 2013.

The Independent Expert, Lonergan Edwards and Associates, has concluded that the Acquisition is fair and reasonable for TGP’s non-associated securityholders.

The Independent Committee of TGP Directors established to oversee the due diligence and to consider this Transaction recommends TGP securityholders vote in favour of the Transaction, in the absence of a superior proposal.

Timetable

The Transaction will be implemented by TGP as per the following indicative timetable:

Announcement of the Transaction	Wednesday, 21 August 2013
Notice of Meeting and PDS and Prospectus dispatched	Monday, 26 August 2013
Extraordinary general meeting of TGP securityholders	Tuesday, 24 September 2013
Settlement of Capital Raising	Tuesday, 1 October 2013
Allotment of New 360 securities	Wednesday, 2 October 2013
Implementation date	Wednesday, 2 October 2013
Dispatch of holding statements	Thursday, 3 October 2013
Normal trading of New 360 securities	Tuesday, 8 October 2013

These dates are subject to change and are indicative only. TGP reserves the right to amend this indicative timetable and any variation to it will be announced to the ASX.

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ASX Suspension

TGP has been advised that the ASX regards the Transaction to be a backdoor listing which requires TGP securityholder approval under ASX Listing Rule 11.1.2. TGP's securities are therefore expected to be suspended from trading from the day of the extraordinary general meeting of TGP securityholders (scheduled for 24 September 2013) to approve the Transaction. If the Transaction is approved, TGP will remain suspended until it re-complies with the admission requirements of the ASX set out in Chapters 1 and 2 of the ASX Listing Rules.

For more information please contact:

David van Aanholt

Chairman
Trafalgar Corporate Group
T: 0418 976 753

Peter Norris

Company Secretary
Trafalgar Corporate Group
T: 9252 4211

Tony Pitt

Managing Director
360 Capital Group
T: 02 8405 8860

Tim Spencer

Head of Investor Relations
360 Capital Group
T: 02 8405 8872

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