

12 April 2017

360 Capital Group (TGP)

TGP to take up its entitlement in 360 Capital Total Return Fund's (TOT) \$40.6m capital raising Launch of private equity fund Launch of mezzanine finance business

The Board of 360 Capital Group Limited (ASX: TGP) ('Group') is pleased to announce the following:

360 Capital Total Return Fund \$40.6m fully underwritten Capital Raising

On 11 April 2017, TOT announced a \$40.6m capital raising ('Equity Raising') comprising an institutional placement to institutional investors to raise \$5.3m ('Placement') and a non-renounceable 1 for 1 accelerated entitlement offer to raise \$35.3 ('Entitlement Offer').

Moelis Australia Advisory Pty Limited ('Moelis') and Morgans Corporate Limited ('Morgans') are the Joint Lead Managers and Underwriters to the Equity Raising.

The Group currently has an interest in approximately 24.3% of Stapled Units in TOT. In line with the Group's strategy, the Group is committed to making TOT its flagship ASX listed managed fund and as such, the Group will take up its full entitlement under the Entitlement Offer. Due to the significant demand to date for Stapled Units from institutional investors under the Equity Raising, TGP will not take an underwriting or sub-underwriting position.

Launch of 360 Capital 2017 Private Equity Real Estate Fund

In line with the Group's stated strategy, the Group has been in discussions with various private equity groups and is pleased to announce the launch of the 360 Capital 2017 Private Equity Real Estate Fund ('PERE Fund').

The PERE Fund will be seeking to raise \$370m in equity. The Group will make the PERE Fund available to a select number of private equity investors seeking an investment in a private equity real estate fund focused on opportunities within the Australian real estate marketplace and has a number of such prospective investors already under confidentiality arrangements.

The 360 Capital Total Return Fund (ASX: TOT) ('TOT') has committed \$74m to the PERE Fund. Whilst TOT currently owns 100% of the equity, it is intended after the private equity raise that TOT will have a 20% equity interest in the PERE Fund. This will provide an avenue for public capital to indirectly access the PERE Fund. The PERE Fund has a strategic 15.6% stake in Industria REIT (ASX: IDR) and the Group holds a further 1.8% stake in IDR.

The PERE Fund will be managed by a new investment management company, 360 Capital 2017 PERE Pty Limited (Investment Manager). TOT has a 25% stake in the Investment Manager, with a further 24.9% being made available to private equity investors and the balance 50.1% being owned

ASX Release

by the Group¹. The Group has a pre-emptive right to acquire TOT's 25% stake for nominal consideration where TOT is subject to a change of control.

Launch of Australian Mezzanine Finance Pty Limited

The Group has launched Australian Mezzanine Finance Pty Limited (AMF) to provide alternative lending and structured financing solutions to Australian real estate investors and developers.

AMF will be 50% owned by the Group and 50% by TOT. As part of the TOT capital raising announced to the market on 11 April 2017, TOT will commit \$5.0m for mezzanine financing transactions in line with TOT's investment strategy. The Group has a pre-emptive right to acquire TOT's 50% stake for nominal consideration where TOT is subject to a change of control.

AMF may also seek mandates and package together mezzanine, stretched senior, preference equity and other financing arrangements for private equity investors.

Group Earnings, Distributions and Capital

Following the strategic initiatives described above and repayment of the Vendor Loan scheduled on 21 April 2017, the Group will have in excess of \$140m in cash, \$60.8m in unlisted securities and \$23.7m in listed securities, comprising TOT and IDR. The Group remains debt free.

The Group reaffirms its FY17 earnings of 5.4 cents per security and FY17 distribution guidance of 6.5 cents per security and will be providing FY18 guidance at its FY17 annual results.

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

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About 360 Capital Group (ASX: TGP)

360 Capital Group is an ASX-listed, property investment and funds management group concentrating on strategic investment and active investment management of property assets. The Group actively invests in direct property assets, property securities, real estate debt and various corporate real estate investments within Australian real estate markets on a private and public equity basis.

¹ The terms of the management agreement and shareholders agreement for the investment manager are to be negotiated with private equity investors. Details will be disclosed to the market when settled