

360 Capital

G r o u p



2017 Annual Results Presentation

ASX TGP

17 August 2017

\$63.6m

Statutory Profit

↑ 164%

\$13.2m

Operating Profit

↓ 17%

**Debt
Free,
\$97.2m**

Cash

95 cents

NTA

↑ 40%

29.5 cps

Statutory Profit

↑ 178%

6.1 cps

Operating Earnings

↓ 13%

\$117.8m

Further contracted
receivables from
CNI and listed
securities

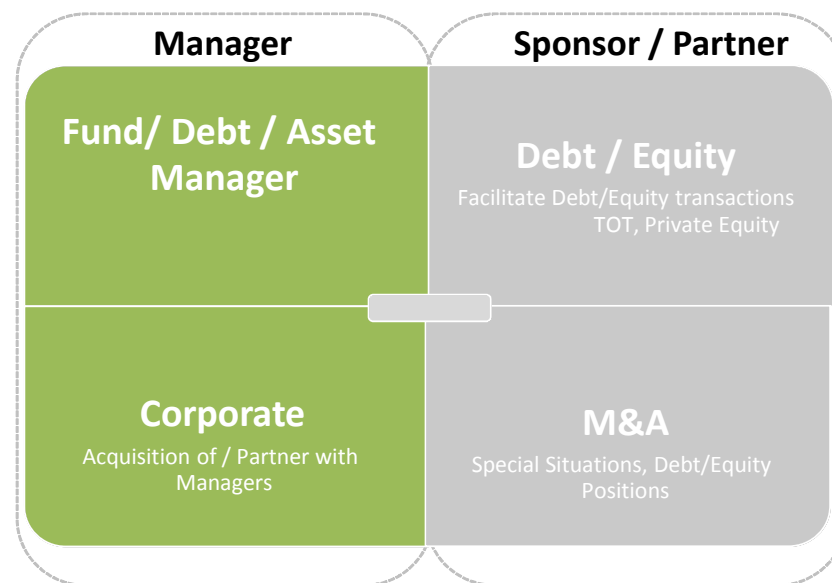
6.5 cps

Distribution

↑ 4%

- Sold the majority of FM business to Centuria Capital Group for \$290.7 million
- Sale of Subiaco Square Shopping Centre for \$38.4 million (20% premium), returning the Group \$9.4 million in cash plus exit fees
- Repaid all TGP Bonds (\$75million), TGP now debt free with approximately \$97.2 million in cash
- Bought back 25.0 million TGP securities @ \$0.90 per security (10.4% of issued capital)
- Launched the 360 Capital 2017 Private Equity Real Estate Fund
- Increase TOT's and the Group's investment in IDR to approximately 18.2%. Post FY17, TOT & TGP disposed of its combined stake in IDR generating an 18.3% IRR p.a.
- Launched Australian Mezzanine Finance Pty Limited – progressed building non-bank real estate financing in partnership with TOT
- Undertook a \$40.6 million capital raising in TOT increasing the gross assets to over \$80.0 million
- Settled the repayment of the \$50.0 million vendor loan 15 months before expiry
- Settled the disposal of part of the unlisted co-investment stakes with Centuria
- Purchased a strategic 19.9% stake in Asia Pacific Data Centre Group (AJD) for approximately \$36.0 million, and TGP has put a proposal to AJD securityholders to purchase remaining securities at \$1.80 per security

- The Group has a high conviction strategy and sold the majority of its funds management business and co-investments in January 2017 for ~\$300 million
- Its focus remains on real estate investment and funds management - this is our core skill set
- Our view is certain sectors of the real estate market are over priced and due for a correction
- The Group is debt free with \$97.2 million in cash as at 30 June 2017
- Focused business within three areas:
 - Public Capital – 360 Capital Total Return (ASX: TOT)
 - Private Capital – Partnerships / Platform Creation
 - Debt Capital – Alternative debt financing and management
- The Group will continue to sponsor and manage these activities



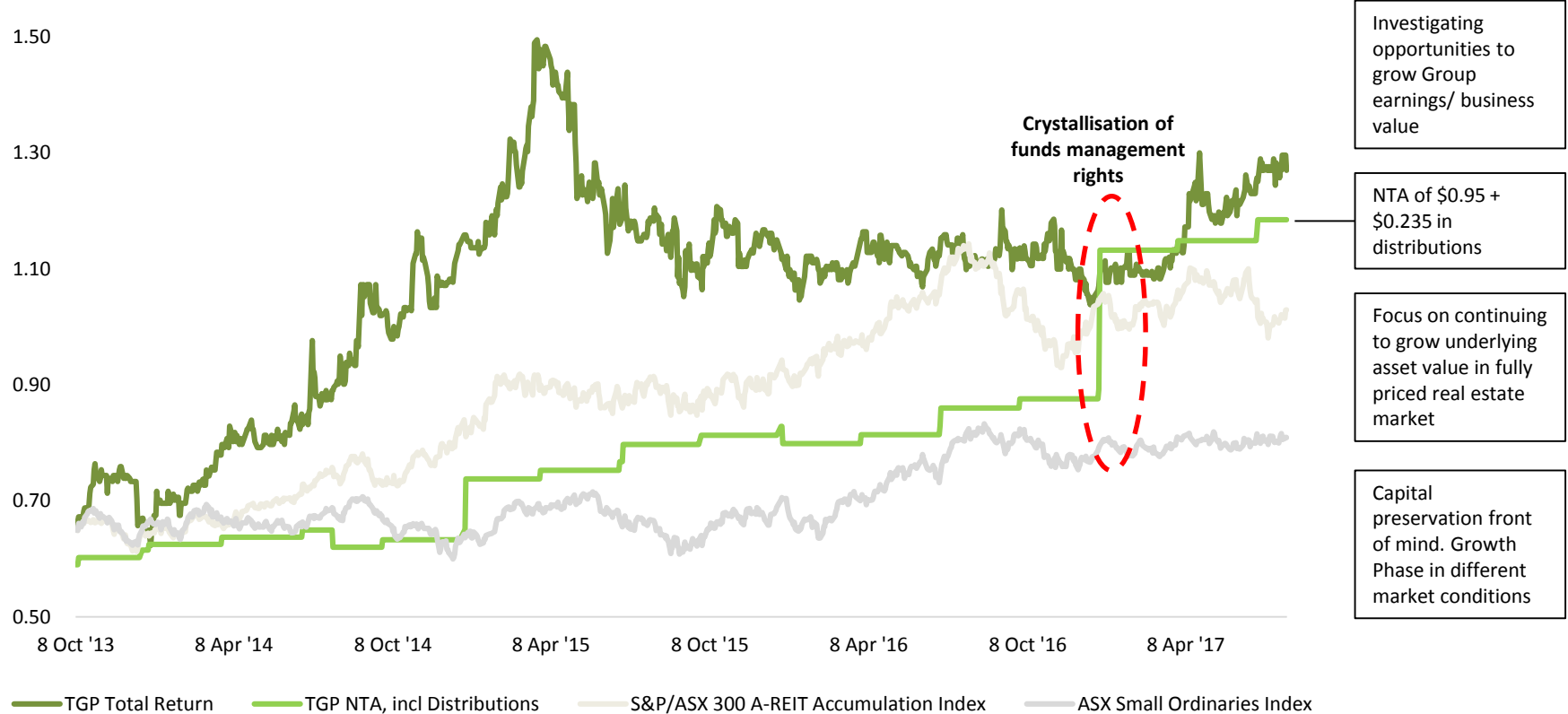
Real Estate Investing Is Cyclical

Relative Total Securityholder Returns Since 360 Capital Acquisition by TGP

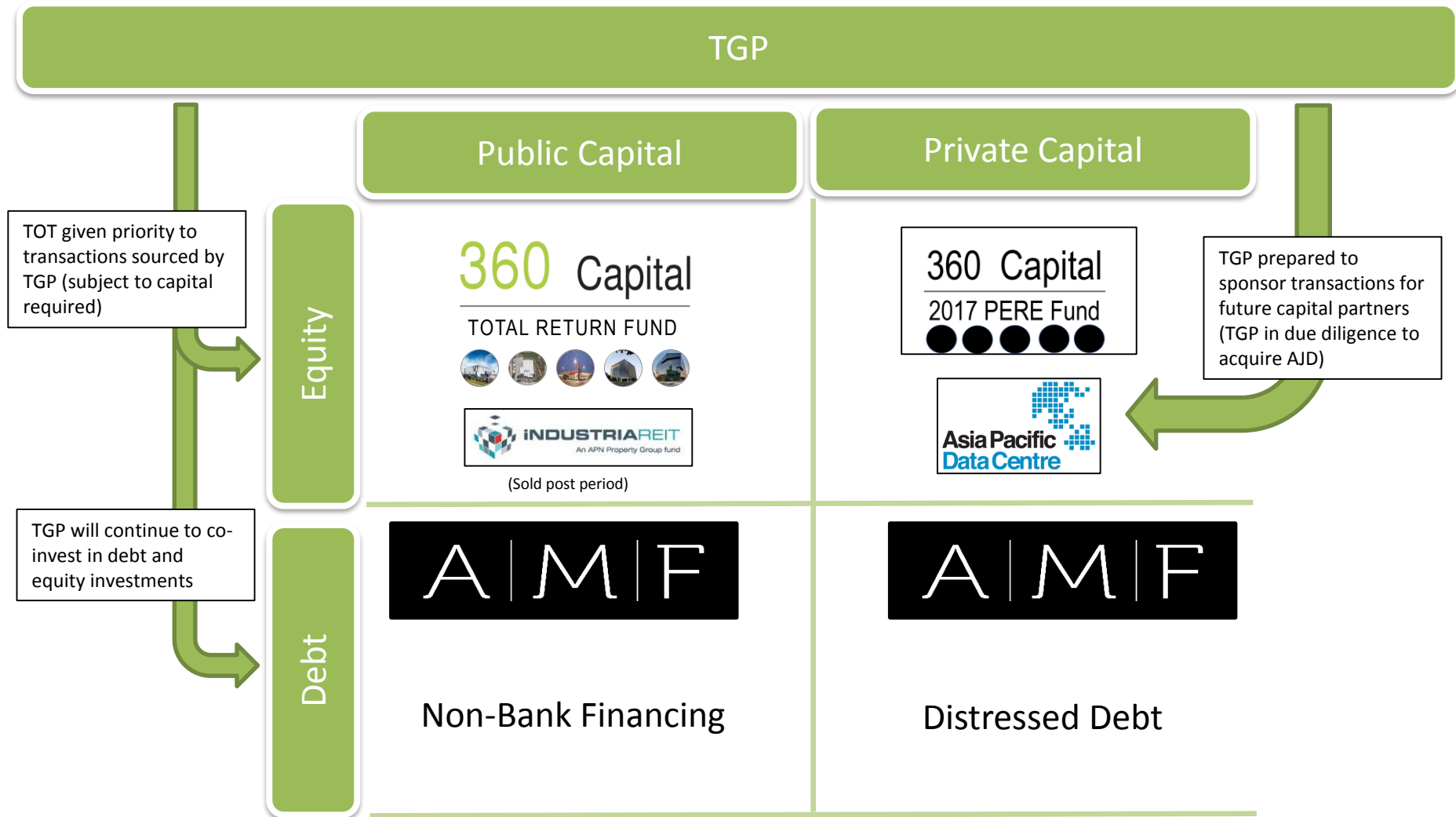
360 Capital is rebuilding from solid asset base – continuing to create value for its Securityholders



Indexed to TGP Share Price, Except NTA includes distributions paid



TGP Total Return	TGP NTA, incl Distributions	S&P/ASX 300 A-REIT Accumulation Index	ASX Small Ordinaries Index
Since Oct '13: 95.4%	Since Oct '13: 100.8%	Since Oct '13: 58.3%	Since Oct '13: 24.5%
FY17: 8.5%	FY17: 47.1%	FY17: -6.6%	FY17: 5.5%



- TOT was excluded from the Centuria transaction to become the Group's flagship listed managed fund
- Group has a 23.7% stake in TOT worth \$19.1 million as at 30 June 2017
- Strategy is to grow TOT through responsible transactions to grow its asset base with target of \$200 million market capitalisation within 2 years
- Undertook \$40.6 million capital raising in April 2017 to increase its stake in IDR and to undertake non-bank lending activities
- TOT has a broad investment strategy, allowing it to operate in a highly flexible manner to capitalise on investments, including but not limited to:
 - Value-add/repositioning of direct assets
 - Strategic investments in unlisted and listed real estate funds and businesses
 - Senior and mezzanine finance
 - Distressed debt and "work out" opportunities
- Post FY17, TOT capitalised on IDR's price escalation and sold its entire stake for \$63.4 million generating a total return of 18.3% per annum for unitholders
- TOT well placed with approximately \$75.0 million in unallocated capital for opportunities
- Current in due diligence for first mezzanine transaction of \$7.1 million

360 Capital

TOTAL RETURN FUND



- The Group purchased a 19.9% stake in AJD for \$36.0 million (\$1.57 per security) in May 2017, post being repaid the Vendor Loan from Centuria
- In July 2017 the Group put a proposal to AJD to purchase all of the securities it does not own at \$1.80 per security, subject to due diligence
- Next DC subsequently has made unconditional offer at \$1.87 per security after buying 19.9% stake
- The Group has completed a significant part its due diligence, however due to material information in relation the portfolio and AJD's financing arrangements only having been just received from AJD, its enquiries are still ongoing.

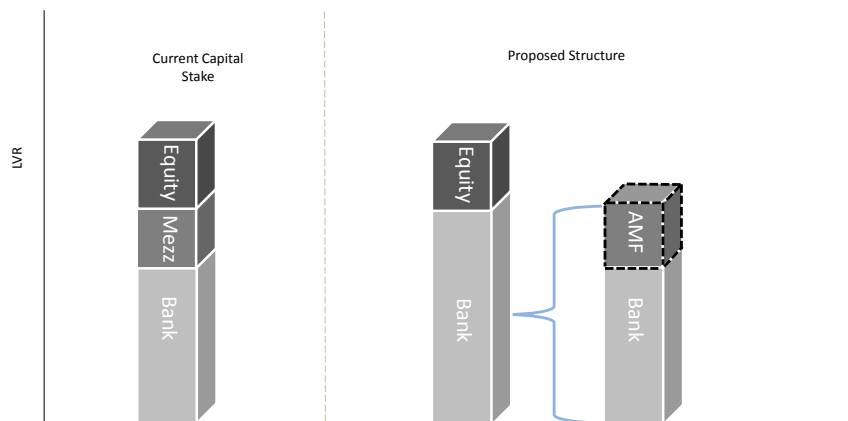


- *The Group is considering a number of different strategies in respect of its stake in AJD, including:*
 - 1/ Increasing the price on its current proposal and remove all conditions
 - 2/ Selling its stake to other global data centre operators/investors who recognise the strategic qualities of the portfolio
 - 3/ Continuing to hold the stake as a strategic investment and look to identify other opportunities for AJD in the data centre space
- The Group remains focused on concluding its due diligence on AJD as soon as possible
- AJD stake MTM as at 30 June 2017 was \$40.2m (\$1.75 per security)

- TGP and TOT have jointly established Australian Mezzanine Finance Pty Limited to manage both TGP/TOT's as well as other potential investors' debt investments
- AMF will earn establishment fees and other fees from managing non-bank financing positions on behalf of investors (including TGP and TOT's allocation to non-bank activities)
- Three prong approach
 - Working directly with borrowers to lend capital
 - Working with brokers to originate transactions
 - Working with Australian banks in developing "stretch senior" product – already one Australian bank has committed to develop this product with a view to marketing it



Stretched Senior Product with Banks



Working directly with borrowers/ brokers



- 360 Capital established an unlisted fund to hold the IDR stake
 - Fund targeted a 12% IRR on equity invested (net of base management fees)
 - TOT invested \$74.0 million as a 20% cornerstone investor
 - IDR average entry price \$2.07 per security
 - As IDR trading price increased it became evident that it was in the best interest of TOT to sell the stake and look at other opportunities
 - 18.3% IRR p.a. generated
-
- 360 Capital continues to be committed to partnering with private equity investors and remains active in the marketplace looking for opportunities
 - One area we are focusing on partnering is in non-bank lending which given the returns is suitable to private equity funds
 - Private equity capital has shown interest in Group's activities with AJD
 - Priya Roy joined 360 Capital as Head of Private Capital to focus on private equity investors

Financials- Balance Sheet

Balance Sheet	30 Jun 16 (\$m) Audited	30 Jun 17 (\$m) Audited	
Cash	11.3	97.2	Cash position remains strong with disciplined approach to capital deployment
Receivables	4.6	2.1	
Listed investments- AJD		40.2	Strategic stake in AJD benefiting from corporate action, value increased further post 30 June
Listed investments- TOT	8.6	19.1	
Listed investments- Other (Jun 17:IDR)	138.2	4.7	IDR stake realized post 30 June 2017 for \$4.8 million
Total core investments	162.7	163.3	
Centuria unlisted funds- put & call option		53.7	Centuria exercised \$5.2 million in options over past 5 months, remaining \$53.7 million put & calls exercisable over 18 months at guaranteed price (30 June 2017 NTA)- 7.5% p.a. guaranteed income return from CNI
Centuria unlisted funds- not under put option	77.6	4.6	
Total non-core co-investments	77.6	58.3	
Other assets	14.1	4.7	
Total assets	254.4	226.5	
Corporate bond issue	76.8	-	
Other	9.1	22.9	Including \$18.3 million in tax payable in December 2017
Total liabilities	85.9	22.9	
Net assets	168.5	203.6	
Securities on Issue	239.6	214.6	
NTA (diluted) cps	69.0	94.8	NTA increased from sale of FM rights and MTM of investments

Segment Operating Profit	FY16 (\$M)	FY17 (\$M)	Change	
Co-investment revenue	17.5	12.7	(27.4%)	Co-investment income forecast to continue with AJD, TOT, CNI unlisted funds
Funds management revenue	10.2	7.4	(27.5%)	Finance revenue expected to increase from non-bank lending activities
Finance revenue	-	1.7	-	
Other revenue	1.2	-	-	
Total revenue	28.9	21.8	(24.6%)	Operating expenses expected to be reduced in FY18 due to reduced operations
Operating expenses	6.1	4.2	(31.1%)	
Operating EBIT	22.8	17.6	(22.8%)	All debt fully repaid during FY17
Net interest expense	5.6	3.0	(46.4%)	
Operating profit before tax	17.2	14.6	(15.1%)	
Income tax expense	1.2	1.3	(8.3%)	
Operating profit after tax	16.0	13.2	(17.0%)	One off items includes sale of FM rights for \$91.5 million less tax provision, MTM of co-investment, transaction costs
One off and MTM items	8.1	50.4	522.2%	
Statutory profit after tax	24.1	63.6	164.1%	

- The Group purchased back 25.0 million securities in February 2017 at \$0.90 per security
- Approval to purchase back a further 23.0 million securities (if appropriate), expiring November 2018
- Group had \$97.2 million in cash as at 30 June 2017. With sale of IDR stake post period cash now >\$100 million
- \$117.8 million of Group assets in either listed securities or unlisted securities under put and call options, providing the Group with good liquidity and access to cash if the opportunity arose
- Group has sufficient cash, and financing facilities in place for AJD Proposal without relying on a capital partner
- On 2 August 2017, the Group issued 11.3 million TGP stapled securities under the Employee Security Plan @ \$0.98 per security with corresponding employee loan, 3 year vesting period and 12% total return hurdle
- Group remains debt free

- As a result of the sale of the majority of the Group's funds management business and co-investment, the Group is changing its distribution/dividend policy to reflect the change in the nature of the business
- FY18 base earnings are forecast to be 3.0 cents per security based on no further deployment of capital and the Group's current investments remaining fully invested
- The Group will distribute 100% of TGP's operating earnings
- Any realised trading profits from TGP's activities will be also be distributed to securityholders

Proposed Capital Reconstruction

- The Group proposes to undertake a capital reconstruction in FY18, subject to securityholder approval
- Reconstruction necessary to re-balance capital between Trust and Company to provide the Trust with the necessary capital base to carry out its business of making property related debt and equity investments
- To effect this capital re-balancing, it is proposed that the Company pay a fully franked Special Dividend (expected to be approximately \$0.20 per security) to securityholders who will be required to contribute those dividend proceeds as capital to the Trust
- The capital reconstruction is subject to receiving an appropriate class ruling from the ATO
- The securityholder meeting seeking approval for this reconstruction will be held after tax ruling received

- Continue to focus on improving returns for TOT securityholders through redeployment of its current cash and increase TOT's awareness to investors and the general market
- Investigate and sponsor other investment opportunities for private capital investors across both debt and equity investment opportunities
- Advance non bank financing activities for TOT, TGP and private capital and become a major participant in this market through AMF
- Complete due diligence on AJD and review the Group's investment alongside its capital partners
- Be patient with TGP's capital, continue to monitor opportunities, manage the exposures with have to CNI, look at growing revenue streams and continue to be opportunistic in our approach to creating value for our investors



DAVID VAN AANHOLT, CHAIRMAN & INDEPENDENT DIRECTOR

David has over 25 years of experience in the property and funds management industry. Prior to establishing his own property group in 2007, David was the Chief Executive Officer (Asia Pacific) of the ASX listed Goodman Group (previously known as Macquarie Goodman). In that role David was responsible for Goodman's operations in Australia, New Zealand, Hong Kong and Singapore. David worked for Goodman for more than a decade and before joining them he was a Fund Manager at Paladin Australia Limited (acquired by Deutsche Bank) and an Associate Director of CDH Properties (acquired by KPMG).



TONY PITT, MANAGING DIRECTOR

Tony is a founding Director of 360 Capital and has worked in the property and property funds management industries for approximately 20 years. Tony is responsible for the performance of 360 Capital's various investments and funds, including the investment analysis, management, acquisitions and disposal and overall Group and investment strategy. He has overseen the IPO on the ASX of three AREITs since 2012 as well as the creation of various unlisted funds, undertaken corporate acquisitions and the ASX listing of 360 Capital Group. Tony formerly held numerous senior roles and directorships at Mirvac Group, James Fielding Group. He also held positions at Paladin Australia Limited, JLL and CBRE. He graduated from Curtin University with a Bachelor of Commerce (Property), has a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.



ANDREW MOFFAT, INDEPENDENT NON EXECUTIVE DIRECTOR

Andrew has in excess of 20 years of corporate and investment banking experience, including serving as a director of Equity Capital markets and Advisory for BNP Paribas Equities (Australia) Limited. Andrew is the sole principal of Cowoso Capital Pty Ltd, a company providing corporate advisory services.

Andrew's past public company directorships include itX Group Limited, Infomedia Limited, Rubik Financial Limited and Chairman of Pacific Star Network.



JOHN BALLHAUSEN, INDEPENDENT NON EXECUTIVE DIRECTOR

John is a financial services professional. He provides services to a number of organisations and is a Responsible Manager for several Australian Financial Services Licences. John founded Rimcorp Property Limited and became its Managing Director. In 2008, Rimcorp was successfully sold with approximately \$100 million in funds under management spread over four registered property schemes.

Before 2002 John held the position of Chief Investment Officer of a large insurance company, with responsibility for more than \$3 billion of funds across fixed interest, equities and property asset classes.



GRAHAM LENZNER, INDEPENDENT NON EXECUTIVE DIRECTOR

Graham has had a career spanning four decades, with particular emphasis on funds management and financial markets. Graham was an Executive Director of the Armstrong Jones Group for 12 years, the last four years as Joint Managing Director. Other previous roles include Finance and Deputy Managing Director of Aquila Steel, General Manager Finance and Investments of MMI Insurance Limited and Director Head of Equities with Schroder Darling Management Limited. Graham has served on the Board of a number of public and private companies. He is currently Chairman of Device Technologies Australia Pty Limited.



BEN JAMES, CHIEF INVESTMENT OFFICER

Ben joined 360 Capital in 2010 and is responsible for all fund investment activities within the group. Ben has over 19 years' experience in Real Estate Funds Management and Investment across the office, retail, industrial, hotel and car park sectors. Prior to joining 360 Capital, Ben was the Trust Manager of Mirvac Property Trust, the \$4.5 billion investment vehicle of the ASX listed Mirvac Group. He also held positions in property management and investment sales with Colliers International.



GLENN BUTTERWORTH, CHIEF FINANCIAL OFFICER

Glenn is responsible for all 360 Capital's financial management activities. Prior to joining 360 Capital, Glenn spent 11 years at Mirvac, most recently as Financial Controller of the Investment Division. Glenn was responsible for Mirvac Property Trust, listed and wholesale managed funds and partnership structures and has a wealth of transactional and financial management skills, gained from over 20 years' industry experience. Prior to Mirvac, Glenn held a number of senior finance roles including Financial Controller at McGrath Estate Agents. Glenn is a chartered accountant and commenced his career at Deloitte.



JAMES STOREY, FUND MANAGER, 360 CAPITAL TOTAL RETURN FUND

James has over 11 years' experience in real estate funds management including such areas as asset management, capital transactions, analytics and valuations. Prior to his current role, James was the fund manager of the ASX listed 360 Capital Industrial Fund and 360 Capital Office Fund with combined gross assets of over \$1.2bil. James previously held roles at Brookfield and worked for Ernst & Young within the Transaction Advisory team.



PRIYA A. ROY, HEAD OF PRIVATE CAPITAL

Priya has 8+ years' experience in private equity and investment banking, working across the spectrum from acquisitions, asset management, and dispositions through to corporate advisory for M&A and the debt and equity capital markets. She began her career with Morgan Stanley in New York City and later in Sydney, and she was at Goldman Sachs before joining 360 Capital as the Head of Private Capital in 2017. She holds two undergraduate degrees in Finance and Mathematics from Indiana University as well as a master's degree in International Business from the University of Sydney.



JENNIFER VERCOE, COMPANY SECRETARY

Jennifer has over 15 years' experience in finance and funds management within the property industry. Jennifer is the Company Secretary to 360 Capital Group and Financial Controller of TT Investments. Prior to this she held finance and funds management roles at Stockland, Valad Property Group and AMP Capital Investors. Jennifer is a Chartered Accountant and has a Certificate in Applied Finance and Bachelors of Commerce and Business Administration from Macquarie University.



AINSLIE MCFARLAND, FINANCE MANAGER

Ainslie joined 360 Capital in June 2014 and is responsible for the finance function of the 360 Capital Group, in a role covering management and statutory reporting, compliance, treasury control and taxation. Ainslie has over 8 years' experience in investment and asset management. Previously at Mirvac for 4 years, Ainslie was part of the finance team responsible for the Mirvac Property Trust, and prior to this she worked for the prestigious asset management firm Harrods Estates in London. Ainslie is a qualified Chartered Accountant, holding a Bachelor of Commerce (Accounting & Finance) from the University of Wollongong and a Graduate Diploma of Chartered Accounting.

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