

## RG198 announcement

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## 360 Capital Property Group Completes Acquisition of Becton's \$1.0 Billion Funds Management Platform

360 Capital Property Group ("**360 Capital**") has today completed the acquisition of Becton Investment Management Limited ("**BIML**"), the responsible entity of Becton Property Group (ASX: BEC) ("**Becton**") \$1.0 billion funds management platform.

The sale of Becton's funds management platform to 360 Capital, announced on 6 October 2010, was conditional on a number of conditions precedents, including approval of all six fund financiers to the change of control from Becton to 360 Capital. 360 Capital has negotiated with each of these financiers to obtain approval of the transaction. This has been achieved without any increase in cost of the various fund debt facilities.

The functional separation of the funds management platform from Becton means that unitholders' investments are now being managed by a debt-free and experienced property funds manager focusing exclusively on property funds management and investment. This separation also enables 360 Capital to commence a review and renegotiation of each fund's debt facilities.

The transition from Becton to 360 Capital has been underway for the past six weeks, with a number of the Becton team joining 360 Capital.

During this transition period, the team has collectively managed the funds and property portfolios, achieving the following results:

### ***Becton Office Fund***

- Exchanged contracts and settled the sale of 422 Little Collins Street, Melbourne for \$16.25 million
- Exchanged contracts and settled the sale of 2 Elizabeth Plaza, North Sydney for \$38.50 million
- Exchanged contracts for sale of 619 Murray Street, Perth
- Exchanged contracts for sale of 45 William Street, Melbourne
- Significantly reduced the fund's borrowings as a result of these transactions
- Commenced a strategic review of the fund

### ***Becton Retail Fund***

- Exchanged contracts for sale of Northwest Plaza, Brisbane
- Commenced a strategic review of the fund

***Becton Subiaco Square Shopping Centre Property Trust***

- Extended the trust term for 12 months with 98.5 per cent of participating unitholders voting for the extension

***Becton 226 Greenhill Road Property Trust***

- Maximised the value of the asset through leasing activity
- Sold the asset at a premium to book value
- A capital distribution has been paid to unitholders and the trust is now being wound up.

***Becton Diversified Property Fund***

- Capital distributions by the fund's underlying investments have enabled the fund to make a \$5.0 million distribution to unitholders on 13 December 2010.

These initiatives signal a stabilisation of the platform. With the exception of the Office Fund, the capital structure of each of the funds has improved with overall gearing at the portfolio level now down to 54 per cent. 360 Capital will seek to continue with this process and looks forward to delivering further benefits to unitholders in the near term.

"Property markets within Australia appear to be stabilising. Transaction volumes are improving and investment yields appear to be at or approaching their cyclical lows. In some cases there are early signs of yields firming, albeit only slightly. Banks are now starting to open their doors to financing investment property again, but at lower gearing levels than those that were prevalent before the recent downturn. Equity has also started to return to the sector as confidence grows." Tony Pitt, Managing Director of 360 Capital, said.

"360 Capital will now look at further asset sales on the basis that the value of the target asset has been maximised, or if, on a risk adjusted basis, the capital return from a potential sale could be more efficiently deployed into other assets," Mr Pitt said.

360 Capital has started its strategic review of each of the funds and will be undertaking a series of unitholder briefings in March 2011 to report back to unitholders in the various funds and to seek their feedback on 360 Capital's strategy and plans. The briefings will provide unitholders with the opportunity to engage with management in an open and frank forum about the future of their investment.

The strategic review will encompass among other things: the sustainability of each fund, its capital structure, the underlying property assets, financing arrangements, financial review and forecasts, and an overall strategic plan for each fund to maximise unitholder returns.

**360 Capital Property Group**

On 6 October 2010, 360 Capital entered into merger discussions with Olea Australis Limited (ASX: OLE) ("**OLE**") with a view to creating a new ASX listed property group. These discussions were terminated on 22 November 2010 by mutual agreement between the parties, with Tony Pitt resigning from his role as joint managing director of OLE and disposing of all his interests in the company to focus on completing the Becton acquisition.

Interest from potential investors seeking to invest in 360 Capital, including a number of private equity groups coupled with the complexities of the Becton acquisition and the terminated OLE discussions indicate that a listing at this time is neither necessary nor appropriate. Accordingly, 360 Capital does not intend to pursue a listing at this

time. The business will instead operate as an unlisted internally managed property funds management and investment group called 360 Capital Property Group (“**Group**”).

As a result of the above transactions, the 360 Capital owns:

- BIML (to be renamed 360 Capital RE Limited) the responsible entity of Becton’s \$1 billion funds management platform
- An option agreement to purchase 58.9% of the units in the Becton Diversified Property Fund, which upon exercise will comprise 360 Capital’s first co-investment.

### **The Board and Management**

The Board of 360 Capital will initially comprise four members:

- Andrew Moffat, Non Executive Chairman
- Tony Pitt, Managing Director
- John Ballhausen, Non Executive Director
- David Van Aanholt, Non Executive Director.

Ben James has recently joined 360 Capital as Head of Property and is responsible for all property investment activities within the Group. Ben was previously a senior executive with the ASX listed Mirvac Group and the Trust Manager of Mirvac Property Trust, its \$4.5 billion investment vehicle.

360 Capital now has 14 employees, 4 contract staff and offices in Sydney, Melbourne and Perth. The funds management platform comprises 10,000 investors, approximately 120 major dealer groups and is on 11 wrap platforms. The 14 funds and trusts now managed by 360 Capital will be renamed as follows:

- 360 Capital Diversified Fund
- 360 Capital Office Fund
- 360 Capital Industrial Fund
- 360 Capital Retail Fund
- 360 Capital Developments Income Fund
- 360 Capital Development Fund No 1
- 360 Capital 111 St Georges Terrace Property Trust
- 360 Capital Subiaco Square Property Trust
- 360 Capital Transport Building Property Trust
- 360 Capital Havelock House Property Trust
- 360 Capital Canberra Trust
- 360 Capital 226 Greenhill Road Property Trust
- Private Trust No 1
- Private Trust No 2

In electing an internalised management model, 360 Capital has adopted a simple business plan of property investment and property funds management. 360 Capital will not be undertaking property development activities, residential investment or development and will remain focused on Australian property investment only.

**360 Capital Property Group Capital Raising**

360 Capital Property Group is currently preparing for a capital raising to sophisticated investors and private equity groups to facilitate the exercise of its option over the Becton funds management co-investment stake, as well as other opportunities which 360 Capital is exploring flowing from the consolidation occurring in the property funds management and investment sector.

Further information about 360 Capital please visit: [www.360capital.com.au](http://www.360capital.com.au).

For further information about the acquired funds please call investor services on 1800 232 866 or visit: [www.bim.com.au](http://www.bim.com.au)

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