

360 Capital Office Fund

8 October 2014

PRESENTATION TO MORGANS QUEENSLAND CONFERENCE

360 Capital Investment Management Limited as Responsible Entity for the 360 Capital Office Fund ('Fund')(ASX:TOF) is pleased to provide the attached presentation made by the Fund at today's Morgans Queensland Conference.

More information on the Fund can be found on the ASX's website at www.asx.com.au using the Fund's ASX code "TOF", on the Fund's website www.360capital.com.au, by calling the 360 Capital investor enquiry line on 1800 182 257, emailing investor.relations@360capital.com.au or contacting:

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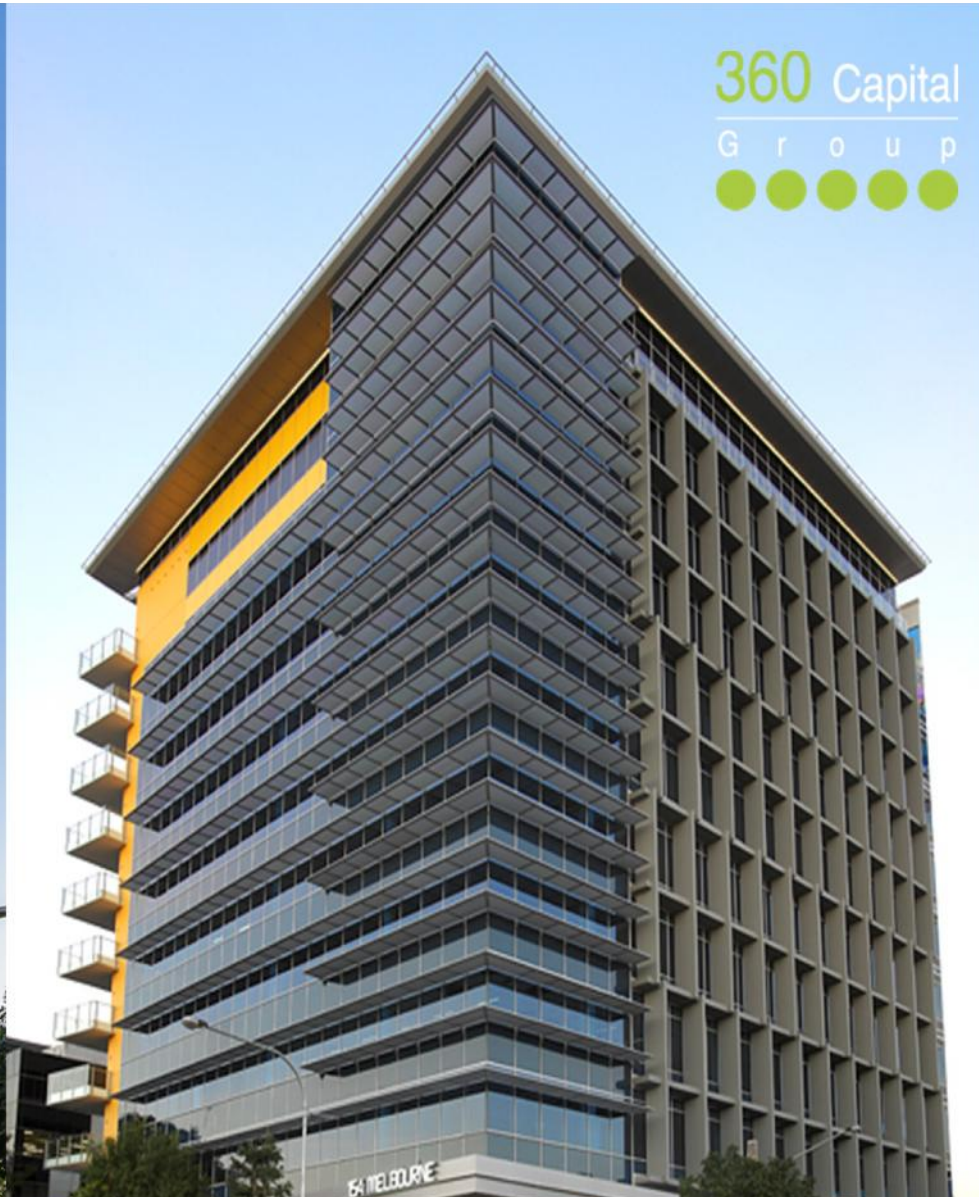
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About 360 Capital Office Fund (ASX code TOF)

360 Capital Office Fund is the only ASX-listed office sector A-REIT focused on suburban A grade and CBD B grade rent collecting properties in Australia in the \$30.0 to \$100.0 million asset value range. The Fund is managed by 360 Capital Group which also has a co-investment stake of circa 25% in the Fund. The Fund has a diversified \$173.5 million portfolio of three quality assets, a weighted average lease expiry of 4.6 years, occupancy of 100%, low gearing of 4.9% and a forecast FY15 distribution of 17.00cpu.

About 360 Capital Group (ASX code 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 company actively invests in direct property assets, property securities and various corporate real estate acquisitions within Australian real estate markets on a private equity basis. 360 Capital Group's 21 full time staff have significant property, funds and investment management experience. 360 Capital Group manages eight investment vehicles holding assets valued at approximately \$1.0 billion on behalf of almost 10,000 investors, has \$125.9 million worth of co-investments across the 360 Capital Group platform and owns a direct asset valued at \$38.5 million.



360 CAPITAL OFFICE FUND

Morgans Queensland Conference | 8 October 2014

ARSN 106 453 196

TOF: overview

P

Apr 14 recapitalisation and listing of the unlisted 360 Capital Office Fund via **\$155.0m IPO**

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Acquisitions of **\$135.5m** as part of the IPO

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Disposal of Railway Parade, Burwood for **\$80.0m** a **23.1% premium** above the Apr 14 IPO book value of **\$65.0m**

P

Core Portfolio revalued at Jun 14 resulting in a **\$3.5m** or **2.0% increase** since listing

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NTA increased by **23cpu** or **12.0%** to **\$2.14** since listing

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Debt capacity of **~\$90.0m** post the settlement of Burwood to pursue earnings accretive acquisitions in line with stated strategy

TOF: investment strategy

- To provide consistent and growing income returns with an opportunity for capital growth from office assets in suburban and CBD locations across Australia
- Key investment criteria:
 - securely leased assets with high and consistent occupancy
 - suburban A grade and CBD B grade assets
 - \$30-\$100 million value range
 - strong tenant quality with a focus on government to provide secure income
 - modern or refurbished assets requiring low ongoing capital expenditure
 - no development risk
 - no offshore investment
- Key Fund metrics:
 - target gearing range of 30-45%
 - target payout ratio of approximately 90%
 - ongoing WALE of greater than 3.5 years
 - 360 Capital to maintain a significant co-investment in the Fund

TOF: portfolio overview

- Quality office portfolio with three assets, valued at \$173.5m
- Located on the Australian east coast: Queensland (2) and ACT (1)



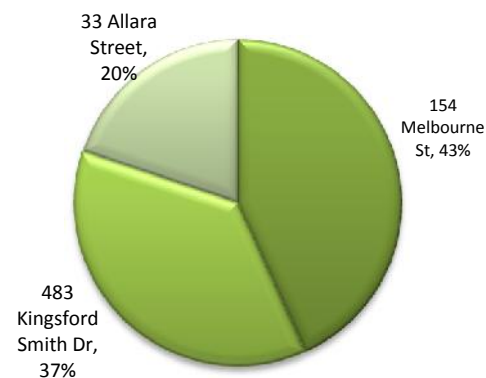
- A. 154 Melbourne Street, South Brisbane, QLD
- B. 438-517 Kingsford Smith Drive, Hamilton Harbour, Brisbane, QLD
- C. 33 Allara Street, Canberra City, ACT

- 1. By area
- 2. By income

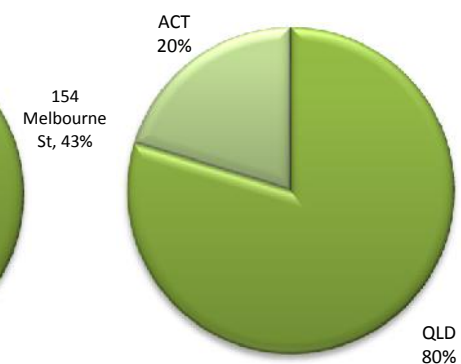
Portfolio metrics as at 30 Jun 14 (excluding Burwood)

Number of assets	3
Portfolio value	\$173.5m
Net lettable area	30,494sqm
WACR	8.4%
Weighted average initial yield	9.1%
Occupancy ¹	100.0%
Fixed & CPI rent review weighting	96.0%
WALE ²	4.6 years

Value by Property

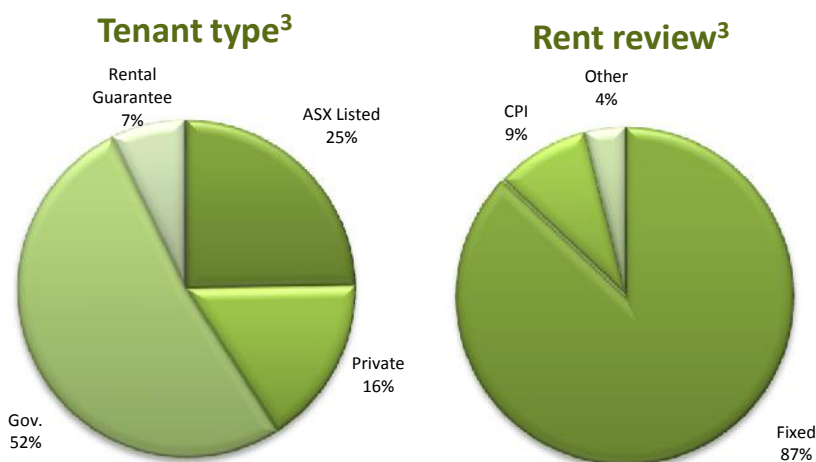


Value by Geography



TOF: portfolio metrics

- Diversified, quality tenant base across ASX- listed, private and government sectors
 - top 5 tenants (67%³ of portfolio) made up of Government and ASX Listed tenants
 - 100% portfolio occupancy
- 96%³ contracted rental increases (fixed and /or CPI) embedded in lease agreements



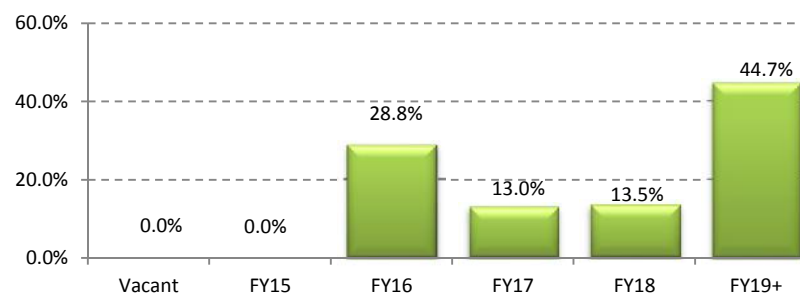
Notes:

- Department of Environment
- 5 year gross vendor rental guarantee over vacancy at 438 – 517 Kingsford Smith Drive
- By gross passing rental

Top 10 tenants as at 30 Jun 14³

Company	Rent (\$m).	% total
Commonwealth of Australia ¹	4.6	27.8
QLD State Government (Qld Studies)	2.2	13.0
QLD State Government (Justice Dep.)	1.6	9.8
Dominos	1.4	8.4
Devine Limited	1.4	8.4
Snowy Mountains Engineering Corp.	1.2	7.5
Rental Guarantee ²	1.2	7.2
Australand	0.6	3.9
Woolworths	0.6	3.7
Pradella Developments	0.3	1.7
Total	15.3	91.4

Lease expiry profile ³



TOF: fund metrics

- Market capitalisation of \$154.6m
- Syndicated debt facility of \$100.0m with ~\$90.0m debt capacity for further acquisitions
- Trading at a discount to 30 June 2014 NTA of \$2.14 per Unit
- Interest costs fixed with \$86.5m hedged for 3 years
- Debt facility expires April 2017 with an all-in debt cost of ~4.7%
- Externally managed vehicle with a management fee 60bp of GAV
- No acquisition, disposal, leasing or performance fees
- Significant co-investment by 360 Capital of ~25%

Fund metrics	
FY15 forecast operating EPU	>17.0cpu
FY15 forecast DPU	17.0cpu
Payout ratio	TBA
Drawn debt ¹	\$8.5m
All in debt cost	4.7%
Portfolio valuation ¹	\$173.5m
Units on issue	77.7m
Market capitalisation	\$155m
LVR ¹	4.9%
LVR Covenant	50.0%

Notes

1. Post the settlement of 52-56 Railway Parade, Burwood on 2 October 2014

TOF: outlook

Market

- Leasing markets appear to be improving in line with the broader economy
- Demand for institutional grade office property investments expected to continue to remain strong, resulting in further cap rate compression and capital growth over the medium term

Operational

- At the portfolio level, the Fund is focused on:
 - Executing its leasing strategy at 33 Allara Street, Canberra and securing an early renewal of the Department of Environment
 - Reinvesting Burwood disposal proceeds in accretive acquisition(s)
 - Growing the Fund, diversifying the asset base and driving earnings and distributions

Objectives

- Continue to market the Fund and close the trading price discount to NTA per Unit
- Achieve S&P/ASX300 AREIT Index inclusion in FY15
- Maximise Unitholder returns by remaining well capitalised and nimble to secure suitable opportunities

- **Forecast FY15 operating EPU guidance of >17.0cpu
(Revised EPU guidance to be given post the reinvestment of Burwood proceeds)**
 - **Forecast FY15 DPU guidance of 17.0cpu**

Questions ?

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