

360 Capital Office Fund

16 December 2014

ACQUISITION OF 576 SWAN STREET, RICHMOND, MELBOURNE

360 Capital Investment Management Limited as Responsible Entity for the 360 Capital Office Fund (ASX: TOF) (Fund) advises it has exchanged a conditional contract¹ for the acquisition of 576 Swan Street, Richmond, Melbourne (Property) for \$46.5 million.

The Property is located within the Botanicca Corporate Park, Richmond, which is approximately five kilometres from the Melbourne CBD and was completed in August 2013.

The A-grade building provides 8,331sqm of net lettable area (NLA) with 217 on-site car spaces and is fully leased to GE Capital Finance and Forever New Clothing (an Australian clothing brand with more than 250 stores in seven countries including more than 85 stores in Australia).

Purchased on an initial yield of 7.7%, the Property has a weighted average lease expiry (WALE) by income of 7.2 years as at 31 December 2014 and is 100.0% leased, with all leases subject to fixed reviews, averaging 3.5% p.a.

The transaction has the following benefits for the Fund:

- WALE increases from 4.2 to 4.7 years as at 31 December 2014
- Occupancy is maintained at 100.0%
- The newly constructed A-grade suburban asset provides substantial depreciation benefits with minimal capex

Proceeds from the Fund's recent disposal of 52 Railway Parade Burwood for \$80.0 million (a \$15.0 million premium to its 31 December 2013 book value) were used to reduce debt. This provided the Fund with over \$90.0 million in surplus debt capacity, which has been partially redeployed in the 100% debt funded acquisition of the Property.

Post settlement of the transaction, the Fund's loan to value ratio (LVR) will be 26.6%, leaving surplus debt capacity of approximately \$43.0 million available to pursue further acquisitions or other capital management initiatives in line with the Fund's focus of growing Unitholder earnings and distributions per Unit.

Fund Manager, James Storey said "The acquisition of 576 Swan Street, Richmond fits with the Fund's stated strategy of acquiring quality A-grade suburban office assets in proven leasing markets. The Property is fully leased to quality tenants and provides annual income growth through fixed reviews across all tenants. The Property provides further diversification of the Fund's income profile, tenant base and geography and leaves the Fund with significant debt capacity to pursue further acquisitions in line with its mandate".

As a result of the acquisition, FY15 earnings have increased above previous guidance of 17.00 cpu, with formal guidance to be provided when the Fund releases its results for the half year ending 31 December 2014.

Settlement of the acquisition is scheduled to occur prior to 31 March 2015.

¹ Contract is conditional upon approval of the form of Landlord Deed of Covenant by major tenant GE Capital Finance

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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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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 to \$100 million asset value range. The Fund has a diversified \$220 million portfolio of four quality assets, a weighted average lease expiry of 4.7 years, occupancy of 100.0%, LVR of approximately 26.6% and a forecast FY15 distribution of 17.00cpu. The Fund is externally managed by 360 Capital Group, a leading ASX-listed real estate investor and fund manager, that operates under a transparent fee structure and is the largest unitholder in the Fund with a co-investment stake of circa 28% to ensure ongoing alignment of interests with Unitholders.

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 nine investment vehicles holding assets valued at over \$950 million on behalf of over 8,300 investors, has over \$134 million worth of co-investments across the 360 Capital Group platform.
