

360 Capital Industrial Fund

18 June 2013

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Acquisition and Equity Raising

360 Capital Industrial Fund ('Fund' or 'TIX') today announces the launch of a fully underwritten placement to institutional investors ('Institutional Placement') of new fully paid ordinary Units in the Fund ('New Units') to raise a minimum of \$24.3 million.

Use of Proceeds – Property Acquisitions

Proceeds from the Institutional Placement will be used to acquire two high quality industrial properties for a combined purchase price of \$37.2 million ('Acquisition'). The Institutional Placement and Acquisition are collectively known as the Transaction.

The Acquisition is in line with the Fund's stated strategy of enhancing portfolio quality through selective acquisitions in core industrial precincts.

The Fund has entered into unconditional contracts to acquire 69 Studley Court, Derrimut, Victoria and 457 Waterloo Road, Chullora, NSW, ('Properties').

The Derrimut property is a modern free standing office and warehouse facility completed in 2009 comprising 27,171sqm of lettable area including a 7,000sqm container-rated hardstand. The property is 100% leased to Deliver Australia Pty Limited on a 10.3 year lease expiring in September 2023. The property is being purchased for \$20.0 million representing a capitalisation rate of 8.00%.

The Chullora property is a fully refurbished office and warehouse facility having a lettable area of 16,051sqm. The property is 100% leased to Elite Logistics Pty Limited on a 9.7 year lease expiring in February 2023. The property is being purchased for \$17.2 million representing a capitalisation rate of 9.25%.

Key metrics of the Acquisition are summarised below:

| Asset | NLA (sqm) | Purchase Price (\$m) | Capitalisation Rate | Occupancy (%) | WALE (yrs) |
|-----------------------------------------|-----------|----------------------|---------------------|---------------|-------------|
| 69 Studley Court, Derrimut, Vic | 27,171 | 20.0 | 8.00 | 100.0 | 10.3 |
| 457 Waterloo Road, Chullora, NSW | 16,051 | 17.2 | 9.25 | 100.0 | 9.7 |
| Total Acquisitions | | 37.2 | 8.58 | 100.0 | 10.0 |
| Total Pre-Acquisition Portfolio | | 299.9 | 9.10 | 97.7 | 5.2 |
| Total Post-Acquisition Portfolio | | 337.1 | 9.04 | 98.0 | 5.7 |

Settlement of the Acquisition is expected to occur prior to 30 June 2013.

An additional \$15.5 million of borrowings under the Fund's existing NAB facility will be used to fund the balance of the Acquisition.

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Benefits of Transaction for Unitholders

The Acquisition is consistent with the Fund's strategy to reposition its portfolio towards higher quality assets and stability of earnings whilst reducing LVR over time. The Acquisition provides the following benefits for Unitholders:

- Increase in portfolio WALE from 5.2 years to 5.7 years on a pro forma basis¹
- Marginal increase in occupancy by 0.3% to 98%
- Minimal Property capital expenditure requirements given low age and recent refurbishments
- Enhanced stability of income with the Properties having a WALE of 10.0 years
- Improvement of overall quality of the portfolio

The Transaction is expected to have the following financial impacts on the Fund (on a pre-consolidation basis):

- No change to the Fund's FY2014 operating earnings per Unit, which are forecast to be 4.75 cents per Unit (cpu) as per previous guidance. Similarly, forecast FY2014 distributions per Unit are forecast to remain at 4.50cpu as per previous guidance.
- No change in the NTA of \$0.48 per Unit
- Reduction in the Fund's loan to value ratio ('LVR') from 47.7% to 47.0% on a pro forma basis¹

The Transaction demonstrates the execution of the Fund's strategy to maximise Unitholder returns by improving portfolio quality whilst reducing the Fund's risk profile.

Fund Manager, Mr Ben Butler said: "The Acquisition fits within the Fund's investment criteria of selecting good quality logistics properties located in core industrial locations with long lease expiries and sound fundamentals. The Properties will enhance overall portfolio metrics whilst providing Unitholders with secure earnings over the long term".

Institutional Placement

The Institutional Placement will be conducted via an institutional bookbuild to raise minimum gross proceeds of \$24.3 million to partly fund the Acquisition. Settlement under the Institutional Placement is expected to be completed on Monday 24 June 2013, with New Units expected to be issued under the Institutional Placement, and able to be traded, on Tuesday 25 June 2013.

New Units issued under the Institutional Placement will rank equally with existing Fund Units on issue from 1 July 2013 and will not be eligible for the forecast June 2013 quarter distribution of 1.125cpu. The New Units will rank for the distribution estimated to be 1.125 cpu for the quarter ending 30 September 2013.

The issue price under the Institutional Placement will be determined via a bookbuild with a price range of \$0.50 to \$0.51 per New Unit ('Bookbuild Range'), representing a 4.00% to 2.10% discount to the 10-day VWAP² and a forecast FY2014 distribution yield of 9.00% to 8.82% respectively.

Moelis Australia Advisory Pty Ltd is acting as the Lead Manager, Bookrunner and Underwriter to the Institutional Placement. The Institutional Placement is fully underwritten.

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¹ Other than where noted otherwise, pro forma data in this announcement gives effect to the Transaction and other pro forma adjustments as though they occurred on 31 December 2012. Please see section 4 of the accompanying presentation for further details

² VWAP in this announcement and accompanying presentation is calculated over the period 3 June 2013 to 17 June 2013 as the total 10 day value divided by the 10 day total volume of Units sold on ASX up to and including that date, adjusted to an ex-distribution price with respect to the June 2013 quarter distribution of 1.125cpu

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About 360 Capital Property Group

360 Capital is a property investment and funds management group concentrating on strategic investment and active investment management of property assets. The company was formed in 2006 and has been actively investing in direct property assets, property securities and various corporate real estate acquisitions within Australian real estate markets on a private equity basis. The company's 15 full time staff located in Sydney have significant property, funds and investment management experience. As at 31 December 2012, 360 Capital managed 11 investment vehicles holding assets valued at more than \$850 million on behalf of over 8,500 investors.

Issued by

This announcement was prepared by 360 Capital Investment Management Limited (Responsible Entity) as responsible entity for the 360 Capital Industrial Fund (the Fund) in connection with a placement to institutional investors (Institutional Placement) of Units in the Fund (New Units).

Disclaimer

This announcement contains summary information about the Fund and its activities and has been prepared in accordance with information available to the Responsible Entity as at 18 June 2013. The information in the announcement has been prepared in good faith and with due care but no representation or warranty, express or implied, is provided in relation to the currency, accuracy, reliability or completeness of this information. The announcement should be read in conjunction with the Fund's other periodic and continuous disclosure announcements to ASX in addition to this and any other announcement made in connection with the Institutional Placement.

Not financial product advice

The information contained in this announcement is not financial product advice. This announcement and the investor presentation (dated 18 June 2013) have been prepared without reference to your investment objectives, financial situation and particular needs. It is important you read this announcement and any accompanying information in their entirety, together with the Fund's periodic and continuous disclosure announcements to ASX, before making a decision whether to invest. If you are in any doubt, you should consult your broker or financial or other professional adviser. Cooling off rights do not apply to the acquisition of New Units

Investment risk

An investment in the Fund's Units is subject to investment and other known and unknown risks, some of which are beyond the control of the Fund and the Responsible Entity. The Responsible Entity and the Fund do not guarantee any particular rate of return or the performance of the Fund. Persons should have regard to the risks outlined in the announcement and the investor presentation (dated 18 June 2013).

Not an offer

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any Units and neither this announcement nor anything contained in it will form the basis of any contract or commitment. This announcement is not a product disclosure statement or other disclosure document under Australian law.

Financial information

All financial and operational information contained in the announcement is stated as at the date of this announcement, unless otherwise specified. Currency amounts are in Australian dollars.

Governing law

This announcement, the Institutional Placement and any contracts made in connection with the acceptance of the Institutional Placement are governed by the laws of NSW, Australia. Each person who applies for New Units submits to the jurisdiction of the courts of NSW.

Forward looking statements

This announcement and the investor presentation (dated 18 June 2013) contain forward looking statements which are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Fund to vary materially from those expressed or implied in such forward looking statements. Some of the risk factors that impact on forward looking statements are set out in the Key Risks section of the investor presentation (dated 18 June 2013). Forward looking statements including projections, indications or guidance on future earnings or financial position and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. To the full extent permitted by law, the Responsible Entity and its related bodies corporate and other affiliates and their respective directors, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any changes.

Past performance

Past performance is given for illustrative purposes only and should not be relied upon as an indication of future performance.