



360 CAPITAL INDUSTRIAL FUND

ARSN 099 680 252

MARCH 2014 QUARTER FUND UPDATE

457 Waterloo Road, Chullora, New South Wales (Elite Logistics)

Activities during March 2014 quarter

Valuations

- 100% of portfolio externally valued as at 1 April 2014 (excluding properties held for sale)
 - **NTA now \$2.23 per unit, a \$0.29 or 15% increase from \$1.94 (31 Dec `13)**
- Disconnect between pricing of direct industrial assets and listed industrial portfolios such as TIX's
- Continued high demand for scarce assets expected to lead to continuing cap rate compression in TIX portfolio
 - TIX portfolio cap rate post recent valuations 8.55%
- \$27.6m portfolio valuation uplift driven by:
 - 38bp cap rate firming (\$13.3m); and
 - recent leasing success and higher portfolio income (\$14.3m)
- Three of top five highest valuation increases purchased by 360 Capital since 2012

Capital management initiatives

- **Proforma LVR reduced to 43.0%** from 46.0% (31 Dec `13) due to two non-core assets disposals for \$13.9m and revaluations
- Buyback commenced with 2.7m units (3% of issued units) bought back at \$2.14 (4.2% discount to NTA)
- Unconditional exchange of contracts to dispose of 223-235 Barry Road, Campbellfield for \$4.6m with proceeds used to reduce debt or other capital management initiatives (settled 7 April `14)
- **Margin on debt facility now 15bp lower** due to LVR being below 45%
 - full year finance cost saving of approx. \$0.2m or 0.3cpu

Activities during March 2014 quarter

Portfolio update

- **18,545sqm** re-leased (5% of the portfolio)
 - DKSH at Hallam (9,617sqm)
 - Hugo Boss at Preston (8,929sqm)
- Portfolio now **99.3%**¹ leased, up from 98.7% 31 Dec `13
- Weighted average lease expiry **5.2 years**
- Heads of Agreement on single remaining FY14 expiry
- Commenced discussions with all major FY15 expiries
- Several lease extension discussions centre on improving tenant amenity in exchange for longer leases

Continued disciplined investment management and expected unit price growth

- Continue to assess acquisition opportunities and maintain strategy to grow the Fund in **responsible manner**
- Focus on EPU and DPU not funds under management (FUM) targets
- TIX does not have overhang in market from previous capital raisings

Notes

1. Excludes Edinburgh Parks being a non-core asset held for sale and Campbellfield asset which exchanged on 11 March 2014 and settled on 7 April 2014

Peer comparison

Attractive Pricing Metrics¹

- TIX currently trading at a **discount to NTA**, against the trend of the last 12 months
- TIX has a **higher EPU yield** than the average of its peers
- TIX **payout ratio is lower** than the average of its peers
- TIX **trading well above its listing price**; last three A-REIT peer IPO's (ANI, GDI, IDR) all trading below issue price

	Listing Price	Current Price	Premium/Discount to listing price	NTA per Unit	Premium/Discount to NTA per Unit	EPU Yield	DPU Yield	Payout Ratio	Market Capitalisation ('m)	Gearing	Portfolio Size ('m)	WALE (years)	Occupancy	WACR
Peer Average	\$2.00	\$1.92	(4.25%)	\$1.90	0.9%	8.5%	8.6%	96%	\$215	35.1%	\$329.9	5.7	99%	8.5%
TIX	\$1.80	\$2.17	+20.5%	\$2.23	(2.8%)	9.4%	8.6%	91%	\$205	43.0%	\$363.4	5.2	99.3%	8.6%

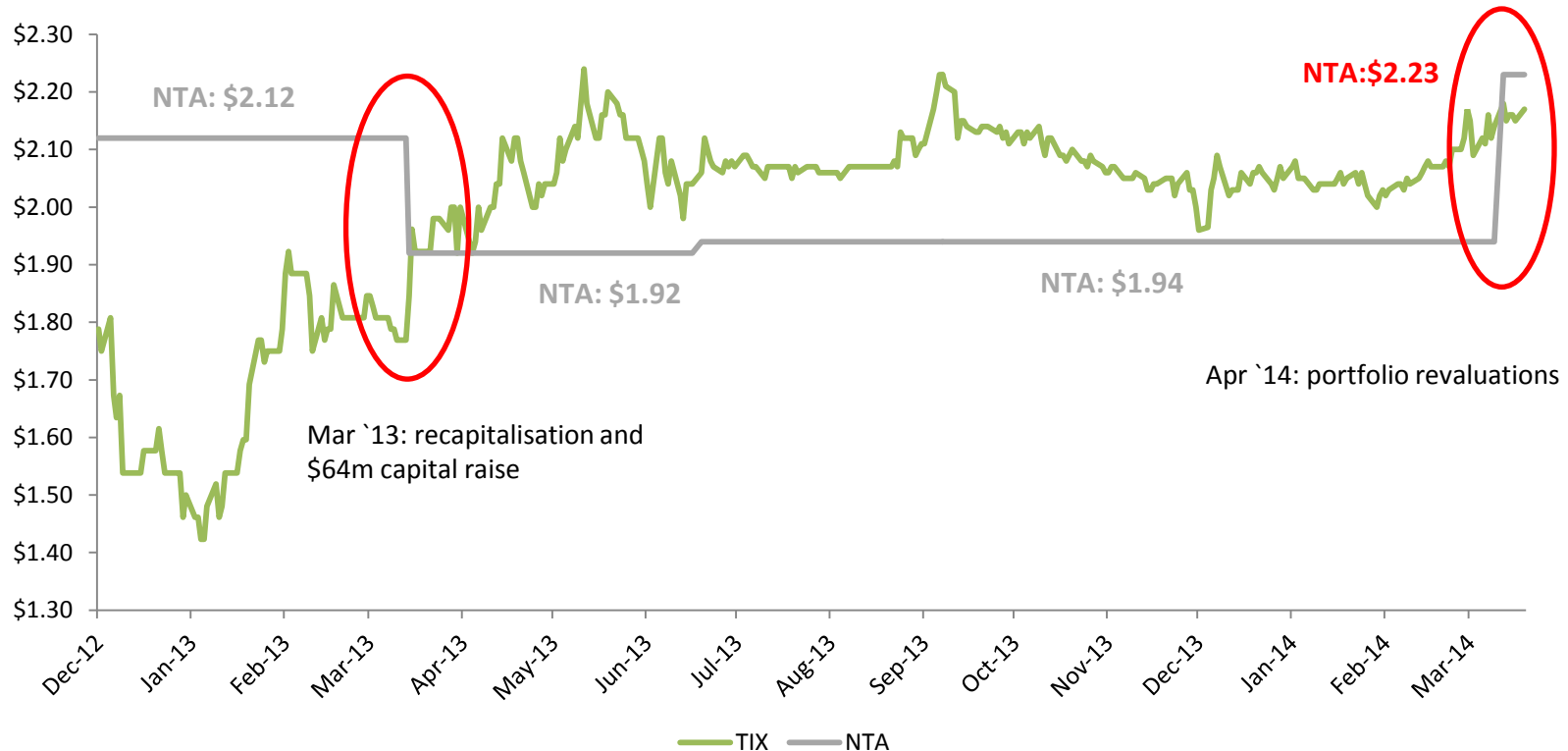
Notes

1. Based on 31 March 2014 closing prices
2. TIX's closest peers are ANI and IDR. Information sourced from Capital IQ, Thomson consensus estimates and company ASX filings as at 28 April 2014

Price performance

Attractive pricing relative to NTA per Unit

- Over 12 months since its Mar `13 recapitalisation, TIX traded at average 6.9% *premium* to NTA
- Post revaluations, TIX trading at 2.8% *discount* to NTA



Source: Moelis & Company and company accounts

Case Study: 457 Waterloo Road, Chullora NSW

Selective acquisitions delivering value to Unitholders

Acquisition

- Acquired the property from Colonial First State in Jun `13
- 10 year lease to Elite Wine Logistics expiring Feb `23
- Purchase price of \$17.3m
- Market cap rate of 9.25%

Valuation

- Property re-valued as at 1 Apr `14 for \$20.3m
- **Increase in value of \$3.0m or +17%** in 9 months
- Equates to total return of >25% including 9.25% running yield
- Market cap rate of 8.00% or 125bp firming



457 Waterloo Road, Chullora

Summary, outlook & focus

Mar `14 quarter summary

- Strong portfolio fundamentals:
 - **99.3%¹** occupancy; **5.2 year** WALE; no major near term expiries
- Continuing to deliver growth in operating EPU and DPU:
 - FY14 EPU guidance of **20.5cpu** (before buy-back and other initiatives), up 2.5% on previous guidance
 - FY14 DPU guidance of **18.6cpu**
- Attractive pricing:
 - Trading at a **2.8% discount to NTA per Unit**
 - DPU yield of **8.6%** with a conservative payout ratio of **91%**
- Quarterly distributions with forecast tax deferred component of **40% to 50%**

Outlook & focus

- Maintain **high occupancy** and **long WALE**
- Continue to **grow** portfolio through responsible acquisitions
- Maintain **disciplined** approach to equity issuances
- Continue **capital management initiatives** if opportunity exists to buy Units at discount to underlying asset values
- Responsibly trend gearing down to lower end of targeted 40% to 50% range
- Greater focus on **EPU & DPU growth** rather than growth for growth's sake

Notes

1. Excludes Edinburgh Parks being a non-core asset held for sale and Campbellfield asset which exchanged on 11 March 2014 and settled on 7 April 2014

Portfolio overview

Valuation Summary as at 1 April 2014

Property	State	Valuation 31 Dec 2013 (\$m)	Previous Cap Rate	Current Cap Rate	Valuation 1 Apr 2014 (\$m)	Change (\$m)	Variance (%)
60 Marple Avenue, Villawood	NSW	18.7	9.25%	8.75%	20.0	1.30	7.0%
37-51 Scrivener Street, Warwick Farm	NSW	20.9	9.75%	9.25%	21.8	0.85	4.1%
457 Waterloo Road, Chullora	NSW	17.3	9.25%	8.00%	20.3	3.00	17.3%
8 Penelope Crescent, Arndell Park	NSW	14.1	8.50%	8.50%	14.5	0.40	2.8%
54 Sawmill Circuit, Hume	ACT	10.6	8.50%	8.00%	13.8	3.25	30.8%
22 Hawkins Crescent, Bundamba	QLD	34.2	8.25%	8.00%	36.2	2.00	5.8%
1 Ashburn Road, Bundamba	QLD	30.7	8.50%	8.25%	33.0	2.30	7.5%
9-13 Caribou Drive, Direk	SA	9.2	8.75%	8.50%	9.6	0.35	3.8%
5-9 Woomera Avenue, Edinburgh Parks	SA	5.0	10.5%	10.50%	5.0	-	0.0%
102-128 Bridge Road, Keysborough	VIC	22.0	9.25%	8.75%	26.5	4.50	20.5%
69 Studley Court, Derrimut	VIC	20.0	8.00%	7.75%	21.0	1.00	5.0%
500 Princes Highway, Noble Park	VIC	19.0	9.25%	8.75%	20.0	1.00	5.3%
6 Albert Street, Preston	VIC	17.0	10.00%	8.75%	23.0	6.00	35.3%
14-17 Dansu Court, Hallam	VIC	15.4	8.75%	8.25%	15.5	0.10	0.6%
12-13 Dansu Court, Hallam	VIC	11.4	8.75%	8.25%	11.9	0.55	4.8%
33-59 Clarinda Road, Oakleigh South	VIC	10.1	9.25%	9.25%	10.1	-	0.0%
39-45 Wedgewood Road, Hallam	VIC	8.4	9.00%	8.25%	8.5	0.15	1.8%
223-235 Barry Road, Campbellfield	VIC	4.6	11.25%	11.25%	4.6	-	-
310 Spearwood Avenue, Bibra Lake	WA	45.0	8.67%	8.90%	48.2	3.20	7.1%
Total/weighted average (19 properties)		333.4	8.93%	8.55%	363.4	29.95	8.98%
					Less capex	2.37	
					Net change	27.58	8.27%

Disclaimer

This presentation has been prepared by 360 Capital Investment Management Limited (ACN 133 363 185, AFSL 340304) as responsible entity of the 360 Capital Industrial Fund (ARSN 099 680 252) ('TIX' or the 'Fund').

All information and statistics in this presentation are current as at 28 April 2014 unless otherwise specified. It contains selected summary information and does not purport to be all-inclusive or to contain all of the information that may be relevant, or which a prospective investor may require in evaluations for a possible investment in 360 Capital. It should be read in conjunction with 360 Capital's other periodic and continuous disclosure announcements which are available at www.360capital.com.au. The recipient acknowledges that circumstances may change and that this presentation may become outdated as a result. This presentation and the information in it are subject to change without notice and 360 Capital is not obliged to update this presentation.

This presentation is provided for general information purposes only. It is not a product disclosure statement, pathfinder document or any other disclosure document for the purposes of the Corporations Act and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. It should not be relied upon by the recipient in considering the merits of TIX or the acquisition of securities in TIX. Nothing in this presentation constitutes investment, legal, tax, accounting or other advice and it is not to be relied upon in substitution for the recipient's own exercise of independent judgment with regard to the operations, financial condition and prospects of TIX.

The information contained in this presentation does not constitute financial product advice. Before making an investment decision, the recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this presentation, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate. This presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. It is not an invitation or offer to buy or sell, or a solicitation to invest in or refrain from investing in, securities in 360 Capital or any other investment product.

The information in this presentation has been obtained from and based on sources believed by 360 Capital to be reliable. To the maximum extent permitted by law, 360 Capital and its related bodies corporate make no representation or warranty, express or implied, as to the accuracy, completeness, timeliness or reliability of the contents of this presentation. To the maximum extent permitted by law, 360 Capital does not accept any liability (including, without limitation, any liability arising from fault or negligence) for any loss whatsoever arising from the use of this presentation or its contents or otherwise arising in connection with it.

This presentation may contain forward-looking statements, guidance, forecasts, estimates, prospects, projections or statements in relation to future matters ('Forward Statements'). Forward Statements can generally be identified by the use of forward looking words such as "anticipate", "estimates", "will", "should", "could", "may", "expects", "plans", "forecast", "target" or similar expressions. Forward Statements including indications, guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No independent third party has reviewed the reasonableness of any such statements or assumptions. No member of 360 Capital represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty, express or implied, as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement contained in this presentation. Except as required by law or regulation, 360 Capital assumes no obligation to release updates or revisions to Forward Statements to reflect any changes.

All dollar values are in Australian dollars (\$) or (A\$) unless stated otherwise. The recipient should note that this presentation contains pro forma financial information, including a pro forma balance sheet.

