

23 February 2017

**360 Capital Group (TGP)
HY17 Results
Realising Value**

360 Capital Group (ASX code: TGP) (Group or 360 Capital) is pleased to announce its financial results for the half year ended 31 December 2016.

The Group completed the sale of the majority of its funds management business and co-investments and the financial results take this significant transaction into account.

Following the sale of the majority of the Group's fund management platform, the Group's strategy is now focused on three key business areas:

- Partner with public capital via 360 Capital Total Return Fund (ASX: TOT)
- Provide management expertise to overseas investors seeking to partner in Australia
- Establish a counter cyclical private equity real estate fund and partner with private capital

Group key achievements over the past six months to 31 December 2016:

- Sale of Subiaco Square Shopping Centre for \$38.4m (20% premium) returning Group \$9.4m in cash plus exit fees
- Completed (and post period settled) the sale of the majority of the funds management business to Centuria (ASX: CNI) and associates for \$290.7m
- Repaid all TGP Bonds (\$75m), TGP now debt free with approximately \$97m in cash
- Maintained 6.5 cps DPS for FY17 guidance
- Post period bought back 25.0m TGP securities (10.4% of issued capital)
- Consolidated management team and commenced rolling out new business initiatives

Group key financial results highlights for the half year ended 31 December 2016:

- Statutory net profit of \$53.4m up 594% on \$7.7m in HY16 (pcp)
- Operating profit of \$9.2m up 20.5% on \$7.6m pcp
- Statutory earnings per security (EPS) of 24.1cps up 609% on 3.4cps pcp
- Operating EPS of 4.1cps up 24.2% on 3.3cps pcp
- Distributions per security (DPS) of 3.25cps up 4.0% on 3.125cps pcp
- NTA per security increased 34.5% from 69.0cps as at 30 June 2016 to 92.8cps

Capital management

The Group will continue to be listed on the ASX.

Post completion of the initial stage of the Transaction, the Group has approximately of \$97.0m in cash, a \$50.0m loan receivable from Centuria, its investment stakes in the 360 Capital unlisted trusts and funds (\$63.5m) and continues to own a 24.3% co-investment stake in 360 Capital Total Return Fund (\$9.7m). The Group expects to receive the balance of consideration from the Centuria transaction, from the vendor loan and unlisted investments put and call options, totalling \$108.9m, over the next 18-24 months.

The Group's NTA per security increased 34.5% from 69.0cps as at 30 June 2016 to 92.8cps (after allowing for tax liabilities arising from the sale of CIML).

Post the settlement of the transaction, the Group fully repaid all its corporate bonds and is now debt free.

The Group has approval from securityholders to buy back up to 48.0m securities (approximately 20% of TGP issued capital) as part of its capital management initiatives. Post period the Group bought back 25.0m securities reducing the number of securities on issue to approximately 214.7m.

The Group is now focused on rolling out its post Transaction strategy of:

1/ Partnering with public capital via 360 Capital Total Return Fund:

The Group will continue its strategy of being a fund manager and co-investor, however, given the significant level of cash, the Group is very focused to sponsor transactions with TOT, grow TOT's asset base and make the Fund more relevant.

The Fund has a broad investment strategy, allowing the Fund to operate in a highly flexible manner to capitalise on investments, including but not limited to:

- Value-add/repositioning of direct assets
- Strategic investments in unlisted and listed real estate funds and businesses
- Senior and mezzanine finance
- Distressed debt and "work out" opportunities

Our target, subject to finding appropriate opportunities, is to increase the equity base of TOT to \$200m over the next 2 years.

2/ Institutional partnerships and private equity real estate

As previously stated, the Group has had various discussions with overseas private equity real estate groups over the past 12 months. The Group has elected not to progress these discussions to date based on its focus on continuing to grow its listed platform and not create potential conflicts between investors.

Unlike many small and mid-tier real estate groups in Australia, the Group does not have a substantial overseas real estate shareholder. The Group is independent with an Australian-only investment focus.

The Group will progress discussions with various parties on two fronts:

1. Partnering with overseas institutions seeking local expertise to either partner in investments and/or establish a platform (potentially as a joint venture) over a period of time.
2. The Group will establish a private equity real estate fund in due course and will seek equity commitments from private equity partners over the next 1-2 years. This fund will focus on counter cyclical opportunities within Australian real estate and will be the Group's main wholesale focus going forward. The Group is expected to generate substantial carry fees in line with other private equity models from this fund once it is established.

Key Focus for balance of FY17

- Communicate to securityholders TGP new business plan and commence marketing of the opportunity TGP has from its realisation strategy undertaken
- TOT restore value for securityholders, grow TOT's capital base and maximise its 11.0% stake in Industria REIT (IDR)
- Continue discussions with overseas groups with a view of concluding one or more JVs/partners within 6 -18 months
- Commence structuring and marketing unlisted private equity fund for potential counter cyclical opportunities in 1-2 years
- Be patient with TGP's capital, continue to monitor opportunities, manage the exposures with have to CNI, look at growing revenue streams without using TGP capital, and continue to be opportunistic in our approach to creating value for our investors

Forecast FY17 Operating EPS and DPS

The Group will continue to make quarterly distributions/dividends in line with current guidance for FY17 of 6.50 cps pa. Assuming no redeployment of capital and based on the Group's residual investments remaining unchanged, FY17 operating EPS guidance is 5.4cps and the Group's forecast FY18 EPS would be approximately 3.0 cps. Given the Group's significant forecast cash levels and zero debt, forecast FY18 distributions/dividends will be impacted by the redeployment of this capital.

More information on the Group can be found on the ASX's website at www.asx.com.au using the Group's ASX code "TGP", on the Group's website www.360capital.com.au, by calling the 360 Capital investor enquiry line on 1300 082 130 or emailing investor.relations@360capital.com.au

Alternatively, please contact:

Tony Pitt
Managing Director
360 Capital Group
+61 2 8405 8860

Ben James
Chief Investment Officer
360 Capital Group
+61 2 8405 8860

Glenn Butterworth
Chief Financial Officer
360 Capital Group
+61 2 8405 8860

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 Group actively invests in direct property assets, property securities, real estate debt and various corporate real estate investments within Australian real estate markets on a private and public equity basis.
