EAST 72 HOLDINGS LIMITED

INVESTMENT PRESENTATION

15 FEBRUARY 2017

ANDREW BROWN

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Unless otherwise noted, figures presented are unaudited and are current on or about 15 February 2017. All dollar values are in Australian dollars (A$) unless otherwise stated. Readers are referred to the 'Source Notes" at the conclusion of this Presentation.

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Risks

E72 uses significant levels of financial and synthetic derivative debt within its operations. As a consequence, an investment in E72 involves significantly higher levels of risk that a conventional equity investment company. Readers are referred to the Company's web-site: www.east72.com.au/about-us for a more fulsome description of the risks inherent within E72.

A UNIQUE AUSTRALIAN LISTED COMPANY

EAST 72

- Pre-tax NTA/share: **34.4c**[1]
- Post tax NTA/share post placement: **33.1c**[1]
- FYTD pre tax performance[1]:
  - +51.9% pre expenses
  - +43.6% pre tax

1: unaudited as at 31 January 2017

- Investment company under s766C(5) of Corporations Act
- Internally managed 'equity/equity hedge' company
- Principal investors: no management contract/AFSL
- Long and short exposures to Australian and non-Australian equity securities
- *Synthetic* leverage: mainly contracts for difference
- *Financial* leverage: margin lending
- Listed on National Stock Exchange of Australia

TODAY'S DISCUSSION

Background to E72	"Young" company not concept
Long/short investing	How its done; leverage limits
Short selling	Issues & rationale
Investment Philosophy	Dissection analysis
Current exposures	
Four illustrative exposure examples	- A.P. Moller Maersk / Virtu Financial EXOR SpA / Caterpillar Inc
FY17 YTD Performance	+52% gross FYTD; +44% net of expenses
EGM 23 February 2017	Pro-forma situation

BACKGROUND:
"YOUNG" PUBLIC COMPANY, NOT START-UP CONCEPT

Private company: Australian long only with some financial leverage

Global investing with derivatives, shorting and hedges

Identified PLC vehicle to execute same strategies

August 2010

June 2013

May 2016

24.0%

27.3%

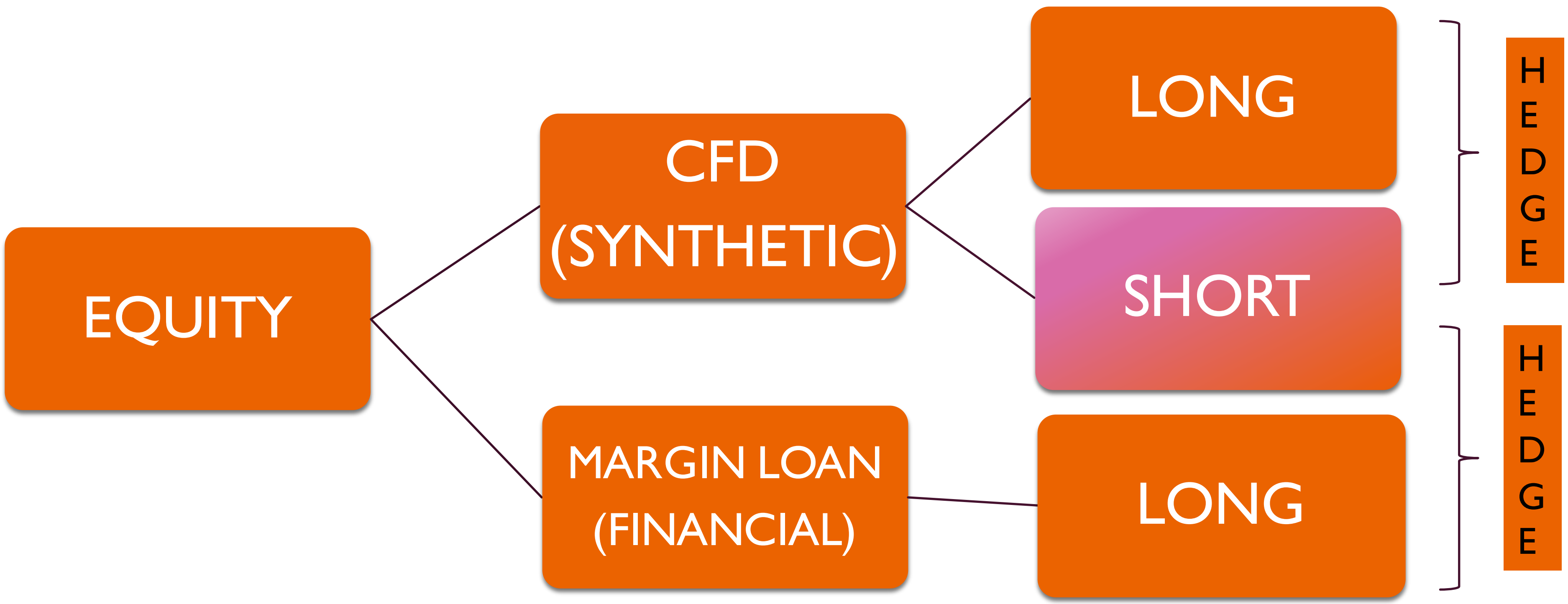
34.7%

Private company predecessor: unaudited compound % pa return to 31/1/2017 except May 2016 = actual return (excluding franking credits but assuming reinvested dividends)

WHY SO SMALL?

- Private company shareholders did not want to go public
- Desire to bring to public market…..very carefully!
- Identified corporate shell – no "nasties" but $245,000 of tax paid franking credits
- We use RETAIL products - margin lending for FINANCIAL leverage
  - CFD's for SYNTHETIC leverage
- Too small for "prime brokers" and ASX $15m limit too large for "retail"
- Aiming at gradual growth on frugal cost base

LONG/SHORT: LEVERAGE AND HEDGE CONSTRUCT



E72 LEVERAGE LIMITS

$1

LONG

$4

MINUS

SHORT

$4

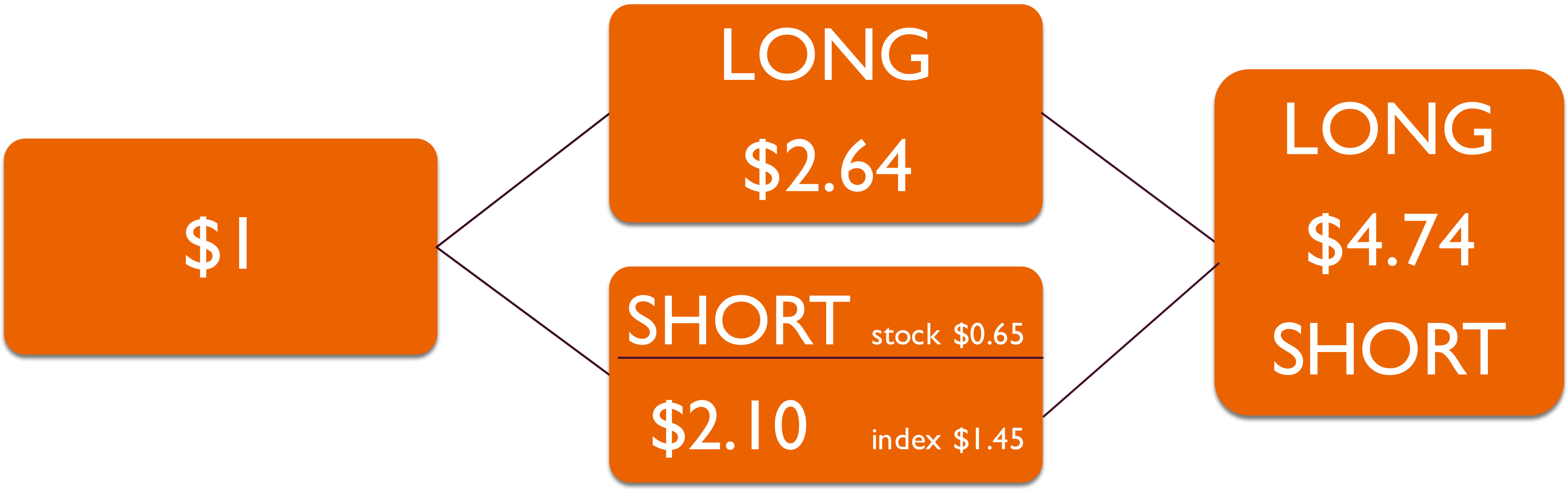
LONG

$6

SHORT

EQUITY | DISCLOSE | NET EXPOSURE | MONTHLY | GROSS EXPOSURE

ILLUSTRATIVE LEVERAGE – 31 JANUARY 2017



$0.54 NET EXPOSURE

MAGNIFIES RETURNS: ILLUSTRATIVE MATRIX

31/1/17	**leverage**	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**	**Scenario 5**	**Scenario 6**
Long	$2.64	$(62,761)	$20,920	$(62,761)	$-	$(146,443)	$(146,443)
Short	$0.65	$20,603	$20,603	$15,453	$20,603	$20,603	$25,754
Short index	$1.45	$57,452	$57,452	$34,471	$57,452	$57,452	$34,471
EQUITY	$792,438	$15,294	$98,976	$(12,837)	$78,055	$(68,387)	$(86,217)
RETURN		**1.9%**	**12.5%**	**-1.6%**	**9.9%**	**-8.6%**	**-10.9%**
RETURN ASSUMPTIONS:							
Long		-3%	1%	-3%	0%	-7%	-7%
Shorts		-4%	-4%	-3%	-4%	-4%	-5%
Index		-5%	-5%	-3%	-5%	-5%	-3%

WHY WOULD YOU SHORT SELL?

FRAUD, MISREPRESENTATION

CASH FLOW ≠ PROFIT
UNSUSTAINABLE BUSINESS

ADVERSE STRATEGIC
INDUSTRY &
BUSINESS CHANGE

OVERBLOWN VALUATION

ISSUES WITH INDIVIDUAL SECURITY SHORT SELLING

THEORETICALLY UNLIMITED RISK

SHORT TERM RISK OF TAKEOVER:
STOP LOSS DOESN'T WORK

NEED TO BORROW STOCK:
NOT ALWAYS AVAILABLE
(can't always average up)

CAN BE EXPENSIVE:
BORROWING FEES + INTEREST

E72 INVESTMENT PHILOSOPHY BASED AROUND

- VALUE "DISSECTION" ANALYSIS
- COMPANIES NOT HOMOGENEOUS
- DIFFERENT VALUATIONS
- DEEPER ANALYSIS OF CAPITAL

DISSECTION EXAMPLE: NEWS CORPORATION

NEW YORK POST

talkSPORT

THE Sun

FOX SPORTS

THE WALL STREET JOURNAL. WSJ

The Courier Mail

Harper Collins

News Corp

REA Group

move
move.com

FOXTEL

APN
NEWS & MEDIA

seek asia

100% owned

50% owned

62-80% owned

~14% owned

PORTFOLIO CONSTRUCT AT 31 JANUARY 2017 (% PRE TAX EQUITY)

	AUSTRALIA		OVERSEAS		TOTAL	
LONG	20	82.1%	38	181.5%	58	263.6%
SHORT	6	(19.8%)	11	(45.6%)	17	(65.4%)
INDEX	1	(55.4%)	4	(89.1%)	5	(144.5%)
TOTAL		**6.9%**		**46.8%**		**53.7%**

$1

LONG
$2.64

SHORT
$2.10

LONG
$4.74
SHORT

$0.54 NET EXPOSURE

- Extreme "value" dispersion
- Short "bond bubble", high priced "slug" & duration stocks
- Long deep value
- Less than net fully invested after recent rally

LARGEST LONG PORTFOLIO EXPOSURES

(AS AT 31 JANUARY 2017; % OF LONG & GROSS EXPOSURES)

	Long	Gross		Long	Gross
Vealls Limited (*)	3.9%	2.2%	WPP plc	2.3%	1.3%
Fortress Investment (*)	3.5%	2.0%	Henderson Group	2.1%	1.2%
A P Moeller Maersk	3.2%	1.8%	Greenlight Capital Re	2.1%	1.2%
Amex	3.2%	1.8%	Virtu Financial	2.0%	1.1%
Associated Capital Group	2.9%	1.6%	Treasure ASA	2.0%	1.1%
Pershing Square Holdings	2.9%	1.6%	AerCap Holdings	2.0%	1.1%
Dell VMWare tracker stock	2.8%	1.5%	Wells Fargo	2.0%	1.1%
Fiat Chrysler	3.5%	1.9%	Scottish Pacific Group	1.9%	1.1%
Ellerston Asian Fund	2.5%	1.4%	HRG Group	1.8%	1.0%
PM Capital Global Opp Fund	2.4%	1.4%	KKR and Co LP	1.8%	1.0%
ASTM SpA	2.4%	1.3%	Exor SpA	1.7%	1.0%
AMP	2.4%	1.3%	Wilhelmsen Holdings A	1.7%	1.0%

(*) investment thesis featured in AGM presentation – 29/11/2016

ILLUSTRATING THE THOUGHT PROCESS: FOUR STOCK EXAMPLES

A. P. MOLLER MAERSK

(restructure/industry consolidation/shipping prices/value)

VIRTU FINANCIAL

(leverage to increase in financial market volatility)

EXOR SpA

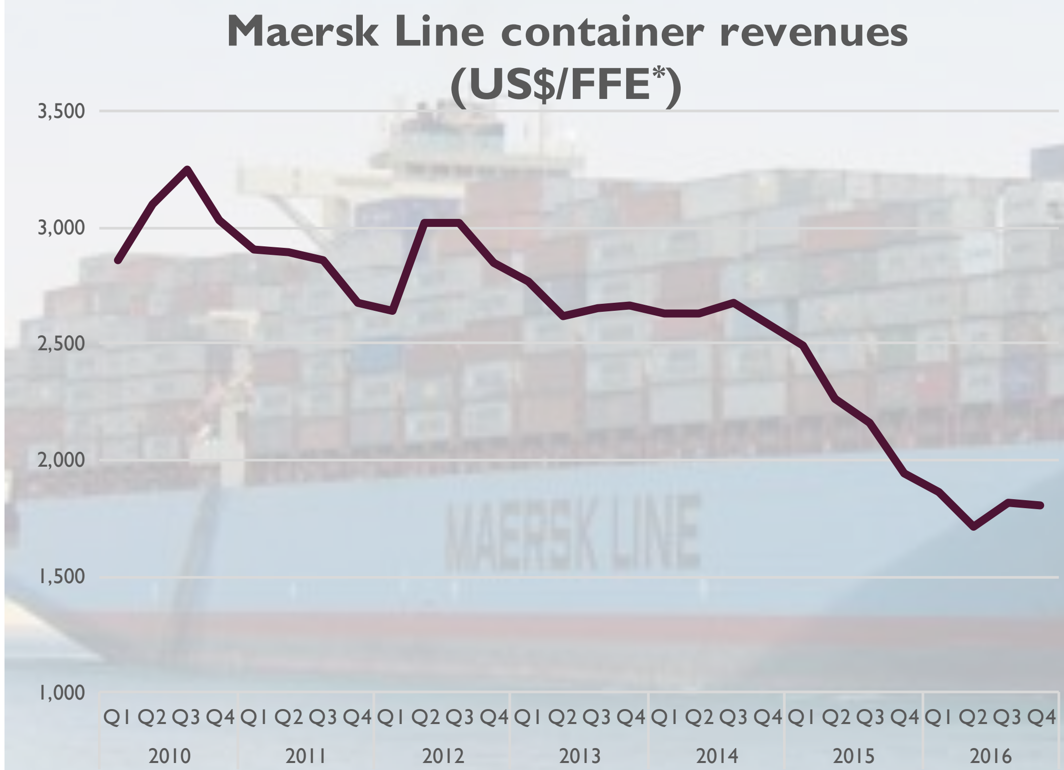
(cheap sum of parts, leverage to Fiat Chrysler rerating & mini-BRK?)

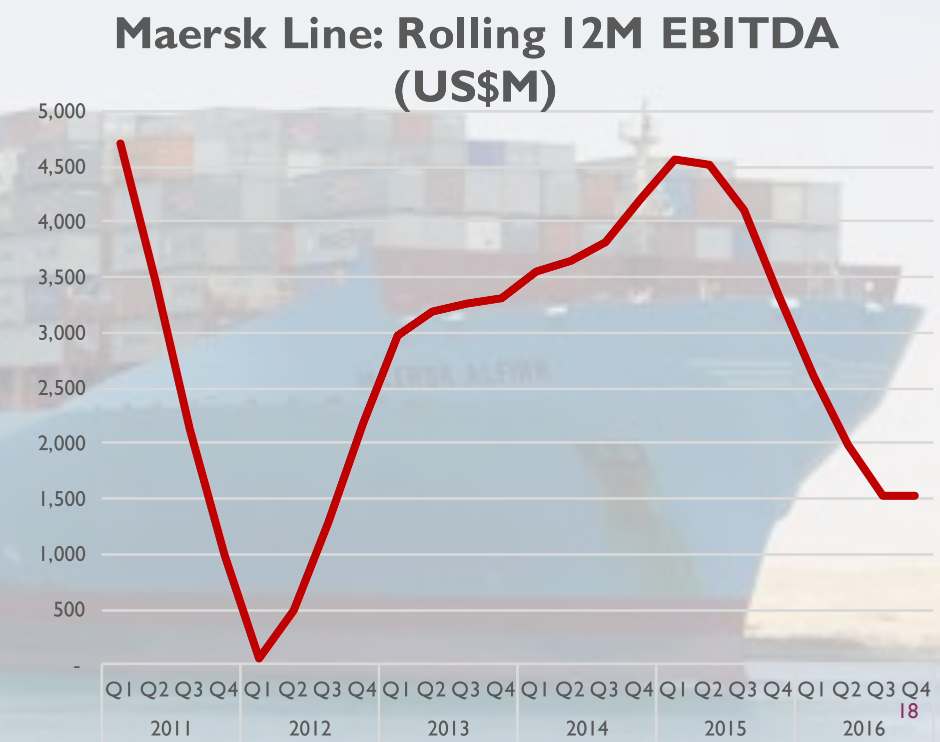
CATERPILLAR

(SHORT position – excessive re-rating)

LOW "PRODUCT" PRICING: CONTAINER SHIPPING RATES and FINANCIAL MARKET VOLATILITY

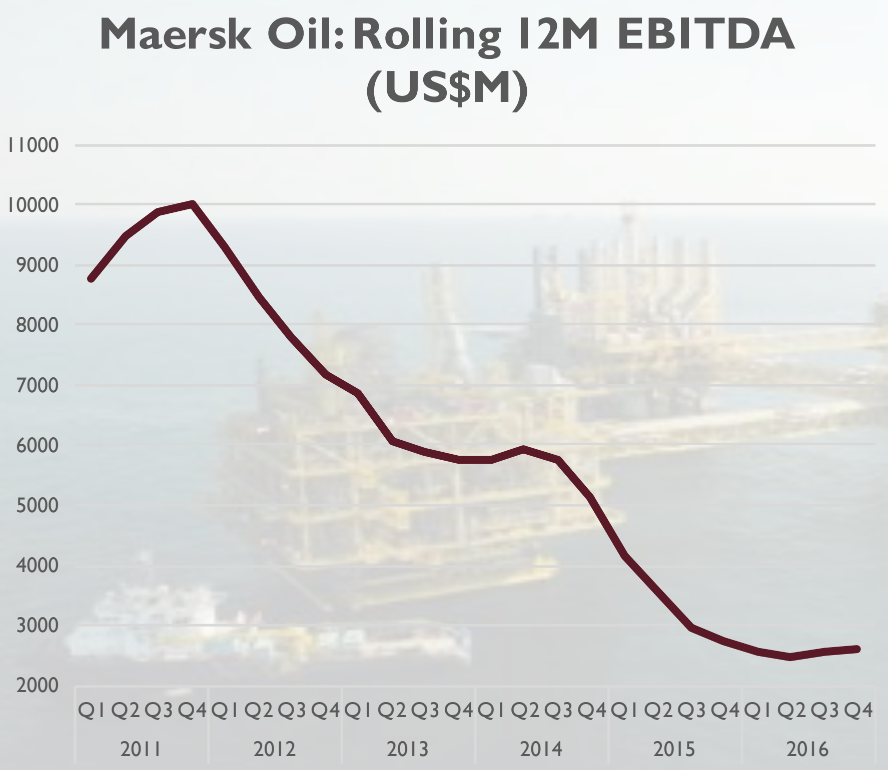
MAERSK: SHIPPING PRICES & PROFITABILITY HAVE COLLAPSED

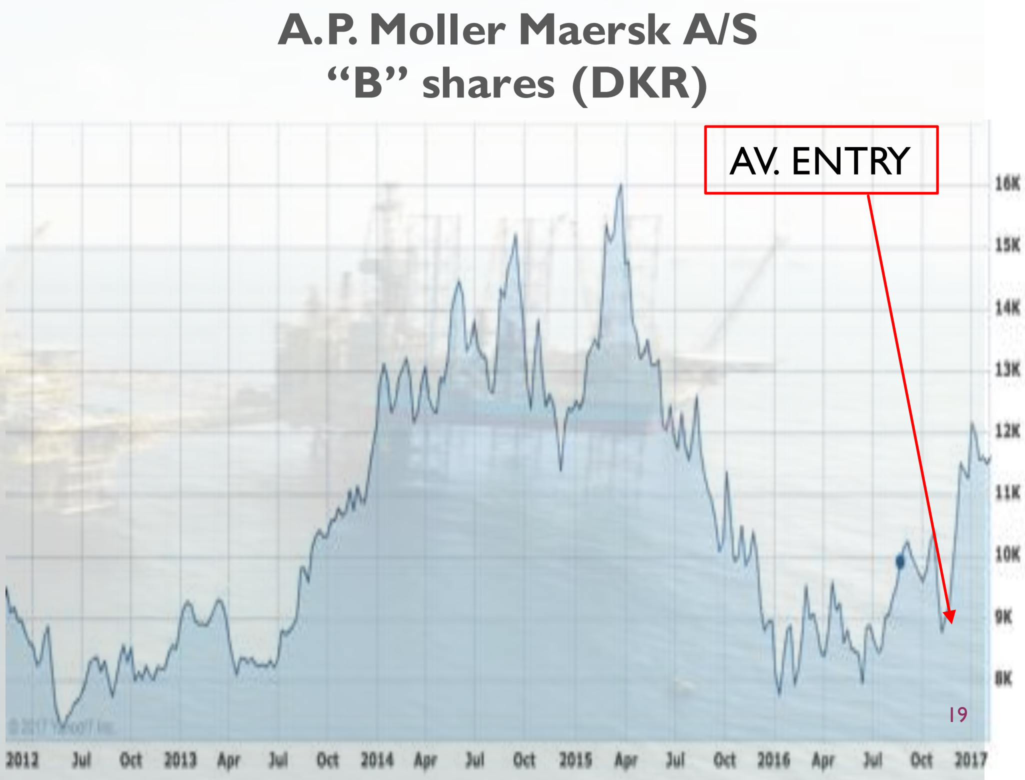




* fourty foot equivalent unit (=2 X TEU)

SAME FOR MAERSK OIL AND THE SHARE PRICE….





WHY IS MAERSK INTERESTING?

Issued shares (A&B)	20.817million	Debt (30/9/16)	US$10.7billion
"B" share price	DKR11,060 (US$1,591)	Enterprise value	US$43.8billion
Equity capitalisation	US$33.1billion		

Trades just above book value (1.4x NTA)

>US$40bn of capex since 2010 (excluding divestments)

Separation of oil business – potential sale/merger/JV

2015 OCF: $9.5billion
2016 OCF: $5.9billion

$12.6billion of terminal, drilling and services assets (ex ML & MO) with EBITDA ~$2.7billion

Increasing use of technology in containerisation

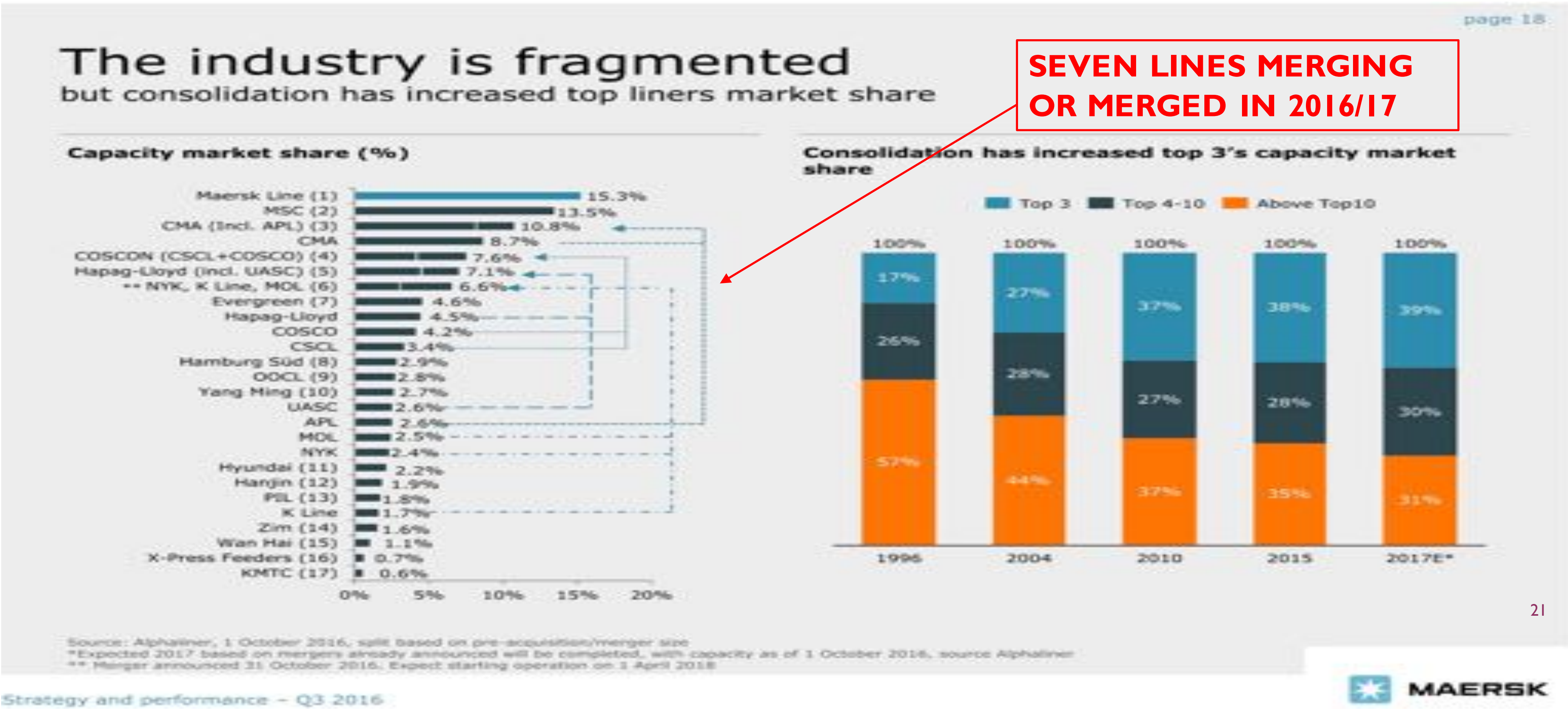
Loss making Japanese lines

Hanjin Shipping bankruptcy: 31/8/2016

MAERSK HAS A MASSIVE COST ADVANTAGE OVER THE AVERAGE FLEET PLAYER – 10.4M FFE HANDLED p.a.

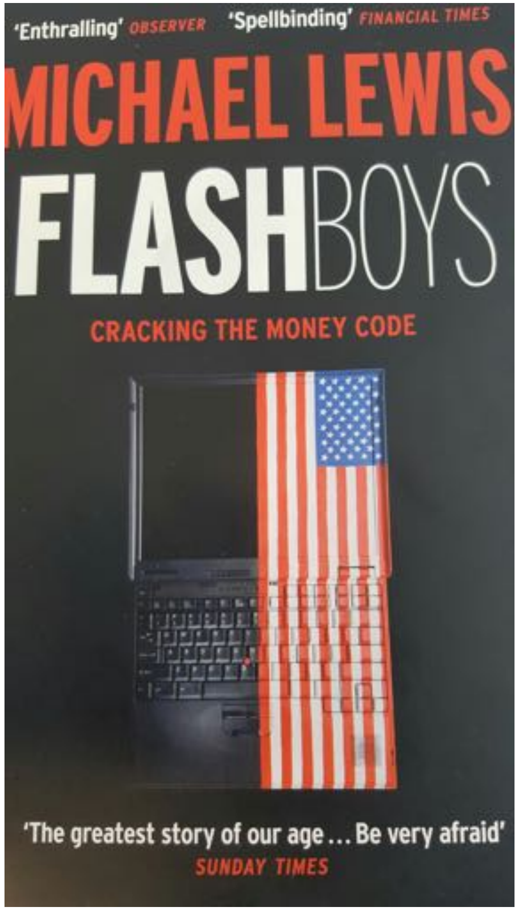
CONTAINER INDUSTRY CONSOLIDATION & RESTRUCTURE

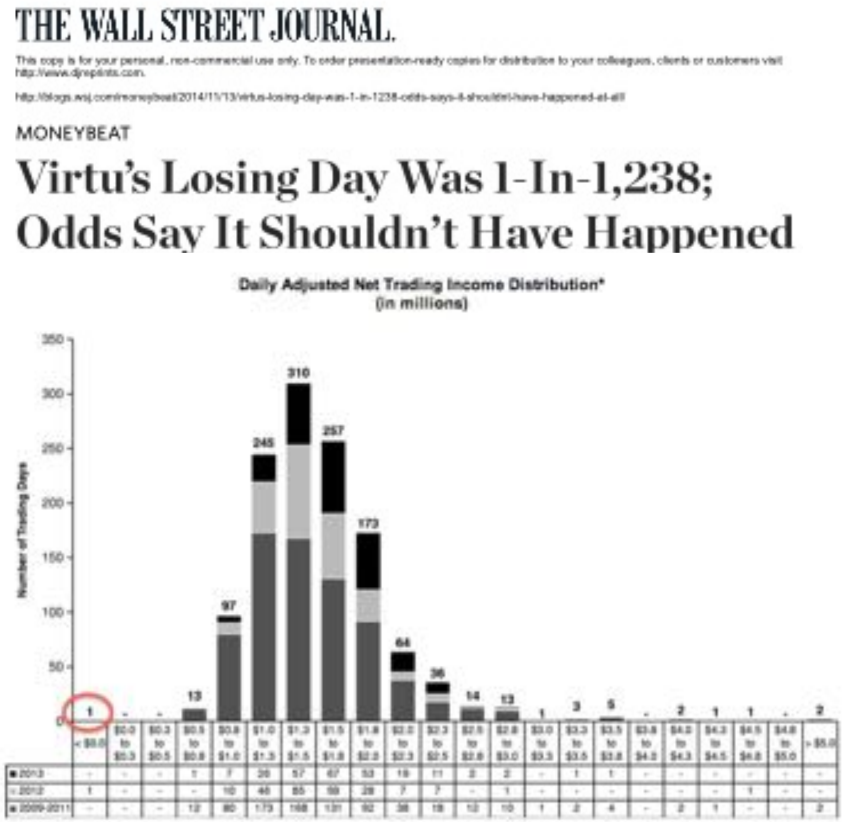
RESTRUCTURING STARTED: MAERSK LINES $20BILLION INV. CAPITAL

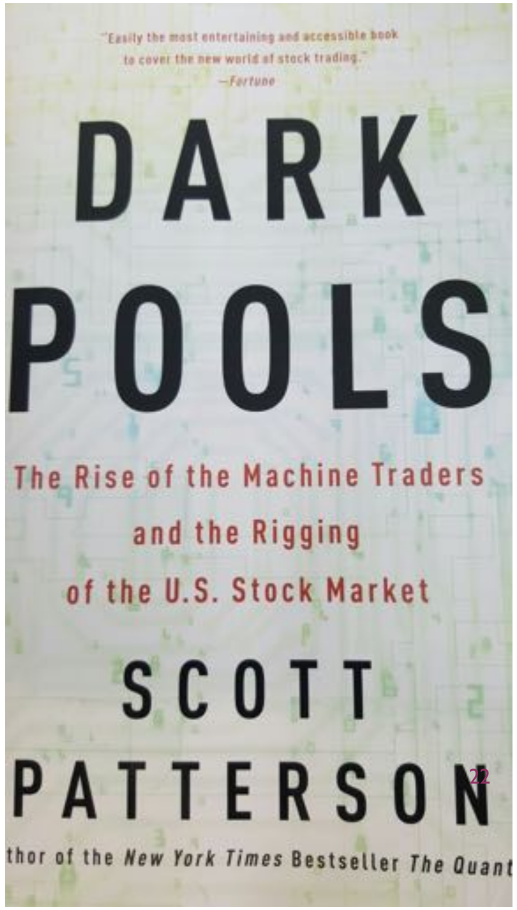


SEVEN LINES MERGING OR MERGED IN 2016/17

“THE COMPANY THAT NEVER LOSES”

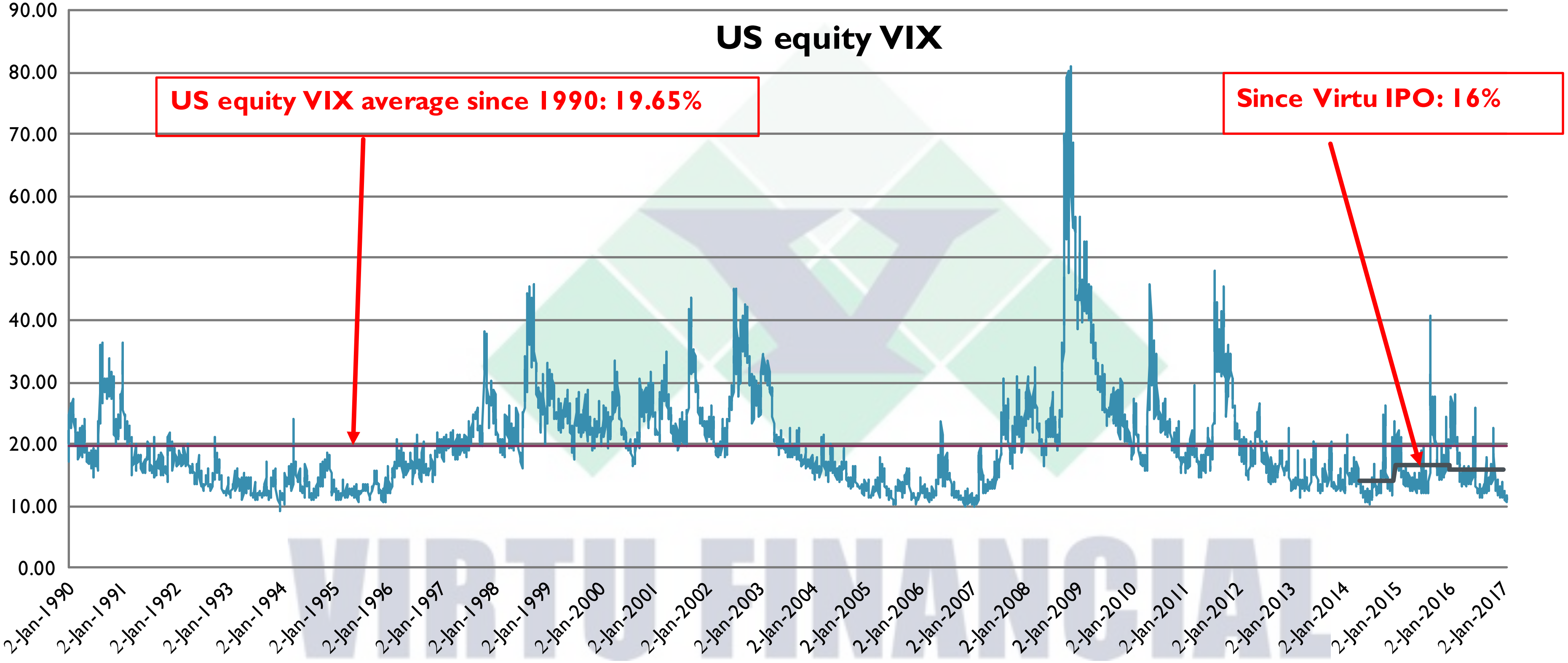




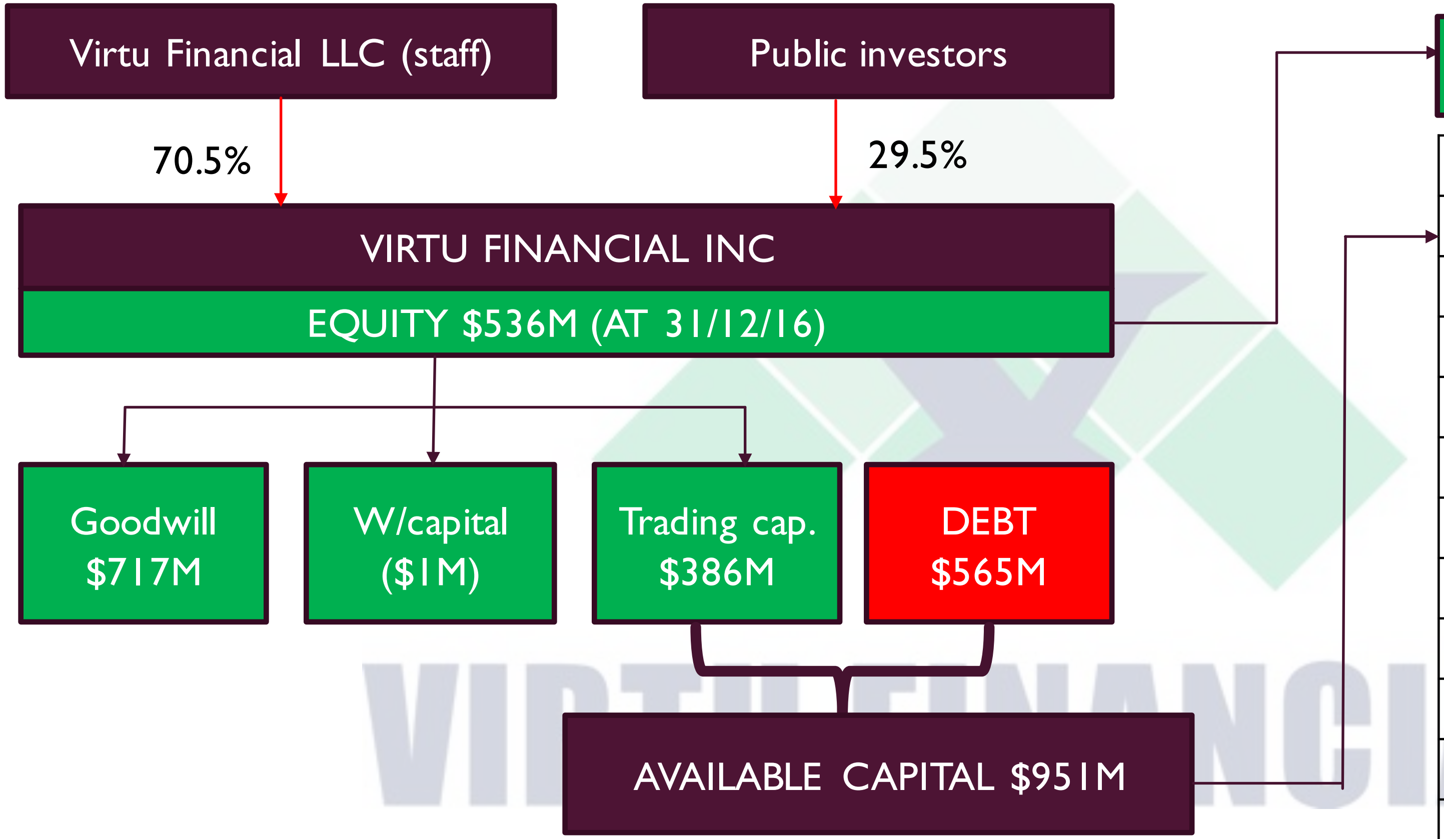


VIRTU FINANCIAL (NASDAQ:VIRT)

US EQUITY VOLATILITY HAS BEEN LOW IN RECENT TIMES…



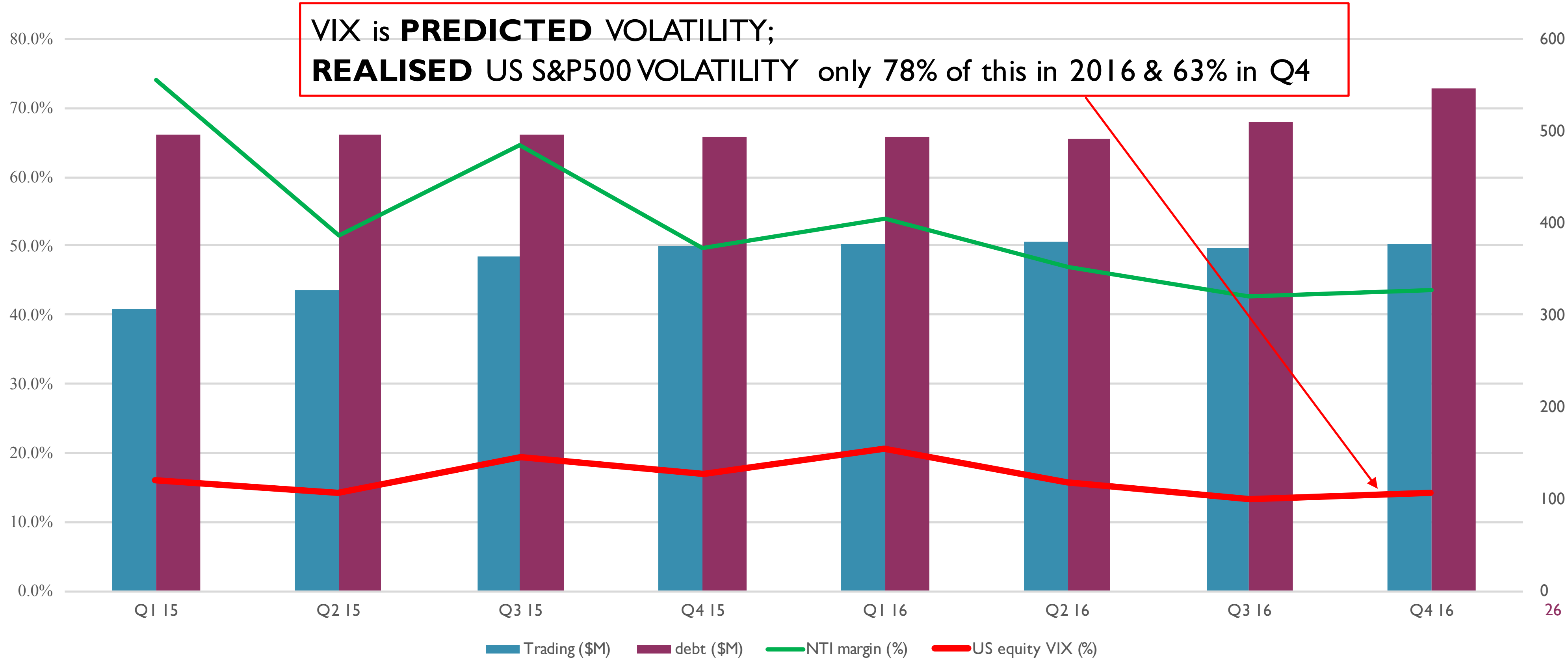
HOW VIRTU WORKS: NORMALISED P/E 12.7X



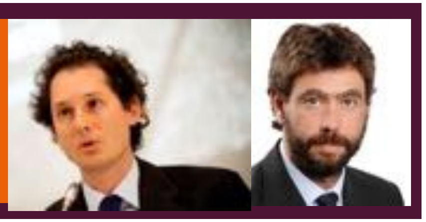
141M shares at $18.50
MARKET VALUE $2608m

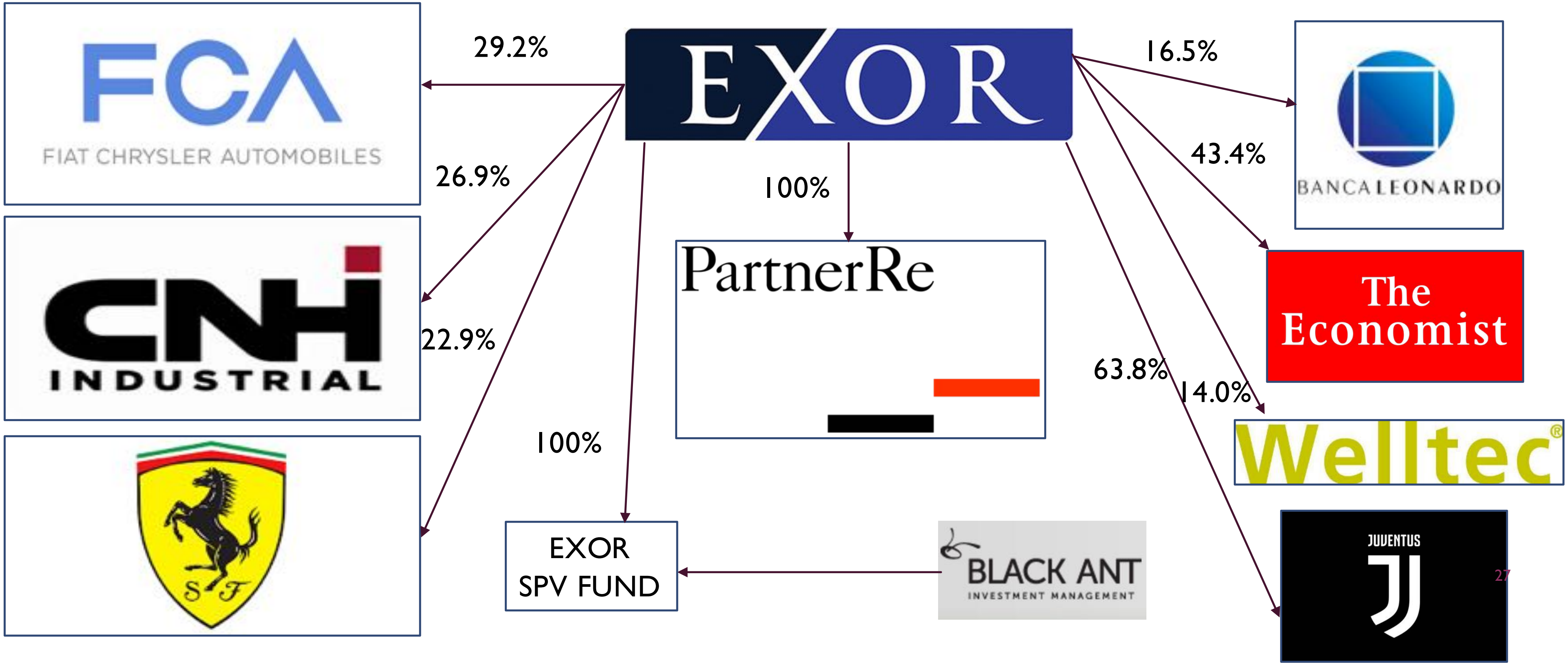
$M	**2016**	**“norm”**
NTI %	46.7%	50.0%
NTI	414	476
o/head	(176)	(185)
Op.π	238	291
D&A	(30)	(25)
EBIT	208	266
Interest	(28)	(34)
PRE TAX	180	232
tax	(21)	(28)
NPAT	159	204
EPS	$1.13	$1.45

SIGNIFICANT "TRIPLE" LEVERAGE:
INCREASED (1) CAPITAL; (2) PREDICTED VOLATILITY; (3) REALISED VS PREDICTED VOLATILITY

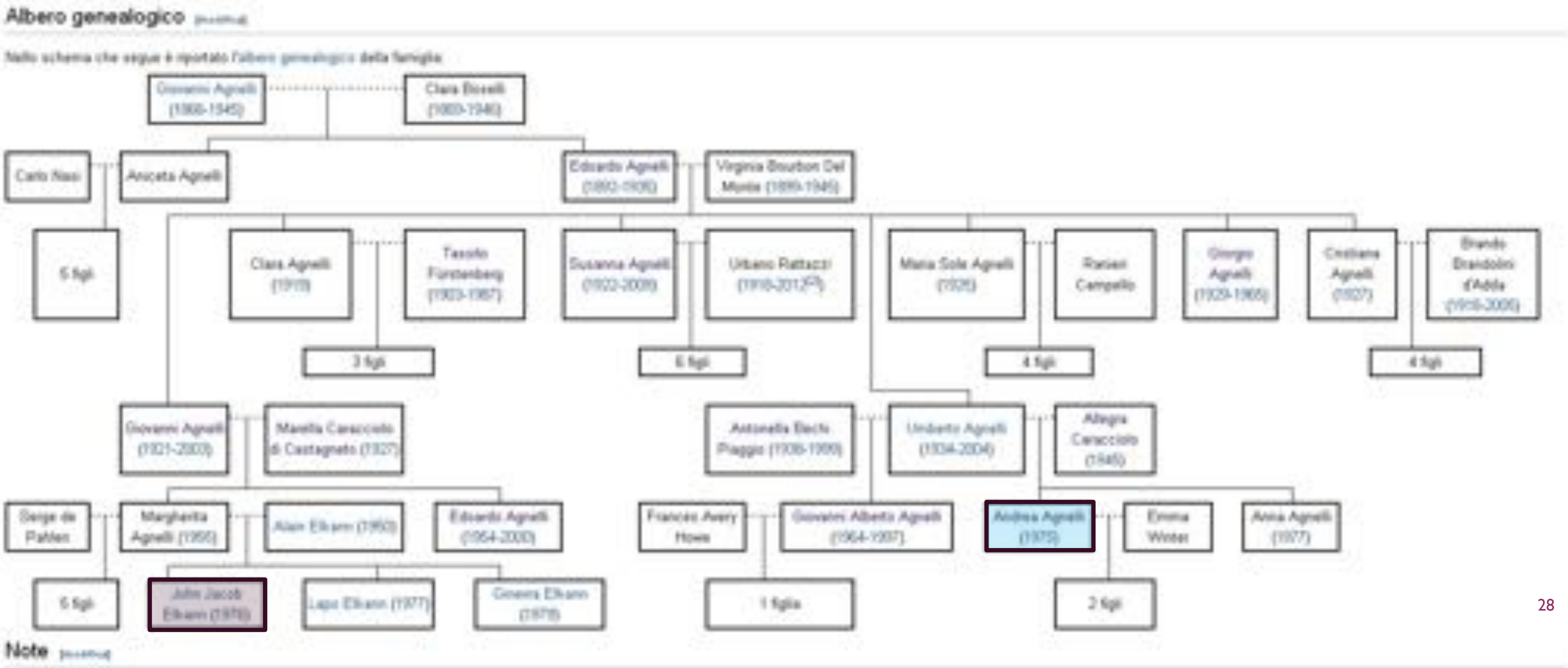


EXOR SPA




EXOR
FCA
FIAT CHRYSLER AUTOMOBILES
29.2%
CNH INDUSTRIAL
26.9%
22.9%
100%
EXOR SPV FUND
100%
PartnerRe
BLACK ANT
INVESTMENT MANAGEMENT
16.5%
BANCA LEONARDO
43.4%
The Economist
63.8%
14.0%
Welltec
JUVENTUS

THE AGNELLI FAMILY



FIAT CHRYSLER – SCEPTICALLY CHEAP

- Equity capitalisation: 1289m shares x €9.92 = €12,788
- Full acquisition of Chrysler by Fiat completed 2014
- Marchionne run Fiat since 2004
- Strong growth in "adjusted EBIT" from €3.2bn in 2013 to €6.1bn in 2016
- Net debt reduced from €7bn in 2013 to €4.6bn at end 2016
- Strong guidance for 2017 (& implied 2018): EBIT €7bn – EV/EBIT multiple: 2.5x
- Forward EPS guidance: >€2.30/share ▸ P/E ratio of 4.3x
- Likely sale of part of components business – (Magneti)
- Scepticism regarding restated earnings, peak motor, diesel emissions
- EXTREME scepticism re 2018 goals – EPS €3.65 & net CASH €4bn

"ROUGH-OUT" BREAK UP VALUE OF EXOR SPA

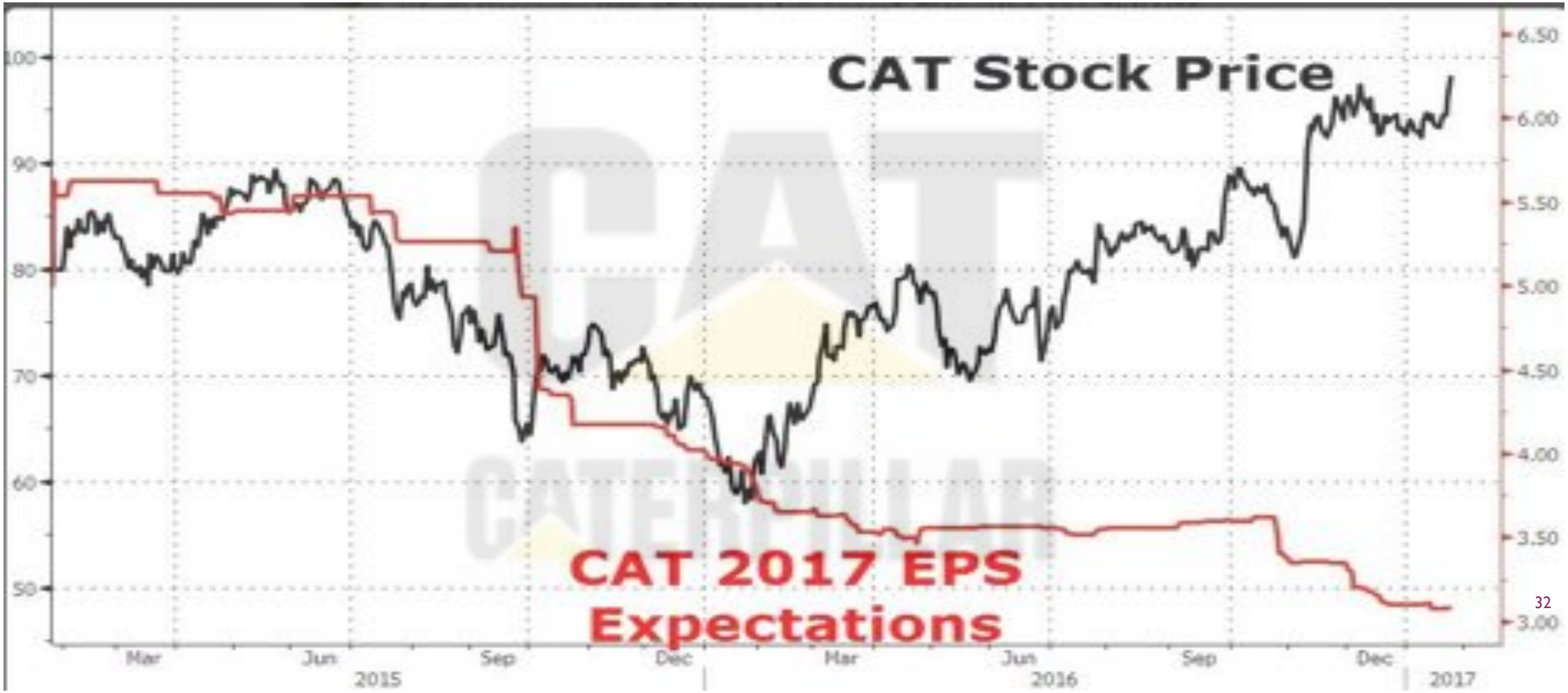
shares	ticker	prevailing price	€million - value	Per EXOR share
444.3m equiv	FCA	€9.92	4,405	€18.27
366.9m	CNH	€9.00	3,302	€13.70
44.4m	RACE	€61.00	2,708	€11.23
KEY LISTED "INDUSTRIAL" COMPANIES			10,415	€43.20
Other	Economist, Juventus, Black Ant fund, Banca Leonardo, Welltec		979	EFFECTIVELY GETTING "GEARED" PARTNER RE FOR ZERO
PARTNER RE (at NTA only)			5,387	€22.30
NET DEBT			(3,562)	(€14.78)
NET VALUE	**241m EXOR shares**		**€13,219**	**€54.85/share**

At €43.60 (our entry €36.20) – shares at 20% discount (34% on entry) to extremely conservative version of valuation.

INVESTMENT THESIS

1. EXOR is undervalued based on existing investments
2. EXOR management team (Elkann/Marchionne) are exceptional investors & capital allocators
3. FCA is significantly undervalued if the CY2017 (and definitely 2018) goals are achieved and can add significant value on its own to EXOR – 2x FCA ▸ 33% to EXOR NAV
4. Partner Re was bought relatively cheaply for a takeover transaction; 1.18x NTA versus (for example) todays passive market price of 1.13x NTA for Everest Re (cf QBE at 1.92x NTA)
5. Partner Re provides a significant source of reinsurance based cash flow & $14.2billion "float" (currently bonds) to EXOR which it can tap (subject to regulatory adherence)
6. Float is equivalent to E72's EXOR NAV valuation
7. Projecting forward based on more realistic valuations of Partner Re and FCA suggests significant upside PLUS some closure of discount

SHORT POSITION: CATERPILLAR



PEAK EARNINGS COMPARISON

US$M or M	BHP	RIO	CAT
Issued Shares	5324	1799	586
Share price (US$)	$19.42	$49.37	$92.91
Equity capitalisation	103,397	88,817	54,445
Net debt (31/12/16)	20,500E	9,587	2,509
Enterprise value	123,897	98,404	56,954
PEAK EBITDA (2 year average)	35,420	27,307	10,823
EV/peak EBITDA	3.5x	3.6x	**5.3x**
PEAK EPS (2 year average)	$3.58	$7.61	$8.17
P/peak EPS	5.4x	6.5x	**11.4x**
Current year P/E	13.9x	17.4x	29.0x
CY EV/EBITDA	5.7x	7.3x	11.1x

CAT: RESOURCE INDUSTRY SEGMENT			
CY	Revenue	% CAT total	Op. Profit
2011	$15.6bn	28.2%	$3.334bn
2012	$21.1bn	34.3%	$4.318bn
2013	$13.3bn	25.6%	$1.575bn
2016	$5.7bn	13.0%	($0.452bn)

- CAT peak earnings massively driven by resources capex (40% +)
- Unlikely to return to that level
- Requires gargantuan lift in construction & power machinery earnings to restore peak
- CAT far more expensive than resource shares versus peak ▸ $55-$60 "parity price"

EAST 72: FY 17 PERFORMANCE FYTD[1]

(SEE PERFORMANCE DISCLAIMER SLIDE FOR REFERENCE NUMBERS)

	GROSS RETURN[2]	Cost Impost[3]	NET RETURN[4]	PRE TAX NTA/share (c)	NET EXPOSURE[5]	GROSS EXPOSURE[6]
31 Jul 16	17.1%	(1.2%)	15.8%	25.5	90.4%	290.1%
31 Aug 16	4.3%	(0.7%)	3.6%	27.6	88.2%	326.8%
30 Sep 16	-1.5%	(0.6%)	(2.1%)	27.0	142.0%	358.6%
31 Oct 16	4.9%	(0.7%)	4.2%	28.1	137.1%	426.6%
30 Nov 16	4.9%	(1.1%)	3.8%	29.2	75.1%	535.7%
31 Dec 16	9.0%	(0.8%)	8.2%	33.0	73.5%	439.3%
31 Jan 17	5.2%	(0.7%)	4.5%	34.4	53.7%	473.5%
FY17 FYTD	**51.9%**	**(8.3%)**	**43.6%**	Average (inc intra month)	**93.5%**	**393.2%**

FY 17 PERFORMANCE CONTRIBUTION TO 31 DECEMBER 16 (ESTIMATED[1]) – GROSS PERFORMANCE 44.4%

Exposure	attribution	LOC price Δ	Exposure	attribution	LOC price Δ
Barclays PLC	4.42%	+62.0%	Vealls Limited	2.36%	+13.2%
Fiat Chrysler	4.12%	+44.9%	AerCap Holdings	2.10%	+25.3%
AP Moller Maersk	3.42%	+24.4%	Pioneer Natural Res.[2]	-1.56%	+18.8%
American Express	3.41%	+24.2%	Tanker Investments	-1.76%	-18.8%
Bank of America	3.17%	+67.3%	Marubeni Corp.[2]	-1.89%	+44.2%
ING Groep	2.59%	+48.4%	Apple[2]	-3.11%	+22.7%

1. estimates are unaudited management estimates from 30 June 2016 to close of business on 31/12/2016, are in A$ and relate to pre-tax contribution after financing costs. All estimates take account of any share price change plus related currency movement. LOC price change is local currency capital price movement from 30 June 2016 to 31 December 2016 or from entry price if after 30 June 2016.
2. short sale exposure

23 FEBRUARY 2017 EGM PRO-FORMA STATISTICS

(ASSUMES ALL RESOLUTIONS PASSED AND PLACEMENT FILLED)

		ISSUED SHARES	PRE TAX NTA ($)	PER SHARE (C)
31 January 2017		2,300,000	792,438	34.45
Resolution 2	placement	5,000,000	1,750,000	35.0
Resolution 4	Placement to Andrew Brown	1,000,000	350,000	35.0
PRO-FORMA		8,300,000	2,892,438	34.85
15% PLACEMENT CAPACITY		1,245,000	435,750	35.0
UNLISTED OPTIONS		200,000	70,000	35.0
ANDREW BROWN	Relevant interests	2,000,000	24.0%	(25% diluted)
Estimated FY18 EXPENSES	Audit, listing fees, NOMAD, Directors, registry costs		~ $65,000 ▸2.25% of equity or 0.57% gross exposure ($11.36M) at 393% GE/NTA	

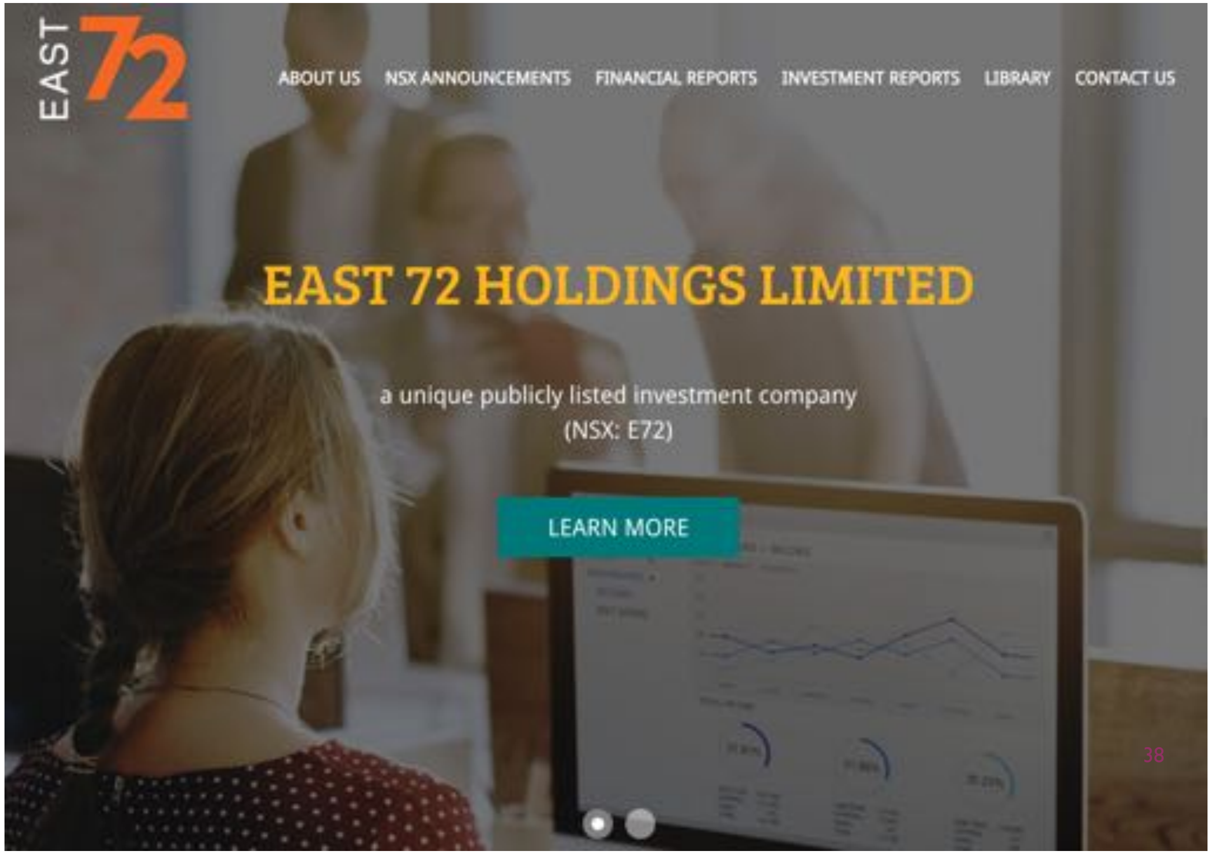
WHERE TO FROM HERE?

- Proceed with care – keep performing!
- Keep cost base low and reduce cost imposition to 2-3% equity pa target
- Grow capital base appropriately
- Clean up share register
- Utilise franking credit asset (3c per share = 6.9c capacity post placement)
- Reward "foundation" shareholders
- Assess prospects for low dilution contingent capital
- Greater liquidity

FULLY UPDATED WEBSITE + LIBRARY

EAST 72

www.east72.com.au



PERFORMANCE DESCRIPTION & DISCLAIMER

1. East 72 Holdings Limited (E72) provides monthly unaudited updates on its company performance and exposure supplemented by a more substantial quarterly note. Readers are referred to 2-6 (below) explaining the derivation of the numbers. All returns are pre-tax unless stated otherwise. At the current level of net assets, cost imposition is estimated at 0.7% per month over the course of the full year and is fully accrued monthly according to the best estimates of management.
2. Calculated as change in market value of all investments – cash and derivatives – after interest charges, dividends receivable, dividends and fees paid away divided by opening period net asset value and time weighted for equity raisings
3. Calculated as all accrued expenses for company administration (eg. listing fees, audit, registry) divided by opening period net asset value and time weighted for equity raisings
4. Calculated as 2 (above) minus 3 (above)
5. Calculated as total gross exposures being nominal exposure of all long and short positions (cash and derivative) divided by end month net asset value – assumes index ∂ of 1
6. Calculated as total net exposures being nominal exposure of all long minus short positions (cash and derivative) divided by end month net asset value – assumes index ∂ of 1

SOURCE NOTES (BY SLIDE NUMBER)

9: E72 Monthly Unaudited Portfolio Report January 2017 (lodged NSXA 2/2/17)
15: ibid
16: E72 compilation
18: A.P. Moller Maersk Q4 2016 report (8/2/17) compiled by E72; share price at 8/2/17
19: ibid & Yahoo Finance
21: A.P. Moller Maersk Q3 2016 results release (2/11/16)
22: Wall Street Journal 13/11/14
23: Yahoo Finance – prices as at 3/2/17
24: CBOE compiled by E72
25: Virtu Financial Inc compiled by E72 as at 3/2/17
26: ibid
32: QTR Research 26/1/17
33: BHP/RIO/CAT company reports compiled by E72
35: E72 Quarterly Report to 31 December 2016 (lodged NSXA 9/1/17)
39: E72 Monthly Unaudited Portfolio Report January 2017 (lodged NSXA 2/2/17)