EAST 72 HOLDINGS LIMITED

PRESENTATION TO 2017 ANNUAL GENERAL MEETING

25 SEPTEMBER 2017

ANDREW BROWN

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Unless otherwise noted, figures presented are unaudited and are current as at 25 September 2017. All dollar values are in Australian dollars (A$) unless otherwise stated.

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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 or the Notice of Meeting dated 21 August 2017 for a more fulsome description of the risks inherent within E72.

A UNIQUE AUSTRALIAN LISTED COMPANY

EAST 72

- Pre-tax NTA/share: **35.5c**[1]
- Pro-forma pre tax NTA/share post merger: **36.2c**[1]

1: unaudited as at 22 September 2017

Accretive due to tax liability within Stiletto versus deal priced on AFTER tax basis

- 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

Listed managed investments space	Where do we fit?
Undervaluation & complexity	Family controlled companies: - Bollore/Financiere de L' Odet - Associated Capital Group
The greatest percentage speculative boom in history	The bear case on bitcoin
Current exposures	E72 proforma merged with Stiletto
Performance & Outlook	Maintain discipline amidst risk-love

LMI ENVIRONMENT IN AUSTRALIA: ASX - $261BN INDUSTRY*

	#	Mkt cap
A-REITS	49	$129.8bn
Equity LICs	98	$33.3bn
Infrastructure	7	$66.4bn
ETPs	163	$30.7bn
mFunds	166	$0.39bn
TOTAL	**483**	**260.6bn**

Wilson Asset Management - $2,625m (21%)

OUTPERFORMED ASX 200 ACCUM INDEX
OVER 1 YEAR: **NIL**
OVER 3 YEARS: 6

	#	Mkt cap	Av. size
Aust – general Ext Mgd	21	$4,365m	$208m
Aust – general Int Mgd	13	$20,741m	$1595m
Aust – smaller cap	16	$1,565m	$98m
Aust – "strategy"	16	$1,200m	$75m
Global	19	$3,588m	$189m
Asia & EM	6	$1,054m	$176m
Global Strategy	7	$846m	$121m
TOTAL	**98**	**$33,359m**	**$340m**
Externally Managed	*85*	*$12,618m*	*$148m*
Internally Managed	*13*	*$20,741m*	*$1595m*

* source: ASX LMI stats at 31 August 2017

EQUITY LMI ENVIRONMENT OBSERVATIONS

AN INTERNALLY MANAGED GLOBAL LONG/SHORT LIC IS UNIQUE

PRODUCT PROBLEMS

- Why would you buy an EXTERNALLY managed Australian “general” equity fund?
- Smaller cap funds have hefty performance fees
- Limited number of global type funds
- All of the internally managed funds are generally old or run by an entrepreneur (eg. Mercantile Invs)
- Only 2-3 internally managed funds outside of “vanilla” Australian equities
- Very few companies do any amount of hedging or shorting or run “market neutral” strategy
- Limited <u>real</u> use of permanent capital

STRUCTURE PROBLEMS

- Large scale start up costs born by investors – until recently (VGI, Magellan)
- Management contract worth ~9% of fund to manager
- Excessive bias to manager
- Little real “hurt” money in many LIC’s – just a business risk
- Lack of common sense regarding options
- Fund managers often run LIC like a fund – not a company – capital flexibility
- Questionable board independence to agitate
- Excessive focus on short term (weekly NAV?)

INTERNAL VERSUS EXTERNAL MANAGEMENT

INTERNAL	**EXTERNAL**
No AFSL required	AFSL required
Choice of custodian or not	REQUIRE Custodian (AFSL $ capital prohibitive)
Internal accounting	Generally EXTERNAL accounting
Fixed costs (+ any bonus variable)	Management fee percentage + fixed costs
Directors fees Internal infrastructure Registry + Listing fees	Directors fees Custody = % of assets (~6bp ish with fixed minimum) Accounting = fixed ~$80k per annum Registry + Listing fees + small other Smaller $20-$40m fund = 2.4% MER (inc mgt fee) Manager earns 1% + performance
MASSIVE ADVANTAGE WITH SIZE	PROFITABLE FOR MANAGER AT SIZE (marginal revenue)

WHERE DO WE FIT?

- Internally managed
- Building investment COMPANY not investment BUSINESS (for others)
- Management have real hurt money at risk – not a free business option
- Using the permanent capital – synthetic and financial leverage
- Strict value based discipline – can afford to "wait it out"
- **Happy to accept illiquidity for extreme value**
- Capacity to short manias & extreme valuations
- Executive Director: 37 years multi-disciplinary investment experience
- **A UNIQUE LISTED INVESTMENT COMPANY**

WHY MIGHT A COMPANY BE UNDERPRICED?

- Family controlled
- Complex
- Moving parts
- Differing streams of value – earnings, investments, loss-making future plays
- Exposure to "out of favour" markets
- Multi-industry (conglomerate)
- Entrepreneurial, controversial
- Too hard, small or illiquid to analyse and cover

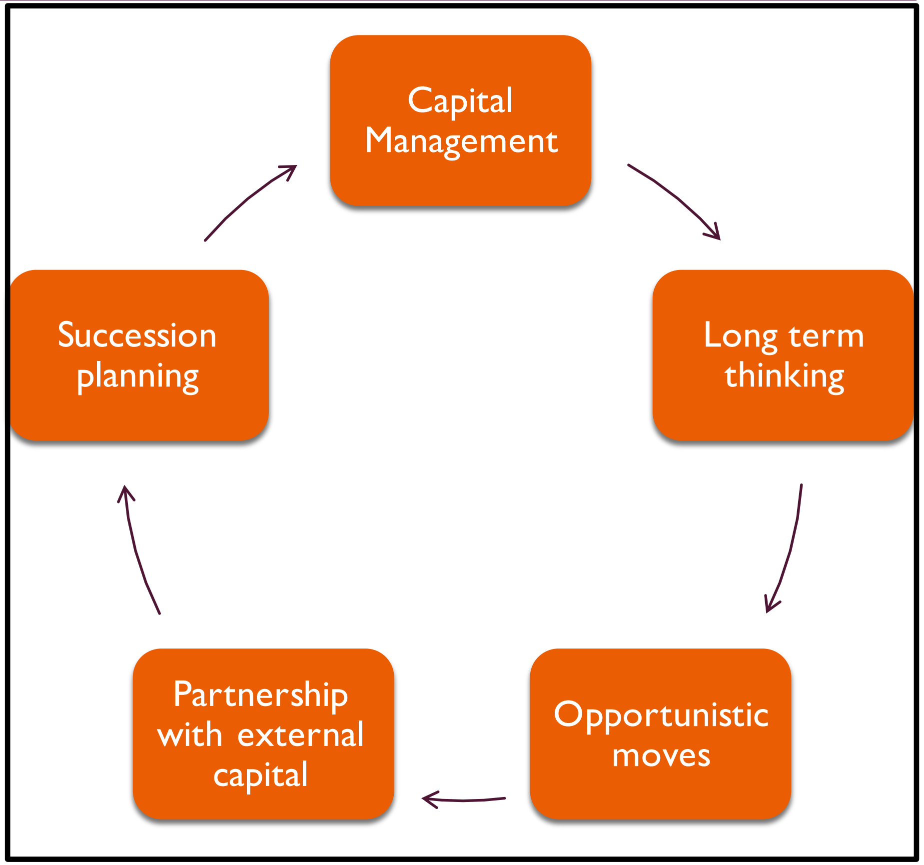
NOT FRIGHTENED OF FAMILY OWNERSHIP

39% average return in 12 months to end August

LOC	31/8/16	31/8/17	%
Fiat Chrysler	6.88	15.13	+119
ASTM SpA	10.26	21.17	+95
Dell Inc	**44.68**	**74.93**	**+68**
Wilhelmsen	**155.00**	**243.50**	**+57**
EXOR	**36.85**	**53.90**	**+46**
Maersk	**9975**	**12880**	**+29**
Vealls	**9.50**	**11.50**	**+21**
MSG	180.65	212.51	+18
Fin de l'Odet	**773**	**865**	**+12**
Hansa Trust	**8.47**	**9.45**	**+12**
Treasure	**16.70**	**16.00**	**-4**
News Corp	**14.43**	**13.70**	**-5**

E72 has not held all of these securities over a one year time frame and the returns between 31/8/16 and 31/8/17 do NOT represent the returns from these securities to E72.

- Held 12 family controlled stocks in past year – still hold 9 (bold type)
- MOST satisfied these criteria & ALL traded at >30%+ discounts to realistic valuation
- MOST have done corporate transactions or repatriated capital



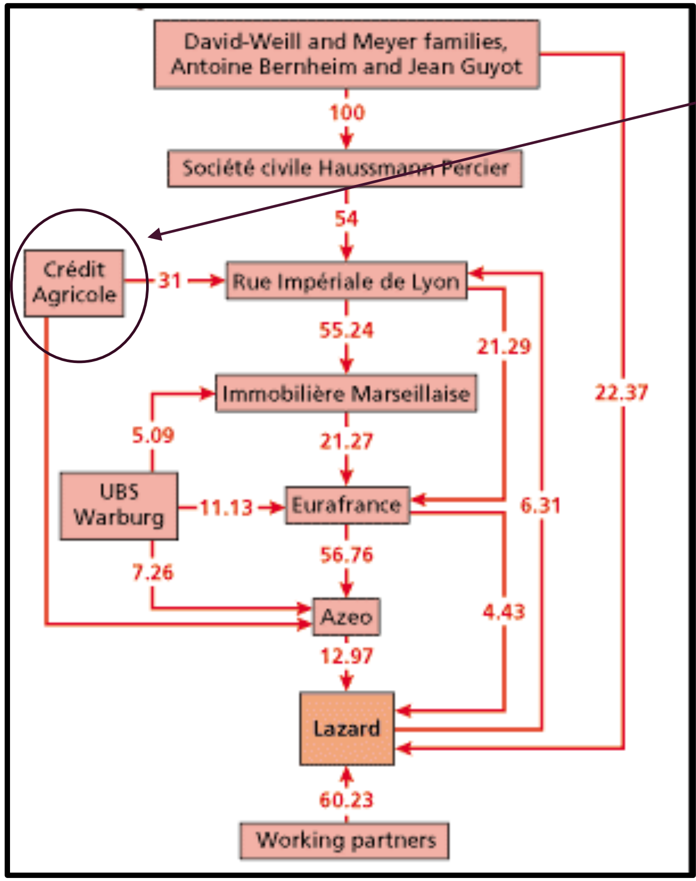
BOLLORE & FINANCIERE DE L'ODET

- ❑ Family controlled
- ❑ Complex
- ❑ Moving parts
- ❑ Differing streams of value
- ❑ Exposure to "out of favour" markets
- ❑ Multi-industry (conglomerate)
- ❑ Entrepreneurial, controversial
- ❑ Too hard to analyse and cover

- ✓ Vincent Bollore
- ✓ "Breton Pulleys"
- ✓ €2.3bn deal 3 days > last accounts
- ✓ Investments, whole businesses
- ✓ African ports & logistics, oil, media

- ✓ Logistics, communications, storage
- ✓ See the history
- ✓ 7 sell side analysts only

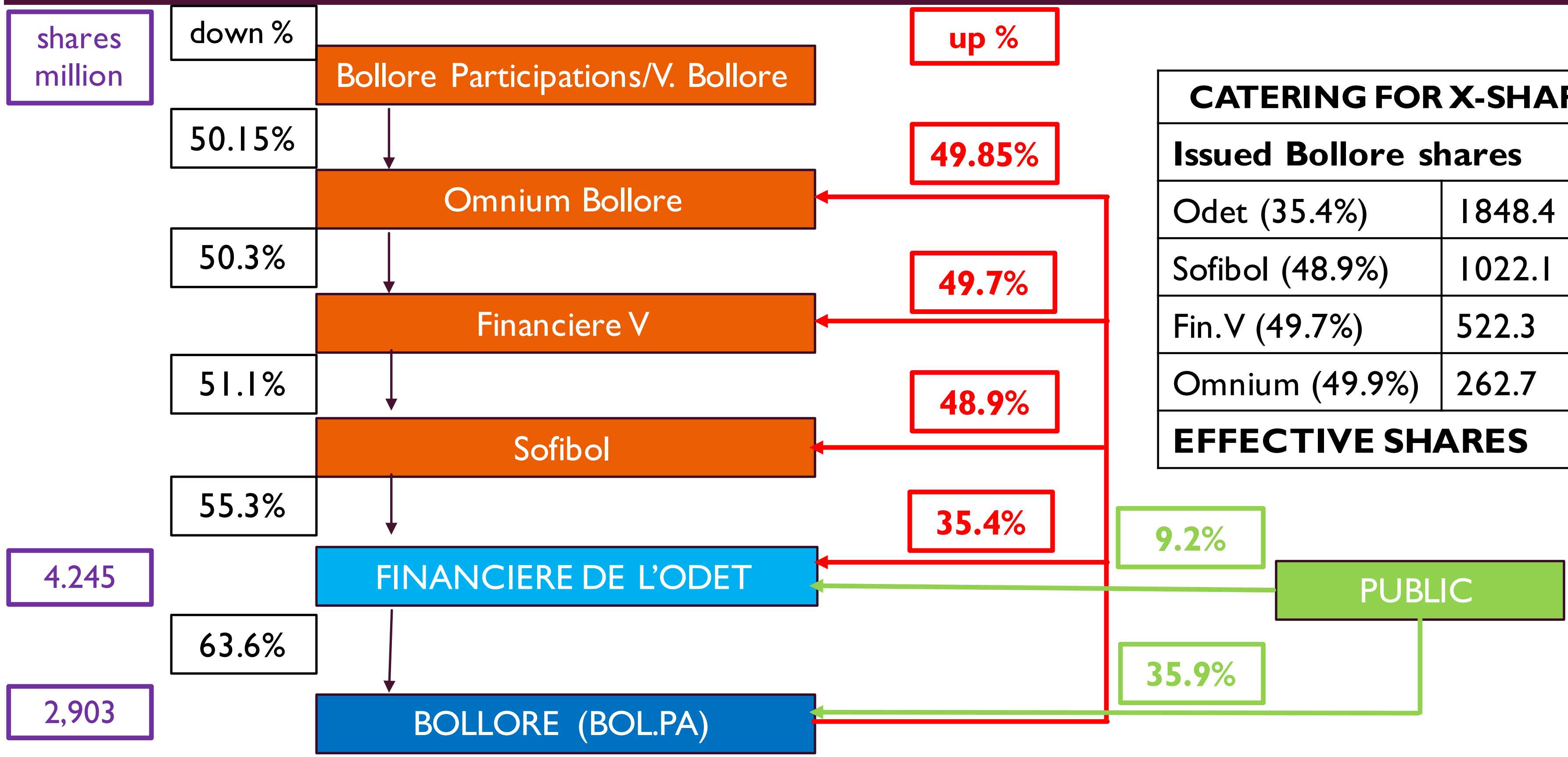
VINCENT BOLLORE'S FAMILY COMPANY



One of the great corporate raids of late 90's/early 2000's – acquisition of 31% of Rue Imperiale to squeeze the controllers of Lazard – then a private "company". Bollare stake acquired by Credit Agricole (Nov 2000)

- Founded in 1822 as a papeterie (thin papers)
- Family owned until struggling and sold to Edmond de Rothschild
- Reacquired still struggling company in 1980 for Ffr1
- Turnaround in 1980's
- 1988-1996: gradual acquisition of Rivaud Group at distressed prices – assisted in partly bequeathing complex structure of self-ownership
- 1997 – 2000: massively profitable corporate raids on Bouygues ($250m profit in a year), Pathe ($150m in 3 months) and Rue Imperial de Lyon (c€300m from March 1999 – Nov 2000)
- 2004 acquires 22% of Havas (increases to 82% in 2015 then decreases to 60%)
- 2015 commences acquisition of stake in Vivendi – moves over 22% in 2017; sells Havas stake to Vivendi in July 2017

"BRETON PULLEYS" CREATED BY ANTOINE BERNHEIM



CATERING FOR X-SHAREHOLDING		
Issued Bollore shares		**2,903**
Odet (35.4%)	1848.4	(654)
Sofibol (48.9%)	1022.1	(500)
Fin.V (49.7%)	522.3	(260)
Omnium (49.9%)	262.7	(131)
EFFECTIVE SHARES		**1,346**

BOLLORE OPERATING STRUCTURE (EXCLUDING SELF OWNERSHIP)

Bollore

ELECTRICITY STORAGE & SOLUTIONS

- Blue Solutions
- Blue Applications (terminals)
- Plastic films

LOGISTICS/PORTS/ & ENERGY DISTRIBUTION

- Global logistics
- African port ownership/concessions
- French energy distribution

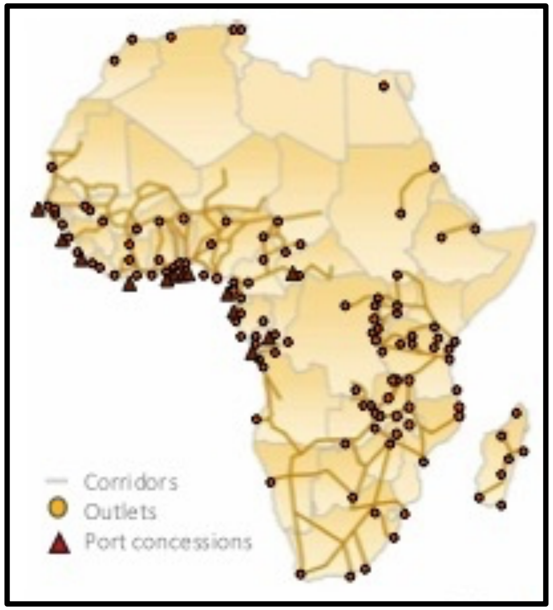
LISTED PORTFOLIO

- Socfin "group" (9-39%)
- Mediobanca (8%)
- Vivendi (21% - consolidated)

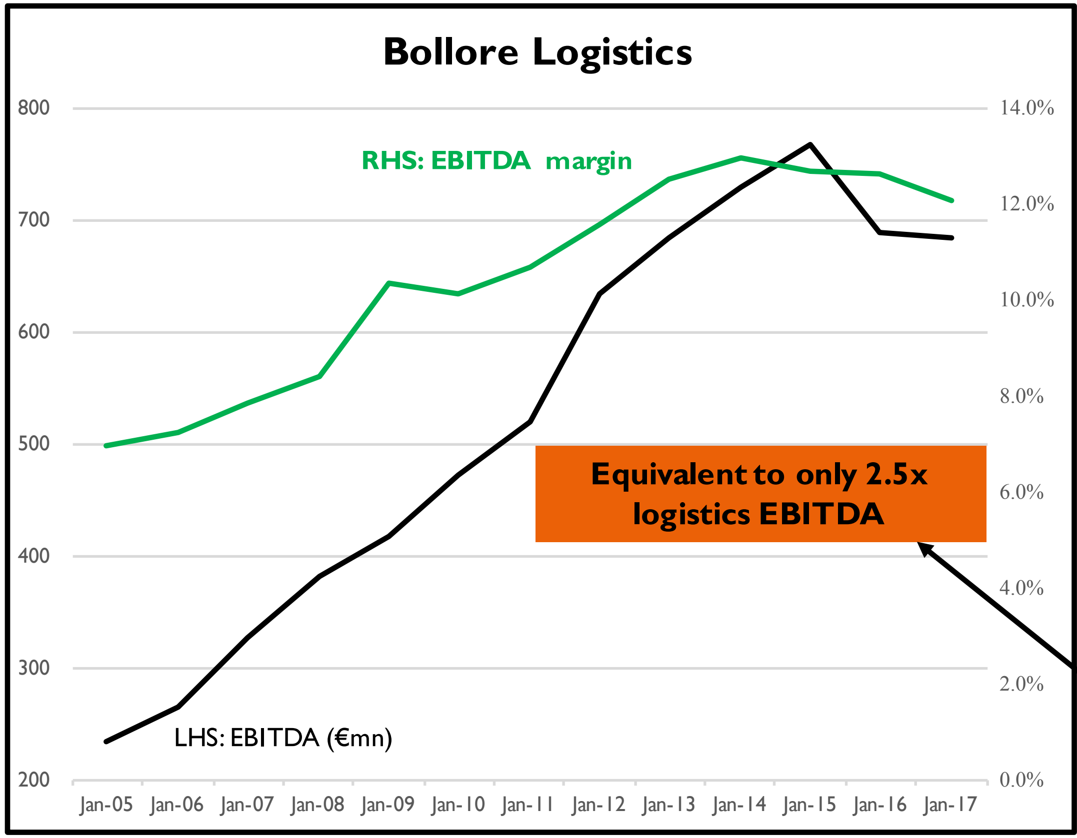
Powerhouse ~€680m EBITDA pa (€300m capex)

Loss making ~€150m pa

Underearning ~ €25m pa



DISSECTING BOLLORE



€m - pre tax imposts	*Pro-forma*
Shares (excluding self ownership)	1,346
price	€4.25
Equity capitalisation	5,720
Net debt[a]	2,520
ENTERPRISE VALUE	8,240
Mediobanca (69.7m x €8.97)	(625)
Socfin/Socfinasia/Socfinaf[b]	(258)
Other investments	(136)
265.8m Vivendi @ €20.75	(5,515)
ENTERPRISE VALUE of OPS	**1,706**

a: deconsolidates Vivendi; b: all Luxembourg Stock Exchange listed

FINANCIERE DE L'ODET: 47% DISCOUNT TO PRE TAX MARKET VALUE

Pre tax imposts	*€m*
Bollore investments – prior slide	1,019
265.8m Vivendi @ €20.75	5,515
7.1x EBITDA logistics[a]	4,864
5x EBITDA energy (av 4 years of $50m)	250
Loss making storage	-
Net debt	(2,520)
ROUGH OUT BOLLORE VALUE	**9,128** **= €6.78/share**

a: Same multiple as Wilson Sons – Sao Paulo listed and controlled by Ocean Wilsons – this is HALF comparable other groups

	€mn
1848m Bollore shares @ €4.25	7,854
Deconsolidated net debt	(262)
PRE TAX VALUE ODET.PA	7,592
PER SHARE (4.245m)	**€1,788**
Share price discount (€939)	**47%**
Discount to rough BOL.PA value	**67%**

@ €939, ODET values BOL.PA	€2.30

Reverse engineer:

We are being paid €877m to own logistics, energy etc after ascribing value to the investments!

ASSOCIATED CAPITAL GROUP (NYSE:AC)

- Spin-out from GAMCO Investors (NYSE: GBL) – Nov 2015
- Still controlled by Mario Gabelli via dual class system
- Trades at discount to tangible book value
- Double discount with catalysts
- Exposure to out of favour value style

4.7m "A" shares
19.2m "B" shares (10x votes)
23.9m total @ $34.85 = $833m

PRIVATE MARKET VALUE WITH CATALYST™ (UNDER THE NOSE)

~$30 of fall due to AC spin off

- Gabelli style (PMV with Catalyst™) totally out of favour
- Head stock (GBL: NYSE) has $41b of fum, mainly equities
- Includes 14 NYSE & 2 LSE closed end funds
- GBL controlled by Mario Gabelli via dual class system
- GBL EV of $1bn ~ 2.4% of fum
- Forward P/E of 10.1x consensus estimates

- Contains institutional research (G Securities) and alternative asset management business (Gabelli & Partners)
- 15% shareholding in GBL
- Cash
- PIK Note
- Investments in GBL managed closed & open ended funds

16% DISCOUNT TO NTA PROVIDES THREE PRONGED FREE OPTION!

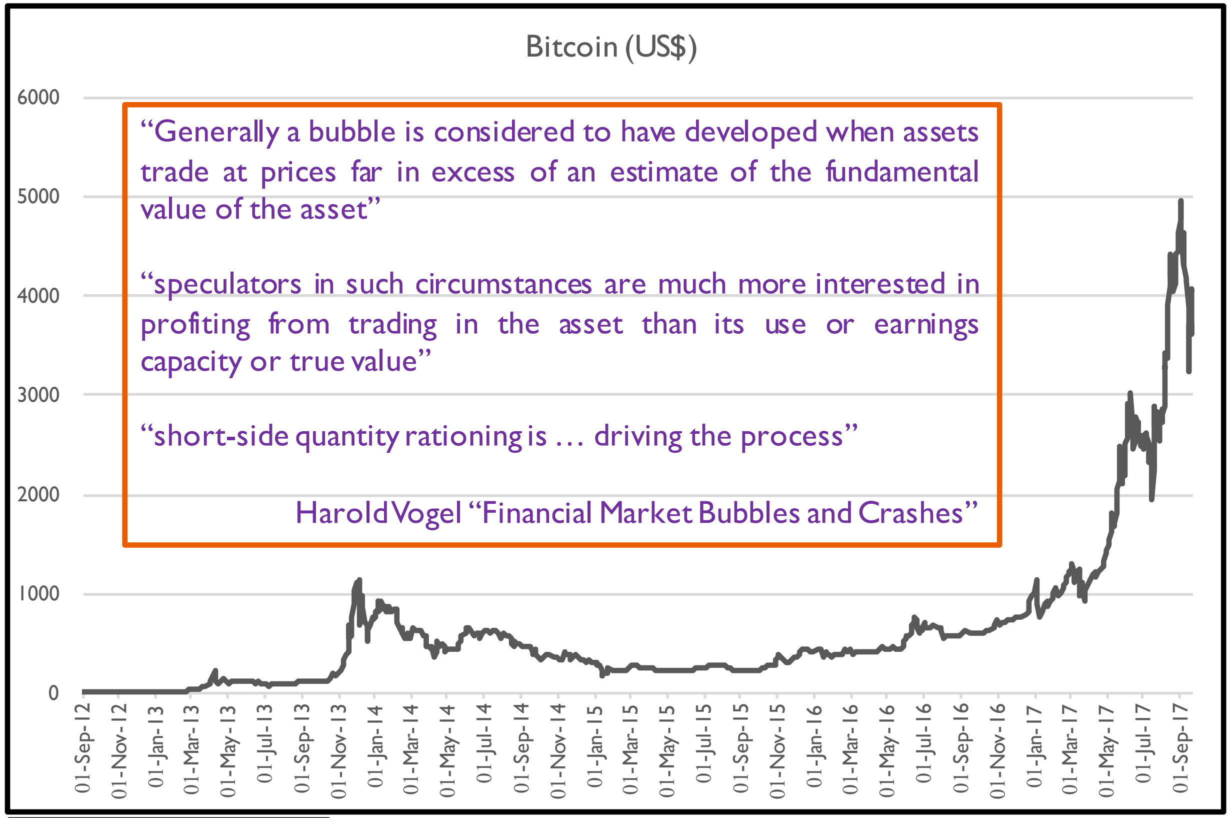
US$m	*Pro-forma 30 Jun 17*
cash	258
6.2m GMP (LSE)	62
4.393m GBL (NYSE)	128
stocks	94
partnerships	130
bonds	80
GBL closed end funds	141
PIK note	80
Net working capital	(12)
TOTAL	961
per share	**$40.24**

- Alternative asset business fum up to $1.4billion
- Event merger arbitrage ($1.2bn) & Event driven value ($200m)
- Not profitable at current levels
- New PE business to be seeded with $150m later in 2017

- 19.2m "B" shares virtually all owned by Mario Gabelli
- 3 holders (Horizon Kinetic, BlackRock, Vanguard) own 1.9m "A" shares
- "A" share free float: 2.8m shares
- AC bought back ~25% of A shares since spin–off at 16% BV discount
- On 3/8/17 AC sanctioned 1m share buy back
- Flagged potential Dutch Auction

- **POTENTIAL UPLIFT/REBOUND IN VALUE STYLE**
- **REDEPLOYMENT OF CAPITAL INTO BUSINESS**
- **CONTINUED BUY-BACKS AT DISCOUNT to NTA**

BITCOIN: THE BIGGEST PERCENTAGE SPEC BUBBLE IN HISTORY



Source: coindesk.com

Bitcoin price at 31 Aug 17 ($4765) + bitcoin cash ($599) = $5364

	price	% CAGR
31 Aug 16	$572.33	837%
31 Aug 15	$230.02	383%
31 Aug 14	$478.07	124%
31 Aug 12	$10.16	250%

SYMPTOMATIC OF THE TIMES

- EASY AND LAZY MONEY (ETF?)
- UNREGULATED ABANDON
- VESTED INTERESTS (GREED)
- MISINFORMATION

THE BEST BULL CASE: MARC ANDREESSEN † – 21 JANUARY 2014

Bull case in 2014	What now – my opinion
Price: $874	Price: ~ $3,700
20 years of cryptocurrency & 40years of cryptographic research	Agree
No fees	Not the case – most markets charge 1%+
Bitcoin price = f (volume & velocity + future use of system)	Volume has increased from 2014 but is not growing at the rate expected
Pseudonymous not anonymous	Yes – but how do regulators entrap proceeds of crime?
Network effect is very strong	Yes – with caveats
Micropayment capability	Now did I owe 0.000001 or 0.0000001?? plus BTC is a "reverse Robin Hood"
Digital safe transfer	Disagree – Mt Gox & many other hacks. Major benefit to "those in the know"

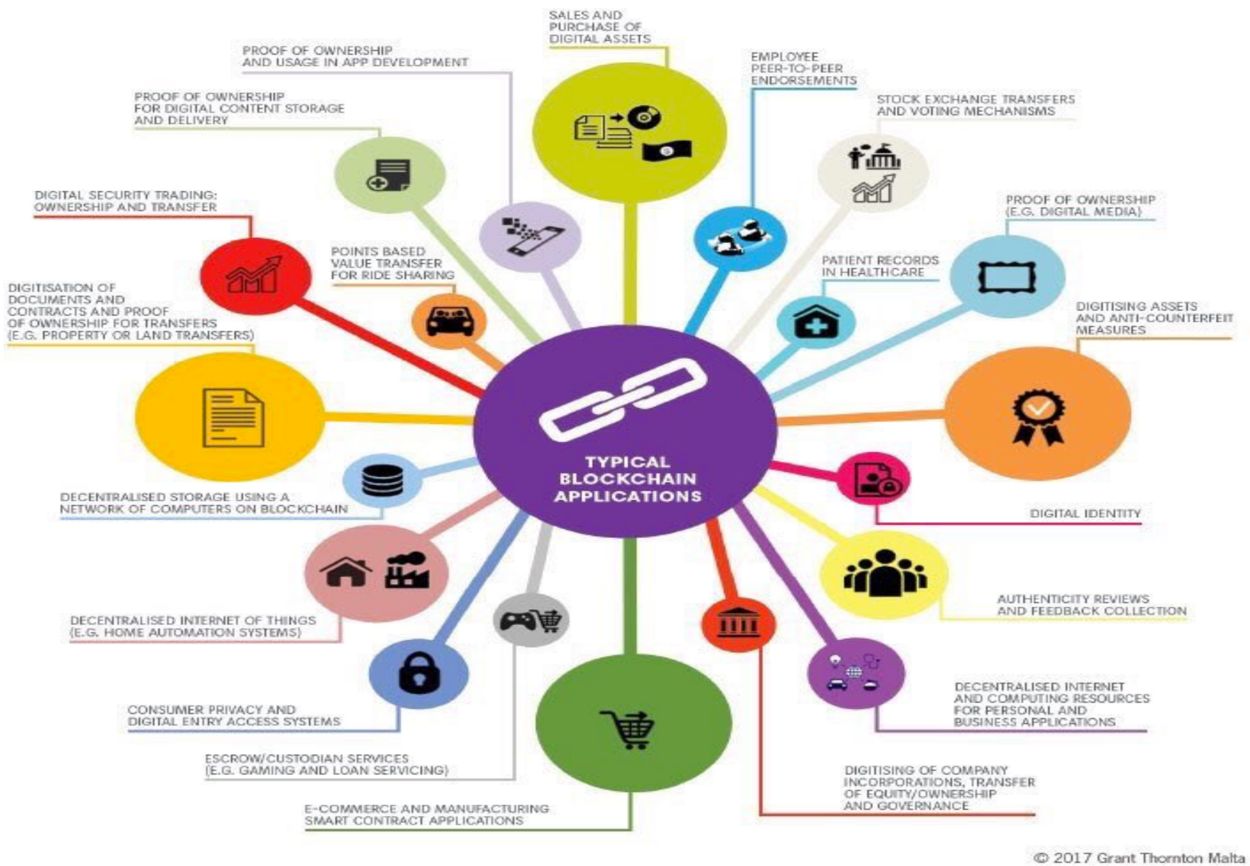
† Op-Ed New York Times 21 January 2014. Marc Andreessen was the co-founder of Netscape, is a FB Director (amongst other companies) and a co-founder of the VC firm Andreessen Horowitz.

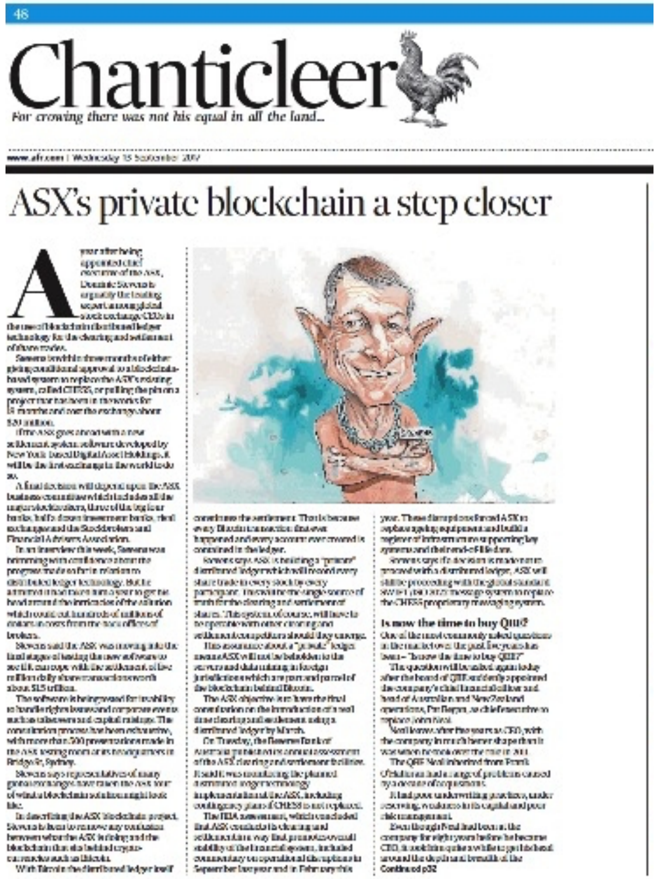
THE BEAR CASE FROM HERE: SIX KEY ISSUES

1. Bitcoin is <u>not</u> a profit based exposure to distributed ledger technology (about which we are very bullish!)
2. Bitcoin payments are impractical and have no charge back capability – volumes not exploding
3. Coins remain subject to security issues
4. Bitcoin and coins are <u>not</u> supply constrained – solve a problem we don't have
5. Bitcoin is effectively a "corner" by high IQ/IT proponents
6. Significant regulatory risk to solve the dark alley issue

At 22 September 2017, E72 holds a short position in bitcoin and bitcoin cash equivalent to 1.2% of gross exposure and ~4% of pre tax pro-forma merged equity.

THE BULL CASE FOR DLT IS NOT A BULL CASE FOR BTC

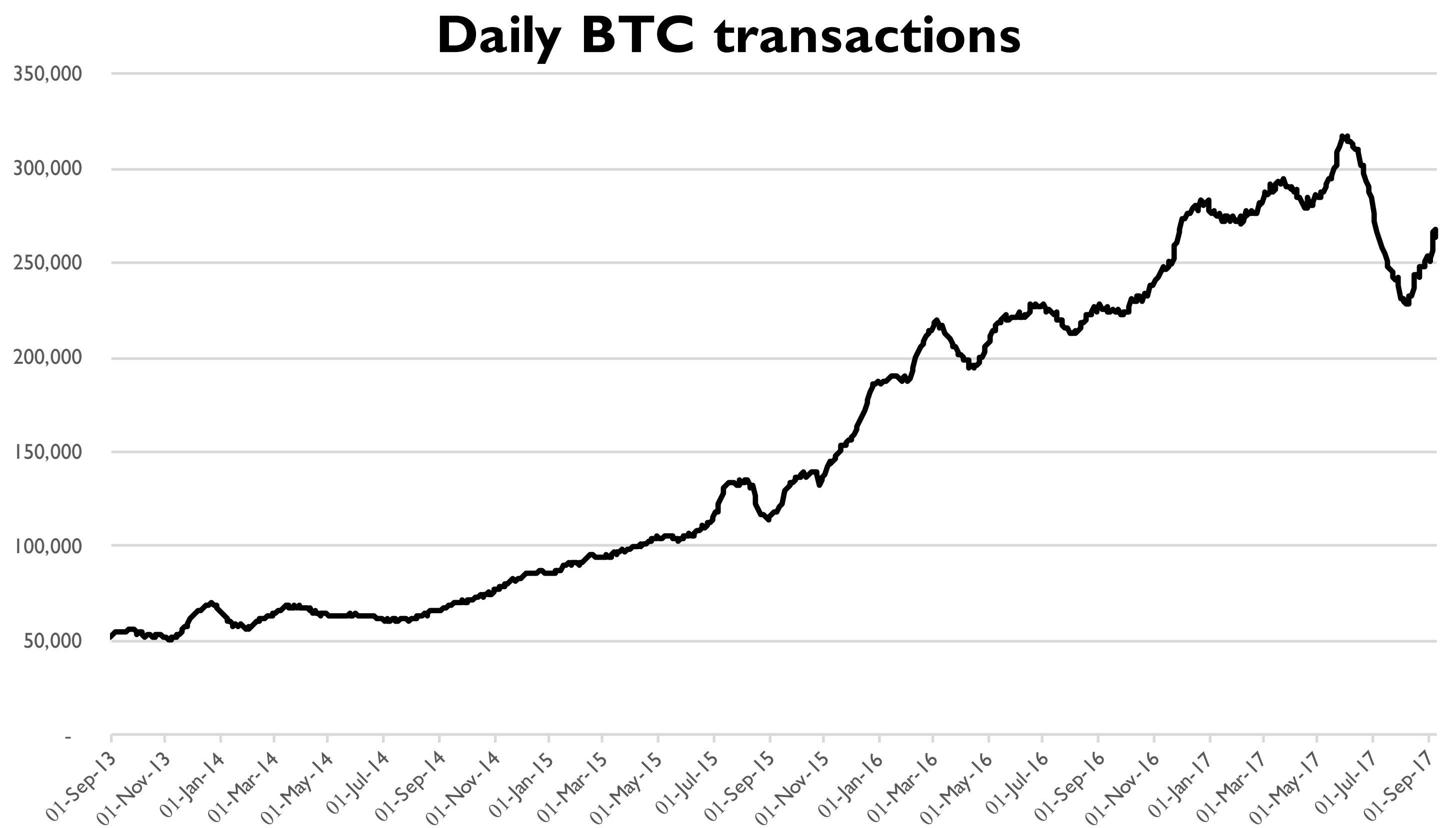



Chanticleer

For crowing there was not his equal in all the land..

ASX's private blockchain a step closer

BITCOIN TRANSACTIONS ARE NOT EXPLODING



- Unlike credit card cannot undo a BTC or coin payment
- Current 20DMA transactions ~ 265,000 per day
- ~ 17% growth year over year
- 20DMA has subsided from early 2017
- Not the type of explosive growth the bull case would suggest

source: blockchain.info & E72 at 10/9/17

BITCOIN/ETH CAN'T BE HACKED. REALLY?

January 2014	Mt. Gox	850,000 BTC stolen	Compromise/insiders
August 2016	Bitfinex	~120,000 BTC stolen	User wallets stolen from exchange
March 2012	Linode	~46,700 BTC stolen	Compromise of wallets
January 2015	Bitstamp	~19,000 BTC stolen	Compromise of wallets
January 2016	Bitstamp	~18,900 BTC stolen	Compromise of wallets
April 2017	Yapizon	3,816 BTC stolen	Alleged hacking by DPRK
July 2017	Bithumb	? (30,000 details)	Alleged hacking by DPRK

June 2016	Etherium DAO	3.6m ETH drained	Program bugs leads to ETH hard fork
July 2016	CoinDash	$7.5m ICO stolen	hacker
July 2016	Wallet.sol	~$31m stolen	Coding error = compromise of wallets
July 2017	Veritaseum	$8.4m ETH tokens	hacker

NO COIN CONSTRAINTS & HARD FORKS

- 1107 "live" coins: 12 market cap > $1billion; 56 market cap > $100m
- Live coin market capitalisation: ~ $150billion
- 601 previously created but now "deadcoins"
- No regulation (except China) & no participation in profits

- Alleged BTC constraint of 21million by ~2040 completely disingenuous
- Quantum computing may see earlier mining
- August 2017 hard fork created 21m new bitcoin cash (current price ~$9.3billion) out of fresh air
- What is to prevent a further "hard fork"? (Probably another in November 2017)
- There is no effective constraint on BTC supply (& certainly not ETH & coin supply)

BITCOIN IS A “CORNER” BY HIGH IQ/IT PROPONENTS

Balance	Addresses	% Addresses	Coins	% Coins
0 - 0.001	11,585,896	59.4%	2,138	0.0%
0.001 - 0.01	3,384,927	17.3%	13,010	0.1%
0.01 - 0.1	2,681,362	13.7%	84,396	0.5%
0.1 - 1	1,247,475	6.4%	405,171	2.4%
1 - 10	467,274	2.4%	1,284,944	7.8%
10 - 100	130,244	0.7%	4,343,234	26.3%
100 - 1,000	16,633	0.1%	3,883,158	23.5%
1,000 - 10,000	1,625	0.0%	3,513,766	21.2%
10,000 - 100,000	119	0.0%	2,888,407	17.5%
100,000 +	1	0.0%	125,094	0.8%
TOTAL	**19,515,556**		**16,543,318**	

Source: bitinfocharts as at 1 September 2017

- Bitcoin is not operating as a payment system – it is operating as a hoarding mechanism by high IQ/IT savvy proponents
- ~ 150,000 wallets (0.8%) own 90% of bitcoins
- ~ 20% ($13billion) owned by 120 wallets
- “short side rationing is driving the process” of robbing from the poor to give to the rich

REGULATORY RISK: EMBRACE OR BAN – A QUESTION EITHER WAY

ALLOW REGULATED DERIVATIVE MARKETS	BAN OR REGULATE AWAY
CREATION OF LIQUID BTC (& COIN) INVESTMENT VEHICLES	ICO'S ALREADY RESTRICTED IN CHINA
NON CORRELATING ASSET ARGUMENT	DISRUPTIVE IMPACT ON MARKETS ESPECIALLY THE FUNDING COIN - ETHERIUM
EVEN COMMODITY INVESTMENT NOT MAINSTREAM & NO INTRINSIC VALUE	AML/CTF A HUGE ISSUE – BTC & COINS PROPOGATE THIS : CHINA RESTRICTING
PROPONENTS (eg BITCOIN INVESTMENT TRUST) ARE THE HOLDERS	COINS ARE CREATED BY DLT – THEY ARE NOT THE PURPOSE OF DLT
JUST A MEANS TO OFFLOAD?	GET OUT BEFORE REGULATION HITS?

PERFORMANCE[1] TO 22/9/17 (SEE PERFORMANCE DISCLAIMER SLIDE FOR REFERENCE NUMBERS)

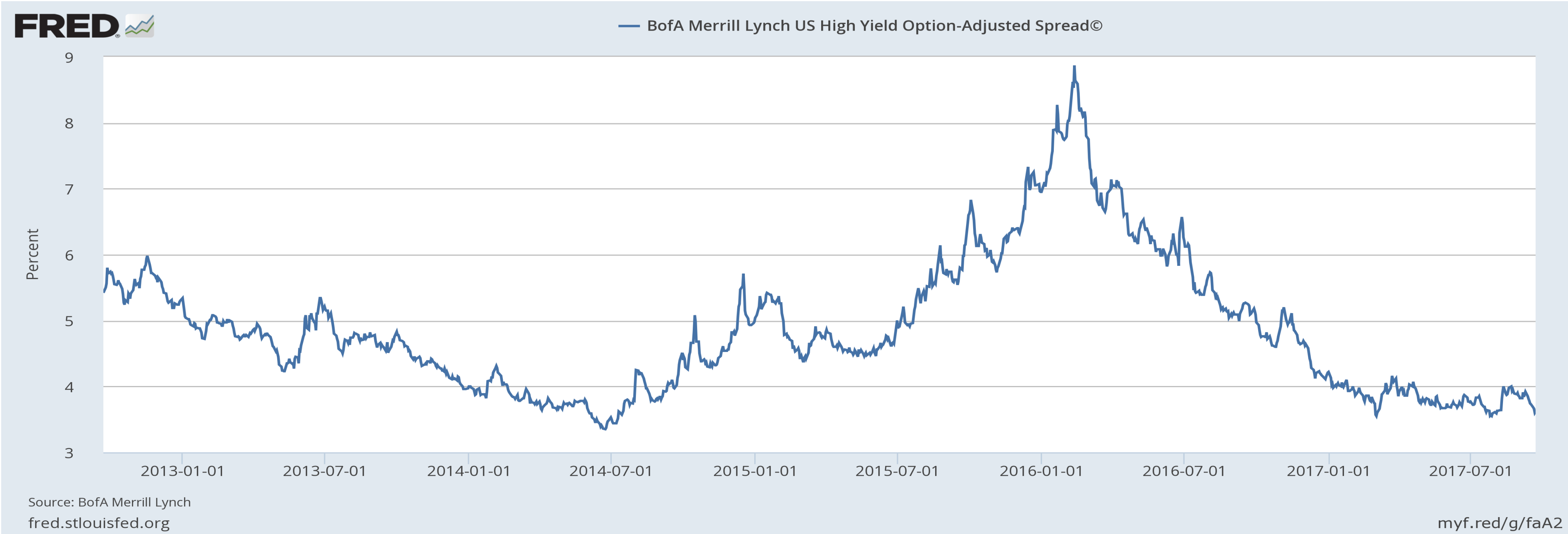
	GROSS RETURN[2]	Cost Impost[3]	NET RETURN[4]	NTA/share (c)	NET EXPOSURE[5]	GROSS EXPOSURE[6]
Q1 FY17	20.3%	(2.5%)	17.5%	27.0	142%	359%
Q2 FY 17	20.0%	(3.0%)	16.9%	33.0	74%	439%
Q3 FY 17	7.0%	(1.2%)	5.7%	35.2	1%	171%
Q4 FY 17	1.6%	(0.7%)	0.9%	35.5	-6%	276%
Q1 FY 18 TD	**0.86%**	**(1.44%)**	**(0.58%)**	**35.3**	**-31%**	**283%**
Q1 FY18PF					**-27%**	**347%**

	S&P500	S&P/ASX200		S&P500	S&P/ASX200	Move: 2016 low
11 Feb 2016	1829	4765	30 Jun 2017	2423	5722	
30 Jun 2016	2099	5233	31 Mar 2017	2363	5865	+37%
30 Sep 2016	2168	5471	30 Jun 2017	2423	5722	+19%
31 Dec 2016	2239	5666	NOW	2502	5682	

PERFORMANCE DESCRIPTION & DISCLAIMER

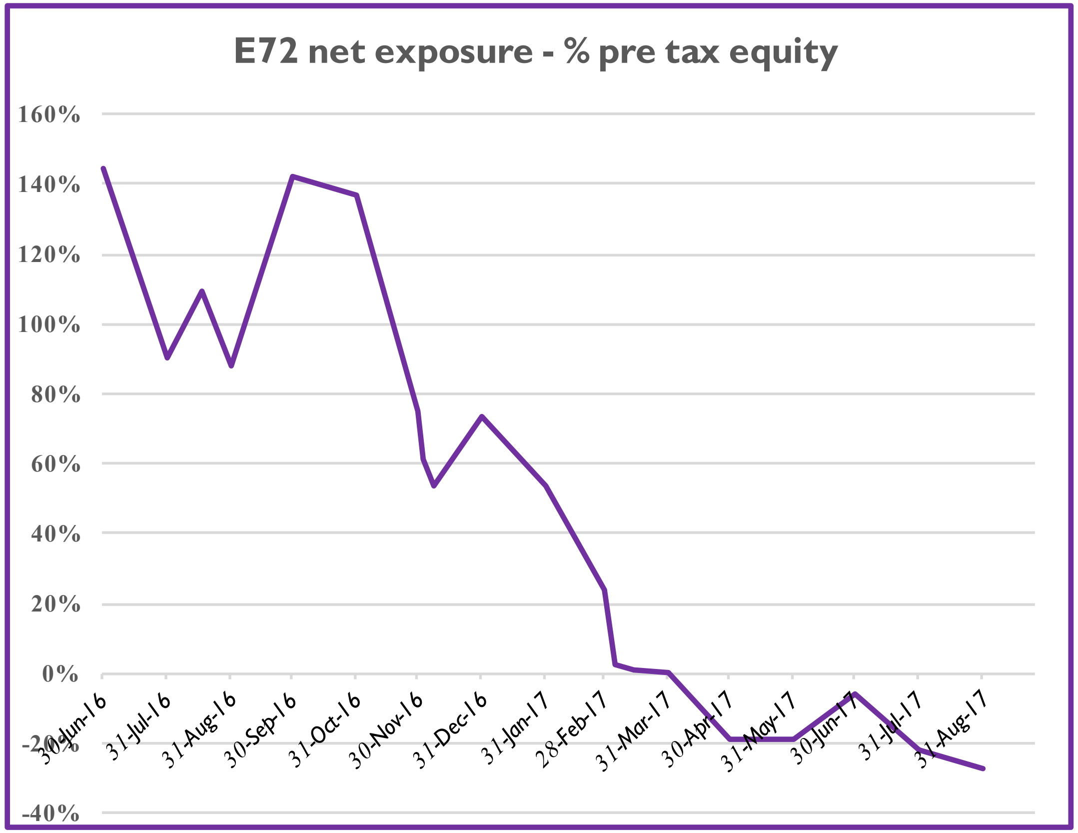
1. East 72 Holdings Limited (E72) provides monthly unaudited updates on its company performance and exposure supplemented by a more substantial quarterly note. Readers are referred to 2-6 (below) explaining the derivation of the numbers. All returns are pre-tax unless stated otherwise. At the current level of net assets, cost imposition (excluding corporate action cost) is estimated at 0.25% 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

VERY CONSERVATIVE POSITIONING: NO PRICE FOR RISK



Low nominal rates + low credit spreads + high forward valuation metrics + ETF boom + bitcoin + "invincible tech companies" + tightening liquidity + increasing regulation = MORE (UNPRICED) RISK

PORTFOLIO CONSTRUCT AT 22 SEPTEMBER 2017 (% OF EQUITY)



AUST	LONG	36	81.5%
	SHORT	12	(17.1%)
	INDEX/OTHER	1	(62.0%)
	TOTAL		**2.4%**
OSEA	LONG	34	78.1%
	SHORT	12	(27.4%)
	INDEX/OTHER	7	(80.2%)
	TOTAL		**(29.5%)**
COMB	LONG	70	159.6%
	SHORT	24	(44.5%)
	INDEX/OTHER	8	(142.2%)
	TOTAL		**(27.1%)**

LARGEST E72 & STILETTO MERGED PROFORMA PORTFOLIO EXPOSURES

(AS AT 22 SEPTEMBER 2017; % OF GROSS EXPOSURE)

Vealls Limited	1.73%	Virtu Financial	0.96%
Australian Rural Capital	1.49%	Webster Limited	0.95%
Westgold Resources	1.40%	Associated Capital Group	0.93%
EXOR SpA	1.36%	Ellerston Asia	0.93%
PM Capital Global Opp.Fund	1.28%	Bank of the Ozarks	-0.70%
Financiere de L'Odet	1.20%	Perpetual Limited	-0.94%
Namoi Cotton Cooperative	1.10%	IStoxx IBoxx HiYield ETF	-0.97%
McGrath Holdings	1.10%	Corporate Travel M'ment	-1.00%
America Express	1.09%	Tesla	-1.00%
Credit Suisse Group	1.08%	bitcoin	-1.10%
Prime Financial Group	1.08%	Apple	-1.12%
AerCap Holdings	0.97%	Caterpillar	-1.44%

WHERE TO FROM HERE?

- Equities are generally expensive
- Risk love is everywhere – need to be wary
- Clear capacity to benefit from a correction – don't know when it will be
- Continue to do what we have done – unique listed company
- Grow capital base appropriately – ensure cost impost reasonable
- Utilise franking credit asset – >$370k = 5.8c per share dividend capacity after SIPL tax payments; decision after interim FY18 results
- Maintain capital discipline

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