



360 Capital

TOTAL RETURN FUND



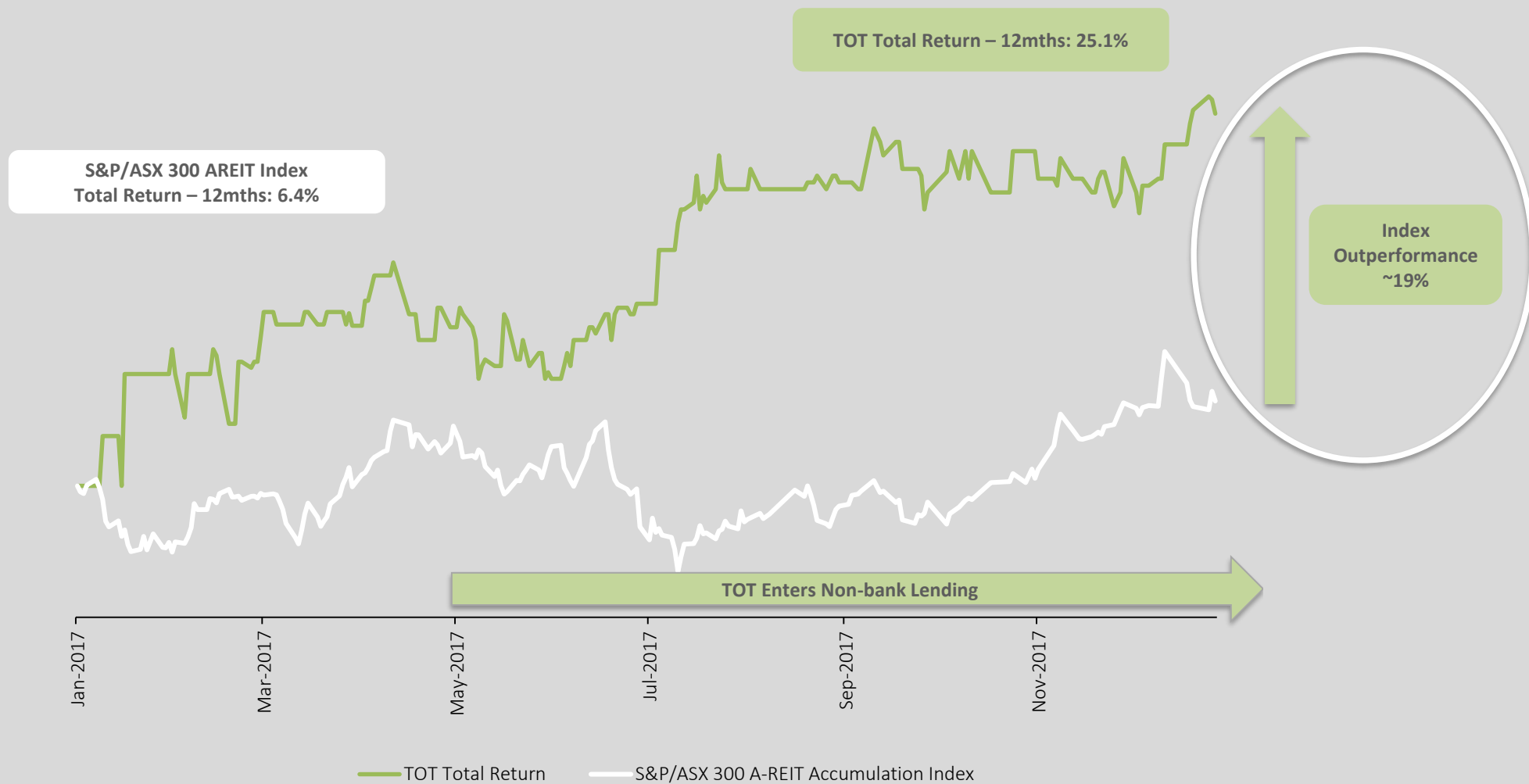
2018 HALF YEAR RESULTS PRESENTATION

TOTAL RETURN FUND ASX: TOT

The stapled fund comprising 360 Capital Total Return Passive Fund (ARSN 602 304 432) and 360 Capital Total Return Active Fund (ARSN 602 303 613)

28 FEBRUARY 2018

Market Recognising TOT's Business Model



\$0.67m

Statutory Profit

\$4.17m

Operating Profit

25.1%

12 Month Total
Securityholder
Return

\$72.7m

Cash Available

1.0 cps

Statutory Profit

6.3 cps

Operating Earnings
(including
distributable gain)¹

4.5cps

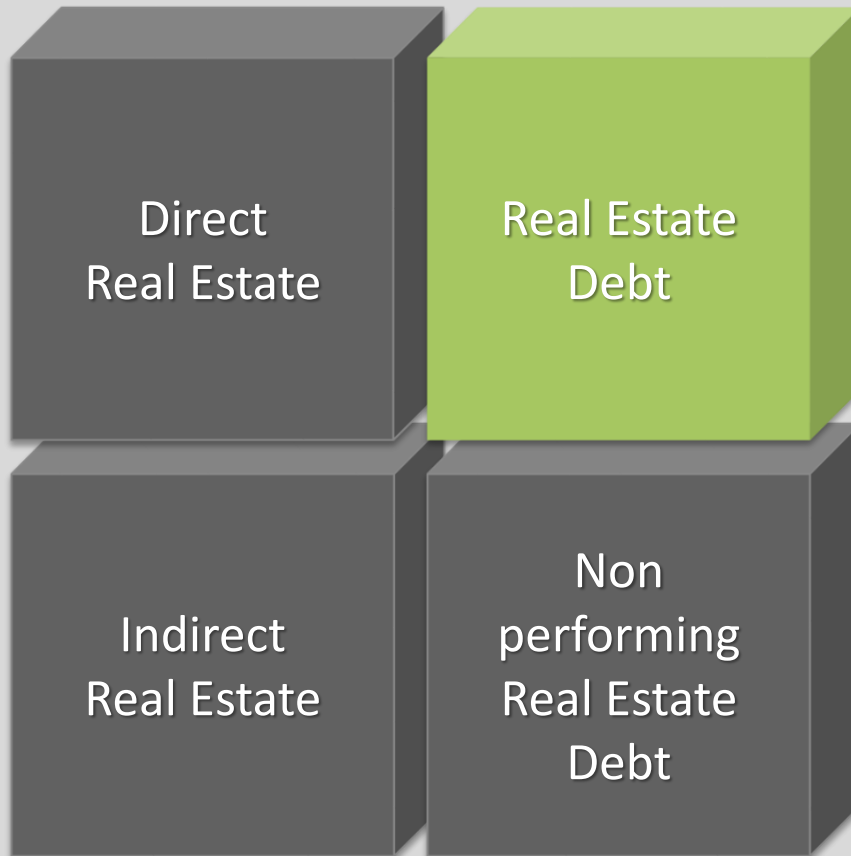
Distributions

\$79.4m

Market
Capitalisation²

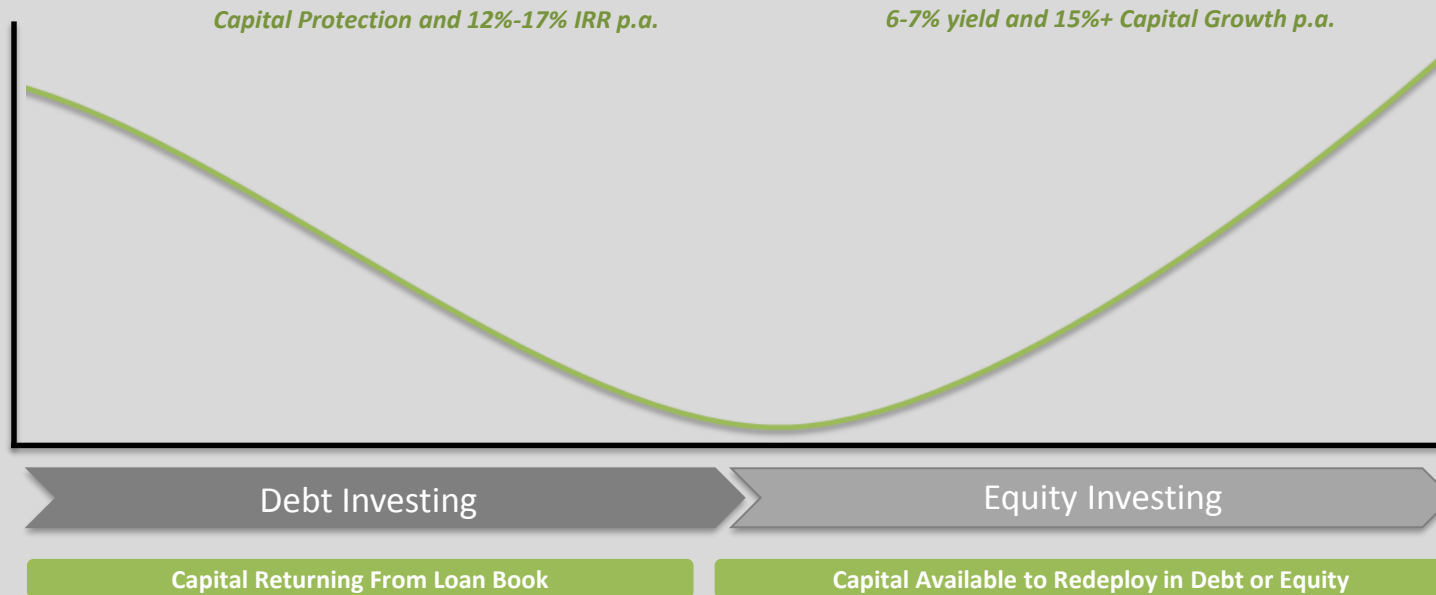
1. Distributable gain represents the amount available for distribution from the realised gain on disposal of the fund's IDR Investment
2. Based on the 29 December 2017 closing price of \$1.205 per security

Broad and Flexible Mandate Across the Capital Stack



Why debt?

- Late stages of real estate cycle
- Focus on capital preservation, step-out of first loss position
- Changes in prudential regulation have further created non-bank lending opportunities
- Secured loans with higher risk-adjusted returns than equity

Self liquidating debt investments provide flexibility if market conditions change


Loan 1	15 months / Target IRR 12-15% p.a.	\$9.3m
Loan 2	18 Months / Target IRR 12-15% p.a.	\$19.5m
Loan 3	24 Months / Target IRR 15-17% p.a.	\$7.7m
Loan 4	12 Months / Target IRR 12-15% p.a.	\$8.0m

The Market Opportunity ⁽¹⁾

With increasing regulatory pressures, traditional banks are unable to service the demand for real estate lending, creating a funding gap for non-bank lenders



Deal Origination

Direct Relationships with Brokers...



Australian & Overseas Banks

Direct Relationships with Borrowers

Capital Sources

Public Capital

- ✓ 360 Capital Group (ASX:TOT)
- ✓ 360 Capital Total Return Fund (ASX:TOT)
- ✓ 360 Capital Mortgage REIT (Launch 2018)

Private Capital

- ✓ High Net Worth
- ✓ Family Offices
- ✓ Private Equity

Debt Capital

- ✓ Strong Relationships with Banks
- ✓ Growing Network with Overseas Banks
- ✓ Private Debt Capital

A Typical Deal

2 – 3%

Establishment Fee

12 – 15%

Interest Rate

70% / 80%

LVR / LTC

12 – 24 months

Term

Security over 1st mortgage and personal guarantees over development projects

1. Charts represent the share of commercial real estate financing exposures held by banks and non-banks. Source: Goldman Sachs Research, May 2017.

Hotel Development



Melbourne Medical Centre



Sydney House & Land



Status	Financial Close		Financial Close
Loan Type	Mezzanine loan		Progressively drawn senior loan
Loan Purpose	Construction of pre-leased hotel in Perth		Acquisition of land + development of 26 free-standing houses
Size ¹	<ul style="list-style-type: none"> ✓ Gross Realisation: \$76m ✓ Facility Amount: \$7.7m (70% LVR / 78% LTC) 		<ul style="list-style-type: none"> ✓ Gross Realisation: \$31m ✓ Facility Amount: \$19.5m (70% LVR / 80% LTC)
Interest Rate	15.0% capitalising monthly		12.0% capitalising monthly
Term	24 months		18 months
Credit Enhancements	<ul style="list-style-type: none"> ✓ Registered 2nd mortgage ✓ Personal and director's guarantees with charges over investment vehicles ✓ 2nd Ranking General Security Deed ✓ Inter-creditor deed 		<ul style="list-style-type: none"> ✓ Registered 1st mortgage ✓ Personal and director guarantees ✓ Corporate guarantee ✓ 1st-ranking General Security Deed
Exit / Repayment	The loan is to be repaid at practical completion of the project via equity from the sponsor		Repaid via completion of pre-sale agreements

1. Gross Realisation based on "As If Complete" valuation

Boarding House



Medium Density Residential



Hotel



Status	Terms agreed	Terms issued	Terms issued
Loan Size	\$8.0 million	\$32.0 million	\$36.0 million
Loan Type	Progressively drawn senior loan	Progressively drawn senior loan	Progressively drawn senior loan
Term	13 months	15 months	10 months

Fund Manager



James Storey
Fund Manager

- 11 years' experience
- B. Bus (prop economics)
- Grad. Cert App Fin
- Experience across property funds management, asset management and capital transactions

Deal Origination Team



David Grauaug
360 Capital, Head of
Real Estate Debt

Prior to his current role, David was Head of Property Finance NSW at St George Bank and prior to that he held several leadership roles with St George over 22 years.

David has experience across all facets of property investment and development finance.



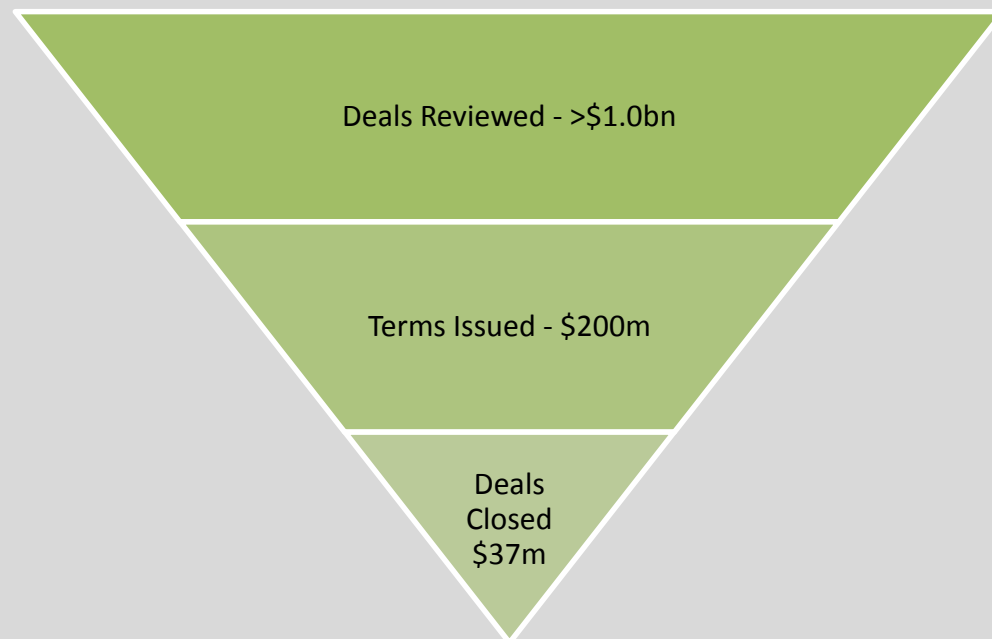
James Cama
360 Capital, Manager of
Real Estate Debt

James is a property finance specialist with over 12 years of banking and finance experience. James has previously held commercial property finance roles at St George Bank and ING Bank (Australia). He has extensive experience in the funding of commercial real estate investment and development transactions with both private and institutional clients.

Focus on Capital Preservation

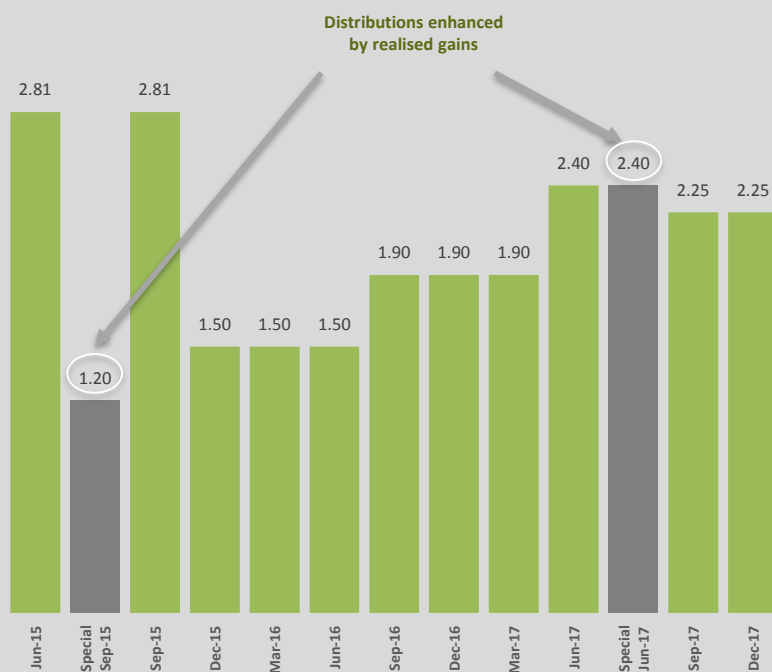
Significant pipeline of opportunities subject to 360 Capital's patient and diligent approach to investing:

No. 1 Focus - Capital Preservation



- Distribution income has reduced as a result of the sale of IDR securities
- Operating expenses have increased inline with the Fund's increased size
- Distributable gain as a result of sale of IDR securities
- HY18 DPU in line with guidance

Distribution History

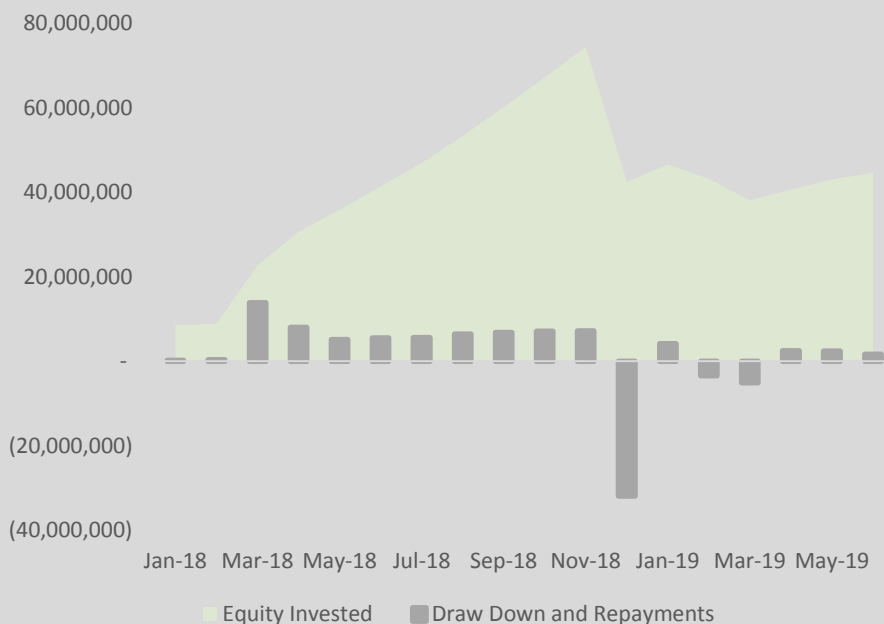


	HY18 (\$'000)	HY17 (\$'000)	CHANGE
Distribution income	3	1,432	
Finance income	766	14	
Net gain on disposal of financial assets	276	32	
Net gain on fair value of financial assets	7	-	
AMF Revenue (Active Returns)	58	-	
TOTAL REVENUE	1,110	1,478	(24.9%)
Operating expenses	(439)	(252)	
Net loss on fair value of financial assets	-	(743)	
STATUTORY PROFIT/(LOSS)	671	483	38.9%
Net gain/(loss) on disposal of financial assets	(276)	-	
Net gain/(loss) on fair value of financial assets	(7)	743	
Transaction costs	33	-	
Distributable gain on disposal of financial assets ¹	3,752	-	
OPERATING PROFIT (including distributable gains)¹	4,173	1,226	240.4%
OPERATING EPS (including distributable gain) ¹	6.3 cps	4.0 cps	57.5%
DISTRIBUTIONS CPS	4.5 cps	3.8 cps	18.4%

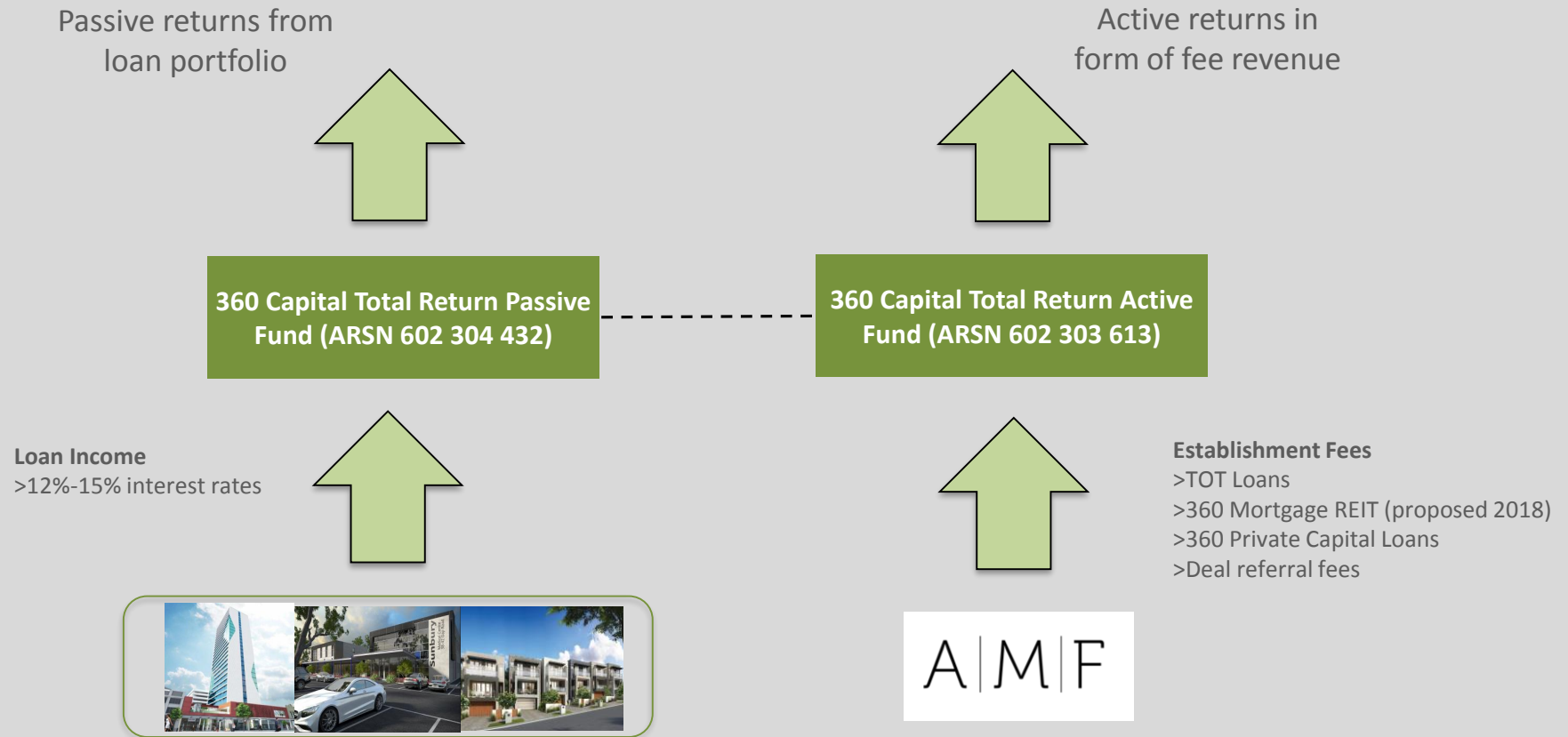
1. Distributable gain represents the amount available for distribution from the realised gain on disposal of the fund's IDR Investment

- Cash balance as a result of the sale of IDR Units
- Current balance of Loan Investments represents drawn amounts only
- Total assets have decreased as a result of the special distribution in June-17
- The Fund remains debt free

Forecast Cash Deployment and Repayment



	Dec 17 (\$m)	Jun 17 (\$m)	CHANGE
Cash	72.7	19.9	
Receivables	0.1	2.2	
IDR investment	-	63.1	
Loan Investments	8.2	-	
Other	0.2	-	
TOTAL ASSETS	81.2	85.2	(4.7%)
Payables	0.2	0.1	
Distributions Payable	1.5	3.2	
Borrowings	-	-	
TOTAL LIABILITIES	1.7	3.3	(48.4%)
NET ASSETS	79.5	81.9	(3.0%)
Units on issue ('000)	65,854	65,925	
NTA PER UNIT	\$1.21	\$1.24	(2.4%)
GEARING	-	-	



- Non-bank lending in real estate expected to continue to increase:
 - APRA has imposed more banking regulations on Australian Banks
 - Banking Royal Commission may further restrict bank lending
- Price maker, not taker – i.e. TOT can name its interest rate as has capital ready to deploy
- Capital, robust processes and efficient execution key to returns
- Potential to underwrite loans and sell down exposures to third parties
- Self liquidating investments provide flexibility should market conditions change

The Fund provides target distribution guidance for FY18 of 9.0cps

This presentation has been prepared by 360 Capital FM Limited (ABN 15 090 664 396) (360FM) as responsible entity of the 360 Capital Total Return Fund (ASX: TOT), the stapled security comprising 360 Capital Total Return Passive Fund (ARSN 602 304 432) and 360 Capital Total Return Active Fund (ARSN 602 303 613).

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