

# 360 Capital Total Return Fund

10 July 2018

## 360 Capital Total Return Fund (TOT) Investment Update

360 Capital FM Limited (360 Capital) as Responsible Entity for the 360 Capital Total Return Fund (Fund or ASX: TOT) is pleased to announce that in line with its strategy, the Fund has settled a \$31.8m senior loan facility in one of the major commercial centres in Greater Western Sydney (Sydney Debt Investment). The development comprises 94 units over 2 levels of basement parking for 108 vehicles.

The Sydney Debt Investment is for a term of 24 months and is secured by a registered first mortgage, first ranking general security deed, director's personal guarantee and builder's side deed (tripartite deed).

The interest rate applicable totals 10.0% p.a. calculated daily, capitalising monthly. An establishment fee of \$0.6m is payable to AMF Finance (50% owned by TOT), equivalent to 2.0% of the facility amount of \$31.8m.

### Loan Portfolio

Post the Sydney Debt Investment, the Fund will have a portfolio of six loans with an aggregate facility size of over \$100.0m on a diverse set of predominately first mortgage loans on real estate development projects across multiple asset classes.

Further to TOT's loan book, TOT is also growing its revenues through its 50.0% stake in AMF Finance, the originator for all 360 Capital's development debt opportunities.

### Earnings Guidance

The Fund has previously reaffirmed its distribution guidance of 9.0 cents per unit for FY18.

Based on the current written debt transactions and forecast AMF Finance fees (50% share), the Fund is forecasting FY19 earnings of more than 12.0 cents per unit. In addition, the Fund is forecasting FY19 distribution guidance of 12.0 cents per unit (paid in quarterly distributions), a 33.3% increase year-on-year.

Attached is a presentation outlining the Fund's current activities.

More information on TOT can be found on the ASX's website at [www.asx.com.au](http://www.asx.com.au) using the Fund's ASX code "TOT", on the Fund's website [www.360capital.com.au](http://www.360capital.com.au), or by calling the 360 Capital Information Line on 1300 082 130 or emailing [investor.relations@360capital.com.au](mailto:investor.relations@360capital.com.au)

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#### **About 360 Capital Total Return Fund (ASX code TOT)**

360 Capital Total Return Fund aims to provide total returns with a performance hurdle of 12% per annum to investors through a selective and disciplined investment philosophy, combined with access to real estate based investment opportunities available to the Fund through the 360 Capital platform. The Fund is externally managed by 360 Capital Group, a leading ASX-listed real estate investor and fund manager that operates under a transparent fee structure and is co-invested the Fund to ensure ongoing alignment of interests with Unitholders.

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#### **About 360 Capital Group (ASX: 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.

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360 Capital

TOTAL RETURN FUND

360 Capital  
Group

360 CAPITAL TOTAL RETURN FUND (ASX: TOT)  
JULY 2018



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## 1. Snapshot and Investment Strategy





\$101.2m

Loan Book<sup>1</sup>



22.2%

FY18  
Total Unitholder Return<sup>2</sup>



12.0 cpu

FY19 Forecast EPU



9.5%

FY19 Forecast EPU Yield<sup>3</sup>



12.0 cpu

FY19 Forecast DPU

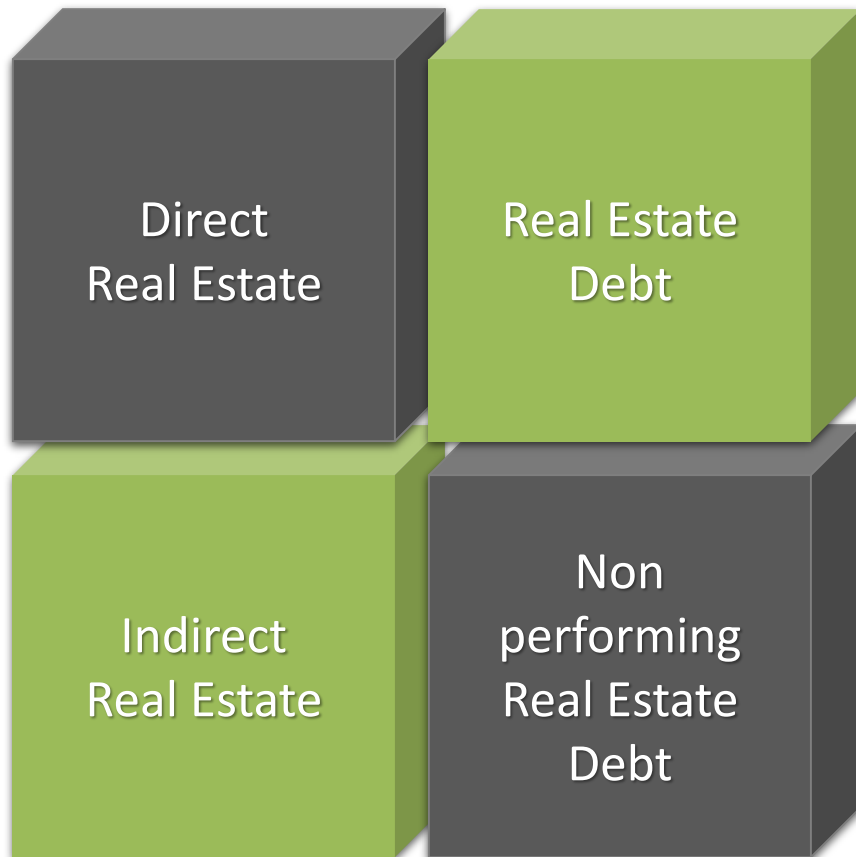


9.5%

FY19 Forecast DPU Yield<sup>3</sup>

1. Facility amount including capitalised interest and fees
2. Total Unitholder Return is the movement in unit price and distributions (assumed to be reinvested) over the 12-month period
3. Based on the closing price of \$1.26 on 6 July 2018

## Current Focus Real Estate Debt



## Why Real Estate 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

## Indirect Real Estate - AMF

- AMF Finance Pty Ltd 50% owned by TOT
- AMF originates all 360 Capital and TOT's real estate debt transactions
- Provides TOT with growing fee revenue streams and debt investment opportunities
- AMF revenue will continue to enhance TOT's earnings and provide dividends

## Self liquidating debt investments provide flexibility if market conditions change

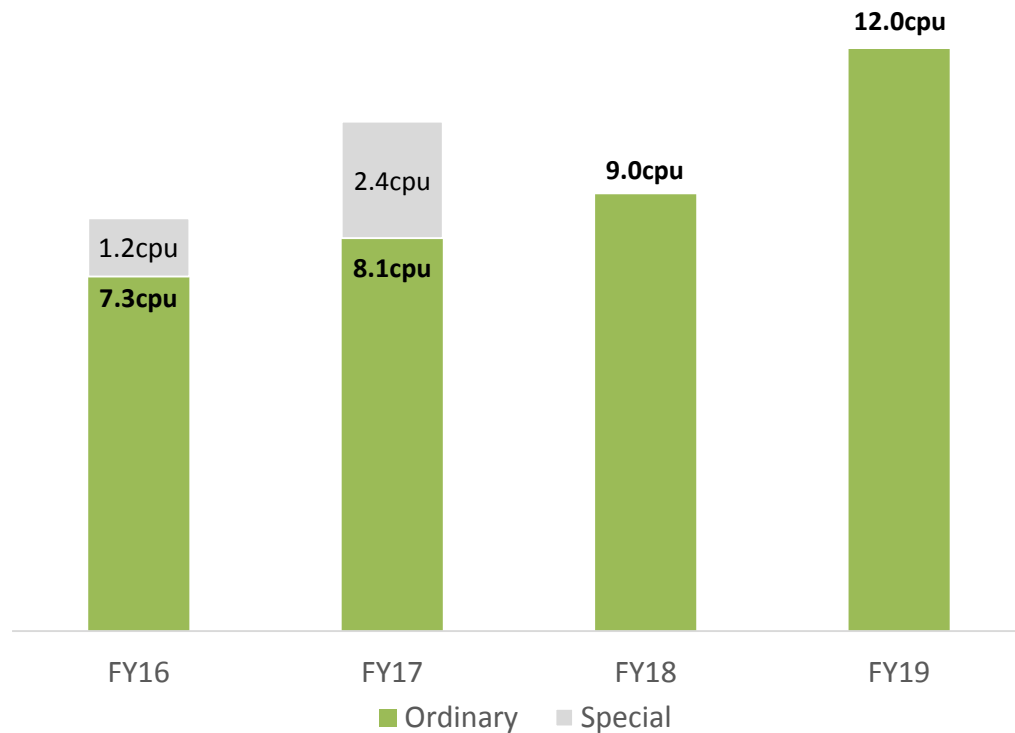




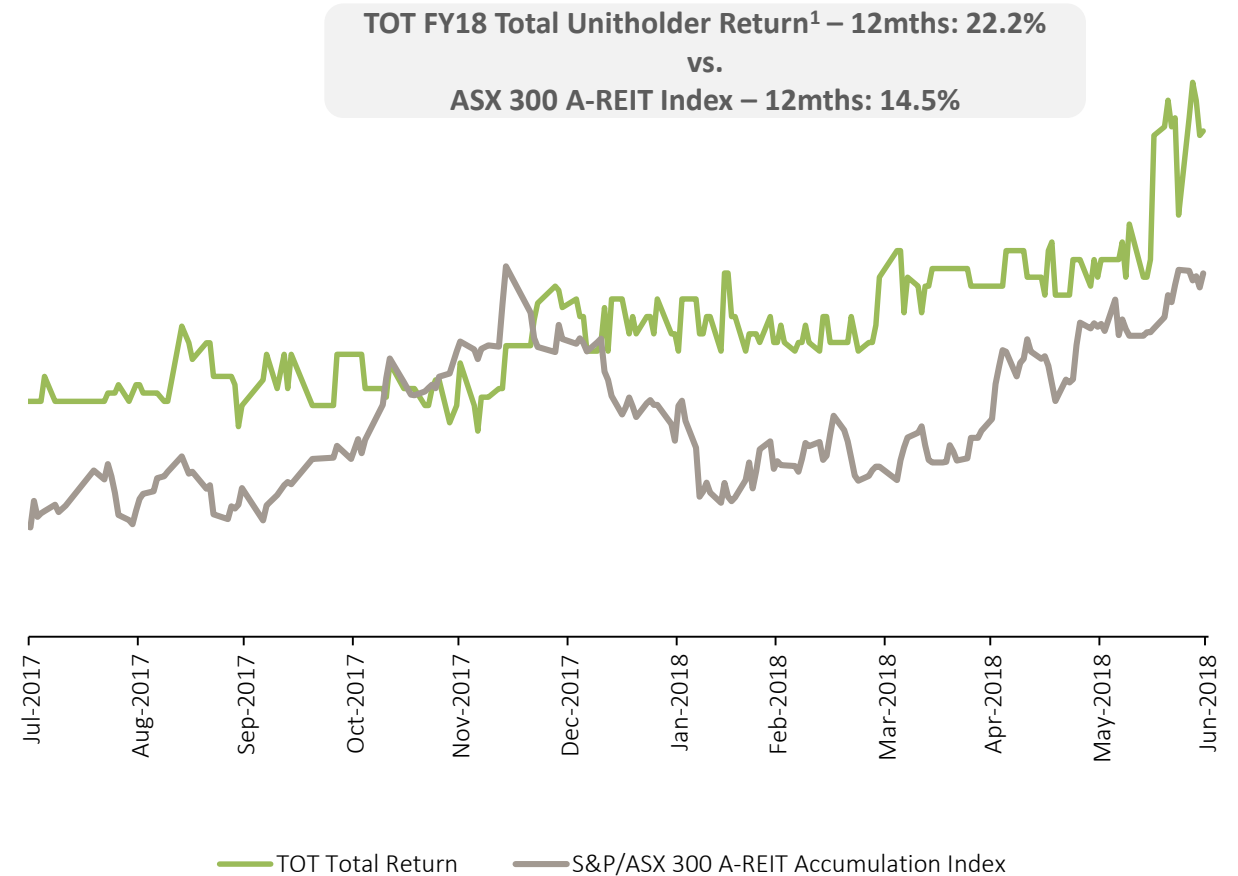
## 2. Distribution History and Trading Performance



## Distributions enhanced by distributable gains



## Index outperformance



1. Total Unitholder Return is the movement in unit price and distributions (assumed to be reinvested) over the 12-month period



### 3. Loan Portfolio





6

Loan Investments



\$69.5m

First loss buffer<sup>3</sup>



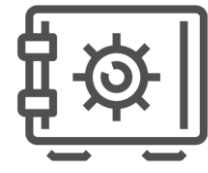
\$101.2m

Loan Book<sup>1</sup>



67.2%

Loan to Value Ratio<sup>2</sup>



\$216.9m

Projected End Value<sup>2</sup>

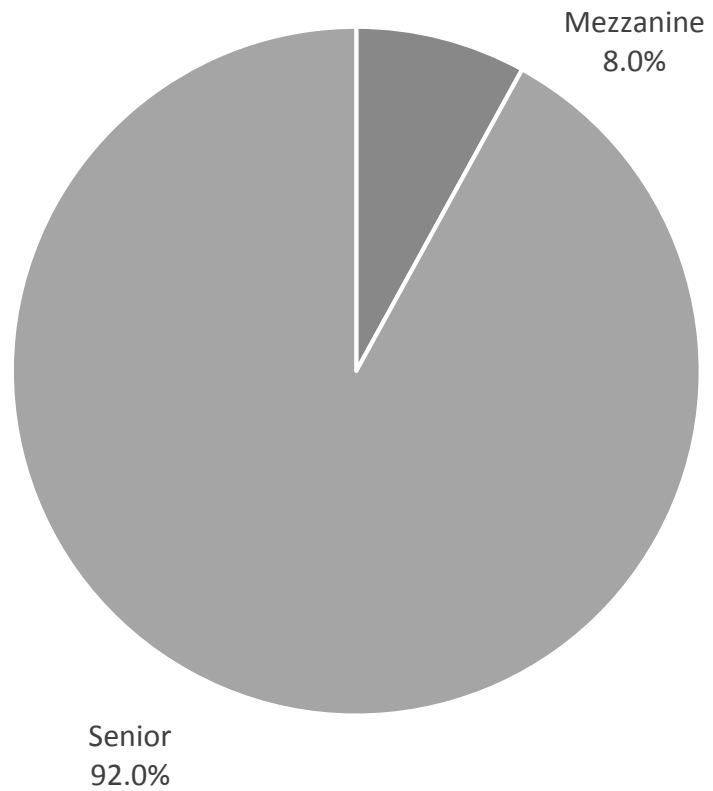


11.8%

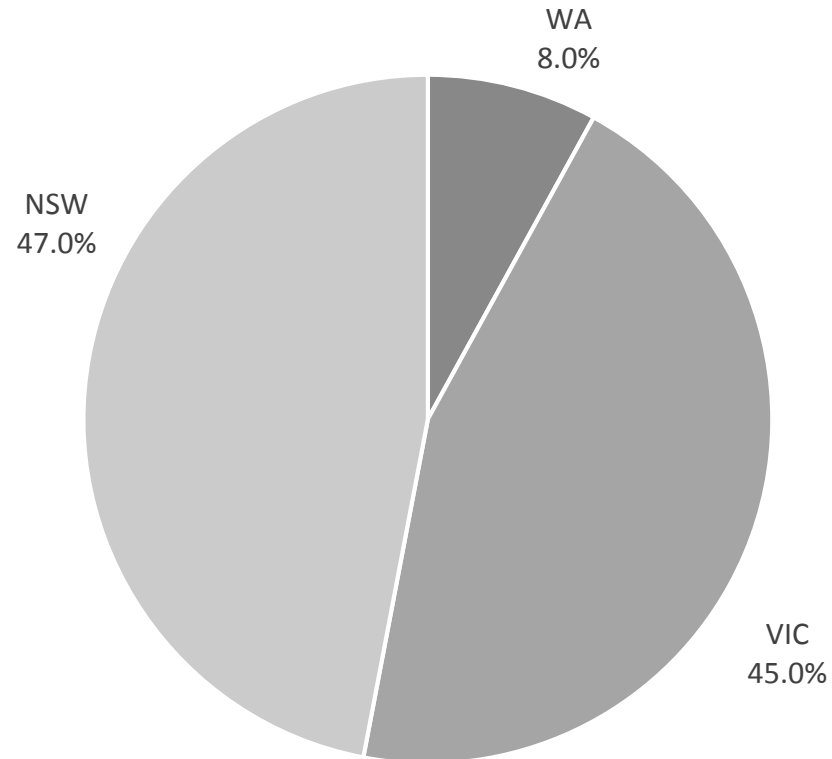
Average Interest Rate<sup>4</sup>

1. Facility amount including capitalised interest and fees
2. Based on "As if Complete" valuation (net of GST)
3. Calculated as "As if Complete" valuation (net of GST) less facility amounts (including capitalised interest and fees) and senior facility on 900 Hay Street, Perth WA
4. Weighed average interest rate inclusive of line-fee and interest margin

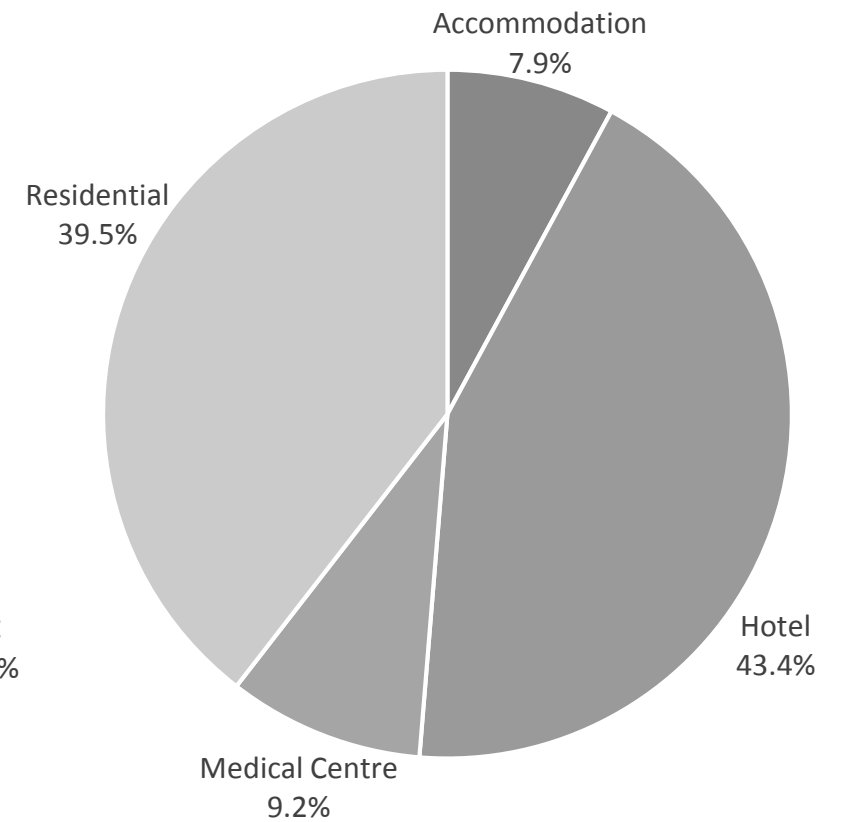
Investment Type<sup>1</sup>



Geography<sup>1</sup>



Asset Type<sup>1</sup>



1. Based on facility amount including capitalised interest and fees



## Hotel



## Melbourne Medical Centre



## Accommodation



Loan Type	Mezzanine loan	Progressively drawn senior loan	Progressively drawn senior loan
Project Description	Construction of pre-leased hotel in Perth, WA	Development of 2,396 sqm (GLA) medical centre in Sunbury, VIC	Development of 28 room residential accommodation facility in Coogee NSW
Size <sup>1</sup>	<ul style="list-style-type: none"> <li>✓ Gross Realisation: \$76.0m</li> <li>✓ Facility Amount: \$7.6m (70% LVR / 78% LTC)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Gross Realisation: \$13.0m</li> <li>✓ Facility Amount: \$9.3m (71% LVR / 82% LTC)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Gross Realisation: \$11.4m</li> <li>✓ Facility Amount: \$8.0m (70% LVR / 79% LTC)</li> </ul>
Interest Rate	15.0%	<ul style="list-style-type: none"> <li>✓ 12.0% p.a. month 0-15;</li> <li>✓ 15.0% p.a. month 15-18</li> </ul>	Interest rate / Line fee: 10.0% / 2.0%
Term	24 months	18 months	13 months
Credit Enhancements	<ul style="list-style-type: none"> <li>✓ Registered 2<sup>nd</sup> mortgage</li> <li>✓ Personal guarantees</li> <li>✓ 2<sup>nd</sup> Ranking Security Deed</li> <li>✓ Inter-creditor deed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Registered 1<sup>st</sup> mortgage</li> <li>✓ Personal Corporate guarantee</li> <li>✓ 1<sup>st</sup>-ranking Security Deed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Registered 1<sup>st</sup> mortgage</li> <li>✓ Personal guarantees</li> <li>✓ 1<sup>st</sup>-ranking Security Deed</li> </ul>
Exit / Repayment	Repaid via refinance with term debt at practical completion	Repaid via refinance with term debt at practical completion	Repaid via refinance with term debt at practical completion

1. Gross Realisation based on "As If Complete" valuation (net of GST)

## Hotel



## Residential



## Residential



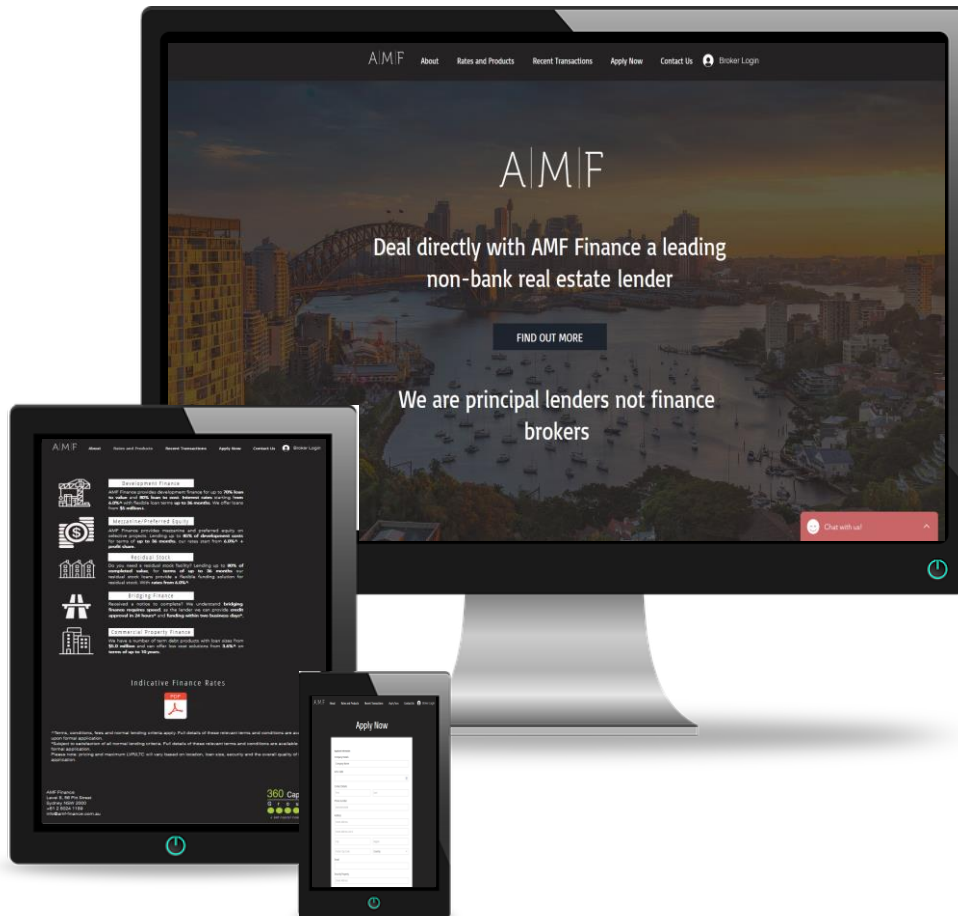
Loan Type	Progressively drawn senior loan		Cash advance senior loan	Progressively drawn senior loan	
Project Description	Development of 162 room 4-star hotel in Melbourne CBD		Construction of 30 residential apartments in Western Sydney	Development of 94 apartments in South West Sydney	
Size <sup>1</sup>	<ul style="list-style-type: none"> <li>✓ Gross Realisation: \$53.0m</li> <li>✓ Facility Amount: \$36.3m (68% LVR / 77% LTC)</li> </ul>		<ul style="list-style-type: none"> <li>✓ Gross Realisation: \$16.8m</li> <li>✓ Facility Amount: \$8.2m (49% LVR)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Gross Realisation: \$46.7m</li> <li>✓ Facility Amount: \$31.8m (68% LVR / 79% LTC)</li> </ul>	
Interest Rate	Interest rate / Line fee: 11.0% / 2.0%		Interest rate: 10.0%	Interest rate / Line fee: 8.0% / 2.0%	
Term	9 months		7 months	24 months	
Credit Enhancements	<ul style="list-style-type: none"> <li>✓ Registered 1<sup>st</sup> mortgage</li> <li>✓ Personal guarantees</li> <li>✓ 1<sup>st</sup>-ranking Security Deed</li> </ul>		<ul style="list-style-type: none"> <li>✓ Registered 1<sup>st</sup> mortgage</li> <li>✓ Personal guarantees</li> <li>✓ 1<sup>st</sup>-ranking Security Deed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Registered 1<sup>st</sup> mortgage</li> <li>✓ Personal and director's guarantees</li> <li>✓ 1st Ranking General Security Deed</li> <li>✓ Tri-partite deed</li> </ul>	
Exit / Repayment	Repaid via refinance with term debt at practical completion		Repaid via settlement of sales	Repaid via settlement of sales	

1. Gross Realisation based on "As If Complete" valuation (net of GST)

## 4. AMF Finance







[www.amf-finance.com.au](http://www.amf-finance.com.au)

- Over 7,500 finance brokers get regular updates
- Broker accreditation and login
- Tracks every DA submitted in Australia updated up to four times per day
- Introducer incentivisation program
- On-line applications across eight loan products
- Over 33,000 developer, advisors, agents, architects etc receiving regular correspondence
- Standardised loan documentation
- Capable of financial close within 24 hours
- Online access to AMF deal originators



The image shows a large digital display board at the ASX (Australian Securities Exchange) with the ASX logo and a list of stocks. The board displays the following data:

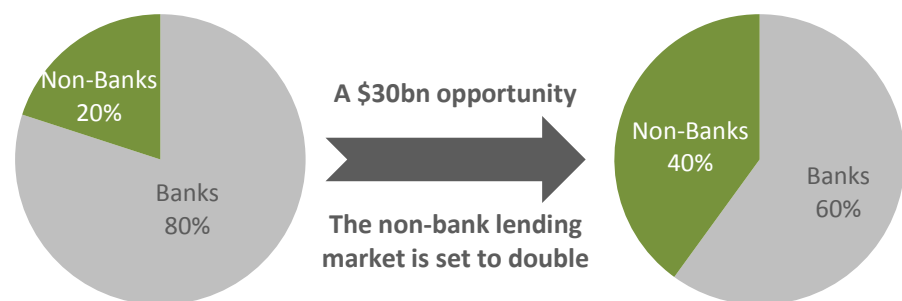
STOCK	BID	OFFER	LAST	VOL
GOWING DRG	0.200	0.330	0.000	0
GPS AX	0.010	0.085	0.000	0
GPT METRO UNITS	2.380	2.320	0.000	0
GPT STAPLED	5.780	5.060	0.000	0
GR ENGIN	0.920	0.965	0.000	0
GRAINCORP	9.310	8.550	0.000	0
GRAND GULF DEF	0.005	0.006	0.000	0
GRANDBRIDG	0.023	0.120	0.000	0
GRANGE	0.093	0.095	0.000	0
GRAYSECOM	1.050	1.080	0.000	0
GREAT WEST	0.017	0.019	0.000	0
GREEN INV	0.000	0.000	0.000	0
GREENCROSS	7.850	7.420	0.000	0
GREENEARTH	0.080	0.082	0.000	0
GREENLAND	0.032	0.028	0.000	0
GRIFFINPOWER	0.006	0.007	0.000	0
GREENVALE	0.033	0.039	0.000	0
GROWTHPRO STA	3.340	3.020	0.000	0
GRUDEN GR	0.028	0.048	0.000	0
GRYPHON	0.130	0.120	0.000	0
GTI RES	0.012	0.023	0.000	0
GULF IND	0.008	0.009	0.000	0
LEDAI	0.445	0.440	0.000	0

- AMF does not rely on syndicating its loans down
- AMF may target various sources of capital, including:
  - 360 Capital Group (ASX:TGP) ~\$230.0m market cap
  - 360 Capital Total Return (ASX:TOT) \$83.0m<sup>1</sup> market cap
  - 360 Capital Mortgage REIT – targeted to be launched FY19
  - High net worth clients and private family offices
  - Private Equity partners
  - Institutional mandates
- AMF is mandated to originate loans for TOT and 360 Capital Group

1. Based on the closing price of \$1.26 on 6 July 2018

## The Market Opportunity <sup>(1)</sup>

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



- Currently, the market share of commercial real estate debt held by banks is approximately 80%. It is expected that this share will decline to 60% over time, creating a A\$30+ billion opportunity for non-bank lenders<sup>1</sup>
- First deal closed Dec 2017 - \$7.6m<sup>2</sup>
- After six months of operation –
  - Over \$100m<sup>2</sup> of deals closed or committed; and
  - a strong and growing pipeline with in excess of \$150.0m of deals under review
- Fully staffed and systems, policies, debt products now developed
- Targeting monthly growth, AMF is a highly scalable business
- AMF receives 2.0% establishment fees from each deal written
- AMF has the potential to be a valuable asset for TOT and TGP
- Owned 50/50 TOT & TGP

2 – 3%	Establishment Fee
12 – 15%	Interest Rate
70% / 80%	LVR / LTC
12 – 24 months	Term
Security over 1 <sup>st</sup> mortgage and personal guarantees over development projects	

1. Source: Goldman Sachs research 2017

2. Facility Amount including capitalised interest and fees



## 5. Outlook and Guidance



## Market Outlook

- 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
- Capital, robust processes and efficient execution key to returns
- Self liquidating investments provide flexibility should market conditions change

## Strategic Objectives

- Continue to increase the market awareness of TOT
- Increase the liquidity of TOT
- Continue to organically grow the AMF Finance business

**Target FY19 EPU and DPU Guidance of 12.0 cpu**

## 6. About TGP, The Manager







- Founded in 2006 as an Australian property investment and funds management company
- Focused solely on Australian property markets
- Philosophy of co-investing alongside our partners/investors
- Focused business with three area of business
  - Public Capital - 360 Capital Total Return (ASX: TOT)
  - Institutional Capital – partnerships / platform creation
  - Private Capital - private equity
- TGP's investment approach is buying undervalued assets/platforms, actively managing them to maximise the cycle and returns
- ASX Code: TGP

Market cap.  
~\$230m

Management  
ownership  
~33%

10 year history  
>\$3.0bn  
transactions



**David van Aanholt**  
*Non executive Chairman*

David has over 25 years of experience in the property and funds management industry. Prior to establishing his own property group in 2007, David was the Chief Executive Officer (Asia Pacific) of the ASX listed Goodman Group (previously known as Macquarie Goodman). In that role David was responsible for Goodman's operations in Australia, New Zealand, Hong Kong and Singapore. David worked for Goodman for more than a decade and before joining them he was a Fund Manager at Paladin Australia Limited (acquired by Deutsche Bank) and an Associate Director of CDH Properties (acquired by KPMG).



**Tony Pitt**  
*Managing Director*

Tony is a founding Director of 360 Capital and has worked in the property and property funds management industries for approximately 20 years. Tony is responsible for the performance of 360 Capital's various investments and funds, including the investment analysis, management, acquisitions and disposal and overall Group and investment strategy. He has overseen the IPO on the ASX of three AREITs since 2012 as well as the creation of various unlisted funds, undertaken corporate acquisitions and the ASX listing of 360 Capital Group. Tony formerly held numerous senior roles and directorships at Mirvac Group, James Fielding Group. He also held positions at Paladin Australia Limited, JLL and CBRE. He graduated from Curtin University with a Bachelor of Commerce (Property), has a Graduate Diploma in Applied Finance and Investment from the Financial Services Institute of Australasia.



**John Ballhausen**  
*Non executive Director*

John is a financial services professional. He provides services to a number of organisations and is a Responsible Manager for several Australian Financial Services Licences. John founded Rimcorp Property Limited and became its Managing Director. In 2008, Rimcorp was successfully sold with approximately \$100 million in funds under management spread over four registered property schemes. Before 2002 John held the position of Chief Investment Officer of a large insurance company, with responsibility for more than \$3 billion of funds across fixed interest, equities and property asset classes.



**Graham Lenzner**  
*Non executive Director*

Graham has had a career spanning four decades, with particular emphasis on funds management and financial markets. Graham was an Executive Director of the Armstrong Jones Group for 12 years, the last four years as Joint Managing Director. Other previous roles include Finance and Deputy Managing Director of Aquila Steel, General Manager Finance and Investments of MMI Insurance Limited and Director Head of Equities with Schroder Darling Management Limited. Graham has served on the Board of a number of public and private companies. He is currently Chairman of Device Technologies Australia Pty Limited.



**Andrew Moffat**  
*Non executive Director*

Andrew has in excess of 20 years of corporate and investment banking experience, including serving as a director of Equity Capital markets and Advisory for BNP Paribas Equities (Australia) Limited. Andrew is the sole principal of Cowoso Capital Pty Ltd, a company providing corporate advisory services. Andrew's past public company directorships include iX Group Limited, Infomedia Limited, Rubik Financial Limited and Chairman of Pacific Star Network.

## AMF Credit Committee



**Andrew Moffat**  
*Non executive Director  
Independent Credit Committee Member*

See Above



**Ian Harrison**  
*Independent Credit Committee  
Member*

Ian is a highly experienced, professional and successful senior banking executive with over 25 years of Commercial Banking experience, most recently in the property finance space spanning both investment and construction & development transactions.



**Brett Palmer**  
*Independent Credit Committee  
Member*

Brett has a career spanning 35 years in Banking, Insurance, Risk Management, and Consulting. He has held Chief Risk Officer roles at 4 ASX listed entities in Infrastructure / Energy, Retail, Telecommunications and Agribusiness. He holds various qualifications, is a graduate of the Australian Institute of Company Directors, and is a Certified Practicing Accountant.

## 360 Capital Investment Committee



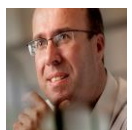
**John Ballhausen**  
*Non executive Director  
Chairman of TOT Investment Committee*

See Above



**David van Aanholt**  
*Non executive Chairman*

See Above



**Tony Pitt**  
*Managing Director*

See Above

## Management and Origination



**Tony Pitt**  
*Managing Director*



**James Storey**  
*Fund Manager – TOT*



**Priya A. Roy**  
*Head of Private Capital*



**David Grauaug**  
*Head of Real Estate Debt*



**James Cama**  
*Manager of Real Estate Debt*

## Finance & Compliance



**Glenn Butterworth**  
*Chief Financial Officer*



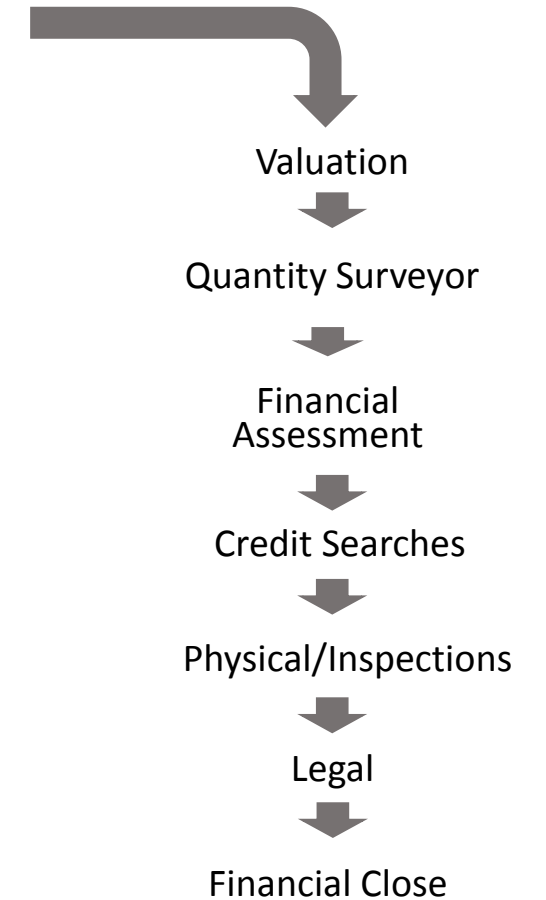
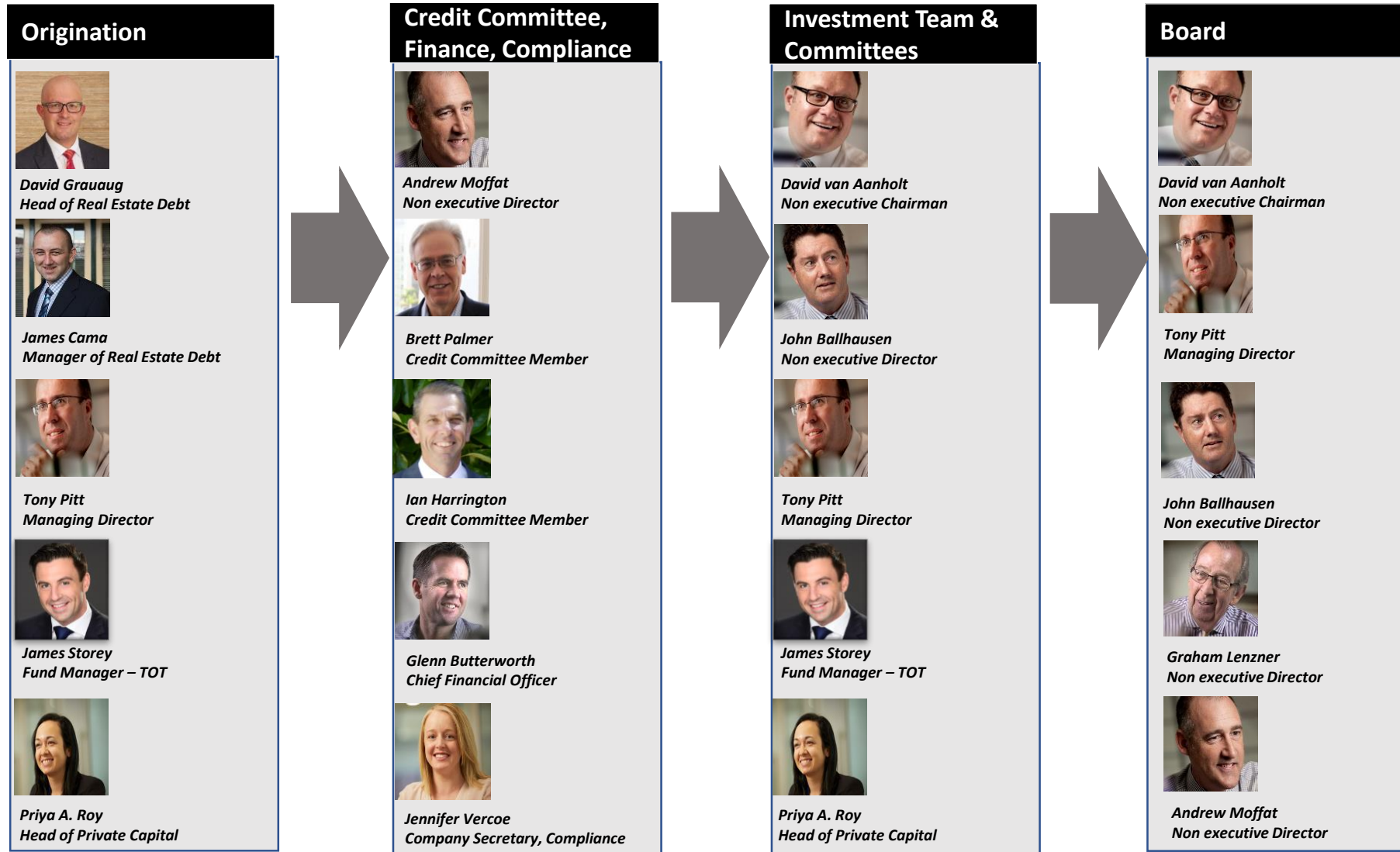
**Ainslie Ebejer**  
*Finance Manager*



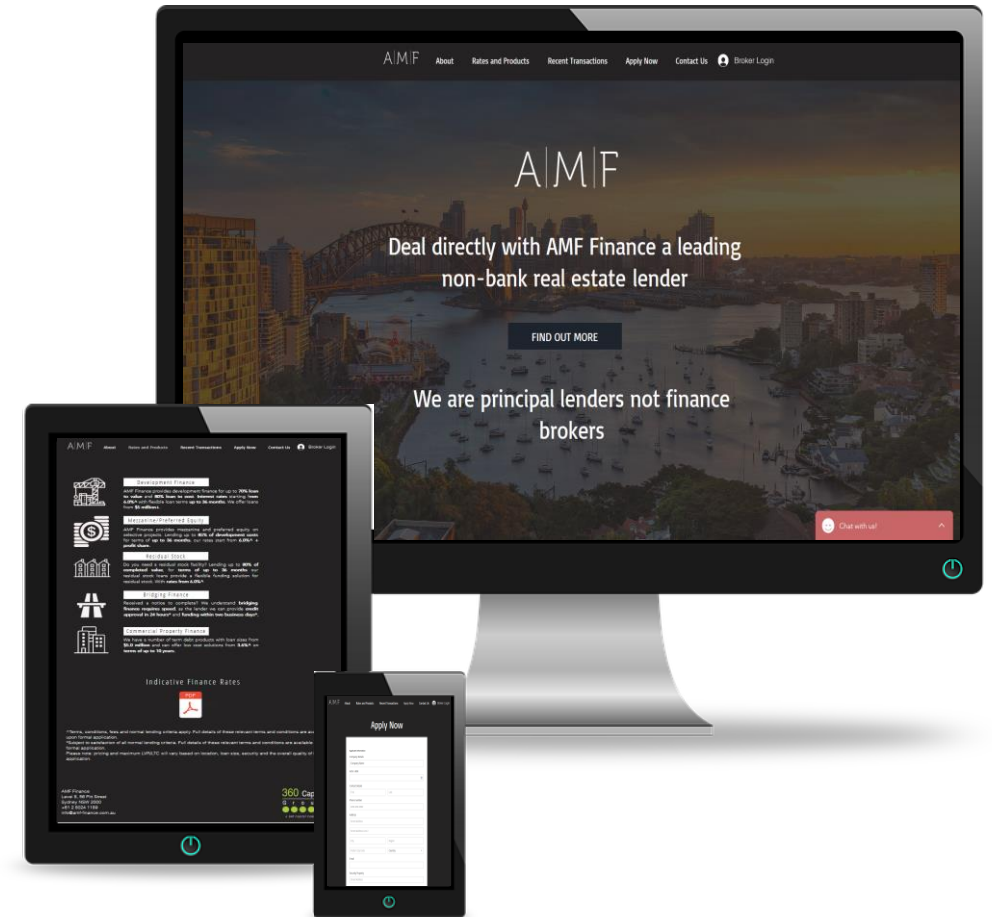
**Jennifer Vercoe**  
*Company Secretary*



# Robust Credit Processes and Procedures



## 7. AMF Loan Products



	Development Finance	Mezzanine - Development	Preferred Equity	Residual Stock
Minimum Loan	\$5,000,000	\$2,000,000	\$5,000,000	\$2,000,000
LVR / LTC	70% Loan to Value 80% Total Development Costs	85% Total Development Costs	70% Loan to Value 80% Total Development Costs	70% Loan to Value
Loan Term	Up to 36 months	Up to 36 months	Up to 36 months	Up to 36 months
Interest Rates <sup>^</sup>	From 6.0% p.a.	From 10.0% p.a.	From 6.0% p.a + profit share	From 6.0% p.a.
Credit Approval <sup>#</sup>	72 hours	72 hours	72 hours	72 hours
Estimated Time to Funding <sup>#</sup>	5 business days	5 business days	10 business days	5 business days

<sup>^</sup>Terms, conditions, fees and normal lending criteria apply. Full details of these relevant terms and conditions are available upon formal application. The above criteria may change.

<sup>#</sup> Subject to satisfaction of all normal lending criteria. Full details of these relevant terms and conditions are available upon formal application.

Please note: pricing and maximum LVR/LTC will vary based on location, loan size, security and the overall quality of the application

[www.amf-finance.com.au](http://www.amf-finance.com.au)

	Structured Finance	Bridging Finance	Commercial Property Finance	Mezzanine - Investment
Minimum Loan	\$5,000,000	\$2,000,000	\$5,000,000	\$2,000,000
LVR / LTC	By negotiation	By negotiation	70% Loan to Value	85% Loan to Value
Loan Term	Up to 36 months	Up to 12 months	Up to 10 years	Up to 36 months
Interest Rates <sup>^</sup>	From 6.0% p.a.	From 1.0% p.c.m	From 3.6% p.a.	From 10.0% p.a.
Credit Approval <sup>#</sup>	72 hours	24 hours	72 hours to 20 business days	72 hours
Estimated Time to Funding <sup>#</sup>	10 business days	2 business days	5 to 20 business days	5 business days

<sup>^</sup>Terms, conditions, fees and normal lending criteria apply. Full details of these relevant terms and conditions are available upon formal application. The above criteria may change.

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[www.amf-finance.com.au](http://www.amf-finance.com.au)