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360 Capital Total Return Fund (ASX: TOT) TOT Completes URB Merger and Activates On-Market Buyback

23 January 2020

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360 Capital FM Limited as Responsible Entity for the 360 Capital Total Return Fund (**Fund** or **TOT**) is pleased to provide the following Fund update:

Merger with URB Investments (URB)

The Fund has now completed the merger with URB with all assets being absorbed by the Fund. The Fund has commenced the sale of the URB's listed equities portfolio, having now sold approximately \$17.8 million in line with holding values, with a balance of approximately \$3.1 million of listed equities remaining to be sold. The remaining assets of URB are cash and \$11.2 million of indirect property investments.

Loan Repayments

The Fund's \$8.0m Coogee and \$7.7m Perth hotel loan investments have now been repaid, delivering a 15.1% and a 16.8% Internal Rate of Return (IRR) per annum respectively (including the Fund's share of AMF Finance Pty Limited (AMF) fees).

The Fund's \$100 million real estate loan portfolio now comprises only senior secured first and only mortgages, with an average all-in interest rate of 9.8% and portfolio Loan to Value Ratio (LVR) of approximately 67% on a fully drawn basis.

Gladesville Apartment Sales Campaign

The Fund has commenced the sales campaign for the Gladesville apartment asset. Recent sales within the area support sales prices approximately 26% above the Fund's November purchase price.

New Investments

On 23 December 2019 the Fund announced that TGP TOT JV Pty Limited, a company jointly owned by TOT and 360 Capital Group (ASX: TGP), made a 19.9% strategic stake in Velocity Property Group (ASX: VP7) for an investment of approximately \$1.6 million or 2.0 cents per share reflecting a 64% discount to the 30 June 2019 Net Tangible Assets (NTA) per security of 5.6 cents per security.

TOT has also provided a \$23.7 million residual stock loan over a completed project currently being sold down by Velocity and a \$10.0m secured convertible note with a term of 2 years and an interest rate of 7.0% p.a. and conversion/ option price of 4.0 cents per security (pre-consolidation) a 28% discount to the 30 June 2019 NTA per security (conversion rights being subject to Velocity shareholder approval).



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Half Year Results Guidance - 31 Dec 2019

Subject to completion of the review of the accounts by TOT's auditors and Board approval, TOT expects:

- Operating profit per unit of approximately 4.5 cents per unit for the half year ended 31 December 2019;
- Unaudited core Net Tangible Asset (pre-AASB9 provision) as at 31 December 2019 of approximately \$1.16 per unit;
- Cash of \$33.1 million and current receivables of \$18.1 million¹ balance as at 31 December 2019.

TOT will be releasing its full results for the period ended 31 December 2019 on the 27 February 2020.

Forecast Distributions

TOT reaffirms forecast distribution guidance of 9.0 cents per unit (annualised) for FY20, reflecting a forecast annualised distribution yield of 8.5%².

On Market Buy Back

Given the Fund is currently trading at a 11.0% discount to the unaudited core Net Tangible Asset of \$1.16 and a distribution yield of approximately 8.5%, the Fund has announced an on-market buy back of up to 6.7 million securities (being 10% of the Fund's units as allowed under the ASX Listing rules). The buy back will be funded from TOT's current \$50 million cash balance (representing approximately \$0.35 per unit).

¹ Current receivables balance includes \$16.9 million of proceeds from sale of majority of URB equities portfolio prior to 31 December 2019

² Based on annualised FY20 forecast distributions / closing price of \$1.055 per unit on 22 January 2020



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More information on TOT can be found on the ASX's website at www.asx.com.au using ASX code "TOT", at our website www.360capital.com.au, by calling the TOT investor line: 1300 082 130 or by emailing 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 Group, the manager of the Fund.

About 360 Capital Group (ASX: TGP)

360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets.

Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate, public and private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.
