

360 Capital Total Return Fund

11 April 2017

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

360 Capital Total Return Fund announces \$40.6 million capital raising

360 Capital FM Limited as Responsible Entity for the 360 Capital Total Return Fund (Fund or ASX: TOT) is pleased to announce today that it is undertaking a placement to institutional investors ('Institutional Placement') of new fully paid ordinary Stapled Units ('New Stapled Units') to raise \$5.3 million and a 1-for-1 non-renounceable entitlement offer to raise further gross proceeds of \$35.3 million ('Entitlement Offer') (collectively the 'Equity Raising').

The Offer Price under the Equity Raising is \$1.15 per New Stapled Units, representing a 3.3% discount to the 5-day VWAP¹; and a 7.3% discount to the pro forma net tangible assets per Stapled Unit.

New Stapled Units issued under the Equity Raising will rank equally with existing Stapled Units on issue from allotment and will be eligible for the forecast June 2017 quarter distribution of 2.4 cents per Stapled Unit (cpu)². The Offer Price and distribution guidance of 8.1cpu p.a. for FY2017 reflect a prospective distribution yield of 7.0%.

Moelis Australia Advisory Pty Ltd and Morgans Corporate Limited are acting as Joint Lead Managers and Bookrunners to the Equity Raising.

The Equity Raising is conditional on an underwriting agreement being entered into to fully underwrite each of the Institutional Placement and Entitlement Offer components. It is anticipated that 360 Capital Group (ASX:TGP) ('TGP') will act as sub-underwriter to the Entitlement Offer subject to it not holding more than 40% of Stapled Units in TOT on completion of the Equity Raising. Further details of such underwriting arrangements will be provided to the market prior to TOT re-commencing trading.

Use of Proceeds

Proceeds from the Equity Raising will be used to expand and diversify the Fund's investments. To this end, the Fund has entered into agreements for two major transactions for a total of \$79.0 million:

1. Investment in new private equity fund:

TGP has established the 360 Capital 2017 Private Equity Real Estate Fund ("PERE Fund"). TOT has agreed to acquire a 20% cornerstone stake in the PERE Fund for \$74m, together with a 25% stake in the investment manager of the PERE Fund for nominal consideration.

The PERE Fund will be seeking to raise \$370m in equity from private equity groups. Currently the PERE Fund is wholly owned by TOT. However, following completion of the PERE Fund capital raising, it is expected TOT will hold 20% of equity in the PERE Fund. The PERE Fund holds TOT's strategic 15.3% stake in Industria REIT (ASX: IDR). TOT's investment in the PERE Fund is funded through contributing IDR units to the PERE Fund (\$40.5m) together with a \$33.5m cash investment for the balance.

¹ Volume weighted average price is from 3 April 2017 to 7 April 2017

² Full year forecast FY2017 distribution of 8.10 cents per Stapled Unit.

360 Capital Total Return Fund

TGP intends to make the PERE Fund available to a select number of private equity investors seeking an investment in a private equity real estate fund focused on opportunities within the Australian real estate marketplace.

The PERE Fund will be managed by a new investment management company, 360 Capital 2017 PERE Pty Limited ('Investment Manager'). TOT has a 25% stake in the Investment Manager, with a further 24.9% being made available to private equity investors and the balance 50.1% being owned by TGP³. TGP has a pre-emptive right whereby it can acquire TOT's 25% stake in the Investment Manager for nominal consideration where TOT is subject to a change of control.

2. Investment in mezzanine debt and business debt business:

TOT has also acquired 50% of Australian Mezzanine Finance Pty Limited ('AMF') for nominal consideration. AMF will provide alternative lending and structured financing solutions to Australian real estate investors and developers. The other 50% will be held by TGP.

TGP has a pre-emptive right whereby it can acquire TOT's 50% stake in AMF for nominal consideration where TOT is subject to a change of control.

TOT will also commit \$5.0m for mezzanine financing transactions in line with TOT's investment strategy.

Following completion of the Equity Raising, TOT will be debt free.

The Equity Raising is part of TOT's strategy of growing its asset base and making TOT the flagship ASX listed managed fund of the 360 Capital Group.

TGP currently holds approximately 24.3% of Stapled Units in TOT and has agreed to take up its full entitlement under the Entitlement Offer.

Institutional Placement

The Institutional Placement will be conducted via an institutional bookbuild and will raise gross proceeds of approximately \$5.3 million for the Fund. Settlement under the Institutional Placement is expected to be completed on 13 April 2017, with New Stapled Units under the Institutional Placement expected to be able to be traded on 18 April 2017. New Stapled Units issued under the Equity Raising will be issued at \$1.15 and will rank equally with existing Stapled Units on issue from allotment and will be eligible for the forecast June 2017 quarter distribution of 2.4 cents per Unit (cpu)².

Entitlement Offer

The Entitlement Offer will give Eligible Unitholders the opportunity to acquire 1 New Stapled Unit for every 1 Existing Stapled Units held at 7.00pm AEST on 13 April 2017 ('Entitlements').

The Entitlement Offer will raise approximately \$35.3 million at the same Offer Price as the Institutional Placement (being \$1.15 per Stapled Unit). The institutional component of the Entitlement Offer will be accelerated and will open on Tuesday 11 April 2017 and settle on 13 April 2017. Further details regarding the timetable for the Entitlement Offer are included in the Appendix to this announcement.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on ASX or otherwise transferable. Unitholders who do not take up all, or any part, of their Entitlements will not receive any payment or value in respect of those Entitlements not taken up and their equity interest in the Fund will therefore be diluted.

³ The terms of the management agreement and shareholders agreement are to be finalised in consultation with PERE Fund investors. Details will be made available to the market when finalised.

360 Capital Total Return Fund

New Stapled Units issued under the Entitlement Offer will rank equally with existing Fund Stapled Units on issue from allotment and will be eligible for the forecast June 2017 quarter distribution of 2.4 cents per Unit (cpu)².

It is the responsibility of Unitholders to inform themselves of the eligibility criteria for the exercise of their Entitlements. Further details on eligibility criteria to exercise Entitlements will be included in the Entitlement Offer Booklet to be lodged with ASX and sent to Eligible Unitholders on 20 April 2017.

Eligible Unitholders are encouraged to carefully read the Entitlement Offer Booklet for further details relating to the Entitlement Offer. If Unitholders wish to obtain more information in the interim, please call the 360 Capital Information Line on 1300 082 130 (within Australia) or on +61 2 9290 9600 (from outside Australia) between the hours of 8.30am and 5.00pm Monday to Friday (AEST) (excluding public holidays).

The Entitlement Offer Booklet may also be accessed on the ASX web site under the Fund's announcement under ASX code TOT once available.

Recommencement of trading

The Responsible Entity expects ASX to lift the trading halt and for TOT's Stapled Units to recommence trading on ASX from market open on Thursday, 13 April 2017.

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

Tony Pitt
Managing Director
360 Capital Group
+61 2 8405 8860

James Storey
Fund Manager
360 Capital Total Return Fund
+61 2 8405 5675

Timetable

Event	Date
Enter trading halt	Monday, 10 April 2017
Announcement of Institutional Placement, Institutional Entitlement Offer and Retail Entitlement Offer	Tuesday, 11 April 2017
Trading resumes	Thursday, 13 April 2017
Record Date for the Entitlement Offer (7pm AEST)	Thursday, 13 April 2017
Settlement of Institutional Placement and Institutional Entitlement Offer	Wednesday, 19 April 2017
Allotment of New Units issued under the Institutional Placement and Institutional Entitlement Offer	Thursday, 20 April 2017
Expected Trading of New Units issued under the Institutional Placement and Institutional Entitlement Offer on a normal basis	Thursday, 20 April 2017
Retail Entitlement Offer opens and dispatch of Retail Offer Booklet	Thursday, 20 April 2017
Retail Entitlement Offer closes	Tuesday, 2 May 2017
Announcement of results of Retail Entitlement Offer	Friday, 5 May 2017
Settlement of Retail Entitlement Offer and Allotment of New Units issued under the Retail Entitlement Offer	Tuesday, 9 May 2017
Expected Trading of New Units issued under the Retail Entitlement Offer on a normal basis	Wednesday, 10 May 2017
Dispatch of holding statements	Thursday, 11 May 2017

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.

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.

About 360 Capital

360 Capital is a property investment and funds management group concentrating on strategic investment and active investment management of property assets. The company was formed in 2006 and has been actively investing in direct property assets, property securities and various corporate real estate acquisitions within Australian real estate markets on a private equity basis.

Issued by

This announcement has been prepared by 360 Capital FM Limited (Responsible Entity) as responsible entity for the 360 Capital Total Return Fund (the Fund) in connection with a placement to institutional investors (Institutional Placement) and a non-renounceable entitlement offer (Entitlement Offer) of Stapled Units in the Fund (New Stapled Units). The Entitlement Offer is being made without the release of a prospectus or product disclosure statement, in accordance with section 1012DAA of the Corporations Act. Prospective investors should have regard to the Fund's periodic and continuous disclosure announcements to ASX in addition to this and any other announcement made in connection with the Entitlement Offer.

Disclaimer

This announcement contains summary information about the Fund and its activities and has been prepared in accordance with information available to the Responsible Entity as at 10 April 2017. The information in the announcement has been prepared in good faith and with due care but no representation or warranty, express or implied, is provided in relation to the currency, accuracy, reliability or completeness of this information. The announcement should be read in conjunction with the Fund's other periodic and continuous disclosure announcements to ASX in addition to this and any other announcement made in connection with the Entitlement Offer.

Not financial product advice

The information contained in this announcement is not financial product advice. This announcement and the associated offer documentation have been prepared without reference to your investment objectives, financial situation and particular needs. It is important you read this announcement and the accompanying offer documentation in their entirety, together with the Fund's periodic and continuous disclosure announcements to ASX, before making a decision whether to invest. If you are in any doubt, you should consult your broker or financial or other professional adviser.

Investment risk

An investment in the Fund's Units is subject to investment and other known and unknown risks, some of which are beyond the control of the Fund. The Responsible Entity and the Fund do not guarantee any particular rate of return or the performance of the Fund. Persons should have regard to the risks outlined in this announcement and the associated offer documentation.

Not an offer

This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any Stapled Units and neither this announcement nor anything contained in it will form the basis of any contract or commitment.

Financial information

All financial and operational information contained in the announcement and the associated offer documentation is stated as at the date of this announcement, unless otherwise specified. Currency amounts are in Australian dollars.

Entitlement Offer restrictions

The Entitlement Offer will be conducted in accordance with the requirements of the laws of Australia. No New Stapled Units are being offered to any person whose registered address is outside Australia or New Zealand. No action has been taken to register New Stapled Units or otherwise permit a public offering of New Stapled Units in any jurisdiction outside of Australia or New Zealand. This announcement and the related offer documents do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of the announcement and associated offer documentation in jurisdictions outside Australia or New Zealand may be restricted by law and persons who come into possession of it who are not in Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Governing law

This announcement, the Entitlement Offer and any contracts made in connection with the acceptance of the Entitlement Offer are governed by the laws of NSW, Australia. Each person who applies for New Units submits to the jurisdiction of the courts of NSW.

Forward looking statements

This announcement and the associated offer documentation contain forward looking statements which are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Fund to vary materially from those expressed or implied in such forward looking statements. Some of the risk factors that impact on forward looking statements are set out in the Risks section of the associated offer documentation.

Past performance

Past performance is not a reliable indicator of future performance.