

360 Capital Total Return Fund

11 July 2017

Fund Update

Sale of Industria (ASX:IDR) stake for \$63.4 million and agreement with a major Australian bank for roll-out of stretch senior funding product

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

The Fund completed its \$40.6 million capital raising in May 2017, with five new institutions participating in the placement and entitlement offer. The Fund now has a market capitalisation of approximately \$73 million and is the Group's flagship listed fund.

Sale of IDR strategic stake for \$63.4 million

Since completing the capital raising, the Fund (Via the wholly owned PERE Fund) has increased its ownership in Industria REIT (ASX: IDR) to 18.2% (including TGP's 1.3% stake).

Since increasing its investment in IDR, the Fund has had various approaches from parties to acquire this strategic stake. Over the past few weeks, the Fund has been assessing its options to maximise the value of this investment for TOT Securityholders.

The Fund has invested \$57.2 million in IDR securities at an average entry price of \$2.07 per security.

The Fund has now sold its entire stake for \$63.4 million (\$2.30 per security) on an ex distribution basis and will be entitled to a further \$2.2 million for the June 2017 distribution.

360 Capital Group has also sold its 1.8% stake in IDR today at the same price.

The IDR investment has provided Fund investors with a total return of 18.3% per annum.

Non-bank Funding Activities

\$7.1 million Junior Debt Facility

The Fund has entered into a term sheet for a \$7.1 million junior debt facility to a high net worth developer undertaking a new 15-year pre-committed development.

This investment will provide the Fund with a 15%+ IRR p.a. over an 18-month period and is expected to be drawn in September 2017. Under the terms of the facility, the borrower will provide a personal guarantee, registered mortgage and other security arrangements. The Fund has approved this facility after investigating and rejecting over 10 other funding opportunities presented.

A pipeline of other funding opportunities are being provided to the Fund, via Australian Mezzanine Finance (AMF), as the Australian Banks continue to restrict lending activities to certain real estate activities and borrowers.

Non-Bank Agreement with Major Australian Bank

AMF has been developing a finance product in partnership with the Australian banks which enables the banks to offer a stretched senior facility to its commercial real estate customers (investors and developers).

AMF has now entered into agreement with a major Australian Bank to progress this product development and complete among other aspects the legal structuring, and in due course live transactions.

360 Capital Total Return Fund

This will allow AMF to provide the junior financing tranche to this product in partnership with the bank's senior debt under a secured first mortgage product.

This product, in combination with direct broking of transactions through AMF will provide the Fund with a pipeline of financing opportunities on a selective basis.

Upcoming Securityholder Meeting

The responsible entity of the Fund has issued a notice of meeting seeking investors to approve the refreshment of the Fund's placement capacity. The Fund has cash reserves and does not need to undertake a capital raising at this point; however, by refreshing the placement capacity, the Fund will be able to maintain flexibility should an appropriate investment opportunity arise.

Current proxies lodged represent over 60% of eligible unitholders who have voted with in excess of 85.0% voting in favour to refresh the placement capacity.

This meeting is scheduled for the 18 July 2017.

Future Acquisitions

As outlined previously, the Fund is 360 Capital Group's flagship listed fund and we have a strategy to grow the asset base of the Fund in a responsible manner, making the Fund a more meaningful investment proposition.

The 360 Capital Group, as the manager of the Fund is aligned with Securityholders through its 23.7% holding in the Fund. The Group has undertaken to maintain a significant investment in the Fund and where appropriate sponsor opportunities for the Fund's growth.

Future opportunities uncovered by 360 Capital will be offered to the Fund in priority, or in partnership with 360 Capital Group, subject to the Fund having the capital capacity to participate.

30 June Distributions and Special Distribution

The Fund declared a distribution of 2.4 cents per security for the June 2017 quarter in line with forecasts.

The Fund also declared a special distribution of 2.4 cents per security. The record date for both distributions was 30 June 2017.

NTA Uplift and Potential Capital Management Initiatives

Following the sale of the IDR stake, the Fund has approximately \$83.3 million in cash and \$2.2 million in distributions receivable, increasing the Fund's unaudited proforma NTA to \$1.25 per security (post accruing the June distributions of 4.8 cents). The Fund remains debt free.

The Fund is currently trading on the ASX at \$1.15 per security, a discount of 8.0% below the Fund's NTA. If this discount continues, the Fund may elect to buyback up to 10% of its issued capital

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 8860

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.
