



ASX Release

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360 Capital Total Return Fund (ASX: TOT) – FY19 Results 21 August 2019

Real Estate Debt Delivering Superior Risk Adjusted Returns

Opportunistically investing across the real estate capital stack

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360 Capital FM Limited as Responsible Entity for the 360 Capital Total Return Fund (“Fund” or “TOT”) is pleased to announce its financial results for the financial year ending 30 June 2019.

Key financial results highlights for the year ended 30 June 2019

- Statutory net profit attributable to securityholders of \$7.6m, up 214% on pcp, driven by continued growth in finance revenue from real estate debt investments
- Operating profit of \$8.0m, up 36% on pcp
- Statutory earnings per security (EPS) of 11.2cps, up 202% on pcp
- Operating EPS of 11.8cps, up 31% on pcp
- Distributions per security (DPS) of 12.0cps, up 33% on pcp
- The Fund’s Distribution Reinvestment Plan was active from the September 2018 quarterly distribution to the March 2019 quarterly distribution, raising a total of \$5.2 million and issuing 4.4 million securities
- NTA per security of \$1.17, core NTA of \$1.19 in line with pcp (approximately 54% cash and ASX listed securities)
- Strong balance sheet with \$47.2m in cash and liquid assets and no debt

FY19 Key highlights

- During the year AMF Finance Pty Limited (AMF) (50% owned by TOT) continued to focus on growing 360 Capital’s non-bank real estate credit platform, with a total of \$46.1m of Loan Investments made during the reporting period
- \$56.6m of loans repaid during the period, delivering Securityholders with an average Internal Rate of Return of 15.9% p.a. on realised loan investments¹
- In-line with TOT’s strategy of investing in mispriced ASX listed securities, TOT has invested \$8.5m² URB Investments Limited (ASX: URB) at an average price of \$1.03, being a -12.0% discount to the last reported Post Tax Net Tangible Assets (NTA) of \$1.17³ per share

Executing on Real Estate Debt Strategy - AMF Finance

The Fund holds a 50% stake in AMF. AMF originates alternative lending and structured financing solutions to Australian real estate investors and developers and receives all establishment fees on development transactions written by 360 Capital Group entities, including TOT.

During the period, \$56.6 million of loan investments were repaid, delivering Securityholders with an average Internal Rate of Return of 15.9% p.a. on realised loan investments.

¹ Excluding Port Coogee facility as loan remains outstanding

² Based on TOT’s holding in URB as at 20th August 2019

³ Based on ASX: URB’s last reported Net Tangible Assets released on 14 August 2019



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During the year, AMF reviewed \$3.7 billion in potential loan investments. We remain very disciplined with our credit standards which has meant a lot of loans have been written by our competitors. We are now witnessing some of these lenders are now calling in defaulted loans with a number of poorly capitalised builders and developers financially failing during the year.

Given TOT's current cash position, the Responsible Entity remains focused on deploying TOT's available cash prior to seeding the 360 Capital Residual Stock and Construction Funds.

The Fund's current loan portfolio comprises six (6) loan investments totalling \$69.8 million⁴ of which 89.1% are senior first mortgage security with 57.0% of loan investments are located in New South Wales. The loans comprise a range of asset types with 22.4% hotel and accommodation assets and 77.6% residential (by loan value).

The average interest rate across the loan portfolio is 11.0%, with a weighted average Loan to Value Ratio (LVR) of 67.6%.

Post the reporting period, the Fund, through AMF has agreed terms on a further \$24.4⁵ million of first mortgage loan investments, comprising a combination of construction and residual stock loans.

Assuming all the loan investments proceed, TOT's loan portfolio would grow to \$78.0 million. Generating active fee revenue through AMF and finance revenue through interest received on the loans.

AMF Finance Joint Venture

AMF has begun to establish itself as a major non-bank real estate debt originator. AMF has built strong relationships with the Australian banks and over 100 accredited brokers, and these relationships have delivered a strong track record to-date and are providing a robust and growing pipeline of transaction opportunities over time. This revenue stream will add to the Fund's active earnings.

Investment in URB Investments

In-line with TOT's strategy of investing in mispriced ASX listed securities, TOT has invested \$8.5m⁶ URB Investments Limited (ASX: URB) at an average price of \$1.03, being a -12.0% discount to the last reported Post Tax Net Tangible Assets (NTA) of \$1.17⁷ per share.

TOT now holds 11.3% of URB and is the second largest shareholder. TOT will continue to monitor this investment and will remain disciplined not to dilute TOT's capital base.

Capital Management

During the year, 360 Capital established the 360 Capital Senior Loan Series – August 2018 ("Senior Loan Fund") wholesale investment fund to facilitate the sell down of two existing loan investments within TOT and to expand and diversify TOT's loan investment book. TOT held a controlling interest in the Senior Loan Fund during the period prior to it being wound up on 31 May 2019.

⁴ Including Port Coogee redraw and Greenway loan investments

⁵ Comprises Port Coogee loan variation, Greenway and North Shore loan investments

⁶ Based on TOT's holding in URB as at 20th August 2019

⁷ Based on ASX: URB's last reported Net Tangible Assets released on 14 August 2019



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The Fund's Distribution Reinvestment Plan (DRP) was active from the September 2018 quarterly distribution to the March 2019 quarterly distribution, raising a total of \$5.2 million and issued 4.4 million securities.

Outlook and Guidance

The Fund's strategy remains focused on identifying unique real estate-based investment opportunities with a target total return hurdle of 12.0% per annum. The Fund has a deliberately broad mandate to enable it to pursue attractive investments across all sectors of real estate across the capital stack in direct and indirect property assets.

We expect that TOT will diversify its investments during the year, capitalising on selective real estate equity investments on an opportunistic basis. This may include entering into investment in partnerships with participants looking to take advantage of mispricing.

As 360 Capital's dedicated listed real estate vehicle, the responsible entity remains focused on continuing to increase liquidity and awareness of the Fund.

Based on current and forecast loan and equity investments, the Fund is forecasting Operating Earnings for FY20 of 9.0 to 12.0 cents per security and Distributions per security of 9.0cps.

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.
