

# 360 Capital Total Return Fund (ASX: TOT)

**Unitholder Meeting | Radisson Blu Hotel, Sydney | 18 July 2017**

*The stapled fund comprising 360 Capital Total Return Passive Fund (ARSN 602 304 432) and 360 Capital Total Return Active Fund (ARSN 602 303 613)*

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Please refer to the Notice of Meeting and Explanatory Memorandum dated 23 June 2017 for further information on the resolution.



**DAVID VAN AANHOLT, CHAIRMAN & INDEPENDENT DIRECTOR**

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 over 15 years.

As Managing Director, 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. In particular, this includes repositioning of the Group since December 2010 through the disposal of in excess of \$340 million in underlying Fund and Trust assets and the refinancing of approximately \$0.5 billion in debt.



**ANDREW MOFFAT, INDEPENDENT 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 is also Chairman of Pacific Star Network Limited, a Director of Rubik Financial Limited and a Director of CCK Financial Solutions Limited. His past public company directorships include itX Group Limited and Infomedia Limited.



**JOHN BALLHAUSEN, INDEPENDENT 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 Licencees. 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 with HIH Insurance, with responsibility for more than \$3 billion of funds across fixed interest, equities and property asset classes.



**GRAHAM LENZNIER, INDEPENDENT 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.



**BEN JAMES, CHIEF INVESTMENT OFFICER**

Ben joined 360 Capital in 2010 and is responsible for all fund investment activities within the group. Ben has over 19 years' experience in Real Estate Funds Management and Investment across the office, retail, industrial, hotel and car park sectors. Prior to joining 360 Capital, Ben was the Trust Manager of Mirvac Property Trust, the \$4.5 billion investment vehicle of the ASX listed Mirvac Group. He also held positions in property management and investment sales with Colliers International.



**GLENN BUTTERWORTH, CHIEF FINANCIAL OFFICER**

Glenn is responsible for all 360 Capital's financial management activities. Prior to joining 360 Capital, Glenn spent 11 years at Mirvac, most recently as Financial Controller of the Investment Division. Glenn was responsible for Mirvac Property Trust, listed and wholesale managed funds and partnership structures and has a wealth of transactional and financial management skills, gained from over 20 years' industry experience. Prior to Mirvac, Glenn held a number of senior finance roles including Financial Controller at McGrath Estate Agents. Glenn is a chartered accountant and commenced his career at Deloitte.



**JAMES STOREY, FUND MANAGER, 360 CAPITAL TOTAL RETURN FUND**

James has over 11 years' experience in real estate funds management including such areas as asset management, capital transactions, analytics and valuations. Prior to his current role, James was the fund manager of the ASX listed 360 Capital Industrial Fund and 360 Capital Office Fund with combined gross assets of over \$1.2bil. James previously held roles at Brookfield and worked for Ernst & Young within the Transaction Advisory team.



**PRIYA A. ROY, HEAD OF PRIVATE CAPITAL**

Priya has 8+ years' experience in private equity and investment banking, working across the spectrum from acquisitions, asset management, and dispositions through to corporate advisory for M&A and the debt and equity capital markets. She began her career with Morgan Stanley in New York City and later in Sydney, and she was at Goldman Sachs before joining 360 Capital as the Head of Private Capital in 2017. She holds two undergraduate degrees in Finance and Mathematics from Indiana University as well as a master's degree in International Business from the University of Sydney.



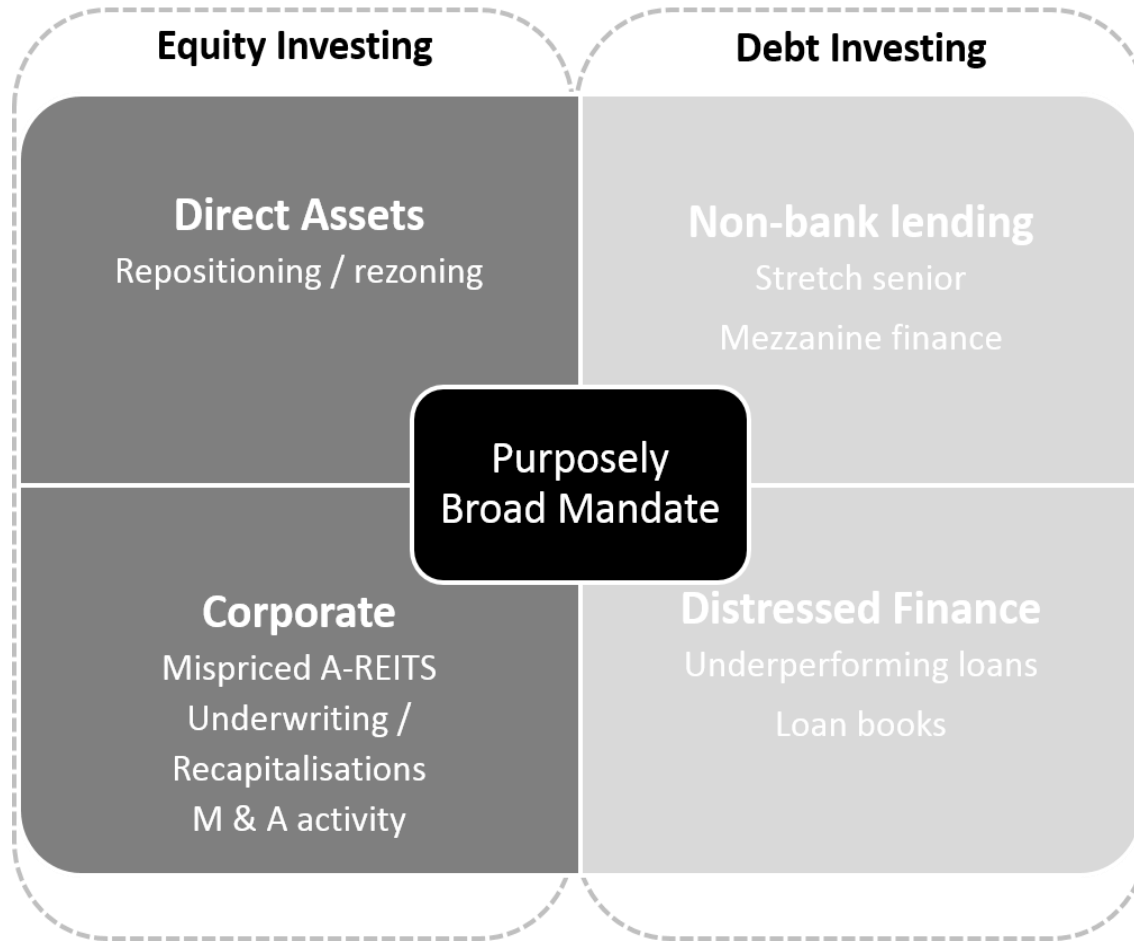
**JENNIFER VERCOE, COMPANY SECRETARY**

Jennifer has over 15 years' experience in finance and funds management within the property industry. Jennifer is the Company Secretary to 360 Capital Group and Financial Controller of TT Investments. Prior to this she held finance and funds management roles at Stockland, Valad Property Group and AMP Capital Investors. Jennifer is a Chartered Accountant and has a Certificate in Applied Finance and Bachelors of Commerce and Business Administration from Macquarie University.



**AINSLIE MCFARLAND, FINANCE MANAGER**

Ainslie joined 360 Capital in June 2014 and is responsible for the finance function of the 360 Capital Group, in a role covering management and statutory reporting, compliance, treasury control and taxation. Ainslie has over 8 years' experience in investment and asset management. Previously at Mirvac for 4 years, Ainslie was part of the finance team responsible for the Mirvac Property Trust, and prior to this she worked for the prestigious asset management firm Harrods Estates in London. Ainslie is a qualified Chartered Accountant, holding a Bachelor of Commerce (Accounting & Finance) from the University of Wollongong and a Graduate Diploma of Chartered Accounting.



 **INDUSTRIAREIT**  
An APN Property Group fund

**\$63.4m**

Realisation of strategic holding in IDR  
18.3% IRR / 2 yr hold




Completed 2017

**A|M|F**  
Australian Mezzanine Finance

**\$7.1m**

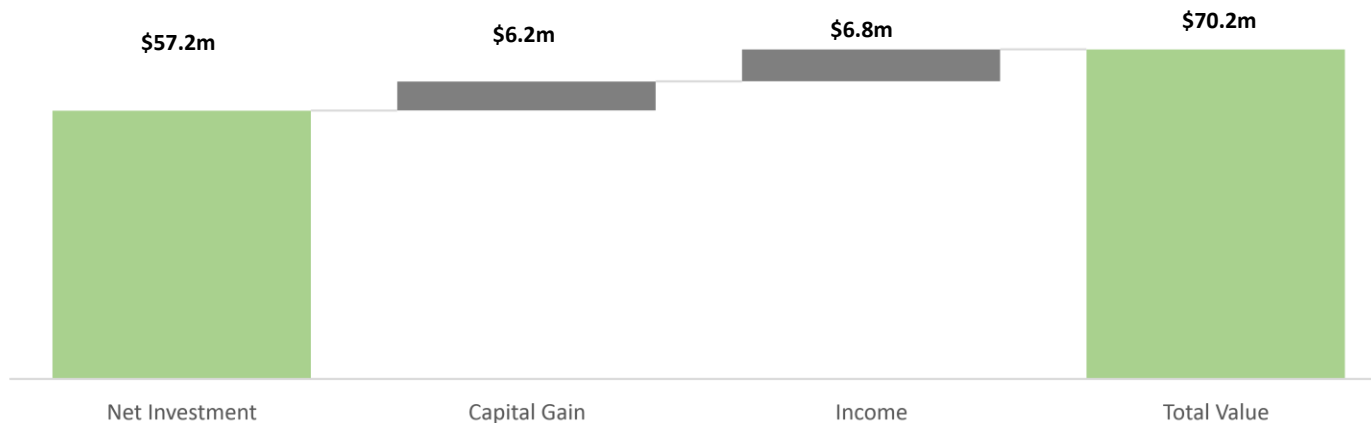
Junior debt facility  
Forecast >15.0% IRR  
18-20 month term

In Due Diligence

EARNINGS		5.1% increase in FY17 EPS to 8.4 cps <sup>1</sup> (7.3% yield at Offer Price of \$1.15)
DISTRIBUTIONS		6.6% increase in FY17 DPS to 8.1 cps <sup>1</sup> (7.0% yield at Offer Price of \$1.15) and a further 2.4 cps Special Distribution in the June-17 quarter
MARKET CAP		115.0% increase in the market capitalisation of TOT to \$78.1m <sup>2</sup>
DIVERSIFICATION		Diversification of revenue streams
FOCUS		TOT is TGP's flagship listed fund; TGP and its Directors have Committed over \$19m <sup>2</sup> of capital towards TOT
OPPORTUNITIES		Market conditions and tighter credit policy are starting to provide opportunities

1. As compared with FY17 Forecast EPS and DPS. Based on the weighted average number of securities issued on the Offer  
2. Based on 17 July 2017 closing price of \$1.185 per Stapled Unit

- TOT invested \$57.2 million in IDR at an average entry price of \$2.07 per Security
- Post capital raising, increased IDR holding to 18.2% (including TGP's investment)
- Exited entire holding for \$2.30 per security on an ex-distribution basis
- Generated an IRR of 18.3% p.a. over two year hold period





## ***Background***

Opportunity to provide junior financing to a well known private developer, pre-committed 15-year commercial development. The site has been purchased and all planning approvals are in place.

The developer has entered into an agreement for lease and the project is subject to a fixed price construction contract with a well known builder.

## ***Security and Structure***

The loan will be subordinated to a senior debt facility to be provided by one of the big-four Australian banks. The junior finance position will be secured by a registered second mortgage and personal guarantee. Facility forecast to be drawn in September-2017.

## ***Exit/Repayment***

The loan is to be repaid at practical completion of the project via a refinance from the senior lender.

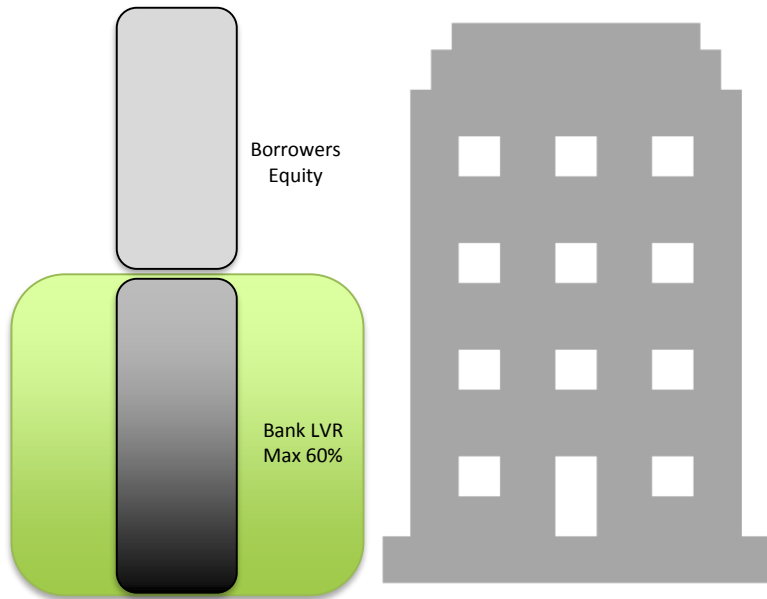
Structure	Size	Term	Forecast IRR
Junior Debt	\$7.1m	18-20 months	>15.0%



## AMF is working on a structured finance product to partner with major Australian banks

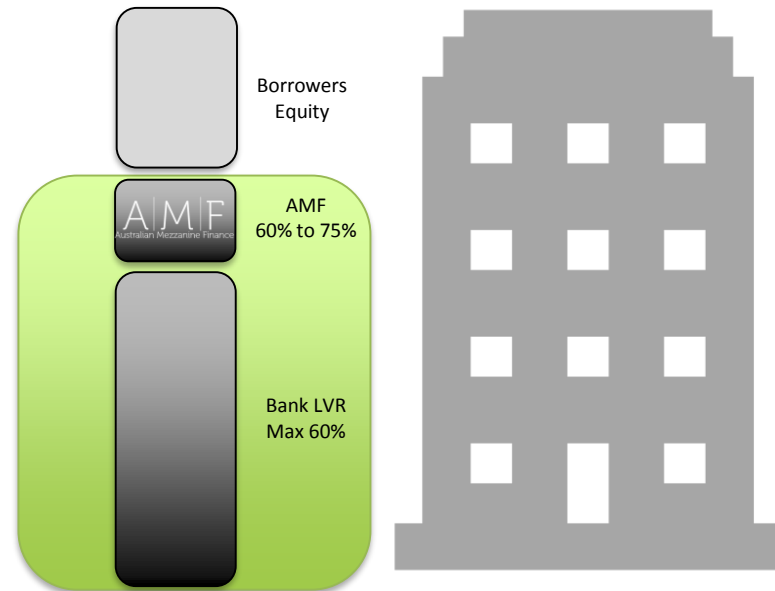
### Current lending environment

APRA capital adequacy requirements have reduced LVR's available to borrowers LVR's now capped now at 60%

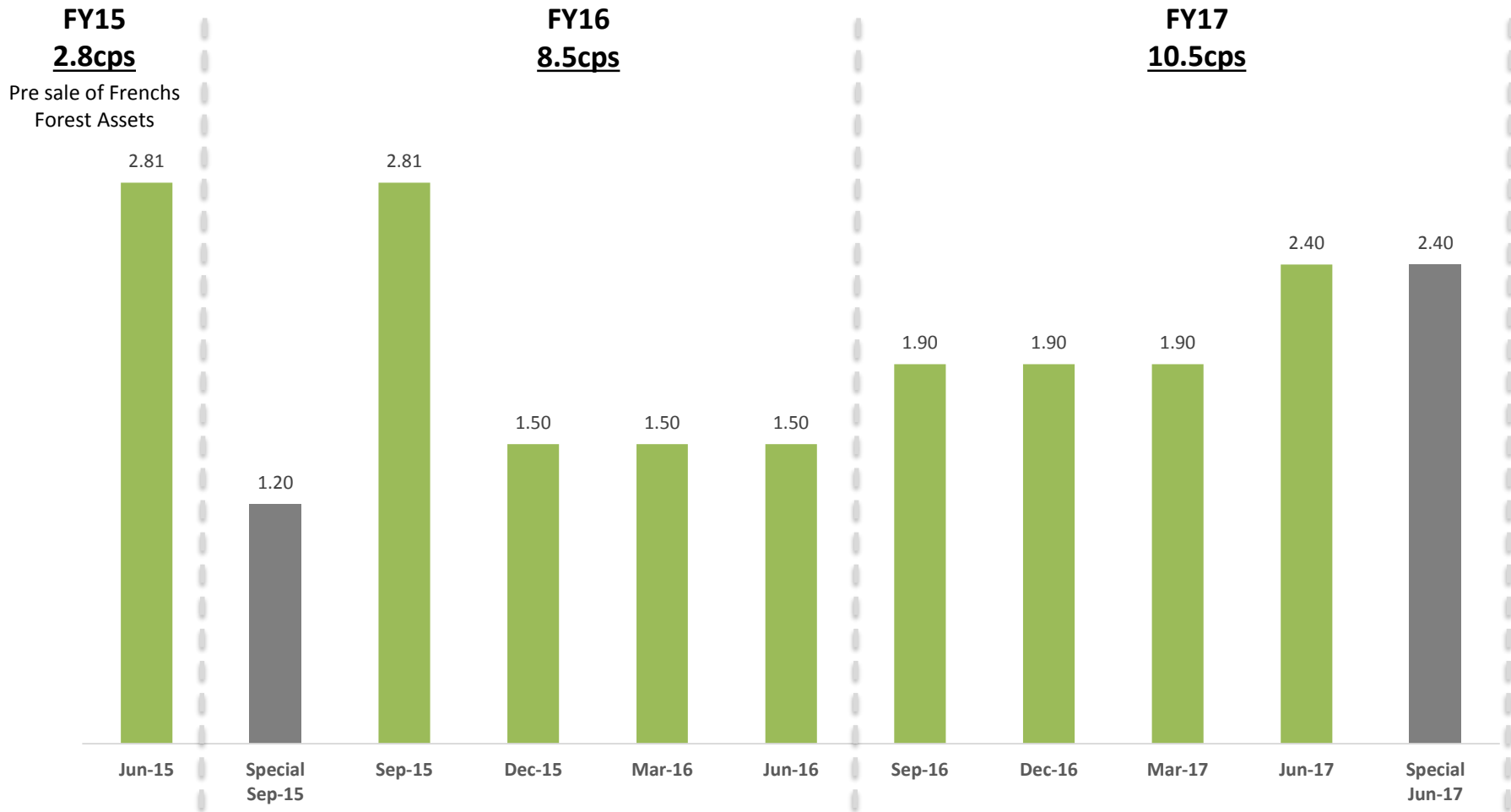


### AMF stretch senior

AMF structured senior allows banks to offer up to 75% LVR to borrowers

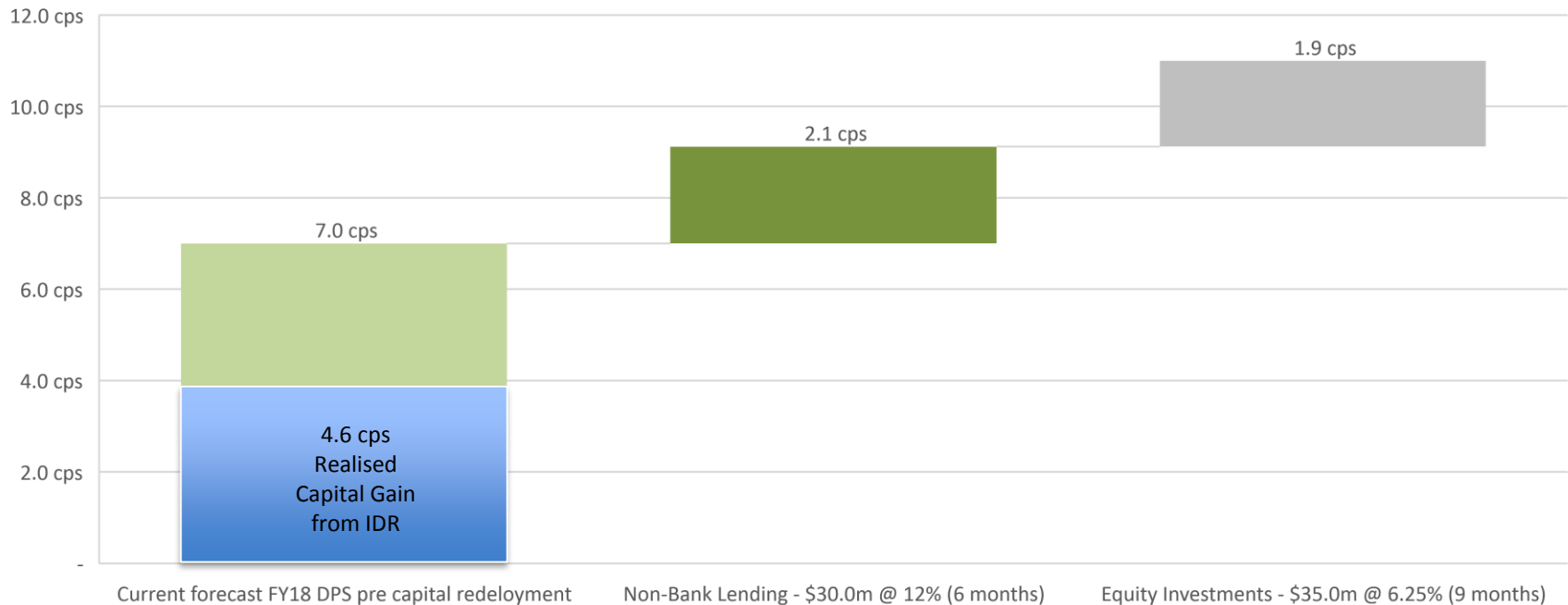


*Regular quarterly distributions, enhanced by special distributions – increasing year on year to date*



TOT will continue to distribute base operating earnings along with realised capital gains from trading activities (where appropriate). This is reflective of the total return nature of TOT's underlying investments

## Illustrative FY18 Potential Earnings Composition



## *Outlook*

- Changing credit conditions for Australian banks have led to senior and junior debt positions offering higher relative returns on a risk adjusted basis
- Monetary policy appears to have reached the bottom of the interest rate cycle, with a tightening of monetary policy more likely in the medium term
- Low interest rate environment has led to Investors chasing yield and ignoring real estate fundamentals – potentially mispricing risk

## *Focus*

- Post sale of IDR –pro-forma NTA of \$1.25 per security on an ex-distribution basis
- Deploy available capital into transactions in line with the Fund’s mandate
- Focus on closing the gap between trading price and NTA
- Continue to market the Fund and make TOT a meaningful investment proposition

# Questions

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Fund:

*“That the issue of 4,599,403 stapled units in the 360 Capital Total Return Fund to institutional investors on 20 April 2017, as described in the Explanatory Memorandum accompanying this Notice of Meeting convening the Meeting, is ratified and approved for the purposes of ASX Listing Rule 7.4 and for all other purposes.”*

### **Directors believe refreshing the Fund's equity raising capacity is in Members' best interests**

- Generally, an entity may not, without Member approval, issue in any 12 month period more than 15% of the number of Units on issue 12 months before the date of the issue
- If the Resolution is passed it will provide funding flexibility in respect of potential acquisitions, investment opportunities and general capital management initiatives that may arise from time to time
- The Fund continues to actively seek acquisition opportunities which complement its investment strategy and existing portfolio
- Institutions that took part in the April 2017 placement are excluded from voting on the Resolution
- If the Resolution is passed the percentage holding in the Fund of Members who do not participate in future capital raisings will be reduced
  - offset by flexibility in funding and executing potential acquisition and investment opportunities

**360 Capital recommends you VOTE IN FAVOUR of the Resolution**



# Thank You