360 Capital
TOTAL RETURN FUND

360 CAPITAL TOTAL RETURN FUND (ASX: TOT)

1H19 Results Presentation 27 February 2019

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1. Snapshot and Investment Strategy

Snapshot

Nimble investment strategy provides flexibility should market conditions deteriorate

HY19 Financial Results

- Statutory net profit of $3.1m and Operating Profit $4.0m
- 6.0cps Operating Earnings per Security (EPS) and 6.0cps Distributions per Security (DPS), in line with guidance
- The Fund's closing price[1] reflects a 9.8% operating earnings and distribution yield based on the annualised 1H19 EPS and DPS
- NTA $1.17 per Security (NTA $1.19 pre-AASB 9 allowance of $0.02 per Security) and the Fund remains ungeared

360 Capital Group

- TGP through AMF Finance (50% owned by TOT) continues to grow its real estate credit platform, expanding the AMF Finance origination capability and growing AMF's market presence as a leading non-bank originator
- TGP will continue to focus on growing TOT as TGP's listed real estate platform
- TGP announced the proposed establishment of two opportunity specific real estate credit funds

Loan Portfolio

- All loans continue to perform with $58.7m in loan investments forecast to be repaid during 2H19
- 360 Capital establishing the 360 Capital Residual Stock Credit and Construction Credit Funds; TOT to vend in assets to seed new funds
- Significant and growing pipeline of executable transactions to grow both funds
- Cautious on current state of real estate cycle, risk mitigation through thorough credit, valuation and assurance process

AMF Finance

- Appointed additional senior loan originator during the period - AMF team now comprises 4 staff
- Continued and growing transaction volumes
- Establishment of 360 Capital Residual Stock Credit Fund and Construction Credit Fund potentially increasing fee revenue streams to AMF Finance

1. Based on the 28 December 2018 closing price of $1.23 per Security

TOT's Investment Strategy – Debt remains attractive

360 Capital Group

Current Focus Real Estate Debt

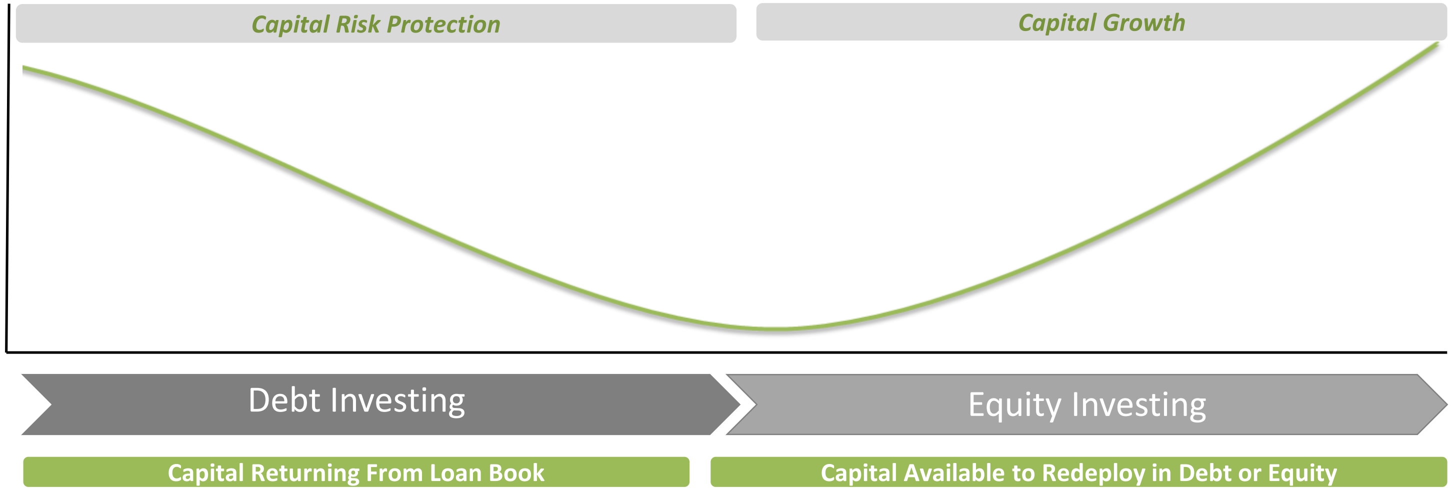
Why real estate debt?

- Late stages of real estate cycle, focus on capital preservation, step-out of first loss position
- Banking Royal Commission and changes to prudential regulation continue to benefit non-bank sector
- Secured loans with higher risk-adjusted returns than equity
- We see this strategy continuing for several years; however, expect to re-enter equity investing into real estate (initially through distressed opportunities) before mainstream real estate investing again.

Indirect Real Estate - AMF

- AMF Finance Pty Limited 50% owned by TOT
- AMF originates all 360 Capital and TOT's real estate debt transactions
- Provides TOT with growing fee revenue streams and debt investment opportunities
- AMF revenue will continue to enhance TOT's earnings and provide dividends

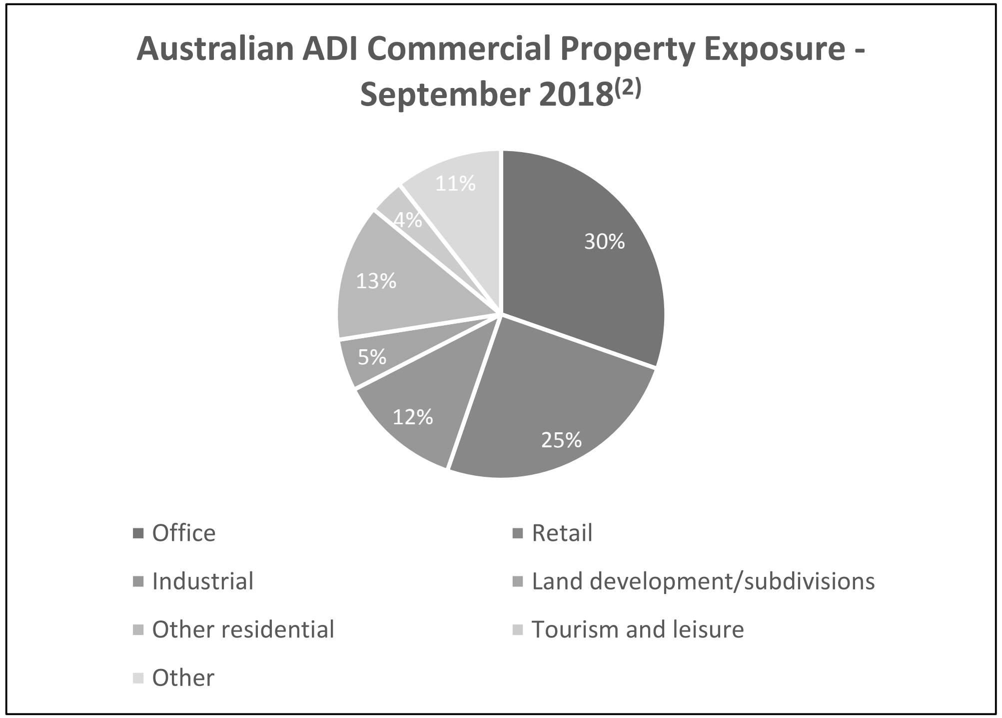
Self liquidating debt investments provide flexibility if market conditions change

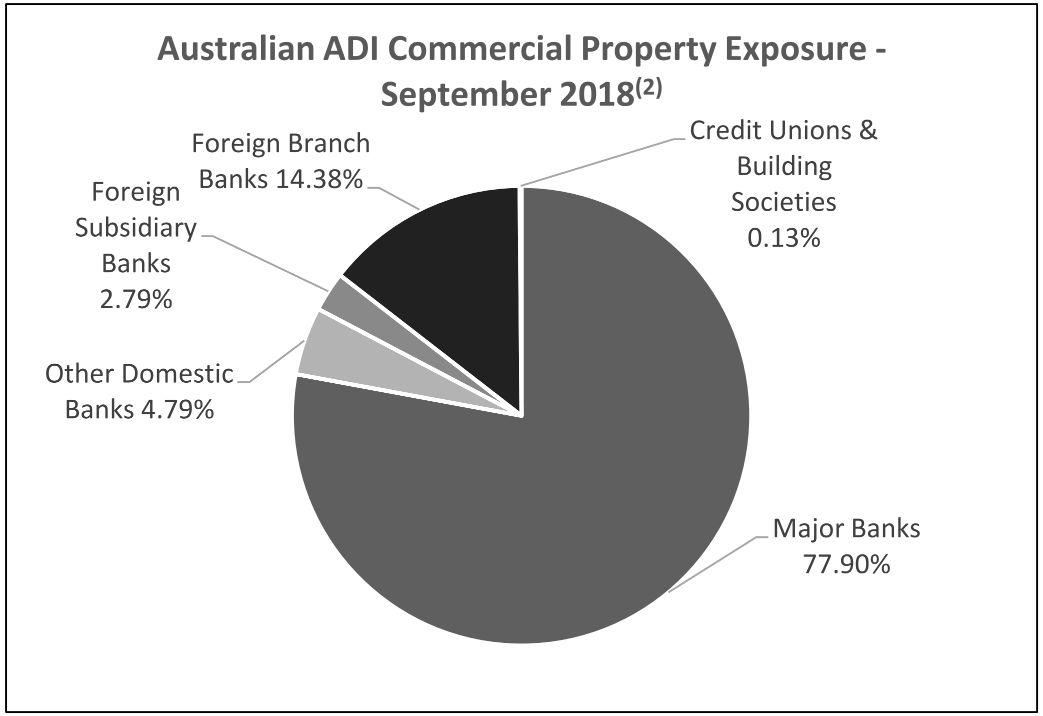


2. Australian Banking Market and AMF Finance

Australian Banking Market

- Based on APRA data, Australia's $279 billion commercial real estate banking market is 78% funded by the major banks and 17% by foreign banks and their subsidiaries.
- Since 2016, foreign banks exposure to commercial real estate has increased dramatically mainly through direct lending
- Whilst there is little research available, the size of the Australian commercial real estate non-bank market is expected to double to approximately $60 billion, creating a $30 billion market opportunity [(1)]



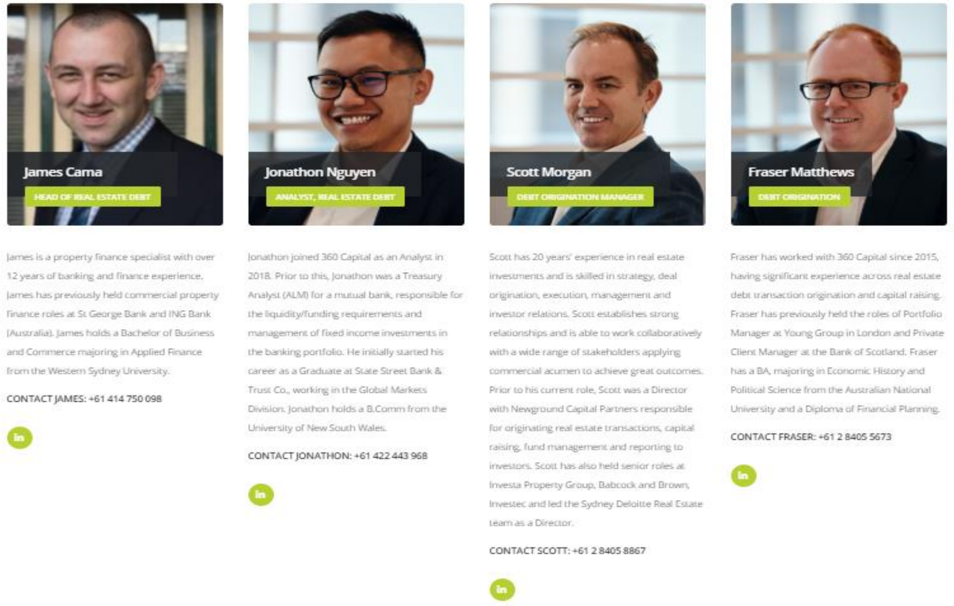


1. Source: Goldman Sachs
2. APRA Quarterly ADI Property Exposures – September Qtr 2018, issued December 2018

Addressing the funding gap – AMF Finance

- Continuing to invest in systems and processes
  - New online application process
  - Digital marketing strategy has generated significant deal flow and market awareness
- Scalable business with growing market presence
  - Over $3b of transactions reviewed, with terms issued to for over $167m of potential new loan investments
- Investing in the team
  - Appointment of Loan Originator, AMF team now comprises 4-staff

www.amf-finance.com.au



Risk management – robust credit approval and monitoring

- ✓ Registered mortgage
- ✓ Tripartite deed
- ✓ Facility documentation
- ✓ Credit enhancements
  - ✓ Guarantees
  - ✓ Additional charges

Independent Credit Committee

Andrew Moffat

Brett Palmer

Ian Harrison

Heightened focus on:

- ✓ Pre-sale reviews i.e. purchasers capacity to complete and contract price vs. current value
- ✓ Valuations
- ✓ Builder's financial position
- ✓ Construction contract pricing and continencies

- ✓ Panel approved valuer
- ✓ Panel approved quantity surveyor
- ✓ Pre-sale/pre-lease review
- ✓ Financial assessment
- ✓ Veda/credit check
- ✓ Site inspection

3. Loan Portfolio

Loan Portfolio

7

Loan Investments

$110.2m

Loan Book[1,2]

$236.9m

Projected End Value[1,2,3]

$80.5m

First loss buffer[1,2,3]

65.4%

Loan to Value Ratio[1,2,3]

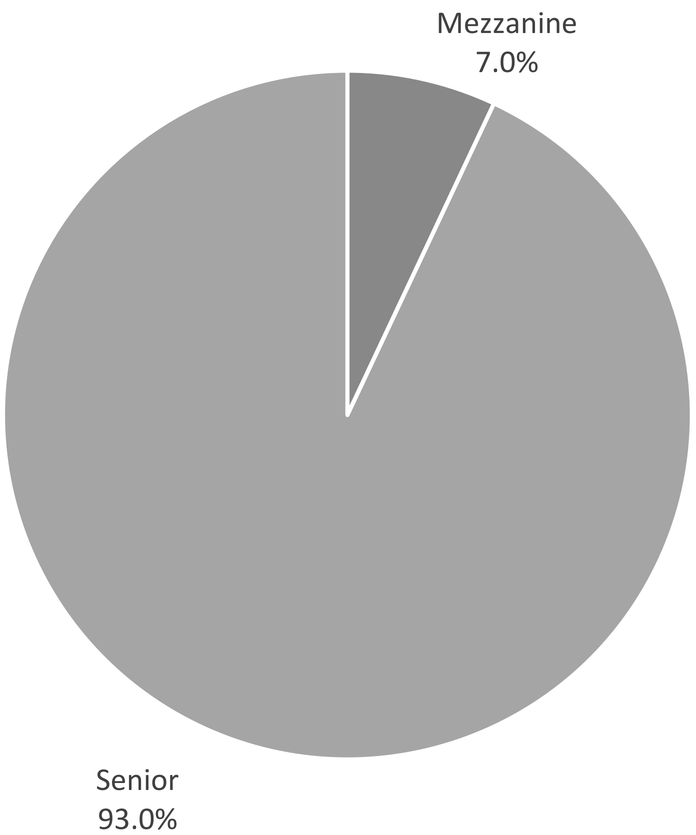
11.6%

Average Interest Rate[1,4]

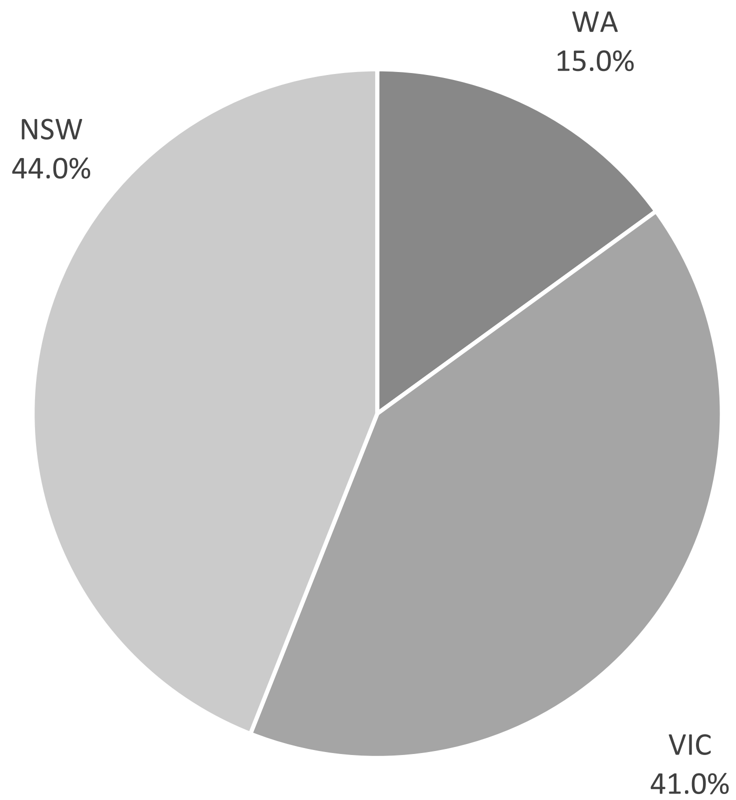
1. Facility amount including capitalised interest and fees
2. Based on "As if Complete" valuation (net of GST)
3. Calculated as "As if Complete" valuation (net of GST) less facility amounts (including capitalised interest and fees) and senior facility on 900 Hay Street, Perth WA
4. Weighed average interest rate inclusive of line-fee and interest margin

Loan Portfolio

Loan Type[1]



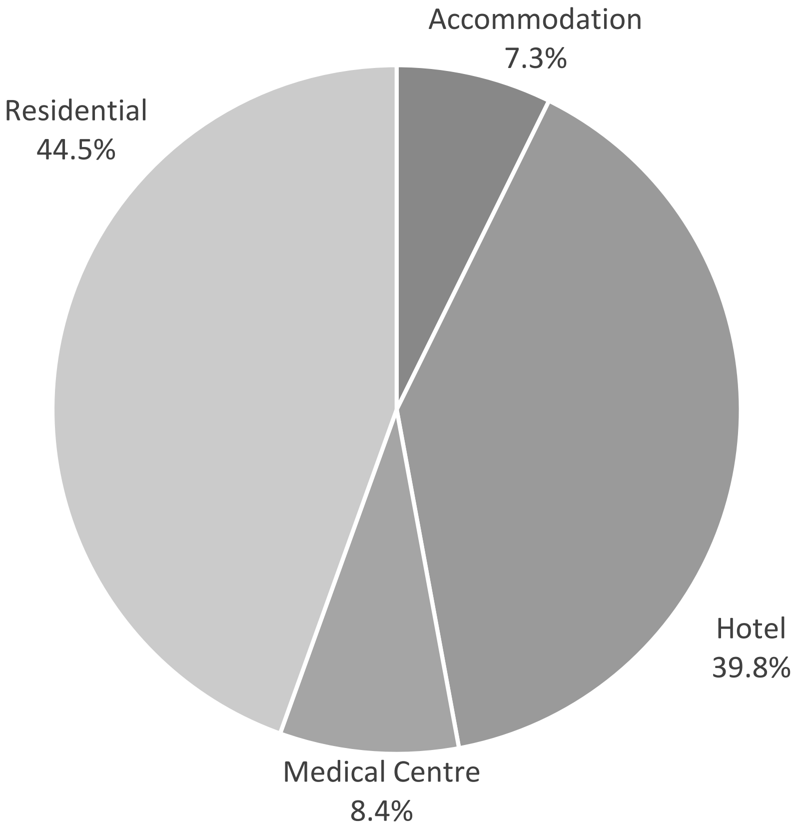
Geography[1]

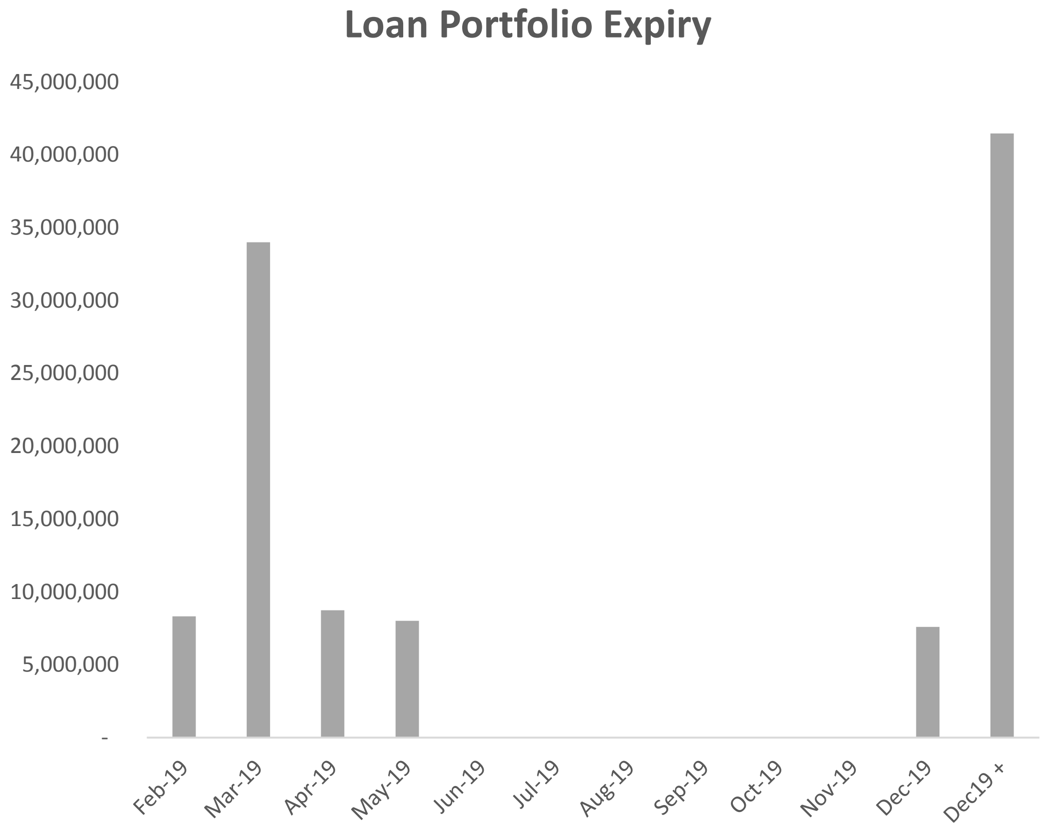


1. Based on facility amount including capitalised interest and fees

Loan Portfolio

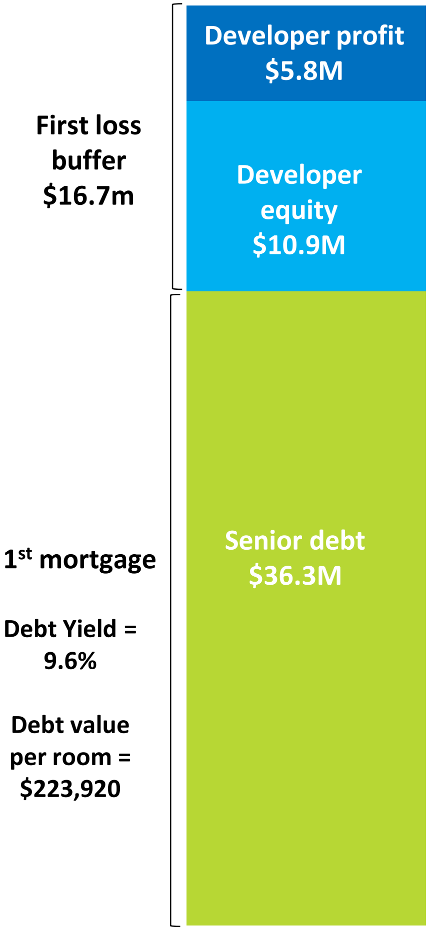
Asset Type[1]	Loan Expiry[1]





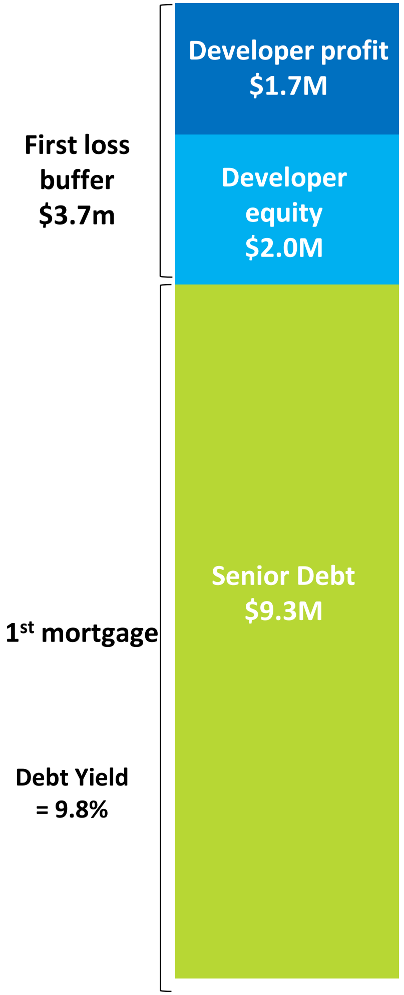
1. Based on facility amount including capitalised interest and fees

Loan Portfolio: Melbourne hotel development



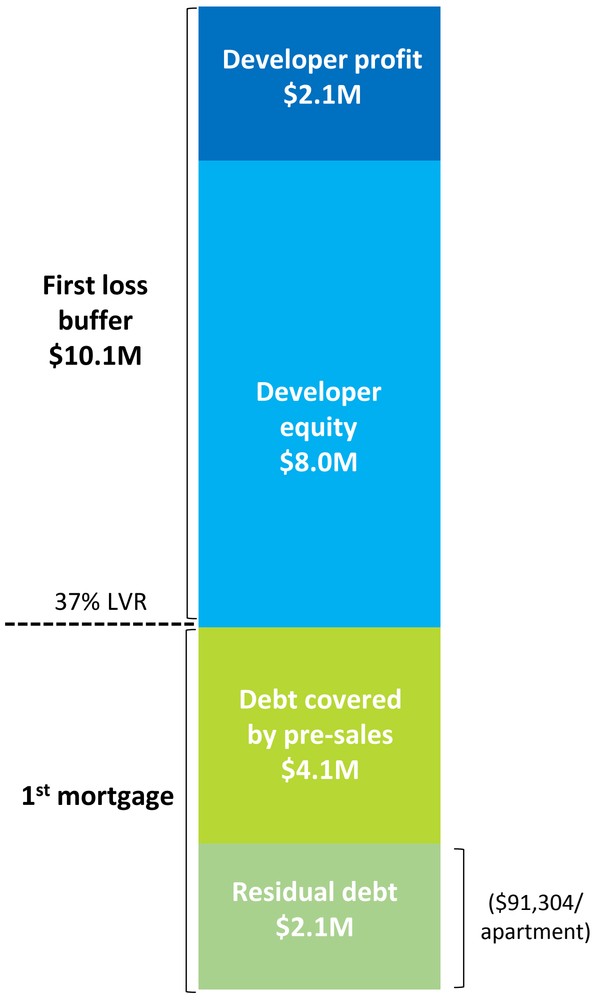
Property Type	Commercial construction and development
Loan Type	Senior
Loan Status	Project has reached practical completion. Facility has been extended by 1.5 months to allow for exchange and completion of contract for sale.
Size	✓ Net Realisation: $53.0m (ex GST) ✓ Facility Amount: $36.3m ✓ Loan to Value Ratio: 68% ✓ Loan to Cost Ratio: 77%
Term	Initial term 9-months, extended by 1.5 months
Interest Rate	11.0% p.a. capitalising monthly
Line Fee	2.0% p.a. capitalised quarterly in advance

Portfolio Update – Melbourne medical centre



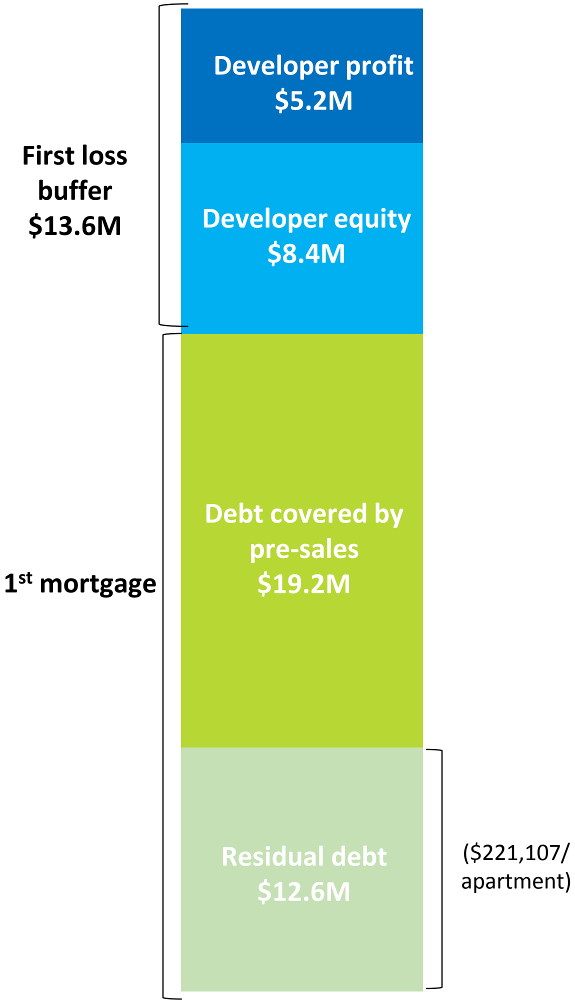
Property Type	Commercial construction and development
Loan Type	Senior
Loan Status	Project has reached practical completion, tenants have commenced occupation expected repayment inline with loan documents.
Size	✓ Net Realisation: $13.0m (ex GST) ✓ Facility Amount: $9.3m ✓ Loan to Value Ratio: 71% ✓ Loan to Cost Ratio: 82%
Term	18 months
Interest Rate	12.0% p.a. month 0-15; 15.0% p.a. month 16-18
Line Fee	Nil

Loan Portfolio: Western Sydney apartments 1



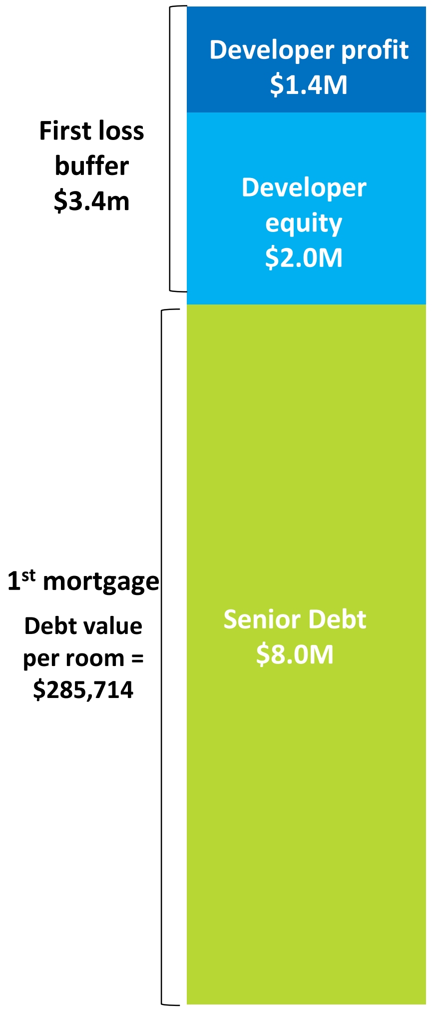
Property Type	Residential construction and development
Loan Type	Senior
Loan Status	Project has reached practical completion, delay in achieving Final Occupancy Certificate due to completion of project in January. Facility extended by 2-months.
Size	✓ Net Realisation: $16.8m (ex GST) ✓ Facility Amount: $6.2m (Facility reduced 31.1.19) ✓ LVR reduced to 37% LVR
Term (actual)	9 months (facility extended by 2- months)
Interest Rate	10.0% p.a. capitalising monthly

Loan Portfolio: Western Sydney apartments 2



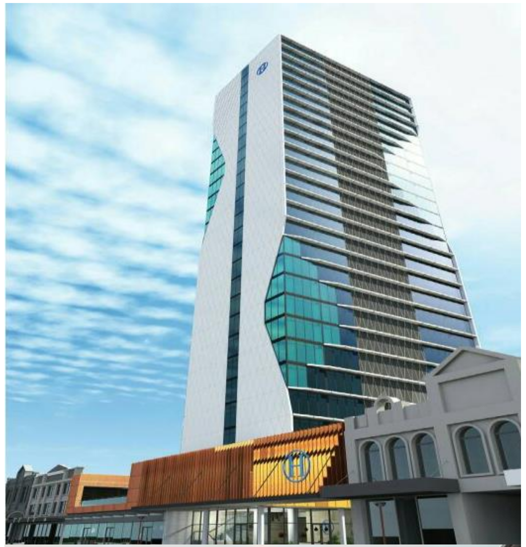
Property Type	Residential construction and development
Loan Type	Senior
Loan Status	Loan continues to perform. Construction currently 2-months ahead of schedule.
Size	✓ Net Realisation: $46.7m (ex GST) ✓ Facility Amount: $31.8m ✓ Loan to Value Ratio: 68% ✓ Loan to Cost Ratio: 79%
Interest Rate	8.0% p.a. capitalising monthly.
Line Fee	2.0% p.a. calculated daily, payable quarterly in advance.

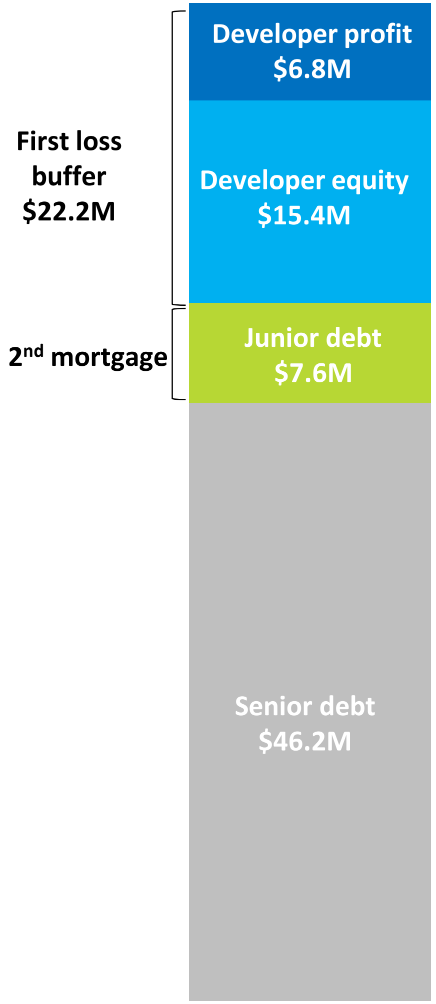
Loan Portfolio: Eastern Sydney boarding house



Property Type	Commercial construction and development
Loan Type	Senior
Loan Status	Loan continues to perform.
Size	✓ Net Realisation: $11.4m (ex GST) ✓ Facility Amount: $8.0m ✓ Loan to Value Ratio: 70% ✓ Loan to Cost Ratio: 80%
Term	13 months
Interest Rate	10.0% p.a. capitalising monthly
Line Fee	2.0% p.a. capitalised quarterly in advance

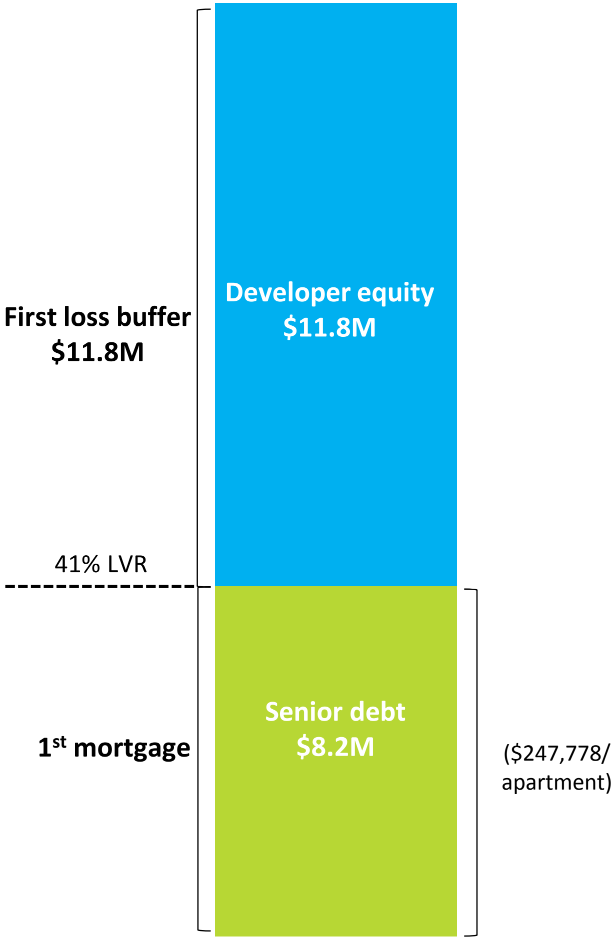
Loan Portfolio: Perth hotel development





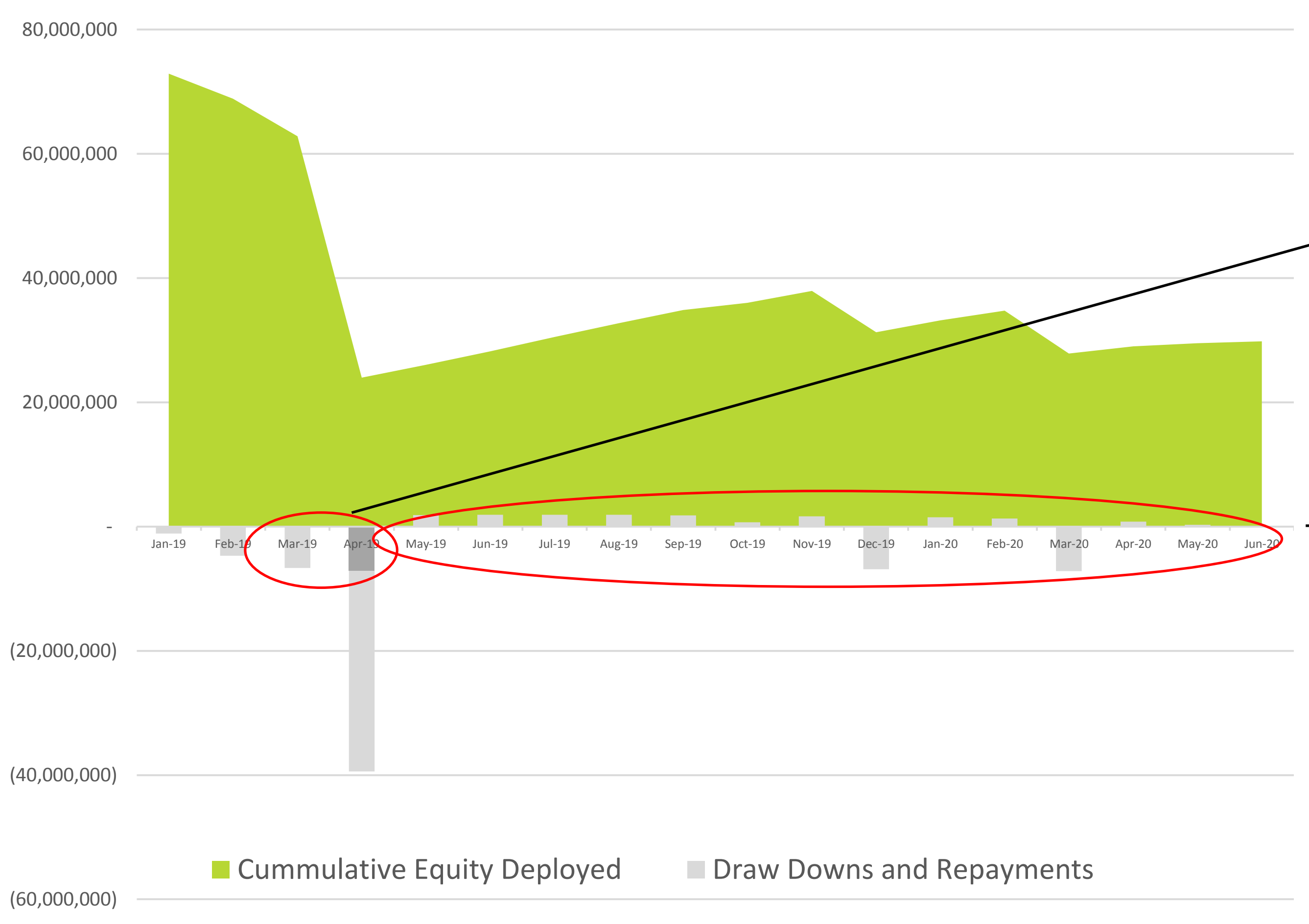
Property Type	Commercial construction and development
Loan Type	Mezzanine
Loan Status	Project is progressing well, with no major impact to the original forecasted budget timeline.
Size	✓ Net Realisation: $76.0m (ex GST) ✓ Facility Amount: $7.6m ✓ Loan to Value Ratio: 70% ✓ Loan to Cost Ratio: 78%
Term (actual)	24 months
Interest Rate	15.0% p.a. capitalising monthly
Line Fee	n/a

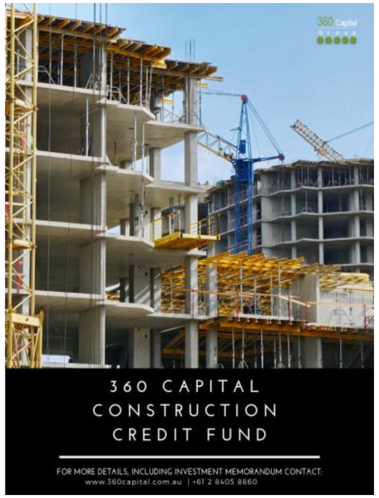
Loan Portfolio: Perth residual stock



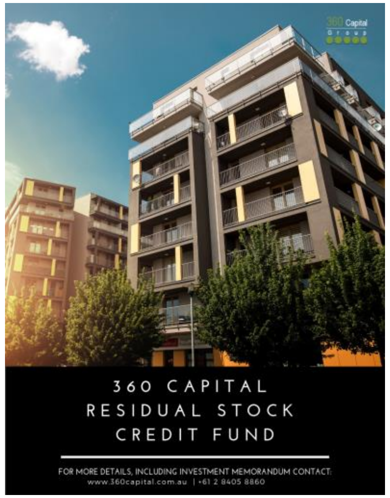
Property Type	Residential residual stock facility
Loan Type	Senior
Loan Status	Loan continues to perform, 3 sales achieved to date, 33 apartments remaining. Facility Amount reduced by $1.5m
Size	✓ Net Realisation: $20.0m (ex GST) ✓ Facility Amount: $8.2m (Facility reduced by sales) ✓ Loan to Value Ratio: 41%
Term (actual)	18 months
Interest Rate	10.0% p.a. capitalising monthly
Line Fee	n/a

Forecast Cash Repayment and Reinvestment





TOT to seed Construction Fund with Liverpool asset up to A$25m



TOT to seed Residual Stock Fund with Port Coogee asset and proceeds from loan repayments up to A$25m

4. 360 Capital Residual Stock Credit Fund

Summary of Fund Terms

Target Fund Return:	• 8.0% Internal Rate of Return p.a.
Investment Manager	• 360 Capital Group (ASX: TGP)
Co-investment:	• 360 Capital Total Return Fund has committed up to A$25 million to the Fund as co-investment
Minimum Investment:	• Subject to the Investment Managers discretion
Term:	• 3 years with 2 x 1-year options, exercisable at the election of the Investment Manager
Distributions:	• The Investment Manager will endeavour to make annual distributions equivalent to the taxable income of the Fund
Liquidity:	• No redemptions during the Fund term; however, the Investment Manager may elect to make redemptions available at their discretion
Management Fee:	• 1.00% (exclusive of any applicable GST) of drawn portfolio loan value
Performance Fees:	• 20% over 8% IRR (net of base management fees) upon realisation of the Fund paid to the Investment Manager
Direct access to AMF Deals:	• Investors in the Fund will also be given the opportunity to invest directly in other deals originated by AMF
Investment Representative Committee:	• Partners who invest A$25 million or greater will be entitled to a seat on the Investment Representative Committee • The Investment Manager will consult with the Investment Representative Committee in respect of material Fund matters

Underlying Loan Investment Parameters

Geographic Restrictions:	• Australian capital cities only
Loan to Value Ratio:	• Any individual loan investment must not exceed a Loan to Value Ratio (“LTV”) of 70.0% net of GST and selling costs • The aggregate loan portfolio will target a portfolio LTV of 65.0% net of GST and selling costs
Target Loan Tenor:	• Less than 24 months
Target Interest Rate:	• 8.0% p.a. to 12.0% p.a. capitalising monthly
Typical Default Interest Rate:	• 15.0% p.a. to 25.0% p.a. capitalising monthly
Security Type:	• Registered mortgages on an individual lot basis
Credit Enhancements:	• All loans will have recourse to the borrower and related entities, where possible personal guarantees will be sought by directors of the borrowing entities
Sell Down Restrictions:	• Loan documentation will restrict the sale of security to no less than 90.0% of the adopted individual valuation

5. 360 Capital Construction Credit Fund

Summary of Fund Terms

Target Fund Return:	• 10.0%+ Internal Rate of Return p.a.
Investment Manager	• 360 Capital Group (ASX: TGP)
Co-investment:	• 360 Capital Total Return Fund will commit up to A$25 million to the Fund as co-investment
Minimum Investment:	• Subject to the Investment Managers discretion
Term:	• 4 years with 2 x 1-year options, subject to investor approval
Distributions:	• The Trustee will endeavour to make annual distributions equivalent to the taxable income of the Fund
Liquidity:	• No redemptions during the Fund term; However, the Trustee may elect to make redemptions available at their discretion
Management Fee:	• 1.00% (exclusive of any applicable GST) of drawn portfolio loan value
Performance Fee:	• 20% of equity IRR above an equity IRR of 10% (exclusive of any applicable GST). The fee is progressively accrued and payable annually to the Manager. A Performance Fee clawback applies if the Fund equity IRR falls below 10% over the Fund Term.
Direct access to AMF Deals:	• Investors in the Fund will also be given the opportunity to invest directly in other deals originated by AMF
Investor Representative Committee:	• Partners who invest A$25 million or greater will be entitled to a seat on the Investment Representative Committee • The Investment Manager will consult with the Investment Representative Committee in respect of material Fund matters

Underlying Loan Investment Parameters

Geographic Restrictions:	• Australian capital cities only
Asset Classes:	• Residential, Commercial, Industrial, Retail & other real estate
Loan to Value Ratio:	• Any individual loan investment must not exceed a Loan to Value Ratio (“LVR”) of 70.0% net of GST and selling costs
Loan to Cost Ratio:	• Any individual loan investment must not exceed a Loan to Cost Ratio (“LTC”) of 80.0%
Debt Coverage:	• At least 50% total debt cover
Target Loan Tenor:	• Less than 36 months
Target Line Fee:	• 2.0% Line Fee calculated daily, payable quarterly in advance
Target Interest Rate:	• 10.0% p.a. to 20.0% p.a. capitalising monthly
Typical Default Interest Rate:	• 15.0% p.a. to 25.0% p.a. capitalising monthly
Security Type:	• Registered mortgages only

6. Financial Results

Earnings and Distributions

Statutory net profit attributable to securityholders

$3.1m

(December 2017: $0.7 million)

Statutory net profit attributable to securityholders higher than prior half year reflecting growth of finance revenue on real estate debt investments to $4.2 million in HY19

Operating profit

$4.0m

(December 2017: $4.2 million)

Operating profit[1] excludes $0.9 million allowance[2] following the adoption of AASB 9

Distributions per security (DPS)

6.0cps

(December 2017: 4.5cps)

Distributions of 6.0cps for the period reflects a 33.3% increase on the prior period

	HY19 ($'000)	HY18 ($'000)	CHANGE
Distribution income	2	3	
Finance revenue	4,195	766	
Net gain on disposal of financial assets	-	276	
Net gain on fair value of financial assets	2	7	
AMF Revenue (Active Returns)	174	58	
TOTAL REVENUE	**4,373**	**1,110**	**294%**
Operating expenses	(389)	(439)	
Allowance (adoption AASB 9)	(885)	-	
Profit from continuing operations	**3,099**	**671**	**361.8%**
Income tax benefit	18	-	
STATUTORY PROFIT	**3,117**	**671**	**364.5%**
Minority Interests	(31)	-	
STATUTORY PROFIT ATTRIBUTUBLE TO SECURITYHOLDERS	**3,086**	**671**	**359.9%**
Net gain on disposal of financial assets	-	(276)	
Net gain on fair value of financial assets	(2)	(7)	
Allowance (adoption AASB 9)	885	-	
Transaction costs	-	33	
Distributable gain on disposal of financial assets [1]	-	3,752	
OPERATING PROFIT (including distributable gains) [2]	**3,969**	**4,173**	**(4.9%)**
OPERATING EPS (including distributable gain) [2]	**6.0 cps**	**6.3 cps**	**(4.8%)**
DISTRIBUTIONS CPS	**6.0 cps**	**4.5 cps**	**33.3%**

1 Operating profit is a financial measure which is not prescribed by Australian Accounting Standards (AAS) and represents the profit under AAS adjusted for specific non-cash items and significant items.
2 The Fund has provisioned an allowance for loss on loans receivable for purposes of AASB 9, however all loans are currently performing and there is currently no evidence any actual loss will eventuate.

Assets and Liabilities

360 Capital Group

Loan Book

$110.2m

Comprising 93% senior loans

360 Capital's dedicated debt team has grown to four, which has led to a significant increase in deal flow with the Fund growing its loan book to over $110 million during HY19

Forecast loan repayments

$58.7m

forecast to be repaid in 2H19

The Fund is forecasting to be repaid $58.7m in loan investments during 2H19. The Fund is now reviewing a number of new loan investment opportunities to reinvest available cash via the new opportunity specific funds

Net tangible assets

$1.17

Per security
(June 2018: $1.19)

Net tangible assets (NTA) reduction due to the impact of an allowance on the Fund's loan portfolio on adoption of AASB 9, equating to $0.02 per security

	31 Dec 18 ($'000)	30 Jun 18 ($'000)	CHANGE
Cash	9,718	40,089	(30,371)
Receivables	25	1	24
Loans receivable	71,658	39,167	32,491
AMF Finance Joint Venture[1]	526	352	174
Other assets	190	170	20
TOTAL ASSETS	**82,117**	**79,779**	**2,338**
Payables	57	92	(35)
Distributions payable	2,024	1,482	542
Borrowings	-	-	-
TOTAL LIABILITIES	**2,081**	**1,574**	**507**
NET ASSETS	**80,036**	**78,205**	**1,831**
Minority Interests	(1,231)	-	(1,231)
NET ASSETS ATTRIBUTABLE TO SECURITY HOLDERS	**78,805**	**78,205**	**600**
Securities on issue	67,456	65,854	1,602
NTA PER SECURITY	$1.17	$1.19	(0.02)
NTA (pre-AASB9 Allowance impact of $0.02 per security)	$1.19	$1.19	-

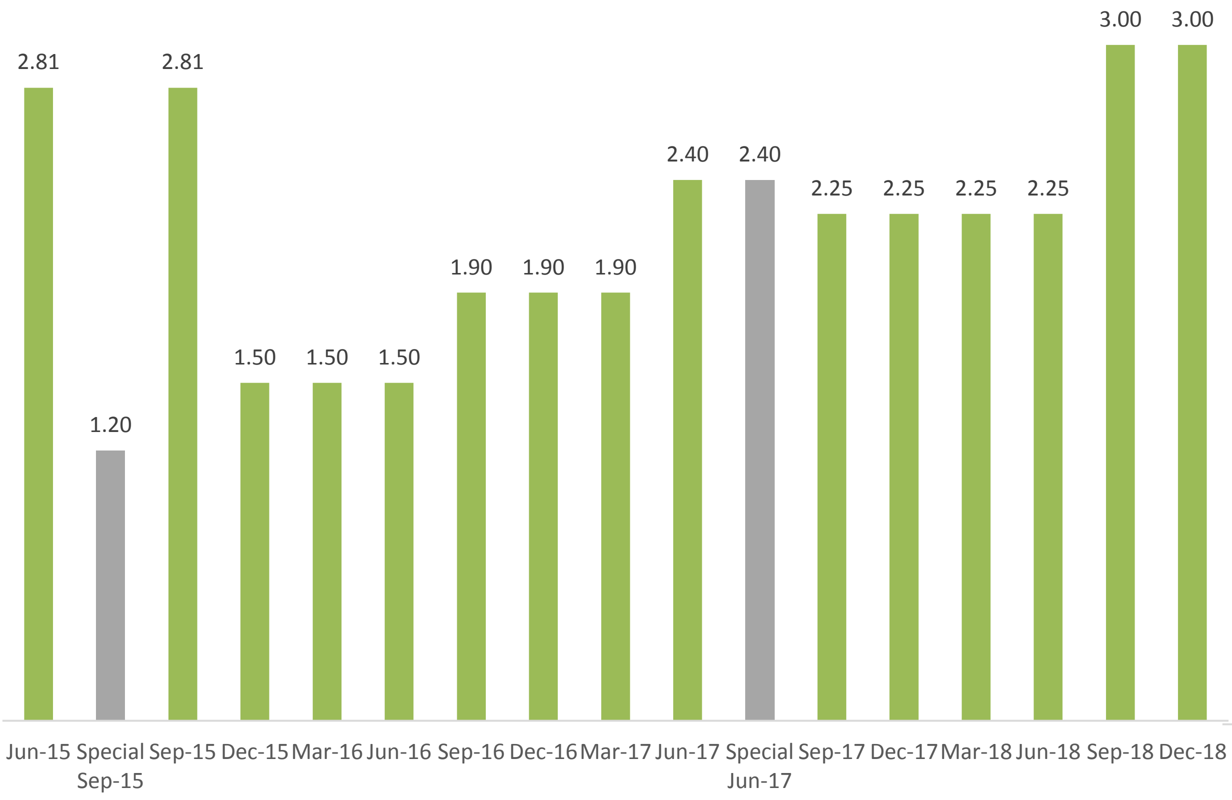
1. The value of TOT's 50% interest in AMF Finance Joint Venture is accounted for using the equity method as prescribed by Australian Accounting Standards (AAS).

7. Distribution History and Guidance

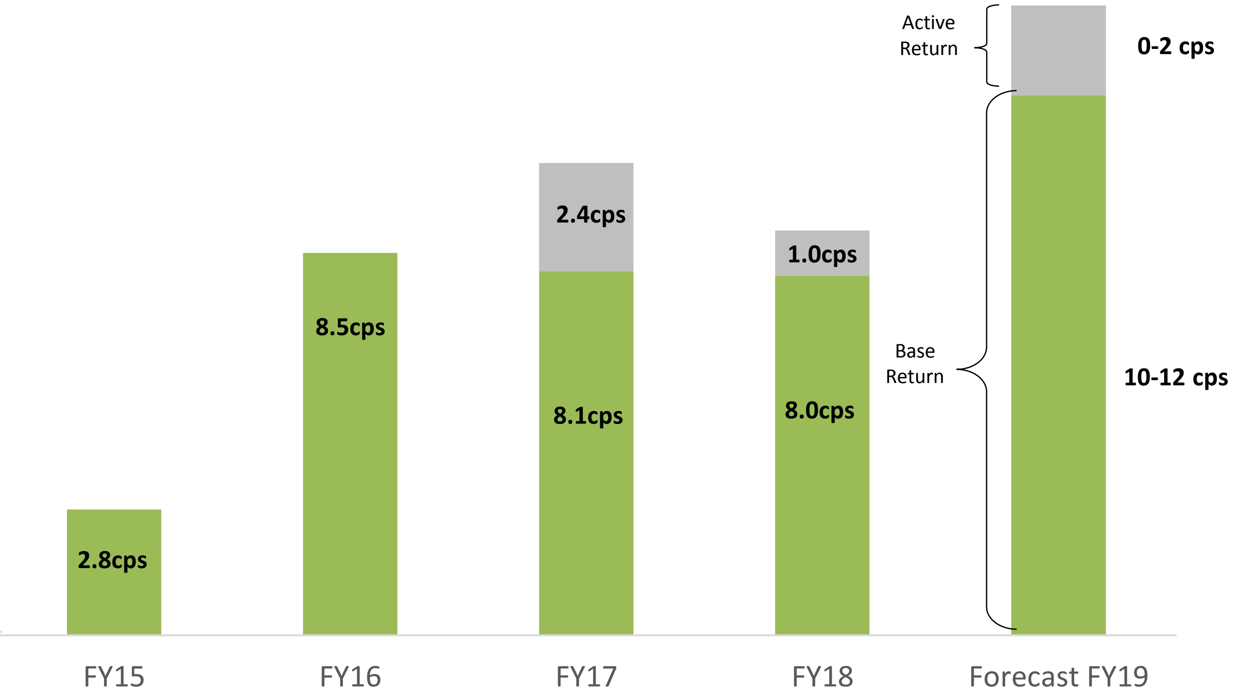
Distribution history and composition

Regular quarterly distributions, enhanced by special distributions and active earnings through AMF Finance

Distribution History

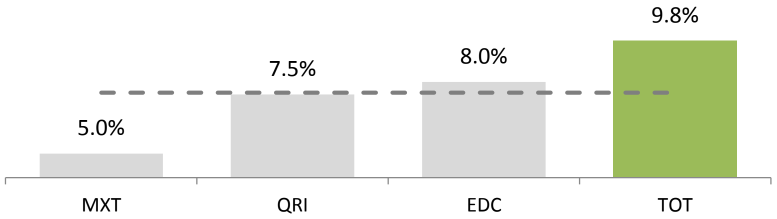


Distribution Composition

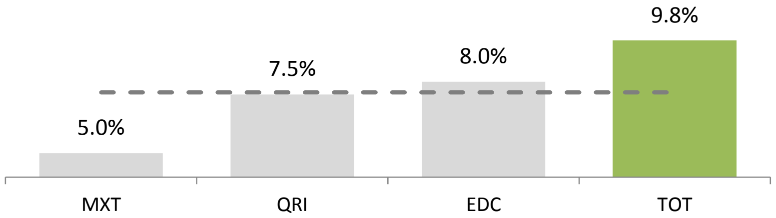


Peer comparison and guidance

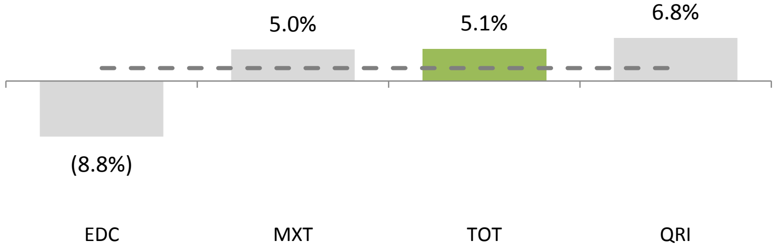
FORECAST FY19 EPS YIELD



FORECAST FY19 DPS YIELD



PREMIUM / (DISCOUNT) TO NTA



MXT: MCP Master Income Trust; QRI: Qualitas Real Estate Income Fund; EDC: Eildon Capital Limited
MXT Forecast EPS and DPS Based on MXT December 2018 Monthly Report (released 9 January 2019)
QRI Forecast EPS and DPS based on Performance Update – December 2018 (released 16 Jan 2019)
QRI Net Tangible Asset Backing – December 2018 (released 14 Jan 2019)
EDC: Forecast EPS and DPS based on the annualised final dividend of EDC Annual Report (released 26 October 2018)
All Security prices reported as at 31 December 2018.

OUTLOOK

Market	• Regulatory changes, coupled with the implementation of Basel IV capital controls have restricted Australian banks' exposure to real estate construction and development. • These conditions have created an opportunity to provide real estate construction and development finance to middle market developers in major Australian cities. • In addition, reduced consumer sentiment and tightening residential (consumer) mortgage lending has created an opportunity to provide finance to completed developments, matched with appropriate sell-down strategies.
Strategic Objectives	• Continue to increase the market awareness of TOT • Increase the liquidity of TOT • Continue to grow the AMF Finance business •Monitor opportunities to take advantage of potential distressed platform or asset acquisitions
Guidance	**Forecast full year FY19 EPS and DPS guidance of 12.0cps, reflecting 9.8%[1] EPS and DPS Yield**

1. Based on forecast full year FY19 EPS and DPS on the 28 December 2018 closing price of $1.23 per Security